

# United Global Recovery Funds

- United Asia Recovery Fund
- United China-India Dynamic Growth Fund
- United High Grade Corporate Bond Fund

## Annual Report

for the financial period/year ended  
31<sup>st</sup> December 2010



# **United Global Recovery Funds**

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

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# United Asia Recovery 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 31 August 2009 Ann Comp Ret
United Asia Recovery Fund	1.50	13.38	5.56	NA	NA	NA	12.92
Benchmark	4.50	14.73	8.99	NA	NA	NA	16.59

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: MSCI AC Far East ex Japan.

For the year ended 31 December 2010, the unit price of the Fund **rose 5.6%** on a net-asset-value basis, compared with an 9.0% rise in the benchmark MSCI AC Far East ex Japan index.

As at end December 2010, the Fund was fully invested in a basket of 16 selected companies: **Capitaland, Singapore Airlines, Astra International, PTT, Hon Hai Precision, TSMC, Cheung Kong, HSBC, Beijing Enterprises, China Construction Bank, China Telecom, CNOOC, Dongfeng Motor, Haier Electronics, POSCO** and **Samsung Electronics**.

The Fund's underperformance resulted from its focus on large capitalization blue chip stocks, which did not perform as well as their small and mid-cap peers. In the second half of 2010, Asian markets had recovered as investors recognized the region's relatively robust economic growth, and this led to strong inflows into Asian stocks. However, the majority of the funds flowed into small and mid caps stocks, as investors saw these counters as highly leveraged to the recovery story. As a result, the large cap-centric Fund underperformed the benchmark, which comprises both small-to-mid caps and large cap stocks.

During the period under review, notable outperformers included **Astra International, CNOOC, Dongfeng Motor, Haier Electronics**, and **Samsung Electronics**. Astra International performed well as the company's various divisions (heavy machinery, automotive sales and crude palm oil) were perceived by the market to be excellent investment proxies for Indonesia's robust GDP growth. CNOOC, as China's largest exporter and producer of crude oil, was boosted by a rise in the crude oil price on global economic recovery. Dongfeng Motor and Haier Electronics saw their share prices rise on the back of strong consumption demand in China. Samsung Electronics benefited from fast growing high-tech lifestyle gadgets like smartphones and tablet PCs.

## Market Review

Asian equity markets started the year on a shaky note with markets correcting in January as monetary policy normalization took place earlier than the market had anticipated. The People's Bank of China fired the first salvo by raising the reserve requirement ratio by 50 basis points in the middle of January. Asian economies continued to recover amid strong export and private consumption growth numbers, and this enabled markets to pull back from some of the losses, though the first half of the year was marked by volatility.

# United Asia Recovery Fund

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

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The contagion effect from the European sovereign debt issue also weighed negatively on Asian market sentiment. However, Asian economies' stronger fundamentals, relative to that of the European economies, meant that these countries continued to post healthy economic data. Against this positive economic backdrop, policy normalization by Asian central banks continued.

The market's brief rally in March and early April on the containment of the Euro zone debt crisis and the US economic recovery was shortened by a sharp correction from May through early June as concerns over the uncertainty of Europe's sovereign debt woes resurfaced and outweighed the announcement of the EU and IMF's €750bn debt rescue package. The Chinese central bank's announcement of a new flexible exchange rate mechanism and a relaxation of the renminbi peg in mid-June created initial excitement about the yuan's appreciation, and briefly boosted Asian markets. However, the gains were soon eroded as investors realized the rate of appreciation would be very gradual and worries about the global economy came back to the forefront.

Asian equity markets fared relatively better in the second half of the year as Asian economic growth remained resilient in the face of a global slowdown thanks to the support of accommodative monetary policies. Better-than-expected corporate earnings boosted investors' confidence while regional currency strength also contributed to performance. The announcement of quantitative easing (QE) in Japan and increased expectations of another round of QE in the US also contributed to capital inflows into the Asia ex-Japan region.

However, the repercussions from Europe's sovereign debt woes continued to haunt the market, leading to periods of renewed risk aversion. The latest country to come under scrutiny was Ireland, with its rapidly deteriorating public finances and the need for the country to incur a staggering €45 billion to shore up its crippled banking system and to incur a budget deficit of 32% of GDP from an initial estimate of 12%. Other issues which dampened market sentiment included China's aggressive tightening moves to ease inflation as well as fresh tensions on the Korean peninsula.

## Fund Strategy & Outlook

Due to strong growth and easy credit, inflation is now a concern in Asian economies and we expect monetary tightening and policy risks to come to the fore. The sources of inflation include rising commodities prices, the narrowing output gap, foreign fund inflows and asset price appreciation. We believe that governments in Asia will continue to combat the rise in inflation with higher interest rates and currencies, as well as administrative measures to target specific segments of the economy. We expect that moderate and stable inflation will not end the rally in Asian equities, while the market could react negatively to new administrative measures.

On the corporate level, earnings growth remains intact and we believe that valuations remain fair, which provide opportunities for investing in the region. Consensus earnings estimates have ticked up in the last quarter with earnings growth estimates of 12% for companies in the MSCI Far East ex-Japan index in 2011.

In terms of sector strategy, we maintain our positive view on the **Consumer** sector with a focus on consumer discretionary goods including automobiles and consumer electronics. We view that this sub-segment is less likely to be affected by inflation and interest rate hikes. High end consumption typically does well as income levels increase. The key risk for the sector is a sharp hike in inflation resulting in sharply higher interest rates in China and adversely affecting consumption. Our holdings in the sector include **Dongfeng Motor** and **Haier Electronics**.

