

新加坡大華亞洲基金 年度財務報告

(中文簡譯本)

2017年12月31日

大華資產管理有限公司
UOB ASSET MANAGEMENT LTD.
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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新加坡大華亞洲基金財務報告

【新加坡大華亞洲基金財務報告】 會計師查核報告

新加坡大華亞洲基金（以下簡稱『本基金』）2017年12月31日之資產負債表及投資組合明細表，暨2017年1月1日至12月31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2017年12月31日之資產負債表及投資組合明細表，暨2017年1月1日至12月31日之總投資報酬表。

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

新加坡
2018年3月29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

新加坡大華亞洲基金財務報告

總投資報酬表

2017年1月1日至2017年12月31日

	2017 星幣\$	2016 星幣\$
收入		
股利	1,216,374	1,158,011
利息	274	58
其它收入	14,152	48,424
	1,230,800	1,206,493
減項：費用		
管理費	731,940	710,514
減項:管理費退佣	(12,809)	(13,875)
受託公司費	15,345	25,578
查核費	18,841	16,701
登錄費	11,585	15,000
評價費	54,793	71,051
保管費	44,048	50,318
交易成本	483,077	660,563
其他費用	134,078	97,104
	1,480,898	1,632,954
淨收益（損失）	(250,098)	(426,461)
淨投資總收益（損失）		
淨投資收益(損失)	16,253,271	2,348,470
衍生性金融商品收益（損失）	(33,580)	-
兌換收益(損失)	(94,961)	(29,282)
	16,124,730	2,319,188
稅前總投資報酬（損失）	15,874,632	1,892,727
減項：所得稅	(146,181)	(127,022)
減項：資本利得稅	(15,599)	70,532
總投資報酬（損失）	15,712,852	1,836,237

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新加坡大華亞洲基金財務報告

資產負債表 2017年12月31日

	2017/12/31 星幣\$	2016/12/31 星幣\$
資產		
投資組合部位	60,264,214	55,842,199
應收帳款	21,030	37,839
現金及銀行存款	1,121,420	1,080,197
券商保證金	133,640	144,470
總資產	61,540,304	57,104,705
負債		
應付帳款	453,682	396,546
總負債	453,682	396,546
權益		
基金單位持有人資產淨值	61,086,622	56,708,159

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United Asia Fund

Annual Report

for the financial year ended
31st December 2017

United Asia 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 Asia 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 20 April 1992 Ann Comp Ret
United Asia Fund	6.06	12.48	30.97	8.93	7.53	-0.12	6.76
Benchmark	6.51	12.00	31.10	11.04	9.92	3.54	6.41

Source: *Lipper, a Thomson Reuters Company.*

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: Apr 92 – Dec 11: MSCI AC FE ex Japan; Jan 12 to present: MSCI AC Asia ex Japan.

For the year ended 31 December 2017, the net asset value of the Fund rose **30.97%** compared with a gain of 31.10% in the benchmark MSCI AC Asia ex-Japan index in Singapore Dollar terms.

The Fund's performance was underpinned by stock selection, especially in **Korea, Taiwan and Malaysia**. Stock selection in Information Technology and Consumer Discretionary sectors contributed positively to performance. However, cash level and negative stock selection in Singapore and Philippines negated overall performance.

Key contributors to performance were **Brilliance Auto (China Consumer)**, **Celltrion Healthcare (Korea Health Care)**, **Ping An Insurance (China Financials)**, **Crompton Greaves (India Consumer)** and **Inari Amerton (Malaysia Information Technology)**.

Key detractors included **Cemex (Philippines Materials)**, **APS Holdings (Korea Information Technology)**, **AmorePacific (Korea Consumer)**, **CH Karnchang (Thailand Industrials)** and **MoMo Inc (China Information Technology)**.

During the period under review, the Fund maintained an *overweight* exposure on North Asian markets at the expense of South East Asia and India. In terms of sector exposure, the Fund was *overweight* on **Information Technology** due to a strong earnings momentum and reduced positions in **Utilities** and **Telecommunication Services** sectors.

As at end December 2017, the Fund had the following sector allocation: **Information Technology** (41.82%), **Financials** (22.71%), **Real Estate** (9.49%), **Consumer Discretionary** (7.94%), **Health Care** (3.52%), **Energy** (3.11%) and others (10.06%), with the remainder in cash (1.35%).

The Fund had the following country exposures: **China** (30.93%), **South Korea** (23.39%), **Hong Kong** (13.65%), **Taiwan** (10.90%), **India** (6.15%), **Singapore** (6.02%), others (7.61%) and the remainder (1.35%) in cash.

Economic and Market Review

For 2017, equity markets in Asia registered stellar gains and saw the regional gauge surpassing record peaks. The broad exuberance in the markets was supported by stable growth, benign inflation and improving global economic data. Investors continued to adopt a risk-on approach, shrugging off geopolitical tensions from North Korea to the Middle East.

