

大華系列基金 財務報告

新加坡大華全球金融基金 財務報告

(中文簡譯本)
2019 年 6 月 30 日

大華資產管理有限公司
UOB ASSET MANAGEMENT
新加坡領先的基金客戶經理
www.uobam.com.sg

大華銀證券投資信託股份有限公司
UOB ASSET MANAGEMENT (TAIWAN) CO., LTD.
<http://www.uobam.com.tw>

本基金財務報告內容如與英文版財務報告有任何歧異，以英文版財務報告為主。
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新加坡大華全球金融基金財務報告

【新加坡大華全球金融基金財務報告】 會計師查核報告

新加坡大華全球金融基金（以下簡稱『本基金』）2019年6月30日之資產負債表及投資組合明細表，暨2018年7月1日至2019年6月30日之總投資報酬表、重要會計政策及財務報表之附註，業經本會計師查核竣事。上開財務報表之編制係新加坡大華資產管理有限公司之負責，本會計師之責任則為跟據查核結果對上開財務報表表示意見。

基金管理機構之責任

上開財務報表之編制係基金管理機構之責任，係依照新加坡會計師協會所頒佈之會計報表實務七中關於『單位信託基金財務報告之架構』編制財務報表並忠實呈現報表所含資訊。而此責任包含設計、執行及維護內部控制以確保財務報表無重大不實表達、舞弊及錯誤，且選擇並採用適當之會計政策及會計估計。

會計師之責任

本會計師係依照新加坡一般公認審計準則規劃並執行查核工作，以合理確信財務報表有無重大不實表達。此項查核工作就其內部控制制度作必要之研究及評估，以決定查核程序，惟不對內控有效性表示意見。相關查核程序為獲取財務報表所列金額及所揭露事項之查核證據、評估管理階層編製財務報表所採用之會計原則及所作之重大會計估計，暨評估財務報表整體之表達。本會計師相信此項查核工作可對所表示之意見提供合理之依據。

會計師之意見

依本會計師之意見，第一段所述財務報表在所有重大方面係依照新加坡會計師協會所發佈之會計財務報表實務七中『單位信託基金財務報告之架構』編製，足以允當表達本基金2019年6月30日之資產負債表及投資組合明細表，暨2018年7月1日至2019年6月30日之總投資報酬表。

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

新加坡
2019年9月20日

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UOB Asset Management (Taiwan) Co Ltd

大華銀證券投資信託股份有限公司 (105)金管投信新字第零壹參號 台北市民生東路三段 109 號 16 樓 (02) 2719-7005

新加坡大華全球金融基金財務報告

總投資報酬表 2018年7月1日至2019年6月30日

	2019 星幣\$	2018 星幣\$
收入		
股利	753,192	809,483
利息	149	561
	753,341	810,044
減項：費用		
管理費	426,876	524,004
受託公司費	9,797	12,287
查核費	13,236	14,099
登錄費	15,000	15,010
評價費	35,573	43,667
保管費	33,473	56,023
交易成本	53,825	128,372
其他費用	10,884	111,515
	598,664	904,977
淨收益（損失）	154,677	(94,933)
淨投資總收益（損失）		
淨投資收益（損失）	476,893	1,546,698
衍生性金融商品收益（損失）	(17,269)	(54,053)
兌換收益（損失）	(6,678)	28,931
	452,946	1,521,576
稅前總投資報酬（損失）	607,623	1,426,643
減項：所得稅	(157,537)	(166,295)
減項：資本利得稅	1,160	(16,184)
總投資報酬（損失）	451,246	1,244,164

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新加坡大華全球金融基金財務報告

資產負債表 2019年6月30日

	2019 星幣\$	2018 星幣\$
資產		
投資組合部位	24,604,829	33,588,264
待交割銷售部位	20,821	-
應收帳款	116,437	90,250
現金及銀行存款	408,365	926,544
總資產	25,150,452	34,605,058
負債		
應付帳款	415,139	1,181,835
衍生性金融商品公平價值	34	-
總負債	415,173	1,181,835
權益		
基金單位持有人資產淨值	24,735,279	33,423,223

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United Global Financials Fund

Annual Report

for the financial year ended
30 June 2019

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

MANAGER

UOB Asset Management Ltd
Registered Address:
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No. : 198600120Z
Tel: 1800 22 22 228

DIRECTORS OF UOB ASSET MANAGEMENT

Lee Wai Fai
Eric Tham Kah Jin
Peh Kian Heng
Thio Boon Kiat

TRUSTEE

State Street Trust (SG) Limited
168 Robinson Road
#33-01, Capital Tower
Singapore 068912

CUSTODIAN / ADMINISTRATOR / REGISTRAR

State Street Bank and Trust Company, acting through its Singapore Branch
168 Robinson Road
#33-01, Capital Tower
Singapore 068912

AUDITOR

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

United Global Financials Fund

(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 12 July 1996 Ann Comp Ret
United Global Financials Fund	4.98	14.89	2.52	12.83	6.11	6.99	4.96
Benchmark	6.04	14.23	1.02	13.03	6.62	7.72	4.27

Source: Morningstar.

Note: The performance returns of the Fund are in Singapore Dollar based on a NAV-to-NAV basis, with dividends and distributions reinvested, if any.