# United Asia Recovery Fund

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

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Turning to the **Industrials** sector, we remain positive on the outlook for the transportation sector especially premium airlines which will benefit from a recovery in business travel as the global economy gets back onto its feet. Our holding in this space is **Singapore Airlines**.

We are similarly optimistic on the **Utilities** sector as we see opportunities in the alternative energy space where countries such as China aggressively expand capacity in this area. Companies with strong track record will be able to secure more projects and see strong earnings growth. We like **Beijing Enterprises** within the sector.

As for the **Energy** sector, we expect oil price to trade in a range-bound manner, due to oil supply discipline and a recovery of the global economy. Strong production growth bodes well for certain exploration and production companies such as **CNOOC** and **PTT**. In the **Materials** sector we are positioned for a recovery in global demand for steel through **POSCO**.

For the **Financials** sector, we are concerned that inflation fears may push governments to aggressively tighten monetary policy and impose administrative measures which may weigh on loan growth and asset quality. We expect loan growth to be capped by reduced loan quotas in China, property measures in Asia including China, Hong Kong and Singapore. We expect that interest rate normalization will benefit insurers and large deposit-funded banks in the early part of the rate hike cycle. Stocks we favour in the sector include **China Construction Bank** and **HSBC**.

In the **Real Estate** sector, we think that policy intervention continues to be an overhang, particularly affecting the residential market. Commercial landlords in comparison are relatively sheltered from policy risks while there is little resistance to rental hikes in Hong Kong given strong demand from both overseas and Chinese firms. Increased liquidity into the region and continued low rates could also lead to lower cap rates. We also expect the hospitality industry to benefit from increased tourism with strong retail sales growth, particularly from increased Mainland Chinese tourists giving retail landlords a boost. We like **Cheung Kong** and **Capitaland** in the sector.

Turning to the **Technology** sector, we like component suppliers in the supply chain which will benefit from the move towards smartphones and mobile computing, such as **Hon Hai Precision** and **TSMC**. We are also positive on the outlook for **Samsung Electronics**.

In the **Telecom Services** sector, growth is expected to stay muted, although we expect to see some areas of growth in selected countries. Subscriber net addition is expected to continue to grow regionally, with the strongest being in China, India and Indonesia, where penetration rates are still low. We favour **China Telecom** within the sector.

Lastly in the **Conglomerates** sector our pick is **Astra International** for the company's dominance in the Indonesian automotive, coal mining, heavy equipment and palm oil sectors.

In conclusion, we reiterate our belief that our investment basket of 16 companies is well positioned to benefit from Asia's continuing economic recovery over the next few years and will accordingly reward the patient investor who stays the course until the Fund's maturity.

# United Asia Recovery Fund

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

## B) Investments at fair value and as a percentage of NAV as at 31 December 2010 under review classified by

	Fair Value (S\$)	% of NAV
<b>i) Country</b>		
China	5,898,021	38.70
Hong Kong	1,433,938	9.41
Indonesia	867,872	5.70
Singapore	1,832,500	12.02
South Korea	2,272,569	14.90
Taiwan	2,026,375	13.29
Thailand	951,916	6.24
Portfolio of investments	15,283,191	100.26
Other net liabilities	(39,154)	(0.26)
<b>Total</b>	<b>15,244,037</b>	<b>100.00</b>
<b>ii) Industry</b>		
Consumer Discretionary	2,798,564	18.37
Energy	2,010,881	13.19
Financials	3,434,203	22.53
Industrials	1,737,779	11.40
Information Technology	3,310,473	21.71
Materials	988,471	6.48
Telecommunication Services	1,002,820	6.58
Portfolio of investments	15,283,191	100.26
Other net liabilities	(39,154)	(0.26)
<b>Total</b>	<b>15,244,037</b>	<b>100.00</b>
<b>iii) Asset Class</b>		
Equities	15,283,191	100.26
Other net liabilities	(39,154)	(0.26)
<b>Total</b>	<b>15,244,037</b>	<b>100.00</b>
<b>iv) Credit rating of debt securities</b>		
N/A		

# United Asia Recovery Fund

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

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## C) Top Ten Holdings

The top 10 holdings as at 31 December 2010 and 31 December 2009

### 10 largest holdings at 31 December 2010

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
SAMSUNG ELECTRONICS	1,284,098	8.42
CHINA CONSTRUCTION BANK - H	1,146,965	7.52
HAIER ELECTRONICS GROUP CO LTD	1,117,302	7.33
CNOOC LTD	1,058,965	6.95
HON HAI PRECISION IND	1,028,126	6.74
CHINA TELECOM CORP LTD	1,002,820	6.58
TAIWAN SEMICONDUCTOR MFG CO LTD	998,249	6.55
POSCO	988,471	6.48
SINGAPORE AIRLINES LIMITED	979,200	6.42
PTT PUBLIC COMPANY LIMITED (FOREIGN)	951,916	6.24

### 10 largest holdings at 31 December 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
HON HAI PRECISION IND	2,726,476	6.98
SINGAPORE AIRLINES LIMITED	2,592,600	6.64
CHINA DONGXIANG GROUP COMPANY	2,589,885	6.63
HSBC HOLDINGS	2,589,885	6.63
PT ASTRA INTERNATIONAL	2,581,504	6.61
TAIWAN SEMICONDUCTOR MFG CO LTD	2,535,616	6.49
CAPITALAND LTD	2,520,000	6.45
LG ELECTRONICS INC	2,480,023	6.35
POSCO	2,454,825	6.29
CNOOC LTD	2,425,845	6.21