As expected, the US Federal Reserve (Fed) raised interest raised three times (in March, September and December), reflecting confidence in the US economy. The Fed also announced its balance sheet reduction plans which had supported bond prices in recent years. Other major central banks including the Bank of England and the European Central Bank indicated a willingness to reduce monetary stimulus. The US Dollar weakened against Asian currencies, with the Malaysian Ringgit, South Korean won and Indian Rupee strengthening the most. In the commodities market, metals climbed-copper, aluminium, gold and zinc rallied. Oil ended the year higher after a series of Organisation of the Petroleum Exporting Countries (OPEC) production cuts were made to drain a global glut of supply.

Economic data in Asia improved significantly in 2017. The Purchasing Managers' Index (PMI) in China and India shot to a five-year high in the second half of the year. Chinese manufacturing remained in the expansionary territory throughout the year, peaking in September at 52.4, while the private sector Caixin manufacturing index ended the year at 51.6. Manufacturing expansion saw India finishing the year at a high of 54.7. A recovery of manufacturing activity in South Korea picked up momentum from September on a cycle of higher orders. With Taiwan, numbers stayed above the 50 mark throughout the year and peaked in December.

A) Fund Performance (continued)

Asian markets rode on a momentum from a cycle of corporate earning upgrades and economic improvements. Emerging markets (EM) remained resilient as fear of protectionist policies faded out.

North Asia outperformed South-east Asia with technology giants fuelling much of the gains as the former saw China as the best performing market. Other standout outperformers were **Korea, India and Hong Kong**. The worst performers were **Philippines, Malaysia, Indonesia and Taiwan**. Across sectors, Information Technology was the best performing while Real Estate underperformed. Utilities and Telecommunication services were the worst performing sectors.

China was the top performing market as investor sentiment weathered tightening measures. The focus of the 19th Communist Party Congress addressed concerns of overleverage and structural risk amid further reforms to the economy. Better-than-expected economic growth activity, producer price index (PPI) deflation, strong earnings and renminbi stability helped to anchor the market, while announcement of A-share inclusion to the MSCI index bolstered positive sentiment. **Korea** stocks advanced on the back of gains from the technology sector. Markets continued to perform strongly alongside the election of a new President who pledged to implement meaningful corporate governance reforms and its North Korean neighbour continuing its fury of nuclear threats. **Hong Kong** mustered an outperformance on strong buying investor interest from the mainland via the Southbound Stock Connect scheme. The lion's share of gains was driven by property stocks thanks to home prices which soared over the year.

Across the straits in **Taiwan**, markets underperformed. Though technology companies had buoyed gains in the first half, investors sold off tech names for profit taking in the later part of the year as they rotated into other sectors.

After a shaky start to 2017, **India** outperformed as the country embarked on a single tax rate for good and services alongside low interest rates which offset the impact from demonetisation.

All ASEAN markets underperformed. Although **Thailand** lagged in the earlier part of 2017, it caught momentum toward the end of the year on gains from large cap stocks, a positive upside from exports and optimism from increased tourist numbers. Despite two sovereign rating upgrades from Standard and Poor's and Fitch Ratings, **Indonesia** missed revenue and growth targets. **Singapore** saw upward revision of gross domestic product (GDP) numbers for the year while its neighbour Malaysia also witnessed stronger than expected GDP growth and an appreciation of the ringgit ahead of anticipated interest rate hikes in 2018. The **Philippines** market underperformed with a record trade deficit in November and the peso was Southeast Asia's worst performing currency against the US Dollar for 2017.

Outlook and Fund Strategy

Asia's fundamentals have improved significantly this year. 2017 is just the first year of improving returns on equity (ROE) after 6 years of decline. Moreover, these improving ROEs have been achieved with rising margins and sales as well as lower corporate gearing. Furthermore, Asia's earnings revisions have outpaced global markets since the beginning of the year. In the 3 other periods where Asia's earnings revisions have outpaced global markets prior, (2002, 2004 and post November 2008) the Asian markets have outperformed global markets significantly for the next 18 months.

Despite the strong run in 2017, Asian market valuations are still reasonable. Asia ex-Japan is now trading at the 10-year historical mean level on a price-to-book basis, though above mean on price-to-earnings. On a global comparison, Asia ex Japan's is at a 20+% discount to global markets average on price to earnings and Price to book vs ROE. In the last Asian equities bull run in 2007, it traded as high as at a 18% premium to the global markets.

Foreign fund inflows into the regions have been strong for the second year in a row, but we believe the Asian markets still remain far from overbought. There had been sizeable outflows in August and September which removes some froth in the market before inflows resumed in October and November.

Underpinning Asia's strong performance this year is North Asia, particularly China. Despite expectations of slowing economic growth in China, we are seeing improving macro and micro fundamentals in the markets. Industrial profits and corporate earnings have positively surprised significantly in 2017, helped by capacity rationalisation, improving utilisation and a rebound producer price inflation following the government's supply side reforms. China's rebalancing continues to accelerate with growth in consumption and services outstripping manufacturing and investments with further support from improving wage growth this year and consumer leverage. The debt to gross domestic product (GDP) build up has slowed down and corporates have begun to deleverage. The issue with non-performing loans at banks are also improving with better loan mix and overall corporate profitability. As we see the macro risks subsiding and continued strong corporate earnings, China's historical discount to global markets should continue to narrow.

