



United Asia Active Allocation Fund

Semi Annual Report

for the period 1st January to
30th June 2009

United Asia Active Allocation Fund

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

MANAGER

UOB Asset Management Limited
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Company Registration No. : 198600120Z

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Terence Ong Sea Eng
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United Asia Active Allocation Fund

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A) Fund Performance

| | 3 mth | 6 mth | 1 yr | 3yr | 5 yr | 10 yr | Since Inception |
|--|-------------|-------------|-------------|--------------------|--------------------|--------------------|--|
| Fund Performance/ Benchmark Returns | % Growth | % Growth | % Growth | Ann Comp Ret | Ann Comp Ret | Ann Comp Ret | 13 November 2007 Ann Comp Ret |
| United Asia Active Allocation Fund | 15.38 | 21.47 | -3.12 | NA | NA | NA | -16.61 |
| Benchmark | 20.85 | 31.19 | -3.25 | NA | NA | NA | -13.16 |

Source: Lipper, a Thomson Reuters Company

Note: The performance returns of the Fund are in Singapore dollars based on a NAV-to-NAV basis with net dividends reinvested.
The benchmark of the Fund: Nov 07 – Jan 08; Composite Benchmark Comprises of 40% MSCI AC FE Ex Japan, 20% FTSE Global Small Cap Series Asia Pacific Ex Japan and 40% JP Morgan Asia Credit Index Total Return. Feb 08 – Present; 40% MSCI AC FE Ex Japan, 20% MSCI AC Asia Pacific Ex Japan Small Cap Index and 40% JP Morgan Asia Credit Index Total Return.

For the six months ended 30 June 2009, the unit price of the Fund **rose 21.5%** on a net asset value basis, compared with a 31.2% increase in the composite benchmark.

From January to April the Fund was defensively positioned with an underweight in Asian Equities and an overweight in Asian Fixed Income. This was aimed at preserving capital in the midst of the global financial turmoil. Specifically the Fund was underweight in both the United Asia Fund (which invests in large market capitalization companies) and the United Asian Growth Opportunities Fund (which invests in small / mid market capitalization companies) while being overweight in the United Asian Bond Fund (which invests in Asian Fixed Income). However this bias towards Asian Fixed Income at the expense of Asian Equities impeded performance during the period as Equities started to outperform during the sharp market turnaround which began in March 2009.

In April, the Fund increased its weight in Asian Equities and accordingly benefited from the strength in Asian Equity markets which continued into June. In particular the Fund's performance was lifted by the United Asian Growth Opportunities Fund which benefited from a strong showing in the small / mid market capitalization companies. Unfortunately this was not sufficient to offset the earlier underperformance of the Fund, which led to the Fund's overall underperformance for the period under review.

As at end June, the Fund was overweight Equities with 71.7% invested compared to the benchmark of 60%. Accordingly the Fund was underweight Fixed Income with 28.2% invested versus the benchmark of 40%. Specifically the Fund was 43.9% invested in United Asia Fund, 27.8% in United Asian Growth Opportunities Fund, 28.2% in United Asian Bond Fund and the remaining 0.1% in cash.

United Asia Fund

For the six months ended 30 June 2009, the unit price of the Fund **rose 27.2%** on a net asset value basis, compared with a 34.0% increase in the benchmark MSCI AC Far East ex-Japan index in Singapore dollar terms.

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The Fund was lifted by selected stock picks like **Anta Sports** and **Genting Bhd** (consumer discretionary), **Keppel Corp** (conglomerate), **DBS Group** (financials), **China BlueChemical** (materials) and **Hon Hai Precision** (technology). However, our investments in more defensive stocks detracted from performance. These included **KT&G**, **Singapore Press Holdings**, **MRT** (defensive staples), **China Mobile**, **Chung Hwa Telecom** (telecom services), **Beijing Enterprises**, **CLP Holdings** (utilities) which generated positive but relatively lower returns than the benchmark.

As at end June 2009, the Fund had the following sector allocation: **Financials** (32.3%), **Consumers** (13.7%), **Industrials** (12.4%), **Info Technology** (10.0%), **Materials** (8.7%), **Energy** (6.8%), **Telecom Services** (4.5%), **Utilities** (3.9%), **Property Trust** (1.0%) and the remainder in cash (6.7%).