# United Asia Recovery Fund

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

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## D) Exposure to derivatives

- i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2010  
N/A
- ii) net gains/(losses) on derivative contracts realised during the financial year ended 31 December 2010  
N/A
- iii) net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2010  
N/A

## E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2010

N/A

## F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2010

N/A

## G) Amount of redemptions and subscriptions for the financial year ended 31 December 2010

Total amount of redemptions	SGD	23,806,560
Total amount of subscriptions	SGD	34,684

## H) The amount and terms of related-party transactions for the financial year ended 31 December 2010

- i) As at 31 December 2010 the Fund maintained current accounts with the United Overseas Bank Limited and HSBC Group as follows:

### United Overseas Bank Limited

Bank balances	SGD	9,587
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### HSBC Group

Bank balances	SGD	68,084
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# United Asia Recovery Fund

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

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## H) The amount and terms of related-party transactions for the financial year ended 31 December 2010 (continued)

- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2010.

<u>Affiliated Companies</u>	<u>No. of Units</u>	<u>Unit Price</u> <u>SGD</u>	<u>Market Value</u> <u>SGD</u>
(a) UOB Smart Asia Recovery Fund	1,028,102.77	1.147	1,179,233.88

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

N/A

- iv) As at 31 December 2010 the brokerage income earned by UOB Kay Hian Pte Ltd is SGD 764.

## I) Expense ratios

31 December 2010	1.11%
For the financial period from 31 August 2009 (date of inception) to 31 December 2009	1.12%

*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 sub-fund does not pay any performance fees.*

## J) Turnover ratios

31 December 2010	15.75%
For the financial period from 31 August 2009 (date of inception) to 31 December 2009	6.10%

*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

# United Asia Recovery Fund

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

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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”)<sup>1</sup> should be disclosed as well**

- i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2010 and 31 December 2009.

N/A

- ii) expense ratios for the financial year ended 31 December 2010 and 31 December 2009. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

N/A

- iii) turnover ratios for the financial year ended 31 December 2010 and 31 December 2009.

N/A

**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 product 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 the best available terms and there was no churning of trades.

<sup>1</sup> 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.

# United China-India Dynamic Growth Fund

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## A) Fund Performance

### SGD Class

	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr	Since Inception
Fund Performance/ Benchmark Returns	% Growth	% Growth	% Growth	Ann Comp Ret	Ann Comp Ret	Ann Comp Ret	22 February 2010 Ann Comp Ret
United China-India Dynamic Growth Fund	-0.97	7.96	NA	NA	NA	NA	12.15
Benchmark	-1.08	5.40	NA	NA	NA	NA	9.73

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: 50% MSCI China and 50% MSCI India

### JPY Class

	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr	Since Inception
Fund Performance/ Benchmark Returns	% Growth	% Growth	% Growth	Ann Comp Ret	Ann Comp Ret	Ann Comp Ret	21 December 2009 Ann Comp Ret
United China-India Dynamic Growth Fund	-1.07	8.37	1.51	NA	NA	NA	6.49
Benchmark	-1.40	5.30	-1.76	NA	NA	NA	5.93

Source: Lipper, a Thomson Reuters Company

Note: The performance returns of the Fund are in Japanese Yen based on a NAV-to-NAV basis with net dividends reinvested.  
The benchmark of the Fund: 50% MSCI China and 50% MSCI India.

From inception on 21<sup>st</sup> December 2009 till 31<sup>st</sup> December 2010, the unit price of the fund (JPY Class) **rose 6.49%** on a net asset value basis, compared with a **5.93%** rise in the benchmark 50% MSCI China, 50% MSCI India (JPY terms).

From inception on 22<sup>nd</sup> February 2010 till 31<sup>st</sup> December 2010, the unit price of the fund (SGD Class) **rose 12.15%** on a net asset value basis, compared with a **9.73%** rise in the benchmark 50% MSCI China, 50% MSCI India (SGD terms).

The fund's performance was lifted by the strong performance of selected China stocks in the consumer and Industrials space where we have had an overweight position for most of the year. These included **China Lilang, Greatwall Motor, Zhongsheng Group**, China State Construction, Luk Fook Holdings, Haier Electronics, **Zhuzhou CSR** and **Dongfang Electrical**.

# United China-India Dynamic Growth Fund

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

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The fund's performance also benefited from positive allocation effect. The fund was neutral on China and India from inception on 22 Feb 2010 to April 2010, moved to slightly overweight on India from May to September 2010 and then moved back to neutral again from October to the end of 2010. During the period May to September 2010 when we were slightly overweight in India, MSCI India appreciated by +6.34%, outperforming MSCI China, which appreciated +1.99% by +4.35%.

The positive performance of the fund's **India** portion can be attributed to stocks like **Sun Pharmaceuticals, Cadila Healthcare, Hanung Toys and Textiles, Page Industries, IndusInd Bank** and **Lupin**.

As at the end December 2010, the top three sectors (allocation) in the fund are Financials (27.9%), Consumer (18.0%) and Industrials (14.0%). The fund had the following country allocation: 49.1% in HK/China, 0.6% in Singapore, 47.2% in India and the remainder 3.1% in cash.

## Market Review

2010 saw high volatility in the China market. It was a difficult time in the first half of the year dominated by concerns of a double dip, Eurozone debt crisis and China's policy tightening. The second half of the year saw improved investor confidence as growth concerns dissipated and prospects of another round of quantitative easing increased risk appetite.