A) Fund Performance (continued)

Barring a catastrophic war with North Korea or sharp correction in the US market, the stage is set for Asian markets to continue their trend of outperformance into 2018.

We continue to prefer North Asia over Southeast Asia and India on stronger earnings momentum and cheaper valuations. We have raised China to an *overweight* position from neutral. We keep our *overweight* position in Korea and remain *underweight* in India and Southeast Asia.

In China, we favour structural growth areas which benefit directly from China's rebalancing, such as the Consumer sector which is also seeing strong earnings momentum and Health Care which enjoys strong policy support. We are neutral on Hong Kong. Its property market may face some headwinds from rising interest rates. However, the demand and supply balance remains tight in Hong Kong and prices are likely to remain resilient at lofty levels. We are currently *underweight* Taiwan, given the headwinds in the Apple supply chain with likely disappointment in iPhone X sales and production bottlenecks in Q1 of 2018. Korea remains on an *overweight* underpinned by attractive valuation and improving corporate governance practices. We are selective on India due to its expensive valuations.

Within ASEAN, we are *overweight* on Thailand as we forecast economic growth to accelerate in the 4th quarter and lead to improving corporate earnings. Net foreign inflows and government infrastructure investments should pick up in 2018. We are also *overweight* on Singapore. We expect economic strength to continue in 2018 after a robust 2017 as Singapore is a direct beneficiary of improving global economic growth. While valuations have reflected increased optimism, we believe consensus earnings upgrades could support further upside. We continue to *underweight* Malaysia due to the overhang from the delay in the general elections. We are neutral on Indonesia. Despite the benefit from higher commodity prices, the broader economy has remained lacklustre due to weak consumption and business spending. Electricity tariff hikes had impacted consumption 2017. Political uncertainty ahead of the 2018 election has held back corporate investments. Nonetheless, there could be some recovery in consumption in 2018 as the government dishes out financial aid and improves job creation for the lower income class. We should also see some political clarity in the lead up to and after the 2018 elections. Indonesia has rarely underperformed 2 years in a row and so we could see the market catch up after a disappointing 2017. We remain *underweight* on the Philippines due to valuation concerns and weak corporate earnings. We are also seeing weaker trends in overseas foreign worker remittances and higher likelihood of rate hikes due to rising inflation and the weak peso.

United Asia Fund
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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2017 under review classified by

i) Country

	Fair Value (S\$)	% of NAV
China	18,890,749	30.93
Hong Kong	8,338,857	13.65
India	3,754,684	6.15
Macau	404,307	0.66
Malaysia	1,010,473	1.65
Philippines	765,378	1.25
Singapore	3,680,090	6.02
South Korea	14,286,115	23.39
Taiwan	6,657,592	10.90
Thailand	<u>2,475,969</u>	<u>4.05</u>
Portfolio of investments	60,264,214	98.65
Other net assets/(liabilities)	<u>822,408</u>	<u>1.35</u>
Total	<u>61,086,622</u>	<u>100.00</u>

ii) Industry

	Fair Value (S\$)	% of NAV
Consumer Discretionary	4,852,154	7.94
Consumer Staples	1,631,343	2.67
Energy	1,900,349	3.11
Financials	13,873,400	22.71
Health Care	2,148,346	3.52
Industrials	1,021,464	1.67
Information Technology	25,548,309	41.82
Materials	1,448,601	2.37
Real Estate	5,798,758	9.49
Telecommunication Services	541,925	0.89
Utilities	<u>1,499,565</u>	<u>2.46</u>
Portfolio of investments	60,264,214	98.65
Other net assets/(liabilities)	<u>822,408</u>	<u>1.35</u>
Total	<u>61,086,622</u>	<u>100.00</u>

B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2017 under review classified by (continued)

iii) **Asset Class**

	Fair Value (S\$)	% of NAV
Quoted equities	60,264,214	98.65
Other net assets/(liabilities)	<u>822,408</u>	<u>1.35</u>
Total	<u>61,086,622</u>	<u>100.00</u>

iv) **Credit rating of quoted bonds**

N/A

C) Top Ten Holdings

10 largest holdings as at 31 December 2017

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
SAMSUNG ELECTRONICS CO LTD	4,468,948	7.32
TENCENT HOLDINGS LTD	4,164,443	6.82
ALIBABA GROUP HOLDING LTD	3,686,967	6.03
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	3,091,928	5.06
NCISOFT CORP	1,737,891	2.85
AIA GROUP LTD	1,709,114	2.80
PING AN INSURANCE GROUP CO OF CHINA	1,668,855	2.73
CELLTRION HEALTHCARE CO LTD	1,587,916	2.60
UNITED OVERSEAS BANK LTD	1,519,790	2.49
CITY DEVELOPMENTS LTD	1,498,800	2.45

C) Top Ten Holdings (continued)