United Asian Growth Opportunities Fund

For the six months ended 30 June 2009, the unit price of the Fund **rose 57.4%** on a net asset value basis, compared with a 54.2% increase in the benchmark MSCI AC Asia Pacific ex-Japan Small Cap index in Singapore dollar terms.

As at end June 2009, the Fund had the following regional asset allocation: China 23.95%, Hong Kong 19.23%, India 10.83%, Australia 9.6%, Taiwan 9.23%, Singapore 9.09%, South Korea 8.21%, Thailand 3.97%, Indonesia 0.79% and cash 5.10%.

Some of the best performers for the Fund in 1H09 included **Indofood Agri Resources** (benefited from a sharp rise in palm oil price), **Anta Sports** (strong profit growth despite the slowdown in Chinese retail sales in general) and **Great Wall Motor** (beneficiary of the sharp rise in auto sales in China in 1H09). We had also benefited from the strong performance of the Taiwan market in the earlier part of the year with our exposure in technology stocks (**Wistron**, **Youngfast Optoelectronics**) and an automotive company (**Yulon Motor**). Our relatively light exposure to the ASEAN markets resulted in some detraction in performance relative to the index but this was more than made up for by our strong overweight position in China/Hong Kong.

United Asian Bond Fund (formerly known as UOB OPTIMIX ASIAN BOND FUND)

For the six months ended 30 June 2009, the Fund **rose 11.6%** on a net asset value basis, compared to the 16.4% increase in the benchmark JP Morgan Asia Credit Index (JACI) Total Return Composite in Singapore dollar terms.

The Fund's underperformance was a result of its defensive stance in credit selection. We were underweight the riskier high-yield credits, particularly in companies that have weak balance sheets and a strong reliance on short-term liquidity for working capital in the midst of the credit crunch. The snap back in Asia high yield credit spreads was primarily driven by debt buy backs as companies were successful in raising funds from alternative sources including local markets, existing banking relationships, equity placements and smaller club-sized bond transactions outside of the public arena.

As at end of June 2009, the Fund was invested 28% in **Korea**, 15% in **Hong Kong**, 13% in **Indonesia**, 11.5% in **Malaysia**, 10% in **Singapore** and 7% in **Thailand** with the remaining in **the Philippines**, **China** and cash. The Fund is predominantly invested in **Financials** (30%), **Quasi Sovereigns** (22.5%), **Industrials** (16%) and **Sovereigns** (14%). The Fund was 96% invested with the rest in cash.

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Market Review

Asian equity markets experienced sharp volatility in the first half of 2009, ending the first six months of the year higher and reversing some of the sharp losses of 2008. Markets were sold down in the first two months of the year amid concerns of deterioration in the global economy, elevated risk aversion and rumours of bank nationalization in the US. Export-oriented Asian countries showed fundamental weakness with exports data continuing to deteriorate against the backdrop of falling global demand. Governments around the world including Asia downgraded growth forecasts early in the year and at the same time introduced aggressive fiscal stimulus measures as well as interest rate cuts to support domestic growth.

March marked a turning point with markets paring their losses after the US Treasury unveiled a much-awaited plan to get rid of the toxic assets in the banking system to aid a recovery in the financial industry. Further measures from the US to clean up its financial system, fiscal stimulus to boost its economy and the conclusion of the G20 leaders' meeting aimed at restarting the global economy helped to lift overall sentiment.

Markets continued to pick up strongly through to May with double-digit month-on-month price increases, supported by favourable economic data such as an improvement in regional exports growth, the global Purchasing Managers' Index and a pick-up in housing sales volumes. Markets started pricing in expectations that the pace of global economic contraction had slowed and economic activity was turning out to be better than the worst-case outlook that had been projected.

However, markets again reversed course in June as renewed concerns surfaced about the global economy and the World Bank lowered its global growth forecast to 2.9% in 2009. Investors were also concerned that Asian markets had run up too fast, ahead of economic fundamentals, and inflation fears again resurfaced on the back of rising global oil prices.

Fund Strategy and Outlook

Globally synchronised rate cuts and liquidity injections as well as positive market response to G-20 meetings and the much touted US bank stress test results appear to have improved risk appetite and overall credit conditions. The recent GDP data releases affirm that the economies in China, Indonesia, Korea and Taiwan bottomed in the last quarter of 2008. The economies of Singapore, Malaysia and Thailand are also likely to have bottomed since then.