Monetary policy normalization took place earlier than the market had anticipated (ie. the People's Bank of China firing the first salvo by raising the reserve requirement ratio by 50 basis points in the middle of January, earlier than market expectations). Moreover, the contagion effect from the debt crisis that started with Greece and spread to the other weaker European economies added further headwinds.

Notwithstanding this, the Chinese economy's continued recovery amid strong export, investment and consumption growth helped to pull the markets back from some of the losses, even though the first half of the year was marked by volatility. Against this positive economic backdrop, the Chinese government acted to cool the red-hot property market with new policies and slow down new loans growth.

The market's brief rally in March and early April on the containment of the Eurozone debt crisis was shortened by a sharp correction from May through early June on concerns over the EU's unity and the affected countries' commitment to fiscal discipline. Leading US economic indicators also started to dip again and job creation was lacklustre. The Chinese central bank's announcement of a new flexible exchange rate mechanism and a relaxation of the yuan peg in mid-June created initial excitement about the Chinese yuan's appreciation, which briefly boosted the markets. However, the gains were soon eroded as investors realized the rate of appreciation would be very gradual and worries about the global economy came back to the forefront.

The China equity markets fared relatively better in the second half of the year as economic growth remained resilient in the face of a global slowdown. Better-than-expected corporate earnings also boosted investors' confidence. The announcement of quantitative easing (QE) in Japan and increased expectations of another round of QE in the US also contributed to capital inflows into the China markets.

At the end of the year, the re-emergence of Europe's sovereign debt woes and fresh tensions on the Korean peninsula dampened market sentiment again. Meanwhile, China's inflation accelerated to over 5% in November on soaring food prices and the central bank raised interest rates and reserve requirement ratios twice in December.

# United China-India Dynamic Growth Fund

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

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The Indian markets were volatile during the year but with a positive bias. The MSCI India Index delivered a return of 14% during the year with a high of 839.20 and a low of 641.76. The year started with a muted GDP growth figure of 6% for Q3FY10, but picked up steam over the subsequent three quarters registering a growth of 8.6%, 8.8% and 8.9% for Q4FY10, Q1FY11 and Q2FY11 respectively. Industrial production figures were impressive, beating or meeting expectations for most part of the year. Consistently rising GDP growth as well as healthy industrial production figures provided confidence to the market that the economy is on a strong footing and the expansion is broad-based across sectors and uses.

The Union Budget for fiscal FY10-11 showcased the Government's confidence that the economy was back on the growth track with projections of domestic GDP growth around 7.2% for FY10, 8.5% for FY11 and 9% for FY12. Using a combination of reduction in government expenses and increase in receipts, the Finance Minister projected a fiscal deficit of 5.5% for FY11 (vs. 6.7% FY10) and the intention to reduce the fiscal deficit to 4.8% and 4.1% of GDP by FY12 and FY13 respectively; thus hinting that fiscal consolidation is firmly on the government's agenda.

However, rising inflation turned out to be the biggest concern during the year led primarily by a low base established in the previous year, but increasing food prices and manufacturing inflation also played a role. This has prompted the Reserve Bank of India (RBI) to adopt certain monetary policy measures in its effort to rein in inflation. In a series of steps, RBI raised CRR, Repo and Reverse Repo by 100 bps, 150 bps and 200 bps respectively targeting to bring down inflation to 5.5% by March 2011 from the high of 10.6% in June 2010.

Towards the end of the year, a couple of scams in the Banking and Telecom sectors marred the bullish sentiment prevalent in the market and triggered a correction. The scam in the Banking sector involved allegations of employees of public sector banks taking bribes from a financial intermediary to sanction loans and pass sensitive information to certain companies. On the other hand, the scam in Telecom sector involved the country's Telecom minister being named for irregularities and lack of transparency in award of 2G spectrum and licenses in 2008. The two issues caused some discomfort in the markets as questions were raised on the corporate governance practices of Indian companies and Government officials.

## Fund Strategy and Outlook

We are **raising China** from **neutral** to **slight overweight** in the fund from January 2011. Our target weight is **55%** in **China**, **45%** in **India**.

The valuation disparity between the two countries has widened even more after last year. India is trading above its historical average while China is trading well below its historical average. Moreover, India had already seen record fund inflows compared to China in 2010, and this situation may not persist. After underperforming India quite significantly in 2010 on policy concerns, China could rebound if inflation peaks soon after a series of tightening measures. We believe this should be the case as food supplies normalize and administrative controls on food prices, measures to curb speculation kick in and China's rapid economic growth starts cooling down. There is a good chance that the Rmb could appreciate faster this year, hence attracting more fund inflows into the market.

We continue to be optimistic on the China equity markets. China's relatively resilient growth vs the rest of the world and strong fundamentals such as high savings rate and low public debt will stand out in the world facing public debt crises and fiscal consolidation that will stifle growth.

# United China-India Dynamic Growth Fund

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

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We view the property tightening measures taken by the government as good for the market in the medium to long run before runaway prices get out of hand. Domestic consumption has been robust and we continue to see strong tailwinds in the sector with supportive government policies. We believe that China's strategic 12th five-year plan point to areas of good investment opportunities and we plan to position our funds accordingly.