10 largest holdings as at 31 December 2016

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
SAMSUNG ELECTRONICS CO LTD	4,289,340	7.56
TENCENT HOLDINGS LTD	2,651,112	4.68
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	1,871,265	3.30
ALIBABA GROUP HOLDING LTD	1,839,457	3.24
CNOOC LTD	1,445,976	2.55
UNITED OVERSEAS BANK LTD	1,376,164	2.43
ANHUI CONCH CEMENT CO LTD	1,376,100	2.43
TAIWAN MOBILE CO LTD	1,165,478	2.06
SUN HUNG KAI PROPERTIES LTD	1,132,185	2.00
SHINHAN FINANCIAL GROUP	1,082,508	1.91

D) Exposure to derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2017
N/A
- ii) There was a net realised loss of SGD 33,580 on derivative contracts during the financial year ended 31 December 2017.
- iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2017
N/A

E) Amount and percentage of NAV invested in other schemes as at 31 December 2017

N/A

F) Amount and percentage of borrowings to NAV as at 31 December 2017

N/A

G) Amount of redemptions and subscriptions for the financial year ended 31 December 2017

Total amount of redemptions	SGD	18,488,407
Total amount of subscriptions	SGD	7,154,018

H) The amount and terms of related-party transactions for the financial year ended 31 December 2017

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 31 December 2017 and 31 December 2016

N/A

ii) Expense ratios for the financial year ended 31 December 2017 and 31 December 2016

N/A

iii) Turnover ratios for the financial year ended 31 December 2017 and 31 December 2016

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 Asia 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 13 to 35, 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
29 March 2018

United Asia 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 13 to 35, 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 Asia Fund (the "Fund") as at 31 December 2017, 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
29 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED ASIA FUND

Our Opinion

In our opinion, the accompanying financial statements of United Asia 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 31 December 2017, 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 31 December 2017;
- the Statement of Financial Position as at 31 December 2017;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2017;
- the Statement of Portfolio as at 31 December 2017; 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.

Our opinion on the financial statements does not cover the other information and we do not and will 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 on the other information, 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED ASIA FUND

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.
- 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, 29 March 2018

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

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
Income			
Dividends		1,216,374	1,158,011
Interest		274	58
Other income		<u>14,152</u>	<u>48,424</u>
Total		<u>1,230,800</u>	<u>1,206,493</u>
Less: Expenses			
Management fee	9	731,940	710,514
Less: Management fee rebate	9	(12,809)	(13,875)
Trustee fee	9	15,345	25,578
Audit fee		18,841	16,701
Registrar fee	9	11,585	15,000
Valuation fee	9	54,793	71,051
Custody fee	9	44,048	50,318
Transaction costs		483,077	660,563
Other expenses		<u>134,078</u>	<u>97,104</u>
Total		<u>1,480,898</u>	<u>1,632,954</u>
Net income/(losses)		<u>(250,098)</u>	<u>(426,461)</u>
Net gains/(losses) on value of investments			
Net gains/(losses) on investments		16,253,271	2,348,470
Net gains/(losses) on financial derivatives		(33,580)	-
Net foreign exchange gains/(losses)		<u>(94,961)</u>	<u>(29,282)</u>
		<u>16,124,730</u>	<u>2,319,188</u>
Total return/(deficit) for the year before income tax		15,874,632	1,892,727
Less: Income tax	3	(146,181)	(127,022)
Less: Capital gains tax	3	<u>(15,599)</u>	<u>70,532</u>
Total return/(deficit) for the year		<u>15,712,852</u>	<u>1,836,237</u>

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

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017	2016
		\$	\$
Assets			
Portfolio of investments		60,264,214	55,842,199
Receivables	4	21,030	37,839
Cash and bank balances		1,121,420	1,080,197
Margin accounts		<u>133,640</u>	<u>144,470</u>
Total assets		<u>61,540,304</u>	<u>57,104,705</u>
Liabilities			
Payables	5	<u>453,682</u>	<u>396,546</u>
Total liabilities		<u>453,682</u>	<u>396,546</u>
Equity			
Net assets attributable to unitholders	6	<u>61,086,622</u>	<u>56,708,159</u>

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

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
Net assets attributable to unitholders at the beginning of the financial year		56,708,159	61,023,291
Operations			
Change in net assets attributable to unitholders resulting from operations		15,712,852	1,836,237
Unitholders' contributions/(withdrawals)			
Creation of units		7,154,018	1,912,925
Cancellation of units		<u>(18,488,407)</u>	<u>(8,064,294)</u>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(11,334,389)	(6,151,369)
Total increase/(decrease) in net assets attributable to unitholders		<u>4,378,463</u>	<u>(4,315,132)</u>
Net assets attributable to unitholders at the end of the financial year	6	<u>61,086,622</u>	<u>56,708,159</u>