The benchmark of the Fund: Jul 96 – Present: MSCI World Finance.

For the twelve months to June 2019, the Fund **advanced by 2.52%**, compared with a 1.02% rise in the benchmark MSCI World Finance, in Singapore Dollar terms.

The Fund outperformed the benchmark in the twelve month period to June due to favourable stock selection. Contributions from **US** and Asian holdings more than off-set weaker share price performance of European exposures.

The Fund continues to have a significant allocation to large **US** banks which continue to generate attractive rates of return and steady dividend increases. The recovery in banking profitability following the partial normalisation of policy rates in the **US** stands in stark contrast to the challenges faced in countries that are still operating in markets effected by with zero interest rate policy.

The use of unconventional monetary policy tools can have a positive and stabilizing effect on financial markets and the broader economy during the depths of a financial crisis. However, a note of caution is warranted. Sustained periods of negative real policy rates have adverse effects that could plague an economy for years, or even decades. Politicians need to be aware of limitations and risk of relying primarily on monetary tools to address broader economic problems. They have their limitations and they come at costs that can be difficult to discern until the damage is done. Sustained periods of policy distortion create misallocations of capital, run the risk of inflating asset prices, and undermine financial sector profitability. All of which could potentially contribute to future risks of safety and soundness to the financial sector.

Financial sector performance:

MSCI World Finance Index advanced modestly in the twelve month period ended June 2019, up by 1.02%. The **Financials** sector lagged the broader market, which advanced by 6.3% in the same period. With the exceptions of **Japan** and Europe, **Financials** in all regions generated positive returns, with Latin America seeing the strongest gains followed by Asia and the **US**.

United Global Financials Fund

(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance (continued)

Following a sharp correction in the 4th quarter of 2018, the sector recovered sharply in the first half of 2019, rising by 14.89%. All sectors generated strong gains, with the strongest coming from the **Insurance** sector. The period of relatively strong performance evidenced in the second half of 2017 reversed in early 2018 over concerns over higher interest rates, a stronger US Dollar, weakness in emerging markets and concerns over growth and trade.

Performance by sub-sector and region for the period ended June 2019:

By sub-sector: **Banks** fell by 3.3%, **Diversified Financials** rose by 1.1%, and **Insurance** increased by 14.9%, all in Singapore Dollar terms.

By region: the **US** climbed by 5.4%, **Asia** (ex. Japan)¹ increased by 8.2%, while **Canada** and **Australia** both advanced by 4.7%. Meanwhile, Europe and **Japan** fell by 5.7% and 9.6% respectively, all in Singapore Dollar terms.

Performance Contribution:

Many of the Funds longer term holdings continued to drive positive contributions to performance, although a few detracted.

Key contributions to performance include: **Mastercard Inc (US)**, **Visa Inc (US)**, **Bank Rakyat Indonesia Perser (Indonesia)**, **Bank Negara Indonesia Perser (Indonesia)** and **Progressive Corp (US)**.

Key detractors from performance include: **Bank of Ireland Group Plc (Ireland)**, **State Street Corp (US)**, **UBS Group AG (Switzerland)**, **Banco Bilbao Vizcaya Argentaria (Spain)**, and **Wells Fargo Co (US)**.

¹MSCI AC Asia (ex. Japan) Finance Index (Note: the Fund benchmark excludes emerging markets)

Asset Allocation:

As at 30 June 2019, the sub-sector exposure of the Fund was as follows: **Banks** (60.6%), **Diversified Financials** (21.3%), **Insurance** (6.9%), **Software & Services**² (10.3%), and Net Liquidity (0.9%).

	Portfolio (%)	Benchmark (%)	Active Weight (Pct Pts)
Banks	60.6	48.8	+11.8
Diversified Financials	21.3	26.2	-4.9
Insurance	6.9	25.0	-18.1
Software & Services	10.3	-	+10.3
Net Liquidity	0.9	-	+0.9
Total	100.0	100.0	

²Software & Services reflects holdings in financial processing companies (Visa, MasterCard and PayPal)

United Global Financials Fund

(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance (continued)

The geographic exposure of the Fund was as follows: **US** (46.7%), **Canada** (3.2%), **Europe** (28.5%), **Asia Pacific ex-Japan** (11.8%), **Latin America** and **EMEA**³ (8.9%) and Net Liquidity (0.9%).

	Portfolio (%)	Benchmark (%)	Active Weight (Pct Pts)
US	46.7	51.1	-4.4
Canada	3.2	8.4	-5.2
Europe	28.5	24.7	+3.8
Japan	-	5.4	-5.4
Australia & NZ	1.3	5.8	-4.5
Asia (ex. Japan) - Developed	-	4.6	-4.6
Asia (ex. Japan) - Emerging	10.5	-	+10.5
Latin America	6.9	-	+6.9
EMEA	2.0	-	+2.0
Net Liquidity	0.9	-	+0.9
Total	100.0	100.0	

Invested levels averaged 99% during the reporting period. The Fund ended the period with a net liquidity position of 0.9%.