We do not view the recent interest rate hike as negative in the medium to long term. It is a good pre-emptive move by the government in the context of an improving economy and potential inflation pressures. Rate hikes in a robust economy can still be good for markets as what happened for China in 2006 and 2007. In fact, it will be positive on earnings for insurance companies and the large banks. The steady appreciation of the yuan will also make Chinese assets more attractive. Tightening monetary policy and rumblings of Euro zone debt problems again could weigh on China's stock markets in the short term. However, we view corrections as a buying opportunity.

Within China, we are overweight in the consumer discretionary sector and selected industrial stocks that will benefit from policy support and China 12<sup>th</sup> five-year plan. We are underweight on property, being mindful of continued policy tightening measures and the huge supply of economic social housing. We are also underweight telecoms, mainly big index component China Mobile, as we see them losing market share and having lackluster earnings growth. We prefer the telecom equipment companies such as **Comba Telecom** and **AAC Acoustics**. Our key picks in the China consumer sector include **Haier Electronics**, one of China's largest manufacturers and distributor of home appliances, **Greatwall Motor**, a local brand car manufacturer which is fast gaining market share in SUVs and commercial pick ups. Selected industrial picks include **Zhuzhou CSR**, which makes control systems for trains and is also leveraging its technology in high voltage transmission systems for other applications such as the smart grid. We are also overweight on **CNOOC**, China's leading and most efficiently run oil and gas producer which is seeing strong production volume growth and **Winsway Coking**, the leading logistics company in transporting coking coal from Mongolia.

The sharp correction in the Indian market towards the end of the year has brought market valuations to a more attractive level at which point we are positive in the medium to long term. The macro-economic data continues to be healthy and a number of industries (like Automobile and Telecom) are witnessing all-time high demand from consumers.

The fund shall continue to focus on sectors that have good longer term drivers in place like Consumer Discretionary, Healthcare, Banking & Financial Services and IT. The rising income levels and aspirations of the average Indian consumer should help companies in the **Consumer Discretionary** sector to show sustainable high growth. The **Healthcare** sector is uniquely positioned to cater to a huge emerging domestic market as well as an attractive global opportunity opened up by large branded drugs going off-patent. Many Indian companies are entering the niche generic markets in specialty areas with low competition, and also tying up with global innovators for contract manufacturing and custom synthesis fuelled by the low cost healthcare drive in developed nations. We feel that the **Banking and Financial Services** sector will benefit from the strong credit growth in the economy, strong asset quality on Indian banks and huge opportunities for generating fee-based income in areas like Asset Management, Investment Banking, etc as these services are hugely under-penetrated in India. The **IT Services** companies will benefit from the continued off-shoring by global companies by leveraging their robust business models tested over the last couple of decades. While the large IT companies will benefit by participating in large multi-year global outsourcing deals, there are ample opportunities for Niche IT companies operating in domestic spaces like education and e-governance.

# United China-India Dynamic Growth Fund

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

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We will continue to be underweight on the **Energy** sector as the sector suffers from a total lack of pricing power as prices are decided by the government. Part of the sector bears the burden of subsidy (upstream companies) and the other part gets subsidies (downstream companies). Since subsidies are decided by the government arbitrarily towards the end of the year, the entire sector lacks profit visibility. We are also underweight on **Materials** as we feel this sector is totally linked to the global economic revival which means that the companies operating in this space are price takers. This leads to huge swings in realizations as well as margins depending on global metal prices and hence results in subdued return metrics. We will selectively invest in high quality low cost producers that have strong balance sheets. Although **Infrastructure** is a good long term theme, we are not sure about the cash generation abilities of many companies in the sector and hence we remain underweight.

Within the sectors that we like, we would be concentrating on companies with high Return on Equity and good free cash generation. Further, we would also not shy away from taking big contrarian bets in sectors where we feel that market is getting too focused about the short term headwinds and ignoring the longer term tailwinds. A case in point here is the Telecom sector where we took a significant position in **Bharti Airtel** in the last year. We are positive on **Infosys** and **TCS** in the IT sector. Within the Banking space, we like private sector banks as we feel that the quality of assets is superior as compared to PSU banks. In particular, we are positive on **HDFC Bank**, **Axis Bank**, **Yes Bank** and **IndusInd Bank**. In Healthcare, we like **Sun Pharmaceuticals** and **Lupin**. We are also bullish on **Hero Honda** and **Maruti Suzuki** in the Consumer Discretionary sector.

# United China-India Dynamic Growth Fund

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

## B) Investments at fair value and as a percentage of NAV as at 31 December 2010 under review classified by

	Fair Value (S\$)	% of NAV
<b>i) Country</b>		
China	51,866,311	45.76
Hong Kong	3,798,674	3.35
India	53,471,447	47.17
Singapore	726,411	0.64
Portfolio of investments	109,862,843	96.92
Other net assets	3,487,135	3.08
<b>Total</b>	<b>113,349,978</b>	<b>100.00</b>

<b>ii) Industry</b>		
Consumer Discretionary	16,692,841	14.72
Consumer Staples	3,708,160	3.27
Energy	8,383,459	7.39
Financials	31,651,132	27.93
Healthcare	6,640,085	5.86
Industrials	15,826,882	13.97
Information Technology	11,910,590	10.51
Materials	7,630,903	6.73
Telecommunication Services	5,691,620	5.02
Utilities	1,727,171	1.52
Portfolio of investments	109,862,843	96.92
Other net assets	3,487,135	3.08
<b>Total</b>	<b>113,349,978</b>	<b>100.00</b>

<b>iii) Asset Class</b>		
Equities	109,862,843	96.92
Other net assets	3,487,135	3.08
<b>Total</b>	<b>113,349,978</b>	<b>100.00</b>