We view that liquidity conditions could continue to keep equity markets buoyant in 2H09. Accordingly we aim to maintain our overweight position in **Equities** vis-à-vis **Fixed Income**. While we generally overweight **Equities**, we have a preference for small / mid cap equities over the medium term as historical performance suggests that small / mid cap equities outperform large caps in an economic recovery.

In terms of regional asset allocation in **Equities**, we are overweight on **China** as we view the country to be the first to come out of the crisis and see the most resilient economic growth in the region. The government has great latitude in pushing through policies as we see in the rapid expansion of credit growth on top of government fiscal stimulus in the form of its RMB4 trillion fiscal stimulus plan. We are also positive on the **Singapore** market as we view that the economic contraction will not be as bad as feared and the economy is well-positioned to benefit from recovery in global economy. The government has revised its 2009 GDP forecast upwards to -4% to -6% from -6% to -9% on the back of better than expected 2Q09 GDP numbers. **Indonesia** also has good medium-term prospects with President Susilo

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Bambang Yudhoyono being re-elected for a second term, raising the potential for Indonesia to push through economic policy reforms that can unleash the potential of its huge domestic population.

Within the **Fixed Income** asset class, we continue to see opportunity for Asia's investment grade corporates to benefit from the rally in developed markets and we view that investment grade names offer the best concession in credit spreads. We remain underweight in high yield bonds as we view that market expectations may have overshot on the upside and this sector could be vulnerable to a price correction after a strong recovery in the first half of the year. We continue to maintain our focus in new issues, investment grade corporate and laggards in the callable bank space.

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B) Investments at fair value and as a percentage of NAV as 30 June 2009 under review classified by

| | Fair Value (S\$) | % of NAV |
|--------------------------|---------------------|---------------|
| i) Country | | |
| Singapore | 41,645,651 | 99.92 |
| Portfolio of investments | 41,645,651 | 99.92 |
| Other net assets | 32,476 | 0.08 |
| Total | 41,678,127 | 100.00 |

| | | |
|--------------------------|-------------------|---------------|
| ii) Industry | | |
| Unit Trust | 41,645,651 | 99.92 |
| Portfolio of investments | 41,645,651 | 99.92 |
| Other net assets | 32,476 | 0.08 |
| Total | 41,678,127 | 100.00 |

| | | |
|-------------------------|-------------------|---------------|
| iii) Asset Class | | |
| Unit Trust | 41,645,651 | 99.92 |
| Other net assets | 32,476 | 0.08 |
| Total | 41,678,127 | 100.00 |

iv) Credit rating of debt securities

N/A

C) Top Three Holdings

The top 3 holdings as at 30 June 2009 and 30 June 2008

3 largest holdings at 30 June 2009

| | Fair Value (S\$) | Percentage of total net assets attributable to unitholders % |
|---|---------------------|--|
| UNITED ASIA FUND | 18,310,781 | 43.93 |
| UNITED ASIAN BOND FUND | 11,769,400 | 28.24 |
| UNITED ASIAN GROWTH OPPORTUNITIES FUND | 11,565,470 | 27.75 |

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C) Top Three Holdings (continued)

| 3 largest holdings at 30 June 2008 | Fair Value (S\$) | Percentage of total net assets attributable to unitholders % |
|--|---------------------|--|
| UNITED ASIAN BOND FUND | 25,136,843 | 44.58 |
| UNITED ASIA FUND | 23,345,967 | 41.41 |
| UNITED ASIAN GROWTH OPPORTUNITIES FUND | 8,924,634 | 15.83 |

D) Exposure to derivatives

- i) fair value of derivative contracts and as a percentage of NAV as at 30 June 2009
N/A
- ii) net gains/(losses) on derivative contracts realised during the financial period ended 30 June 2009
N/A
- iii) net gains/(losses) on outstanding derivative contracts marked to market as at 30 June 2009
N/A

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 30 June 2009

| | Fair Value (S\$) | Percentage of total net assets attributable to unitholders % |
|--|---------------------|--|
| UNITED ASIA FUND | 18,310,781 | 43.93 |
| UNITED ASIAN BOND FUND | 11,769,400 | 28.24 |
| UNITED ASIAN GROWTH OPPORTUNITIES FUND | 11,565,470 | 27.75 |