³EMEA represents Eastern Europe, Middle East and Africa

Top Holdings:

As at 30 June 2019, the top holdings of the Fund were as follows:

Company	Country	Sub-Sector	Weight (%)
Bank of Ireland	Ireland	Banks	5.1
Banco Santander	Spain	Banks	5.0
UBS Group AG	Switzerland	Diversified Financials	5.0
Mastercard Inc	US	Software & Services	5.0
BBVA	Spain	Banks	4.9
Visa Inc	US	Software & Services	4.9
PNC Financial	US	Banks	4.0
US Bancorp	US	Banks	4.0
Wells Fargo & Co	US	Banks	3.6
Bank of America	US	Banks	3.6
Sub-total top 10			45.1

A) Fund Performance (continued)

Outlook and Fund Strategy

The global economic outlook has turned less sanguine as consumptions and investment trends moderate and as trade issues weigh on sentiment, particularly in China, where growth continues to slow. The IMF revised down its forecast for global growth for 2019 to 3.2% (from 3.6% at the start of the year). We believe downside risks remain, particularly in China where external demand is being adversely impacted by the trade dispute and where domestic credit conditions remain tight.

Market conditions, however, are starting to ease. The **Federal Reserve Bank** has signaled a willingness to preemptively ease to help underpin sentiment. The inflation backdrop appears well contained, and the Fed has repeatedly signaled a possibility of lower rates given clear signs of external weakness (Europe and Asia) and pockets of softness domestically.

Meanwhile, the US continues to impose tariffs on certain Chinese imports and trade negotiations limp on. Prospects of a potential deal faded when the US trade team called a swift end to discussions following an apparent attempt by Chinese negotiators to walk back on prior commitments reportedly linked to enforcement of intellectual property. Separately, in May the US Bureau of Industry & Security added **Huawei** and affiliates to the U.S. Entity List, which effectively restricts exports sensitive components to the companies named. While the **Huawei** issues are clearly separate from the trade issues being discussed, they reflect a broader rift between the US and China over issues related to state back enterprises, surveillance and theft of technology and intellectual property. Prospect of any long terms solution to the broader range of issues seems remote at this point.

Against a backdrop of weaker growth in the developed world and a slowdown in China, it is encouraging that emerging market financials held up. We attribute this to several factors. First, resource prices have rebounded from more distressed levels, notably oil. Second, the shift in monetary conditions since the end of 2018 has been supportive, especially against a backdrop of benign inflation and stable FX. This drove a steady increase in domestic demand among the less export sensitive countries. Latin America financials did particularly well against a backdrop of falling inflation and mostly stable to improving growth.

Looking forward, the Fund continues to allocate a substantial portion of capital to the US. The US is the largest part of the benchmark, and the US sector is the healthiest of the major economic regions.

The Fund had increased exposure to European financials given their attractive valuation and with hope that at some juncture in the future the ECB would be in a position to normalise interest rates. This clearly did not happen, and sector profitability continues to be adversely affected by negative interest rates. We specifically targeted institutions with strong international presence as a way to gain exposure to future recovery, and harvest the performance of their international operations that are performing more robustly. This strategy remains in place.

In terms of investments outside of the developed world, our main focus is in Asia and Latin America. And our investments are mainly in banks that have multiple years of profitable growth ahead.

A) Fund Performance (continued)

The Fund's ongoing strategy and investment approach remain unchanged. Namely using bottom-up analysis to identify and invest in high quality businesses that should deliver superior growth opportunities in the years ahead. The Fund actively seeks to invest in companies with tested client-centric business models that have been able to deliver differentiated growth and profitability.

The current backdrop is modestly positive. Growth continues to hold up at levels that imply corporate cash-flows remain solid. And employment trends are mostly supportive of consumer credit. Meanwhile, inflation is low which enables central banks to remain broadly accommodative. The backdrop of slow and steady growth is favourable, with the only exception that net interest margins remain under severe pressure due to exceptionally low levels of interest rate around the globe. This continues to suppress profitability in the sector, leaving limited room for error on the credit side of the equation.

This low level of interest rates and assumption that liquidity conditions will remain robust ad infinitum is likely to set up future challenges for some as hidden risks build. We've seen pockets of this in China among the second and third tier banks that have problems funding and have weak asset quality loans. Many financials run the risk of moving too quickly to close branches and digitise. Some are likely to overestimate their ability to Fund themselves across the cycle. These risks are most evident in some of the non-bank financials that typically rely on wholesale money, or "hot" money.

How the sector performs over the ensuing period will largely reflect how the global economy evolves and whether Central Banks can eventually normalise monetary policy. We are hopeful that employment gains observed in Europe will eventually support higher rates of growth. We remain hopeful that policymakers can shift their focus toward pro-growth policies and drive effective reforms to lift potential growth rates. We hope both happen before the next crisis. Printing money is always easy, driving real reforms is difficult.