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

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

	Holdings at 31 December 2017	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
By Geography - Primary			
Quoted Equities			
CHINA			
AAC TECHNOLOGIES HOLDINGS INC	13,500	321,719	0.53
ALIBABA GROUP HOLDING LTD	16,000	3,686,967	6.03
BAIDU INC	2,400	751,196	1.23
BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD	190,000	678,859	1.11
CHINA CONSTRUCTION BANK CORP	920,000	1,132,400	1.85
CHINA LIFE INSURANCE CO LTD	67,000	281,194	0.46
CHINA PACIFIC INSURANCE GROUP	130,000	834,513	1.37
CHINA PETROLEUM & CHEMICAL CORP	600,000	587,740	0.96
CHINA RAILWAY SIGNAL & COMMUNICATION CO LTD	600,000	627,744	1.03
CHINA RESOURCES CEMENT HOLDING	720,000	632,667	1.04
CHINA RESOURCES LAND LTD	120,000	471,834	0.77
CHINA VANKE CO LTD	150,000	800,066	1.31
INDUSTRIAL & COMMERCIAL BANK OF CHINA	1,000,000	1,075,302	1.76
PING AN INSURANCE GROUP CO OF CHINA	120,000	1,668,855	2.73
SHANGHAI PHARMACEUTICALS HOLDING	155,000	560,430	0.92
SUNNY OPTICAL TECHNOLOGY GROUP	36,000	614,820	1.01
TENCENT HOLDINGS LTD	60,000	<u>4,164,443</u>	<u>6.82</u>
TOTAL CHINA		<u>18,890,749</u>	<u>30.93</u>
HONG KONG			
AIA GROUP LTD	150,000	1,709,114	2.80
CHINA MOBILE LTD	40,000	541,925	0.89
CHINA RESOURCES POWER HOLDINGS LTD	300,000	746,728	1.22
CK ASSET HOLDINGS LTD	116,000	1,354,436	2.22
CK HUTCHISON HOLDINGS LTD	21,464	359,964	0.59
CNOOC LTD	350,000	671,337	1.10
GALAXY ENTERTAINMENT GROUP LTD	100,000	1,071,883	1.75
SHANGRI-LA ASIA LTD	410,000	1,243,418	2.03
WHARF REAL ESTATE INVESTMENT CO LTD	72,000	<u>640,052</u>	<u>1.05</u>
TOTAL HONG KONG		<u>8,338,857</u>	<u>13.65</u>

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

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

	Holdings at 31 December 2017	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
By Geography - Primary (continued)			
Quoted Equities			
INDIA			
CROMPTON GREAVES CONSUMER ELECTRICALS LTD	160,000	922,933	1.51
HDFC BANK LTD	25,000	980,093	1.60
HINDALCO INDUSTRIES LTD	142,459	815,934	1.34
INDUSIND BANK LTD	30,000	<u>1,035,724</u>	<u>1.70</u>
TOTAL INDIA		<u>3,754,684</u>	<u>6.15</u>
MACAU			
MGM CHINA HOLDINGS LTD	100,000	404,307	0.66
MALAYSIA			
INARI AMERTRON BHD	900,000	1,010,473	1.65
PHILIPPINES			
AYALA LAND INC	300,000	358,194	0.58
METROPOLITAN BANK & TRUST CO	150,000	<u>407,184</u>	<u>0.67</u>
TOTAL PHILIPPINES		<u>765,378</u>	<u>1.25</u>
SINGAPORE			
CITY DEVELOPMENTS LTD	120,000	1,498,800	2.45
KEPPEL CORP LTD	90,000	661,500	1.08
UNITED OVERSEAS BANK LTD	57,459	<u>1,519,790</u>	<u>2.49</u>
TOTAL SINGAPORE		<u>3,680,090</u>	<u>6.02</u>
SOUTH KOREA			
AMOREPACIFIC CORP	2,151	817,631	1.34
BGF RETAIL CO LTD	3,104	813,712	1.33
CELLTRION HEALTHCARE CO LTD	11,713	1,587,916	2.60
CTK COSMETICS CO LTD	3,501	171,538	0.28
HANA FINANCIAL GROUP INC	10,191	633,542	1.04
HYUNDAI ROBOTICS CO LTD	1,120	532,688	0.87
KOREA ELECTRIC POWER CORP	15,808	752,837	1.23