F) Amount and percentage of borrowings to net asset value (NAV) as at 30 June 2009

N/A

G) Amount of redemptions and subscriptions for the period 01 January 2009 to 30 June 2009

| | | |
|-------------------------------|-----|-----------|
| Total amount of redemptions | SGD | 2,795,417 |
| Total amount of subscriptions | SGD | 979,567 |

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H) The amount and terms of related-party transactions for the period 01 January 2009 to 30 June 2009

- i) As at 30 June 2009 the Fund maintained current accounts with the United Overseas Bank Limited as follows:

| | | |
|---------------|-----|--------|
| Bank balances | SGD | 17,176 |
|---------------|-----|--------|

- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 30 June 2009

N/A

- iii) Investment in Initial Public Offerings managed by UOB Group.

N/A

- iv) As at 30 June 2009 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

I) Expense ratios

| | |
|--------------|-------|
| 30 June 2009 | 2.61% |
|--------------|-------|

| | |
|--|-------|
| For the financial period from 15 August 2007 (date of constitution) to 30 June 2008 | 2.27% |
|--|-------|

Note : The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay any performance fees.

J) Turnover ratios

| | |
|--------------|--------|
| 30 June 2009 | 20.19% |
|--------------|--------|

| | |
|--|-------|
| For the financial period from 15 August 2007 (date of constitution) to 30 June 2008 | 7.75% |
|--|-------|

Note : The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

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

N/A

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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 2009 and 30 June 2008

United Asia Fund

10 largest holdings at 30 June 2009

| | Fair Value (S\$) | Percentage of total net assets attributable to unitholders % |
|--|---------------------|--|
| CHINA CONSTRUCTION BANK - H | 5,527,422 | 3.21 |
| DBS GROUP HOLDINGS LIMITED | 5,513,040 | 3.20 |
| TAIWAN SEMICONDUCTOR COMPANY LIMITED | 4,420,455 | 2.57 |
| INDUSTRIAL & COMMERCIAL BK OF CHINA - H | 4,269,860 | 2.48 |
| ANTA SPORTS PRODUCTS LIMITED | 4,247,729 | 2.47 |
| SAMSUNG ELECTRONICS COMPANY LIMITED | 4,130,041 | 2.40 |
| HYUNDAI MOTOR COMPANY | 3,872,551 | 2.25 |
| PTT PUBLIC COMPANY LIMITED | 3,467,649 | 2.01 |
| HONG KONG EXCHANGES AND CLEARING LIMITED | 3,451,655 | 2.00 |
| POSCO | 3,429,590 | 1.99 |

10 largest holdings at 30 June 2008

| | Fair Value (S\$) | Percentage of total net assets attributable to unitholders % |
|--|---------------------|--|
| CHINA MOBILE LIMITED | 8,209,452 | 3.57 |
| SAMSUNG ELECTRONICS COMPANY LIMITED | 8,117,740 | 3.53 |
| CHINA BLUECHEMICAL LIMITED | 7,809,565 | 3.40 |
| CHINA COAL ENERGY COMPANY | 7,356,882 | 3.20 |
| TAIWAN SEMICONDUCTOR COMPANY LIMITED | 6,915,422 | 3.01 |
| HON HAI PRECISION INDUSTRY | 6,697,934 | 2.92 |
| HONG KONG EXCHANGES AND CLEARING LIMITED | 6,549,266 | 2.85 |
| HANG LUNG PROPERTIES LIMITED | 5,651,567 | 2.46 |
| HYUNDAI DEVELOPMENT COMPANY | 5,507,075 | 2.40 |
| BEIJING ENTERPRISES HOLDINGS | 5,310,922 | 2.31 |

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.

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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 (continued)

- ii) expense ratios for the period ended 30 June 2009 and 30 June 2008

| <u>United Asia Fund</u> | |
|--------------------------------|-------|
| 30 June 2009 | 1.75% |
| 30 June 2008 | 1.68% |

Note : The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay any performance fees.

- iii) turnover ratios for the period ended 30 June 2009 and 30 June 2008

| <u>United Asia Fund</u> | |
|--------------------------------|---------|
| 30 June 2009 | 103.35% |
| 30 June 2008 | 43.34% |

Note : The turnover ratio is calculated in accordance with the formula stated in the “Code on Collective Investment Schemes”.