We expect that over the medium the sector should continue to yield good investment opportunities for investors. We hope that over the long terms the sector once again thrives against a backdrop of healthier lending spreads and prudent lending practices.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2019 under review classified by

i) Country

	Fair Value (S\$)	% of NAV
Australia	321,550	1.30
Brazil	252,433	1.02
Canada	787,892	3.19
Colombia	483,382	1.95
Czech Republic	248,187	1.00
India	746,795	3.02
Indonesia	1,454,128	5.88
Ireland	1,256,920	5.08
Mexico	490,147	1.98
Peru	495,526	2.00
Poland	248,561	1.01
Spain	2,696,762	10.90
Switzerland	2,515,943	10.17
Thailand	403,503	1.63
United Kingdom	605,472	2.45
United States	11,597,628	46.89
Portfolio of investments	24,604,829	99.47
Other net assets/(liabilities)	130,450	0.53
Total	24,735,279	100.00

ii) Industry

	Fair Value (S\$)	% of NAV
Financials	22,062,451	89.19
Information Technology	2,542,378	10.28
Portfolio of investments	24,604,829	99.47
Other net assets/(liabilities)	130,450	0.53
Total	24,735,279	100.00

United Global Financials Fund
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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2019 under review classified by (continued)

iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted equities	24,604,829	99.47
Other net assets/(liabilities)	130,450	0.53
Total	<u>24,735,279</u>	<u>100.00</u>

iv) Credit rating of quoted bonds

N/A

C) Top Ten Holdings

10 largest holdings as at 30 June 2019

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
BANK OF IRELAND GROUP PLC	1,256,920	5.08
BANCO SANTANDER SA	1,241,680	5.02
UBS GROUP AG	1,239,441	5.01
MASTERCARD INC	1,234,741	4.99
BANCO BILBAO VIZCAYA ARGENTARIA SA	1,231,071	4.98
VISA INC	1,214,722	4.91
PNC FINANCIAL SERVICES GROUP INC	1,002,958	4.05
US BANCORP	992,524	4.01
WELLS FARGO & CO	896,302	3.62
BANK OF AMERICA CORP	882,800	3.57

United Global Financials Fund
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C) Top Ten Holdings (continued)

10 largest holdings as at 30 June 2018

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
BANCO BILBAO VIZCAYA ARGENTARIA SA	1,692,169	5.06
MASTERCARD INC	1,688,117	5.05
UBS GROUP AG	1,683,520	5.04
VISA INC	1,679,539	5.03
BANCO SANTANDER SA	1,608,257	4.81
BANK OF IRELAND GROUP PLC	1,552,355	4.65
US BANCORP	1,534,551	4.59
WELLS FARGO & CO	1,511,849	4.52
PNC FINANCIAL SERVICES GROUP INC	1,335,514	4.00
SUNTRUST BANKS INC	990,201	2.96

D) Exposure to derivatives

i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2019

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Foreign currency contracts	151,815	-	-	34	-*

* denotes amount less than 0.01%

- ii) There was a net realised loss of SGD 17,235 on derivative contracts during the financial year ended 30 June 2019.
- iii) There was a net unrealised loss of SGD 34 on outstanding derivative contracts marked to market as at 30 June 2019.

E) Amount and percentage of NAV invested in other schemes as at 30 June 2019

N/A

United Global Financials Fund
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F) Amount and percentage of borrowings to NAV as at 30 June 2019

N/A

G) Amount of redemptions and subscriptions for the financial year ended 30 June 2019

Total amount of redemptions	SGD	11,823,394
Total amount of subscriptions	SGD	2,684,204

H) The amount and terms of related-party transactions for the financial year ended 30 June 2019

Please refer to Note 9 of the Notes to the Financial Statements.

I) Expense ratios

Please refer to Note 10 of the Notes to the Financial Statements.

J) Turnover ratios

Please refer to Note 10 of the Notes to the Financial Statements.

K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts

N/A

L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme")¹ should be disclosed as well

i) Top 10 holdings at fair value and as percentage of NAV as at 30 June 2019 and 30 June 2018

N/A

ii) Expense ratios for the financial year ended 30 June 2019 and 30 June 2018

N/A

iii) Turnover ratios for the financial year ended 30 June 2019 and 30 June 2018

N/A

¹ Where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.

M) Soft dollar commissions/arrangements

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The products and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management's duties to clients. As such services generally benefit all of UOB Asset Management's clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts

N/A

REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of United Global Financials Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 17 to 44, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
STATE STREET TRUST (SG) LIMITED

Authorised signatory
20 September 2019

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT BY THE MANAGER

In the opinion of UOB Asset Management Ltd, the accompanying financial statements set out on pages 17 to 44, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of United Global Financials Fund (the "Fund") as at 30 June 2019, and the financial performance and movements of unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
UOB ASSET MANAGEMENT LTD

THIO BOON KIAT
Authorised signatory
20 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL FINANCIALS FUND

Our Opinion

In our opinion, the accompanying financial statements of United Global Financials Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2019, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2019;
- the Statement of Financial Position as at 30 June 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2019;
- the Statement of Portfolio as at 30 June 2019; and
- the Notes to the Financial Statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL FINANCIALS FUND

