
NEWS RELEASE

UOB Asset Management Launches The United European Small Cap Fund

Singapore, 28 February 2000 - From today, UOB Asset Management (UOBAM) offers investors another exciting investment opportunity - European Smaller Companies. With the launch of the United European Small Cap Fund ("the Fund"), UOBAM now manages a total of 24 unit trusts.

Says Mr Daniel Chan, Managing Director & Chief Investment Officer, UOBAM, "Investments in smaller companies have been very rewarding. Academic studies have demonstrated the tendency for smaller companies to outperform larger companies over long periods of time, the so-called 'smaller company effect'."

The phenomenon for this 'smaller company effect' has been explained by a number of factors. The most obvious is simply that smaller companies, if very successful, can multiply in size many times while larger companies are often constrained by market or regulatory limitations. Smaller companies are also usually more dynamic and flexible, run by focused entrepreneurs who are able to make decisions quickly and to constantly adapt their businesses to evolving market conditions. Thriving on change, they are often at the forefront of emerging industries, or are quick to exploit major new developments in established industries. Their shares are also frequently under-priced. This reflects both the limited number of investors who know the company, and a discount due to the low number of shares that are regularly traded. As the company grows, however, the number of investors who follow the company increases and this undervaluation disappears.

Adds Mr Tan Chin Kong, Director (Business Development), UOBAM, "The creation of a single market, a single currency and a single regulatory environment will put European companies on an equal footing with US companies that have long enjoyed the advantages of having a large, unified home market. The processes of European integration, industry consolidation (mergers and acquisitions), the opening up of Eastern Europe and the former Soviet Union will present further opportunities."

The aging European population is waking up to the fact that it will receive a smaller pension than expected, and will have to make up the difference through private savings. Much of this supplementary long-term saving will end up in equity markets, and an increasing portion will seek the higher growth and better value available in smaller companies.

UOBAM, together with Union Bancaire Privée (UBP) Asset Management, its investment advisor based in Switzerland, will manage the Fund. This team effort allows for effective fund management and provides easy access to the heart of Europe.

Serge Ledermann, Managing Director of UBP Asset Management comments, "Fund managers and investors today are realising that many of tomorrow's large companies will emerge from the small and mid cap area. Yahoo and Nokia are only the first examples. The United European Small Cap Fund is focused on discovering these companies."

The following factors present a bigger and more attractive universe for investments - managers of some small companies, reaching retirement age of 60s to 70s, are selling out their companies; a new wave of entrepreneurs, dot com like business which require a lot of capital; the undercapitalisation of Europe; Europe moving into the new economy with less manufacturing/capital goods and more technology/services-oriented sectors like information technology, and the equitisation of capital.

Mr Philip Long, Senior Analyst, UBP Asset Management, specifies, "Information is now more easily given and the creation of shareholder value is becoming the main focus of increasingly professional company management. Significant developments closer to home will also generate opportunities for investors in European smaller companies."

With the United European Small Cap Fund, UOBAM now offers nine diversified/regional equity funds, the others being the United APEC Equity Fund, United Asia Fund, United European Equity Fund, United Greater China Fund, United International Growth Fund, United Regional Growth Fund, United Asia Top 50 Fund and the recent United Global UNIFEM Singapore Fund.

Fund Management

The investment objective of the Fund is to achieve long-term capital growth with a diversified portfolio primarily invested in European-listed companies not included in the major national indices of the countries which form the MSCI Europe Index.

For liquidity reasons, the Manager is allowed to invest a small proportion of the portfolio in securities included in the major European indices. The selection of stocks is mainly based on growth expectation, quality of management and profitability, as well as valuation in absolute and relative terms. The analysts and asset managers involved in that selection regularly visit companies held in the Fund in order to closely track the companies' progress and frequently visit new companies in order to identify new investment opportunities.

Subscription Details

Investors can invest in the United European Small Cap Fund with a minimum initial investment of S\$1,000. Subsequent investments can be as little as S\$500. Alternatively, one can choose to invest via the UOBAM Regular Savings Plan, which requires monthly investments in multiples of S\$100, after the minimum initial investment of S\$1,000. Those who invest in the Fund on or before 7 April 2000 will enjoy the following incentives:

Investment Amount	Incentive(s)
S\$1,000 to S\$99,999	1% discount
S\$100,000 to S\$199,999	1.5% discount
S\$200,000 and above	2% discount or a S\$5,000 Bvlgari Voucher

Note: Discounts are given in terms of bonus units, based on the launch price of S\$1.00 per unit.

The United European Small Cap Fund is retailed at all United Overseas Bank (UOB) Group branches and Invest Shops, as well as UOB Securities, Fraser Securities, Lum Chang Securities, Phillip Securities, Vickers Ballas & Co, American Express Bank and Standard Chartered Bank.

UOBAM will be holding a seminar for all interested investors on 21 March 2000 at the Westin. You can register or get more information by calling 6845 1988 before 15 March 2000. Alternatively, interested investors can visit the Fund's web site at www.uobam.com.sg/uobam/escf