M) Soft dollar commissions/arrangements

There were no soft dollar arrangements, rebates, commissions or other monetary incentives received by UOB Asset Management Ltd.

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.

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STATEMENT OF TOTAL RETURN

For the half year ended 30 June 2009 (Un-audited)

| | | 30 June 2009 \$ | For the period from 15 August 2007 to 30 June 2008 \$ |
|--|----|-----------------------|--|
| Income | | | |
| Dividends | | 166,000 | - |
| Interest | | - | 10,303 |
| Other income | | 1,350 | 6,714 |
| | | 167,350 | 17,017 |
| Less: Expenses | | | |
| Management fee | 11 | 310,478 | 642,859 |
| Less: Management fee rebate | 11 | (223,225) | (474,786) |
| Trustee fee | 11 | 8,279 | 17,143 |
| Audit fee | | (2,395) | 13,475 |
| Registrar fee | 11 | 13,265 | 16,493 |
| Valuation fee | 11 | 25,873 | 53,572 |
| Custody fee | | 1,575 | 1,976 |
| Interest expenses | | - | 24 |
| Preliminary expenses | | - | 22,149 |
| Other expenses | | 22,121 | 35,448 |
| | | 155,971 | 328,353 |
| Net gain/(loss) | | 11,379 | (311,336) |
| Net gains or losses on value of investments | | | |
| Net realised losses on investments | | (169,625) | (1,552,386) |
| Net change in fair value on investments | | 7,952,597 | (15,239,808) |
| Net foreign exchange gains | | 2,116 | 9,809 |
| Net gains/(losses) on value of investments | | 7,785,088 | (16,782,385) |
| Total return/(deficit) for the period before distribution | | 7,796,467 | (17,093,721) |
| Less : Distribution | 9 | (901,634) | (2,844,818) |
| Total return/(deficit) for the period | | 6,894,833 | (19,938,539) |

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

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BALANCE SHEET

As at 30 June 2009 (Un-audited)

| | Notes | 30 June 2009 \$ | 31 December 2008 \$ |
|--|-------|-----------------------|---------------------------|
| ASSETS | | | |
| Portfolio of investments | | 41,645,651 | 32,840,442 |
| Receivables | 4 | 280,759 | 98,501 |
| Cash and bank balances | 5 | 444,957 | 4,376,519 |
| Total Assets | | 42,371,367 | 37,315,462 |
| LIABILITIES | | | |
| Payables | 6 | 251,160 | 253,740 |
| Proposed distribution of income | 9 | 442,080 | 462,578 |
| Net assets attributable to unitholders | 7 | 41,678,127 | 36,599,144 |
| Total Liabilities | | 42,371,367 | 37,315,462 |

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

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PORTFOLIO STATEMENT

As at 30 June 2009 (Un-audited)

| | Holdings at 30 June 2009 | Fair value at 30 June 2009 \$ | Percentage of total net assets attributable to unitholders at 30 June 2009 % |
|---|--------------------------------|---|---|
| By Geography - Primary | | | |
| UNIT TRUST | | | |
| UNITED ASIA FUND | 12,628,125 | 18,310,781 | 43.93 |
| UNITED ASIAN GROWTH OPPORTUNITIES FUND | 7,669,410 | 11,565,470 | 27.75 |
| UNITED ASIAN BOND FUND | 8,300,000 | 11,769,400 | 28.24 |
| | | | |
| Portfolio of investments | | 41,645,651 | 99.92 |
| Other net assets | | 32,476 | 0.08 |
| Net assets attributable to unitholders | | 41,678,127 | 100.00 |
| | | Percentage of total net assets attributable to unitholders at 30 June 2009 % | Percentage of total net assets attributable to unitholders at 31 December 2008 % |
| By Geography - Primary (Summary) | | | |
| UNIT TRUST | | 99.92 | 89.73 |
| Portfolio of investments | | 99.92 | 89.73 |
| Other net assets | | 0.08 | 10.27 |
| Net assets attributable to unitholders | | 100.00 | 100.00 |

As the Fund invests only into three underlying unit trusts, no secondary representation is provided.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

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

1. General

United Asia Active Allocation Fund (the “Fund”) is a Singapore registered trust fund, constituted by a Trust Deed dated 15 August 2007 between UOB Asset Management Limited (the “Manager”) and RBC Dexia Trust Services Singapore Limited (the “Trustee”). The Deed is governed by the laws of the Republic of Singapore.