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL FINANCIALS FUND

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 20 September 2019

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2019

	Note	2019 \$	2018 \$
Income			
Dividends		753,192	809,483
Interest		<u>149</u>	<u>561</u>
Total		<u>753,341</u>	<u>810,044</u>
Less: Expenses			
Management fee	9	426,876	524,004
Trustee fee	9	9,797	12,287
Audit fee		13,236	14,099
Registrar fee	9	15,000	15,010
Valuation fee	9	35,573	43,667
Custody fee	9	33,473	56,023
Transaction costs		53,825	128,372
Other expenses		<u>10,884</u>	<u>111,515</u>
Total		<u>598,664</u>	<u>904,977</u>
Net income/(losses)		<u>154,677</u>	<u>(94,933)</u>
Net gains/(losses) on value of investments and financial derivatives			
Net gains/(losses) on investments		476,893	1,546,698
Net gains/(losses) on financial derivatives		(17,269)	(54,053)
Net foreign exchange gains/(losses)		<u>(6,678)</u>	<u>28,931</u>
		<u>452,946</u>	<u>1,521,576</u>
Total return/(deficit) for the year before income tax		607,623	1,426,643
Less: Income tax	3	(157,537)	(166,295)
Less: Capital gains tax refund/(expense)	3	<u>1,160</u>	<u>(16,184)</u>
Total return/(deficit) for the year		<u>451,246</u>	<u>1,244,164</u>

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Portfolio of investments		24,604,829	33,588,264
Sales awaiting settlement		20,821	-
Receivables	4	116,437	90,250
Cash and bank balances		<u>408,365</u>	<u>926,544</u>
Total assets		<u>25,150,452</u>	<u>34,605,058</u>
Liabilities			
Payables	5	415,139	1,181,835
Financial derivatives at fair value	6	<u>34</u>	<u>-</u>
Total liabilities		<u>415,173</u>	<u>1,181,835</u>
Equity			
Net assets attributable to unitholders	7	<u>24,735,279</u>	<u>33,423,223</u>

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2019

	Note	2019 \$	2018 \$
Net assets attributable to unitholders at the beginning of the financial year		33,423,223	32,048,599
Operations			
Change in net assets attributable to unitholders resulting from operations		451,246	1,244,164
Unitholders' contributions/(withdrawals)			
Creation of units		2,684,204	35,484,466
Cancellation of units		<u>(11,823,394)</u>	<u>(35,354,006)</u>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(9,139,190)	130,460
Total increase/(decrease) in net assets attributable to unitholders		<u>(8,687,944)</u>	<u>1,374,624</u>
Net assets attributable to unitholders at the end of the financial year	7	<u>24,735,279</u>	<u>33,423,223</u>

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2019

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
By Geography - Primary			
Quoted equities			
AUSTRALIA			
AUSTRALIA & NEW ZEALAND BANKING GROUP	2,500	66,959	0.27
MAGELLAN FINANCIAL GROUP LTD	2,500	121,053	0.49
PLATINUM ASSET MANAGEMENT LTD	29,000	<u>133,538</u>	<u>0.54</u>
TOTAL AUSTRALIA		<u>321,550</u>	<u>1.30</u>
BRAZIL			
BANCO BRADESCO SA	19,000	252,433	1.02
CANADA			
ROYAL BANK OF CANADA	2,750	296,311	1.20
THE BANK OF NOVA SCOTIA	6,750	<u>491,581</u>	<u>1.99</u>
TOTAL CANADA		<u>787,892</u>	<u>3.19</u>
COLOMBIA			
BANCOLOMBIA SA	7,000	483,382	1.95
CZECH REPUBLIC			
KOMERCNI BANKA AS	4,600	248,187	1.00
INDIA			
AXIS BANK LTD GDR	2,500	196,854	0.79
HDFC BANK LTD ADR	1,050	184,734	0.75

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2019

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
By Geography - Primary (continued)			
Quoted equities			
INDIA (continued)			
HOUSING DEVELOPMENT FINANCE CORP	8,500	<u>365,207</u>	<u>1.48</u>
TOTAL INDIA		<u>746,795</u>	<u>3.02</u>
INDONESIA			
BANK MANDIRI PERSERO TBK PT	160,000	122,965	0.50
BANK NEGARA INDONESIA PERSERO TBK PT	800,000	704,846	2.85
BANK RAKYAT INDONESIA PERSERO TBK PT	1,500,000	<u>626,317</u>	<u>2.53</u>
TOTAL INDONESIA		<u>1,454,128</u>	<u>5.88</u>
IRELAND			
BANK OF IRELAND GROUP PLC	177,500	1,256,920	5.08
MEXICO			
GRUPO FINANCIERO BANORTE SAB DE CV	62,500	490,147	1.98
PERU			
CREDICORP LTD	1,600	495,526	2.00
POLAND			
POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA	16,000	248,561	1.01

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2019

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
By Geography - Primary (continued)			
Quoted equities			
SPAIN			
BANCO BILBAO VIZCAYA ARGENTARIA SA	162,500	1,231,071	4.98
BANCO SANTANDER SA	197,500	1,241,680	5.02
BANKINTER SA	24,000	<u>224,011</u>	<u>0.90</u>
TOTAL SPAIN		<u>2,696,762</u>	<u>10.90</u>
SWITZERLAND			
CHUBB LTD	2,400	478,262	1.93
PARTNERS GROUP HOLDING AG	750	798,240	3.23
UBS GROUP AG	77,000	<u>1,239,441</u>	<u>5.01</u>
TOTAL SWITZERLAND		<u>2,515,943</u>	<u>10.17</u>
THAILAND			
KASIKORNBANK PCL - FOREIGN	22,500	188,103	0.76
THE SIAM COMMERCIAL BANK PCL	35,000	<u>215,400</u>	<u>0.87</u>
TOTAL THAILAND		<u>403,503</u>	<u>1.63</u>
UNITED KINGDOM			
ADMIRAL GROUP PLC	7,000	266,137	1.08
HSBC HOLDINGS PLC	30,000	<u>339,335</u>	<u>1.37</u>
TOTAL UNITED KINGDOM		<u>605,472</u>	<u>2.45</u>