## iv) Credit rating of debt securities

N/A

# United China-India Dynamic Growth Fund

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

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## C) Top Ten Holdings

The top 10 holdings as at 31 December 2010

### 10 largest holdings at 31 December 2010

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
CNOOC LTD	4,840,985	4.27
CHINA CONSTRUCTION BANK - H	4,817,255	4.25
BANK OF CHINA	4,168,626	3.68
INFOSYS TECHNOLOGIES LIMITED	3,698,704	3.26
RELIANCE INDUSTRIES LIMITED	3,255,955	2.87
PING AN INSURANCE COMPANY	2,568,807	2.27
INDUSTRIAL & COMMERCIAL BK OF CHINA - H	2,377,152	2.10
HDFC BANK LIMITED	2,369,544	2.09
BHARTI AIRTEL LIMITED	2,310,181	2.04
AXIS BANK LIMITED	2,259,909	1.99

## D) Exposure to derivatives

i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2010

N/A

ii) net gains/(losses) on derivative contracts realised during the financial period ended 31 December 2010

N/A

iii) net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2010

N/A

## E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2010

N/A

## F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2010

N/A

# United China-India Dynamic Growth Fund

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

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## G) Amount of redemptions and subscriptions for the period 21 December 2009 to 31 December 2010

Total amount of redemptions	SGD	106,270,422
Total amount of subscriptions	SGD	205,384,088

## H) The amount and terms of related-party transactions for the period 21 December 2009 to 31 December 2010

- i) As at 31 December 2010 the Fund maintained current accounts with the United Overseas Bank Limited and HSBC Group as follows :

### United Overseas Bank Limited

Bank balances	SGD	1
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### HSBC Group

Bank balances	SGD	4,663,114
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- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2010

<u>Affiliated Companies</u>	<u>No. of Units</u>	<u>Unit Price</u> <u>SGD</u>	<u>Market Value</u> <u>SGD</u>
a) OSK UOB China-India Dynamic Growth Fund	17,861,376.02	1.126	20,111,909.40
b) UOB Smart China India Fund	4,458,041.95	1.126	5,019,755.24

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

N/A

- iv) As at 31 December 2010, there was no brokerage income earned by UOB Kay Hian Pte Ltd.

## I) Expense ratios

### **SGD Class**

For the financial period from 22 February 2010 (date of inception)  
to 31 December 2010 2.21%

### **JPY Class**

For the financial period from 21 December 2009 (date of inception)  
to 31 December 2010 1.35%

*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 sub-fund does not pay any performance fees.*

# United China-India Dynamic Growth Fund

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

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## J) Turnover ratios

For the financial period from 21 December 2009  
to 31 December 2010 106.38%

*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

## 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")<sup>1</sup> should be disclosed as well

i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2010

N/A

ii) expense ratios for the period ended 31 December 2010. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

N/A

iii) turnover ratios for the period ended 31 December 2010

N/A

## 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 product 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 the best available terms and there was no churning of trades.

<sup>1</sup> 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.

# United High Grade Corporate Bond Fund

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

## A) Fund Performance

<b>Fund Performance/ Benchmark Returns</b>	<b>3 mth % Growth</b>	<b>6 mth % Growth</b>	<b>1 yr % Growth</b>	<b>3 yr Ann Comp Ret</b>	<b>5 yr Ann Comp Ret</b>	<b>10 yr Ann Comp Ret</b>	<b>Since Inception 24 July 2009 Ann Comp Ret</b>
United High Grade Corporate Bond Fund	-2.41	1.39	4.39	NA	NA	NA	6.40
Benchmark	-4.16	-1.75	-4.99	NA	NA	NA	-1.89

Source: Bloomberg

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: Merrill Lynch Global Large Cap Corporate Index, 1-10 years.

For the year ended 31 December 2010, the Fund returned 4.39% on a net asset value basis, outperforming the benchmark Merrill Lynch Global Large Cap Corporate index 1-10yrs, which fell 4.99% in Singapore Dollar terms.

Relative outperformance was due to credit selection and sector allocation. The best performing bonds were HCP Inc, Simon Property Group, Textron, American Express, Citigroup and Glencore. We were overweight US REIT, P&C Insurance and Metals/Mining, sectors with excess return of 9.62%, 3.09% and 2.82% each respectively. In the fourth quarter of 2010, we increased our position in Energy, mostly in emerging market bonds. We were underweight financials for the most part of 2010, gradually moving to neutral on US banks but still underweight European banks and corporates. For country allocation, the Fund outperformed because of our underweight position in Europe and overweight in Asia and Australia. In the fourth quarter of 2010, we trimmed our overweight position in Asia and Australia. Prudent cash management during the market downturn helped to contribute to the outperformance.

As at 31 Dec 2010, the geographical exposure of the Fund was North America (54.32%), Europe (13.24%), Asia and Australia (27.76%). Cash holdings were 4.68% at 31 December 2010.

The Fund's industry sector exposure as at 31 December 2010 was as follows: Consumer non-cyclical (7.48%), Financials (59.51%), Materials (6.08%), Energy (5.73%), Industrials (12.27%) and Utilities (4.25%).

## Economic and Market Review

In 1H10, the credit market was shaken by the impact of the European sovereign debt crisis. Greece was in trouble and to prevent an imminent default, the EU and IMF provided the country with a €45bn bailout package. To curb the contagion risk, the EU announced a €750bn European Stability Mechanism in May, plus a host of long term financing facilities with other central banks. This is also to give more time to the peripheral European countries (Portugal, Ireland, Spain and Italy) to deliver on their promises to improve their budget deficits and reduce debt levels. It did not help that rating agencies were quick to downgrade the sovereign debt of the peripheral countries including Portugal, Ireland, Greece and Spain. So far Italy was spared but the risk is on the downside.