The Fund’s investment objective is to provide investors with medium to long term capital growth and regular distributions through investments in Asian large capitalisation companies’ equities, Asian small capitalisation companies’ equities, Asian fixed income and money market instruments.

The assets of the Fund will primarily be invested into three Singapore-authorized open-ended collective investment schemes which are also managed by the Managers, namely, the United Asia Fund, the United Asian Growth Opportunities Fund and the United Asian Bond Fund (a sub-fund under the Singapore umbrella fund known as the United Choice Portfolios) (collectively, the “Underlying Funds” and each an “Underlying Fund”).

2. Significant accounting policies

(a) Basis of accounting

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

The financial statements are expressed in Singapore dollars.

(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.

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2. Significant accounting policies (continued)

(c) Investments

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

(i) *Initial recognition*

Purchase of investments are recognized on trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the period 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 net of transaction costs, and are taken up in the Statement of Total Return.

(d) Basis of valuation of investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

(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 Singapore dollars and United States dollars.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

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 period/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 the fair value net gain or loss.

(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

The management fee charged on any investment in other unit trusts managed by the Manager are rebated back to the Fund.

(h) Distribution policy

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. This amount shall not be treated as part of the property of the Fund.

3. Income tax

The Fund was granted the status of a Designated Unit Trust and, therefore, the following income is exempt from tax in accordance with Section 35(12) of the Income Tax Act (Cap 134):

- (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 Singapore Income Tax Act); and
- (iii) dividends derived from outside Singapore and received in Singapore.

The Singapore income tax represents tax deducted at source for Singapore sourced dividends.

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NOTES TO THE FINANCIAL STATEMENTS

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4. Receivables

| | 30 June 2009 | 31 December 2008 |
|-----------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Amount due from unitholders | - | 2,000 |
| Interest receivable | - | 126 |
| Dividend receivable | 166,000 | - |
| Management fee rebate | 114,759 | 96,375 |
| | 280,759 | 98,501 |

5. Cash and bank balances

| | 30 June 2009 | 31 December 2008 |
|--|-------------------------|---------------------|
| | \$ | \$ |
| Cash at bank | 444,957 | 875,253 |
| Fixed deposit with a financial institution | - | 3,501,266 |
| | 444,957 | 4,376,519 |

The weighted average effective interest rate of the fixed deposits with financial institutions as at 30 June 2009 is Nil % per annum (31 December 2008: 0.4375%) with a maturity date of within Nil days (31 December 2008: 5 days) from the balance sheet date.

6. Payables

| | 30 June 2009 | 31 December 2008 |
|--------------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| Amount due to unitholders | 701 | - |
| Amount due to Manager | 166,523 | 155,250 |
| Amount due to Trustee | 4,063 | 3,819 |
| Other creditors and accrued expenses | 79,873 | 94,671 |
| | 251,160 | 253,740 |

United Asia Active Allocation Fund

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

7. Net assets attributable to unitholders

| | 30 June 2009 | 31 December 2008 |
|--|-------------------------|---------------------|
| | \$ | \$ |
| At the beginning of the financial period | 36,599,144 | - |
| Operations | | |
| Change in net assets attributable to unitholders resulting from operations | 6,894,833 | (31,631,889) |
| Unitholders' contributions/(withdrawals) | | |
| Creation of units | 979,567 | 81,156,801 |
| Cancellation of units | (2,795,417) | (12,925,768) |
| Change in net assets attributable to unitholders resulting from net creation and cancellation of units | (1,815,850) | 68,231,033 |
| Total increase in net assets attributable to unitholders | 5,078,983 | 36,599,144 |
| At the end of the financial period | 41,678,127 | 36,599,144 |
| Units in issue (Note 8) | 61,290,269 | 64,136,654 |
| | \$ | \$ |
| Net assets attributable to unitholders per unit | 0.68 | 0.57 |

8. Units in issue

| | 30 June 2009 | 31 December 2008 |
|----------------------------------|-------------------------|---------------------|
| Units at beginning of the period | 64,136,654 | - |
| Units created | 1,644,863 | 82,503,973 |
| Units cancelled | (4,491,248) | (18,367,319) |
| Units at end of the period | 61,290,269 | 64,136,654 |