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

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

	Holdings at 31 December 2017	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %
By Geography - Primary (continued)			
Quoted Equities			
SOUTH KOREA (continued)			
NCSOFT CORP	3,111	1,737,891	2.85
SAMSUNG ELECTRONICS CO LTD	1,405	4,468,948	7.32
SAMSUNG ELECTRONICS CO LTD PREFERRED STOCK	387	1,009,687	1.65
SHINHAN FINANCIAL GROUP CO LTD	9,488	585,101	0.96
SK HYNIX INC	5,585	533,352	0.87
SK INNOVATION CO LTD	2,512	<u>641,272</u>	<u>1.05</u>
TOTAL SOUTH KOREA		<u>14,286,115</u>	<u>23.39</u>
TAIWAN			
CATCHER TECHNOLOGY CO LTD	87,000	1,281,500	2.10
FUBON FINANCIAL HOLDING CO LTD	250,000	569,211	0.93
HON HAI PRECISION INDUSTRY CO	190,000	812,299	1.33
LARGAN PRECISION CO LTD	5,000	902,654	1.48
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	300,000	<u>3,091,928</u>	<u>5.06</u>
TOTAL TAIWAN		<u>6,657,592</u>	<u>10.90</u>
THAILAND			
AP THAILAND PCL	1,800,000	675,376	1.10
KASIKORNBANK PCL - FOREIGN	50,000	490,027	0.80
KASIKORNBANK PCL - NVDR	100,000	951,350	1.56
ROBINSON PCL	120,000	<u>359,216</u>	<u>0.59</u>
TOTAL THAILAND		<u>2,475,969</u>	<u>4.05</u>
Total Equities		<u>60,264,214</u>	<u>98.65</u>
Portfolio of investments		<u>60,264,214</u>	<u>98.65</u>
Other net assets/(liabilities)		<u>822,408</u>	<u>1.35</u>
Net assets attributable to unitholders		<u>61,086,622</u>	<u>100.00</u>

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

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
By Geography - Primary (Summary)		
Quoted Equities and Unit Trust		
China	30.93	30.18
Hong Kong	13.65	7.77
India	6.15	7.31
Indonesia	-	4.08
Macau	0.66	-
Malaysia	1.65	1.13
Philippines	1.25	1.99
Singapore	6.02	7.99
South Korea	23.39	22.35
Taiwan	10.90	12.76
Thailand	4.05	2.91
Portfolio of investments	98.65	98.47
Other net assets/(liabilities)	1.35	1.53
Net assets attributable to unitholders	100.00	100.00

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

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

STATEMENT OF PORTFOLIO

As at 31 December 2017

	Fair value at 31 December 2017 \$	Percentage of total net assets attributable to unitholders at 31 December 2017 %	Percentage of total net assets attributable to unitholders at 31 December 2016 %
By Industry - Secondary			
Quoted Equities and Unit Trust			
Consumer Discretionary	4,852,154	7.94	12.41
Consumer Staples	1,631,343	2.67	2.18
Energy	1,900,349	3.11	2.55
Financials	13,873,400	22.71	26.54
Health Care	2,148,346	3.52	2.26
Industrials	1,021,464	1.67	6.26
Information Technology	25,548,309	41.82	28.37
Materials	1,448,601	2.37	7.44
Real Estate	5,798,758	9.49	3.48
Telecommunication Services	541,925	0.89	4.10
Unit Trusts	-	-	1.65
Utilities	<u>1,499,565</u>	<u>2.46</u>	<u>1.23</u>
Portfolio of investments	60,264,214	98.65	98.47
Other net assets/(liabilities)	<u>822,408</u>	<u>1.35</u>	<u>1.53</u>
Net assets attributable to unitholders	<u>61,086,622</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 31 December 2017

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

1 General

United Asia Fund (the "Fund") is a Singapore-registered trust fund constituted under a Trust Deed dated 25 January 1992 between UOB Asset Management Ltd (the "Manager") and BNP Paribas Trust Services Singapore Limited (the "Retired Trustee"). The Deed is governed by the laws of the Republic of Singapore.

With effect from 1 April 2017, the Trustee of the Fund has changed from BNP Paribas Trust Services Singapore Limited to State Street Trust (SG) Limited (the "Trustee").

The investment objective of the Fund is to achieve long term capital growth mainly through investing in the securities of corporations in, or corporations listed or traded on stock exchanges in, or corporations which derive a significant proportion of their revenue or profits from or have a significant proportion of their assets in, Asia (excluding Japan).

The following classes of units are currently offered for subscriptions:

- Class SGD
- Class JPY

Subscriptions and redemptions of the units of Class SGD 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.

Subscriptions and redemptions of the units of Class JPY are denominated in the Japanese Yen. No units of class JPY have been issued during the financial years ended 31 December 2017 and 2016.

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.

The Fund has adopted the following Singapore Financial Reporting Standards ("FRS") and related amendments in accordance with the recommendations of the RAP 7 issued in March 2017 for annual periods beginning on or after 1 July 2016:

(i) Consolidation and disclosure of interests in other entities

FRS 110 "Consolidated financial statements"
FRS 112 "Disclosure of interests in other entities"
Amendments to FRS 110, FRS 112 and FRS 27 "Investment entities"

FRS 110 and the amendments define an investment entity and introduce an exception from the consolidation requirements for investments entities.

FRS 112 and the amendments require entities to disclose significant judgements and assumptions made in determining whether the entity controls, jointly controls, significantly influences or has some interests in other entities. Entities are also required to provide disclosure around certain "structured entities". The amendments to FRS 112 introduce new disclosure requirements related to investment entities.

(ii) Offsetting financial assets and liabilities disclosures

Amendments to FRS 32 "Financial instruments: Presentation - Offsetting financial assets and financial liabilities"
Amendments to FRS 107 "Disclosures - Offsetting financial assets and financial liabilities"

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Offsetting financial assets and liabilities disclosures (continued)

The amendments to FRS 32 provide clarification on the offsetting criteria in FRS 32 and address inconsistencies in their application.