# United High Grade Corporate Bond Fund

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

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In the US, the oil spill in the Gulf of Mexico caused a sell off in energy bonds. Companies that were directly affected (BP and Anadarko) had their credit ratings downgraded. We saw the sell-off as a trading opportunity, and took position in a short-dated BP bond. We subsequently took profit when bond prices recovered.

In 2H10, improved US economic growth expectations combined with a rising term premium were responsible for much of the sell-off in the Treasury market. In the short term, core inflation is still low but is expected to bottom out in 2011 between 0 and 0.5%. The generally held view is that a new uptrend in inflation or in inflation expectations is more likely to happen over the longer term, although market participants are unclear about the precise timing. Despite signs that the US economic outlook is improving, the Fed is in no rush to scale back its quantitative easing program QE2, and is likely to complete its US\$600 billion of Treasury purchases as scheduled this year. The 10Y US Treasury rose to a high of 3.53% on 15 Dec from 2.49% on 4 Nov after the Fed announced QE2 details. During the same period, 10y inflation expectations implied in the market rose to 2.32% from 2.08%.

Over in Europe, fear of the contagion effects of the weak fiscal positions of the peripherals, and bank debt burden-sharing requirements will continue to underpin our underweight position in European credits. The various initiatives by EU and IMF to remove refinancing risk for the weaker periphery countries have so far failed to convince the market beyond reasonable doubt. Sovereign balance sheets are likely to deteriorate as governments struggle to stem the vicious cycle of declining growth/tax revenues on the back of fiscal consolidation. The consensus view is that the bailouts of Greece and Ireland may have stemmed near-term liquidity crises, but the long term solvency problems in those countries and the rest of the Euro peripherals remain. Moreover, the inter-linkages across the banking sectors in Europe in terms of sovereign cross exposures make any systemic escalation in the problem a worrying prospect indeed.

## Outlook and Strategy

The outlook for 2011 should be better for the US than for the Euro area. Our base case scenario is that the US economy is likely to grow between 2-3% this year, while the Euro area continues to focus on a total solution to the structural fiscal and debt problems of the peripherals.

However, there is the risk that the problems in Europe will get worse before they get better; the US economy could falter, and China and the emerging markets will have to cope with rising inflation.

In our base case scenario, we continue to prefer US over European credits. Our portfolio strategy continues to favour credit selection and sector allocation for outperformance. Within US High Grade, we prefer BBB credits for alpha generation.

We will maintain exposure in Asian and emerging market bonds in sectors such as energy, resources, utilities, telecommunications and financials. We will continue to be opportunistic, taking advantage of market volatility to add value to the portfolio returns, and at the same time shorten portfolio duration.

We remain underweight on global financials, and would prefer US and Asian banks to Europeans. Asian banks have strong fundamentals and possess a better track record in calling bonds on their first call date due to the higher reputation risk faced by issuers in Asia who fail to call. Hence our portfolio strategy is to increase exposure to selective Japanese banks with strong management.

# United High Grade Corporate Bond Fund

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

## B) Investments at fair value and as a percentage of NAV as at 31 December 2010 under review classified by

	Fair Value (S\$)	% of NAV
<b>i) Country</b>		
Australia	1,497,370	4.55
Brazil	1,049,328	3.19
Cayman Islands	312,908	0.95
Hong Kong	1,160,588	3.53
Ireland	306,366	0.93
Japan	2,588,518	7.86
Kuwait	714,883	2.17
Luxembourg	517,578	1.57
Netherlands	467,670	1.42
Qatar	1,331,272	4.04
Russia	1,825,011	5.54
Singapore	596,516	1.81
Thailand	308,567	0.94
United Arab Emirates	627,648	1.91
United Kingdom	1,244,461	3.78
United States	16,835,102	51.13
Portfolio of investments	31,383,786	95.32
Other net assets	1,541,292	4.68
<b>Total</b>	<b>32,925,078</b>	<b>100.00</b>
<b>ii) Industry</b>		
Consumer Discretionary	380,766	1.16
Consumer Staples	2,081,051	6.32
Energy	1,885,637	5.73
Financials	19,593,613	59.51
Industrials	4,042,796	12.27
Materials	2,000,873	6.08
Utilities	1,399,050	4.25
Portfolio of investments	31,383,786	95.32
Other net assets	1,541,292	4.68
<b>Total</b>	<b>32,925,078</b>	<b>100.00</b>
<b>iii) Asset Class</b>		
Fixed Income	31,383,786	95.32
Other net assets	1,541,292	4.68
<b>Total</b>	<b>32,925,078</b>	<b>100.00</b>

# United High Grade Corporate Bond Fund

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

**B) Investments at fair value and as a percentage of NAV as at 31 December 2010 under review classified by (continued)**

	Fair Value (S\$)	% of NAV
<b>iv) Credit rating of debt securities by S &amp; P</b>		
AA	731,525	2.22
A	12,692,495	38.55
BBB	16,282,790	49.45
NR	1,676,976	5.10
<b>Total</b>	<b>31,383,786</b>	<b>95.32</b>

**v) Credit rating of debt securities by Moody's**

Aa	1,971,775	5.98
A	10,861,824	33.00
Baa	14,698,986	44.64
Ba	2,171,780	6.60
B	1,679,421	5.10
<b>Total</b>	<b>31,383,786</b>	<b>95.32</b>

