

## **GUIDANCE NOTE 16**

Date issued: 16 January 2007

### **Issued Pursuant to the Guidelines on Unit Trust Funds**

- Valuation

#### **Introduction**

1. This Guidance Note is published to notify amendments in relation to the provision for valuation, currently stipulated under Clause 11.10 of the Guidelines on Unit Trust Funds (Guidelines).
2. The new provisions under this Guidance Note shall take effect immediately.
3. Nothing contained herein should be construed as prejudicing the powers of the Securities Commission under the Guidelines.

#### **Amendments to Clause 11.10 (Valuation)**

4. Under this Guidance Note, the entire Clause 11.10 of the Guidelines is hereby deleted and substituted with the following revised provisions:

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| <ol style="list-style-type: none"><li>(1) To determine the NAV of the fund and ultimately the price of units, the management company must carry out a fair and accurate valuation of all the assets and liabilities of the fund.</li><li>(2) The management company must carry out the valuation of the fund at least once each business day, except during the initial offer period of the fund.</li><li>(3) Where the valuation is carried out more than once a day, any transaction or dealing in respect of the units of the fund must be based on the latest NAV per unit of the fund.</li></ol> |
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- (4) The valuation of the assets and liabilities of the fund should be based upon a process which is consistently applied, and which leads to valuations that are objective and independently verifiable.
- (5) The valuation point(s) must be clearly disclosed in the prospectus of the fund, pursuant to the Guidelines on Unit Trust Fund Prospectus.
- (6) The valuation basis for investments of the fund is set out in Schedule D of these guidelines.