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2019

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
By Geography - Primary (continued)			
Quoted equities			
UNITED STATES			
AMERICAN EXPRESS CO	4,000	668,033	2.70
BANK OF AMERICA CORP	22,500	882,800	3.57
DISCOVER FINANCIAL SERVICES INC	5,250	551,121	2.23
FRANKLIN RESOURCES INC	1,500	70,624	0.29
JPMORGAN CHASE & CO	5,000	756,299	3.06
MASTERCARD INC	3,450	1,234,741	4.99
NORTHERN TRUST CORP	5,000	608,827	2.46
PAYPAL HOLDINGS INC	600	92,915	0.38
PNC FINANCIAL SERVICES GROUP INC	5,400	1,002,958	4.05
STATE STREET CORP	6,250	474,040	1.92
SUNTRUST BANKS INC	6,500	552,714	2.23
T ROWE PRICE GROUP INC	4,250	630,837	2.55
THE ALLSTATE CORP	3,500	481,535	1.95
THE PROGRESSIVE CORP	4,500	486,636	1.97
US BANCORP	14,000	992,524	4.01
VISA INC	5,200	1,214,722	4.91
WELLS FARGO & CO	14,000	896,302	3.62
TOTAL UNITED STATES		11,597,628	46.89
Total Equities		24,604,829	99.47
Portfolio of investments		24,604,829	99.47
Other net assets/(liabilities)		130,450	0.53
Net assets attributable to unitholders		24,735,279	100.00

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2019

	Percentage of total net assets attributable to unitholders at 30 June 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2018 %
By Geography - Primary (Summary)		
Quoted equities		
Australia	1.30	1.25
Brazil	1.02	-
Canada	3.19	3.57
Colombia	1.95	2.14
Czech Republic	1.00	0.81
India	3.02	3.69
Indonesia	5.88	5.12
Ireland	5.08	4.65
Japan	-	0.29
Mexico	1.98	2.19
Peru	2.00	2.11
Poland	1.01	0.52
Spain	10.90	10.87
Switzerland	10.17	8.69
Thailand	1.63	2.25
United Kingdom	2.45	1.91
United States	46.89	50.43
Portfolio of investments	99.47	100.49
Other net assets/(liabilities)	0.53	(0.49)
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements.

United Global Financials Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2019

	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %	Percentage of total net assets attributable to unitholders at 30 June 2018 %
By Industry - Secondary Quoted equities			
Financials	22,062,451	89.19	89.97
Information Technology	<u>2,542,378</u>	<u>10.28</u>	<u>10.52</u>
Portfolio of investments	24,604,829	99.47	100.49
Other net assets/(liabilities)	<u>130,450</u>	<u>0.53</u>	<u>(0.49)</u>
Net assets attributable to unitholders	<u>24,735,279</u>	<u>100.00</u>	<u>100.00</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

United Global Financials Fund (the “Fund”) is a Singapore-registered trust fund constituted under a Trust Deed between UOB Asset Management Ltd (the “Manager”) and State Street Trust (SG) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore.

The Fund is included by the Central Provident Fund (“CPF”) Board under the CPF Investment Scheme (“CPFIS”) - Ordinary account for subscription by unitholders using their CPF monies. However, unitholders should note that the Fund is included under List B of the CPFIS funds. Funds included in List B of CPFIS are not allowed to accept new CPF monies.

The primary activity of the Fund is that of investment trading. The Fund's investment objective is to achieve long-term capital appreciation by investing, primarily, in securities issued by banks, finance companies, insurers and other corporations which carry on the business of financial services or which derive their revenues from subsidiaries carrying on the business of banking and/or financial services.

Subscriptions and redemptions of the units are denominated in the Singapore Dollar and the United States Dollar. Investors may subscribe in the United States Dollar at the applicable rate of exchange from the Singapore Dollar.

2 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

(c) Investments

Investments are classified as financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2 Significant accounting policies (continued)

(c) Investments (continued)

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sale of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

(d) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the financial year end date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(e) Foreign currency translation

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in the Singapore Dollar and the United States Dollar.

The performance of the Fund is measured and reported to the investors in the Singapore Dollar. The Manager considers the Singapore Dollar as the currency of the primary economic environment in which the Fund operate. The financial statements are presented in the Singapore Dollar, which is the Fund's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2 Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statement of Total Return within "Net gains/losses on investments".

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(g) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(i) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(j) Expenses charged to the Fund

All direct expenses relating to the Fund are charged directly to the Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

2 Significant accounting policies (continued)

(k) Financial derivatives

Financial derivatives including forwards and swaps may be entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provision of the Trust Deed and the Code on Collective Investment Schemes.