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NOTES TO THE FINANCIAL STATEMENTS

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9. Proposed distribution of income

| | 30 June 2009 | For the period from 15 August 2007 to 30 June 2008 |
|--|-------------------------|---|
| | \$ | \$ |
| Distribution of income paid during the financial period at 5% of net assets attributable to unitholders | 459,554 | 1,881,257 |
| Proposed distribution of income payable at 5% of net assets attributable to unitholders | 442,080 | 963,561 |
| | 901,634 | 2,844,818 |

10. Financial risk management

The Fund's activities expose it to a variety of financial risk (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 financial futures contracts, financial options contracts and/or currency forward contracts subject to the terms of the Prospectus 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 investments in open-ended collective investment schemes which are also managed by the Managers as provided in Note 1 to the financial statements. 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 their 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. The Fund's investments 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

10. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

The Fund's assets and liabilities are significantly denominated in Singapore dollars, being the functional currency of the Fund. Consequently, the Fund has not disclosed any currency risk sensitivity analysis.

The table below summarises the on-balance sheet exposure to currency risks for the Fund.

As at 30 June 2009

| | SGD \$ | USD \$ | Total \$ |
|--|-------------------|---------------|-------------------|
| Assets | | | |
| Portfolio of investments | 41,645,651 | - | 41,645,651 |
| Receivables | 280,759 | - | 280,759 |
| Cash and bank balances | 373,198 | 71,759 | 444,957 |
| Total Assets | 42,299,608 | 71,759 | 42,371,367 |
| Liabilities | | | |
| Payables | 249,713 | 1,447 | 251,160 |
| Proposed distribution of income | 434,986 | 7,094 | 442,080 |
| Net assets attributable to unitholders | 41,678,127 | - | 41,678,127 |
| Total Liabilities | 42,362,826 | 8,541 | 42,371,367 |
| Net currency exposure | (63,218) | 63,218 | |

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For the half year ended 30 June 2009 (Un-audited)

10. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2008

| | SGD \$ | USD \$ | Total \$ |
|--|-------------------|-----------|-------------|
| Assets | | | |
| Portfolio of investments | 32,840,442 | - | 32,840,442 |
| Receivables | 98,501 | - | 98,501 |
| Cash and bank balances | 4,232,503 | 144,016 | 4,376,519 |
| Total Assets | 37,171,446 | 144,016 | 37,315,462 |
| Liabilities | | | |
| Payables | 253,740 | - | 253,740 |
| Proposed distribution of income | 462,578 | - | 462,578 |
| Net assets attributable to unitholders | 36,599,144 | - | 36,599,144 |
| Total Liabilities | 37,315,462 | - | 37,315,462 |
| Net currency exposure | (144,016) 144,016 | | |

(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.

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For the half year ended 30 June 2009 (Un-audited)

10. 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 underlying investments in equities on the Fund's net assets attributable to unitholders at 30 June 2009 and 31 December 2008. 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 Fund's investments moved according to the historical correlation with the index.

| Benchmark components | 30 June 2009 | | 31 December 2008 | |
|--|--|-----------|--|----|
| | Net impact to net assets attributable to unitholders | | Net impact to net assets attributable to unitholders | |
| | \$ | % | \$ | % |
| MSCI AC Far East ex-Japan Total Net Return Index (SGD adjusted) (United Asia Fund) | 3,515,670 | 20 | 2,436,065 | 20 |
| MSCI AC Asia Pacific ex Japan Small Cap Index (United Asian Growth Opportunities Fund) | 2,220,570 | 20 | 307,968 | 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.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds indirect interest bearing securities that expose the Fund to fair value interest rate risk. The Fund holds securities of varying maturities and interest rate sensitivities. Movement in market interest rates will affect the valuation of the Fund's securities by varying degrees. The Fund's policy requires the Manager to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Fund's portfolio is a measure of the sensitivity of the fair value of the Fund's fixed interest securities to changes in market interest rates.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

10. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Fund is exposed indirectly to interest rate risk through its investment in United Asian Bond Fund.