The amendments to FRS 107 require additional disclosures to enable users of the financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The adoption of these new or amended FRS impacted the Fund's level of disclosures in certain of the above noted areas, but did not result in substantial changes to the accounting policies of the Fund and had no material effect on the amounts reported for the current or prior years.

(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.

(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.

The fair value of investments held in underlying funds is the quoted net asset value of the underlying funds as determined by the underlying funds' administrator. Net changes in fair value of investments are included in the Statement of Total Return in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2 Significant accounting policies (continued)

(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.

(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) Expenses charged to the Fund

All direct expenses relating to the Fund are charged directly to the Statement of Total Return. In addition, certain expenses shared by all unit trusts managed by the Manager are allocated to each fund based on the respective fund's net asset value.

(g) Management fee rebates

The management fees charged on investments in underlying funds managed by the Manager are rebated to the Fund.

(h) Financial derivatives

Financial derivatives including forwards and swaps may be entered into for the purposes 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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2 Significant accounting policies (continued)

(j) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers all of their investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Fund invests in Investee Funds whose objectives range from achieving short to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by unrelated/related asset managers and the Investee Funds apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in each of its Investee Funds.

The change in fair value of the Investee Funds are included in the Statement of Total Return within "Net gains/losses on investments".

There was no Investee Fund held as at 31 December 2017.

3 Income tax

	2017	2016
	\$	\$
Overseas income tax	146,181	127,022
Capital gains tax/(refund)	15,599	(70,532)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3 Income tax (continued)

The overseas income tax represents tax withheld on foreign sourced income. Capital gains tax represents 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 31 December 2017 and 2016, 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.

4 Receivables

	2017	2016
	\$	\$
Amounts receivable for creation of units	12,554	18,193
Dividends receivable	6,836	15,997
Management fee rebate receivable	1,634	-
Other receivables	<u>6</u>	<u>3,649</u>
	<u>21,030</u>	<u>37,839</u>

5 Payables

	2017	2016
	\$	\$
Amount payable for cancellation of units	174,892	166,158
Amount due to the Manager	216,793	203,575
Amount due to Trustee	5,518	6,624
Other creditors and accrued expenses	<u>56,479</u>	<u>20,189</u>
	<u>453,682</u>	<u>396,546</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

6 Units in issue

During the financial year ended 31 December 2017 and 2016, the numbers of units issued, redeemed and outstanding were as follows:

	2017	2016
Units at the beginning of the financial year	30,714,873	34,259,615
Units created	3,265,627	1,052,343
Units cancelled	<u>(8,680,211)</u>	<u>(4,597,085)</u>
Units at the end of the financial year*	<u>25,300,289</u>	<u>30,714,873</u>
 *Included above are units denominated in USD	 427,356	 605,259
	\$	\$
 Net assets attributable to unitholders	 61,086,622	 56,708,159
Net assets value per unit	2.414	1.846

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:

	2017	2016
	\$	\$
Net assets attributable to unitholders per financial statements per unit	2.414	1.846
Effect of under recognition of printing fee	0.001	-
Effect of under recognition of other income	<u>-</u>	<u>(0.002)</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.415</u>	<u>1.844</u>

7 Financial risk management

The Fund's activities expose it to a variety of market risks (including currency 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7 Financial risk management (continued)

(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.

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

As at 31 December 2017

	SGD	HKD	INR	KRW	TWD	USD	Others	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Portfolio of investments	3,680,091	23,195,748	3,754,685	14,286,115	6,657,592	4,438,163	4,251,820	60,264,214
Receivables	6,115	-	-	-	-	8,079	6,836	21,030
Cash and bank balances	1,098,895	-	-	122	1	22,402	-	1,121,420
Margin accounts	-	-	-	-	-	133,640	-	133,640
Total Assets	4,785,101	23,195,748	3,754,685	14,286,237	6,657,593	4,602,284	4,258,656	61,540,304
Liabilities								
Payables	446,595	-	-	-	-	7,087	-	453,682
Total Liabilities	446,595	-	-	-	-	7,087	-	453,682
Net currency exposure	4,338,506	23,195,748	3,754,685	14,286,237	6,657,593	4,595,197	4,258,656	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2016

	SGD \$	HKD \$	INR \$	KRW \$	TWD \$	USD \$	Others \$	Total \$
Assets								
Portfolio of investments	3,594,964	19,100,326	4,145,399	12,671,542	7,236,365	3,353,490	5,740,113	55,842,199
Receivables	25,508	-	-	-	-	6,534	5,797	37,839
Cash and bank balances	98,886	-	-	-	-	981,311	-	1,080,197
Margin accounts	-	-	-	-	-	144,470	-	144,470
Total Assets	<u>3,719,358</u>	<u>19,100,326</u>	<u>4,145,399</u>	<u>12,671,542</u>	<u>7,236,365</u>	<u>4,485,805</u>	<u>5,745,910</u>	<u>57,104,705</u>
Liabilities								
Payables	332,404	-	-	-	-	64,142	-	396,546
Total Liabilities	<u>332,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,142</u>	<u>-</u>	<u>396,546</u>
Net currency exposure	<u>3,386,954</u>	<u>19,100,326</u>	<u>4,145,399</u>	<u>12,671,542</u>	<u>7,236,365</u>	<u>4,421,663</u>	<u>5,745,910</u>	

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The table below summarises the impact of increases/decreases from the Fund's investments in equities and Investee Funds on the Fund's net assets attributable to unitholders at 31 December 2017 and 2016. 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 fair value of the Fund's investments moved according to the historical correlation with the index.