Financial derivatives outstanding on the financial year end date are valued at the forward rate or at the current market prices using the “mark-to-market” method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

(l) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account, to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the financial year end date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

3 Income tax

	2019	2018
	\$	\$
Overseas income tax	157,537	166,295
Capital gains tax (refund)/expense	(1,160)	16,184

The Fund was granted the status of Designated Unit Trust (“DUT”) in Singapore. The Trustee of the Fund ensures that the Fund fulfill their reporting obligations under the DUT Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

3 Income tax (continued)

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

The overseas income tax represents tax withheld on foreign sourced income. Capital gains tax represent tax on capital gains sourced from India.

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the financial year. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore when measuring any uncertain tax liabilities management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

As at 30 June 2019 and 2018, the Fund has uncertain taxes exposure with respect to gains on investment of which the tax liability is estimated to be nil. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

4 Receivables

	2019	2018
	\$	\$
Amounts receivable for creation of units	6,816	46,553
Dividends receivable	36,881	43,697
Other receivables	<u>72,740</u>	<u>-</u>
	<u>116,437</u>	<u>90,250</u>

5 Payables

	2019	2018
	\$	\$
Amount payable for cancellation of units	270,887	993,356
Amount due to the Manager	105,664	152,091
Amount due to Trustee	2,276	3,242
Tax payables	11,841	16,262
Other creditors and accrued expenses	<u>24,471</u>	<u>16,884</u>
	<u>415,139</u>	<u>1,181,835</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

6 Fair value of financial derivatives

Financial derivatives contracts comprise foreign currency contracts for the sale and purchase of foreign currencies. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at the financial year end date are analysed below.

	2019		
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	151,815	-	34
	2018		
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	938	-	~*

* denotes amount less than 1

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

7 Units in issue

During the financial year ended 30 June 2019 and 2018, the numbers of units issued, redeemed and outstanding were as follows:

	2019	2018
Units at the beginning of the financial year	12,405,086	12,540,929
Units created	993,067	12,972,472
Units cancelled	<u>(4,439,690)</u>	<u>(13,108,315)</u>
Units at the end of the financial year*	<u>8,958,463</u>	<u>12,405,086</u>
 *Included above are units denominated in USD	 2,060,512	 3,202,128
	\$	\$
 Net assets attributable to unitholders	 24,735,279	 33,423,223
Net assets value per unit	2.761	2.694

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the financial year end date is prepared below:

	2019	2018
	\$	\$
Net assets attributable to unitholders per financial statements per unit	2.761	2.694
Effect of under provision of tax	-	0.001
Effect of bid/ask price adjustment	<u>0.001</u>	<u>(0.001)</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.762</u>	<u>2.694</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8 Financial risk management

The Fund's activities expose it to a variety of market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial futures contracts, financial options contracts and/or foreign currency contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve its investment objectives.

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices and are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

(i) Foreign exchange risk

The Fund has monetary financial assets and liabilities denominated in currencies other than the Singapore Dollar and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The tables below summarise the Fund's exposure to foreign currencies at the end of the financial year.

As at 30 June 2019

	USD \$	CHF \$	EUR \$	IDR \$	SGD \$	Others \$	Total \$
Assets							
Portfolio of investments	13,688,820	2,037,681	3,953,682	1,454,128	-	3,470,518	24,604,829
Sales awaiting settlement	-	-	-	20,821	-	-	20,821
Receivables	30,261	-	-	-	74,152	12,024	116,437
Cash and bank balances	13,634	-	4	-	289,120	105,607	408,365
Total Assets	13,732,715	2,037,681	3,953,686	1,474,949	363,272	3,588,149	25,150,452
Liabilities							
Payables	139,344	-	-	-	269,650	6,145	415,139
Total Liabilities	139,344	-	-	-	269,650	6,145	415,139
Net Assets	13,593,371	2,037,681	3,953,686	1,474,949	93,622	3,582,004	
Foreign currency contracts (notional value)	130,000	-	-	(20,805)	(108,185)	(1,010)	
Net currency exposure	13,723,371	2,037,681	3,953,686	1,454,144	(14,563)	3,580,994	

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For the financial year ended 30 June 2019

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 30 June 2018

	USD \$	CHF \$	EUR \$	IDR \$	SGD \$	Others \$	Total \$
Assets							
Portfolio of investments	18,939,905	2,557,635	5,184,783	1,710,084	-	5,195,857	33,588,264
Receivables	68,500	-	-	-	8,932	12,818	90,250
Cash and bank balances	113,341	-	-	-	575,243	237,960	926,544
Total Assets	<u>19,121,746</u>	<u>2,557,635</u>	<u>5,184,783</u>	<u>1,710,084</u>	<u>584,175</u>	<u>5,446,635</u>	<u>34,605,058</u>
Liabilities							
Payables	461,530	-	-	-	718,508	1,797	1,181,835
Total Liabilities	<u>461,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,508</u>	<u>1,797</u>	<u>1,181,835</u>
Net Assets	18,660,216	2,557,635	5,184,783	1,710,084	(134,333)	5,444,838	
Foreign currency contracts (notional value)	-	-	-	-	938	(938)	
Net currency exposure	<u>18,660,216</u>	<u>2,557,635</u>	<u>5,184,783</u>	<u>1,710,084</u>	<u>(133,395)</u>	<u>5,443,900</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Investments, which is the significant item in the Statement of Financial Position, is exposed to foreign exchange risk and other price risk. Other price risk sensitivity analysis includes the impact of foreign exchange risk on non-monetary investments. The Fund's net financial assets comprise significantly non-monetary investments, hence foreign exchange risk sensitivity analysis has not been presented on the remaining financial assets, except for the following:

Currency	Volatility	2019	Volatility	2018
		Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders
	%	\$	%	\$
USD	n/a	-*	5	(13,984)

* denotes amount less than 0.1% of NAV

(ii) Price risk

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices.