As at 30 June 2009 and 31 December 2008, should interest rates have risen or lowered by 500 basis points ("bps") with all other variables remaining constant, the decrease or increase in net assets attributable to unitholders for the period would be as follows:

| | 30 June 2009 | 31 December 2008 |
|--|------------------------|------------------|
| | Impact on | Impact on |
| | net assets | net assets |
| | attributable to | attributable to |
| | unitholders | unitholders |
| | \$ | \$ |
| JP Morgan Asia Credit Index Total Return Composite (United Asian Bond Fund) | 4,050,910 | 3,533,654 |

(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 they are able to obtain cash from the sale of investments held to meet their 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 indirect investments in the underlying funds are listed securities which are considered to be readily realisable as they are listed on established regional stock exchanges.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

10. 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 balance sheet 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.

As at 30 June 2009

| | Less than 3 months \$ | 3 months to 1 year \$ | 1-5 years \$ | Above 5 years \$ |
|--|-----------------------------|-----------------------------|--------------------|------------------------|
| Payables | 251,160 | - | - | - |
| Purchases awaiting settlement | 442,080 | - | - | - |
| Net assets attributable to unitholders | 41,678,127 | - | - | - |

As at 31 December 2008

| | Less than 3 months \$ | 3 months to 1 year \$ | 1-5 years \$ | Above 5 years \$ |
|--|-----------------------------|-----------------------------|--------------------|------------------------|
| Payables | 253,740 | - | - | - |
| Purchases awaiting settlement | 462,578 | - | - | - |
| Net assets attributable to unitholders | 36,599,144 | - | - | - |

(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 Investment Manager.

United Asia Active Allocation Fund

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

10. Financial risk management (continued)

(c) Credit risk (continued)

The table below summarizes the credit rating of banks in which the Fund's assets are held as at 30 June 2009 and 31 December 2008.

As at 30 June 2009

| | Amount \$ | Credit rating | Source of credit rating |
|-------------------------------|--------------|------------------|----------------------------|
| <u>Bank</u> | | | |
| State Street Bank & Trust Co. | 427,781 | B | Moody's |
| United Overseas Bank Limited | 17,176 | B | Moody's |

As at 31 December 2008

| | Amount \$ | Credit rating | Source of credit rating |
|--------------------------------------|--------------|------------------|----------------------------|
| <u>Bank</u> | | | |
| State Street Bank & Trust Co. | 857,751 | B+ | Moody's |
| United Overseas Bank Limited | 17,502 | B | Moody's |
| Overseas-Chinese Banking Corporation | 3,501,266 | B | Moody's |

All investments are held in custody with HSBC Group., whose credit rating assigned by Moody's at 30 June 2009 is B+ (31 December 2008: B+). The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(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.

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NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (Un-audited)

11. Related party transactions

- (a) The Manager and the Trustee of the Fund are UOB Asset Management Limited and RBC Dexia Trust Services Singapore Limited respectively.

UOB Asset Management Limited is a subsidiary of United Overseas Bank Limited. RBC Dexia Trust Services Singapore Limited is a subsidiary of RBC Dexia Investor Services, a joint venture between Dexia Banque Internationale A. Luxembourg S.A. and Royal Bank of Canada.

Management and valuation fees are paid to the Manager, while trustee fee is paid to the Trustee and the registrar fee is paid to HSBC Securities Services (Transfer Agency) Pte Ltd, a subsidiary of HSBC Holdings Plc. 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 period, the Fund maintained the following accounts with a related party:

| | 30 June 2009 | 31 December 2008 |
|-------------------------------------|-------------------------|---------------------|
| | \$ | \$ |
| <u>United Overseas Bank Limited</u> | | |
| Bank balances | 17,176 | 17,502 |

- (c) The following transactions took place during the financial period between the Fund and United Overseas Bank Limited at terms agreed between the parties as follows:

| | 30 June 2009 | For the period from 15 August 2007 to 30 June 2008 |
|------------------|-------------------------|--|
| | \$ | \$ |
| Interest expense | - | 24 |
| Interest income | - | 6,848 |
| Bank charges | 60 | 66 |

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NOTES TO THE FINANCIAL STATEMENTS

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12. Financial ratios

| | 30 June 2009 | For the period from 15 August 2007 to 30 June 2008 |
|-----------------------------|-----------------|--|
| Expense ratio ¹ | 2.61% | 2.27% |
| Turnover ratio ² | 20.19% | 7.75% |

¹ The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay any performance fees.

² The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

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