Benchmark component	2017 Net impact to net assets attributable to unitholders		2016 Net impact to net assets attributable to unitholders	
	\$	%	\$	%
MSCI AC Asia ex Japan	12,052,843	20	10,972,102	20

(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 on 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 the 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. The Fund's investments in other funds are considered to be readily realisable as the net asset value is struck daily, and units are redeemable on demand at the published price.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7 Financial risk management (continued)

(b) Liquidity risk (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end date to the contractual maturity date. The amounts in the table 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 31 December 2017			
Payables	453,682	-	-
	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 31 December 2016			
Payables	396,546	-	-

(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 31 December 2017

7 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 31 December 2017 and 2016.

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

	Credit rating as at 31 December 2017	Credit rating as at 31 December 2016
Bank and custodian		
State Street Bank and Trust Company	aa-	aa-
Bank		
United Overseas Bank Limited	n/a	aa-
Margin accounts		
United Overseas Bank Limited	aa-	n/a

The custodian of the Investee Fund is also State Street Bank and Trust Company, with credit ratings disclosed in the table above.

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7 Financial risk management (continued)

(e) Fair value estimation (continued)

The following table analyses within the fair value hierarchy, the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2017 and 2016:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 December 2017				
Assets				
Portfolio of investments				
- Quoted equities	60,264,214	-	-	60,264,214
Total	60,264,214	-	-	60,264,214

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 December 2016				
Assets				
Portfolio of investments				
- Quoted equities	54,906,046	-	-	54,906,046
- Quoted unit trusts	936,153	-	-	936,153
Total	55,842,199	-	-	55,842,199

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.

Investment in open-ended investment funds whose net asset value is struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within Level 1. The quotes price for these financial instruments is not adjusted.

Except for cash and bank balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2017 and 2016 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.

8 Structured entities

The Fund's investment in the Investee Fund is subject to the terms and conditions of the Investee Fund's offering documentation and is susceptible to market price risk arising from uncertainties about future value of the Investee Fund. The Manager makes investment decisions after extensive due diligence of the Investee Fund, its strategy and the overall quality of the Investee Fund's manager. The Investee Fund's portfolio manager is compensated by the Investee Fund for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investment in the Investee Fund.

The Fund has the right to request redemption of its investments in the Investee Fund on a daily basis.

The exposure to investment in the Investee Fund at fair value is disclosed under the Statement of Portfolio. The investment is included within "Portfolio of investments" in the Statement of Financial Position.

The Fund's holdings in an Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time, dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Fund may, at any point in time, hold a majority of an Investee Fund's total units in issue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

8 Structured entities (continued)

The Fund's maximum exposure to loss from its interests in the Investee Fund is equal to the total fair value of its investment in the Investee Fund.

Once the Fund has disposed of its shares in an Investee Fund, the Fund ceases to be exposed to any risk from it.

There was no Investee Fund held as at 31 December 2017.

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. State Street Trust (SG) Limited replaced BNP Paribas Trust Services Singapore Limited as the Trustee with effect from 1 April 2017. 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. Management fee rebates are received from the Manager in respect of Investee Funds that are managed by the Manager. Trustee fee and registrar fee were paid to the Retired Trustee for the period from 1 January 2017 to 31 March 2017.

With effect from 1 April 2017, 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:

	2017	2016
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Cash and bank balances	1,121,420	-
United Overseas Bank Limited		
Cash and bank balances	-	39,356
Margin accounts	133,640	144,470

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

9 Related party transactions (continued)

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

	2017	2016
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Bank charges	4,734	-
United Overseas Bank Limited		
Bank charges	50	50
BNP Paribas Securities Services, Singapore Branch		
Bank charges	142	-

(d) UOB Kay Hian Pte Ltd is an affiliated company of United Overseas Bank Limited.

During the financial year, the Fund has brokerage fee paid or payable to UOB Kay Hian Pte Ltd as follows:

	2017	2016
	\$	\$
Brokerage charges	1,498	4,041

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

10 Financial ratios

	2017 \$	2016 \$
Total operating expenses	997,821	972,391
Average daily net asset value	<u>58,616,931</u>	<u>56,697,537</u>
Expense ratio ¹	<u>1.70%</u>	<u>1.72%</u>
Lower of total value of purchases or sales	52,780,346	79,662,380
Average daily net assets value	<u>58,616,931</u>	<u>56,697,537</u>
Turnover ratio ²	<u>90.04%</u>	<u>140.50%</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.

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