The table below summarises the impact of increases/decreases from the Fund's investments in equities on the Fund's net assets attributable to unitholders at 30 June 2019 and 2018. The analysis is based on the assumption that the index components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the prices of the Fund's investments moved according to the historical correlation with the index.

Benchmark component	Volatility	2019	Volatility	2018
		Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders
	%	\$	%	\$
MSCI World Finance	20	4,393,535	20	5,427,631

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly. However, the effects of changes in interest rates in the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect.

Other than cash and bank balances which are at short term market interest rates, and therefore subject to insignificant interest rate risk, the Fund's financial assets and liabilities are largely non-interest bearing.

Hence, no sensitivity analysis has been presented separately.

(b) Liquidity risk

The Fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Fund's investments in listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8 Financial risk management (continued)

(b) Liquidity risk (continued)

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 30 June 2019			
Payables	410,511	-	-
Financial derivatives at fair value			
- Foreign currency contracts	34	-	-
	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 30 June 2018			
Payables	1,174,140	-	-

(c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund's credit risk is concentrated on cash and bank balances, and amounts or securities receivable on the sale and purchase of investments respectively. In order to mitigate exposure to credit risk, all transactions in listed securities are settled/paid for upon delivery and transacted with approved counterparties using an approved list of brokers that are regularly assessed and updated by the Manager.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8 Financial risk management (continued)

(c) Credit risk (continued)

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 30 June 2019 and 2018.

The credit ratings are based on the Viability ratings published by Fitch.

	Credit rating as at 30 June 2019	Credit rating as at 30 June 2018
Bank and custodian		
State Street Bank and Trust Company	aa-	aa-
Counterparty of foreign currency contracts		
State Street Bank and Trust Company	aa-	aa-

The maximum exposure to credit risk at the financial year end date is the carrying amount of the portfolio of investments and cash and bank balances as presented in Statement of Financial Position.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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For the financial year ended 30 June 2019

8 Financial risk management (continued)

(e) Fair value estimation (continued)

The following tables analyse within the fair value hierarchy, the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2019 and 2018:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2019				
Assets				
Portfolio of investments				
- Quoted equities	<u>24,604,829</u>	<u>-</u>	<u>-</u>	<u>24,604,829</u>
Total	<u>24,604,829</u>	<u>-</u>	<u>-</u>	<u>24,604,829</u>
Liabilities				
Financial derivatives at fair value	<u>-</u>	<u>34</u>	<u>-</u>	<u>34</u>
Total	<u>-</u>	<u>34</u>	<u>-</u>	<u>34</u>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2018				
Assets				
Portfolio of investments				
- Quoted equities	<u>33,588,264</u>	<u>-</u>	<u>-</u>	<u>33,588,264</u>
Total	<u>33,588,264</u>	<u>-</u>	<u>-</u>	<u>33,588,264</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Except for cash and bank balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2019 and 2018 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the financial year end date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

8 Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position	Net amount of financial liabilities presented in the Statement of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
30 June 2019						
Derivative financial instruments	34	-	34	-	-	34
Total	34	-	34	-	-	34
30 June 2018						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-

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9 Related party transactions

(a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and State Street Trust (SG) Limited respectively. The Manager is a subsidiary of United Overseas Bank Limited while the Trustee is a subsidiary of State Street Bank and Trust Company.

Management fee and valuation fee are paid to the Manager for the financial year. Trustee fee is paid to the Trustee while registrar fee and custody fee are paid to State Street Bank and Trust Company, Singapore Branch.

These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

(b) As at the end of the financial year, the Fund maintained the following accounts with the related parties:

	2019	2018
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Cash and bank balances	408,365	926,544

(c) The following transactions took place during the financial year between the Fund and related parties at terms agreed between the parties:

	2019	2018
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Interest income	149	561
United Overseas Bank Limited		
Bank charges	15,426	12,817

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NOTES TO THE FINANCIAL STATEMENTS

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10 Financial ratios

	2019	2018
	\$	\$
Total operating expenses	544,839	776,605
Average daily net asset value	<u>28,466,796</u>	<u>34,981,373</u>
Expense ratio ¹	<u>1.91%</u>	<u>2.22%</u>
Lower of total value of purchases or sales	8,317,069	27,021,979
Average daily net assets value	<u>28,466,796</u>	<u>34,981,373</u>
Turnover ratio ²	<u>29.22%</u>	<u>77.25%</u>

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Fund's expense ratio at financial year end was based on total operating expenses divided by the average net asset value respectively for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