**C) Top Ten Holdings**

The top 10 holdings as at 31 December 2010 and 31 December 2009

**10 largest holdings at 31 December 2010**

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
SIMON PROPERTY GROUP LN 10.35% DUE 1/4/2019	886,720	2.69
ENBRIDGE ENERGY PARTNERS 9.875% DUE 1/3/2019	860,610	2.61
ALTRIA GROUP INC 9.25% DUE 6/8/2019	859,403	2.61
MIZUHO CAPITAL INVEST 5.02% DUE 29/6/2049	849,624	2.58
DISCOVER FINANCIAL SVS 10.25% DUE 15/7/2019	838,749	2.55
BANK OF AMERICA CORP 4.625% DUE 07/08/2017	835,992	2.54
MIZUHO CAP INV 2 USD 14.95% DUE 31/12/2049	829,797	2.52
ONEOK PARTNERS LP 8.625% DUE 1/3/2019	821,234	2.49
ANHEUSER-BUSCH INBEV 7.75% DUE 15/1/2019	820,070	2.49
AFLAC INC 8.50% DUE 15/5/2019	799,683	2.43

# United High Grade Corporate Bond Fund

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

## C) Top Ten Holdings (continued)

10 largest holdings at 31 December 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
GOLDMAN SACHS GRP INC 5.125% DUE 23/10/2019	1,126,164	3.39
HUTCHISON WHAMPOA INTL 7.625% DUE 9/4/2019	979,321	2.95
ENBRIDGE ENERGY PARTNERS 9.875% DUE 1/3/2019	912,207	2.75
GLENCORE FINANCE EUROPE 7.125% DUE 23/4/2015	907,061	2.73
VOLVO TREASURY AB 7.875% DUE 1/10/2012	904,259	2.72
SIMON PROPERTY GROUP LN 10.35% DUE 1/4/2019	899,950	2.71
RIO TINTO FIN USA LTD 9% DUE 1/5/2019	899,181	2.71
ALTRIA GROUP INC 9.25% DUE 6/8/2019	881,089	2.65
ONEOK PARTNERS LP 8.625% DUE 1/3/2019	870,344	2.62
POSCO 8.75% DUE 26/3/2014	849,299	2.56

## D) Exposure to derivatives

i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2010

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Forward foreign exchange contracts	50,768,856	535,856	1.63	384,632	1.17

ii) There was a net gain of SGD 1,695,321 on derivative contracts realised for the financial year ended 31 December 2010.

iii) There was a net gain of SGD 187,224 on outstanding derivatives contracts marked to market as at 31 December 2010.

## E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2010

N/A

## F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2010

N/A

# United High Grade Corporate Bond Fund

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

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## G) Amount of redemptions and subscriptions for the financial year ended 31 December 2010

Total amount of redemptions	SGD	1,800,819
Total amount of subscriptions	SGD	-

## H) The amount and terms of related-party transactions for the financial year ended 31 December 2010

- i) As at 31 December 2010 the Fund maintained current accounts with the United Overseas Bank Limited as follows:

Bank balances	SGD	9,419
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- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2010

N/A

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

N/A

- iv) As at 31 December 2010 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

## I) Expense ratios

31 December 2010	1.54%
For the financial period from 24 July 2009 (date of inception) to 31 December 2009	1.66%

*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 sub-fund does not pay any performance fees.*

## J) Turnover ratios

31 December 2010	106.19%
For the financial period from 24 July 2009 (date of inception) to 31 December 2009	22.45%

*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

# United High Grade Corporate Bond Fund

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

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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”)<sup>1</sup> should be disclosed as well**

- i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2010 and 31 December 2009.

N/A

- ii) expense ratios for the financial year ended 31 December 2010 and 31 December 2009. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

N/A

- iii) turnover ratios for the financial year ended 31 December 2010 and 31 December 2009.

N/A

**M) Soft dollar commissions/arrangements**

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

<sup>1</sup> *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.*

# United Global Recovery Funds

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

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## REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and to hold the assets of the sub-funds of United Global Recovery Funds (the “sub-funds”) 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 (collectively referred to as the “laws and regulations”), 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 which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the sub-funds during the financial year covered by these financial statements, set out on pages 29 to 76 comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee  
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

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Authorised signatory

25 March 2011

# United Global Recovery Funds

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

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## STATEMENT BY THE MANAGER

In the opinion of the directors of UOB Asset Management Ltd, the accompanying financial statements set out on pages 29 to 76, comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the sub-funds of United Global Recovery Funds (the “sub-funds”) as at 31 December 2010 and the total return/(deficit) for the year ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the sub-funds will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager  
UOB ASSET MANAGEMENT LTD

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Authorised signatory

25 March 2011

# United Global Recovery Funds

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

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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL RECOVERY FUNDS**

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

We have audited the accompanying financial statements of the sub-funds of United Global Recovery Funds (the "sub-funds") set out on pages 29 to 76, which comprise the Balance Sheets and Portfolio Statements as at 31 December 2010, the Statements of Total Return for the year/period ended 31 December 2010, and a summary of significant accounting policies and other explanatory information.

### *Manager's Responsibility for the Financial Statements*

The sub-funds' Manager (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 Certified Public Accountants of Singapore, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the sub-funds as at 31 December 2010 and the total return/(deficit) for the year/period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

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PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants

Singapore, 25 March 2011

# United Global Recovery Funds

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

## STATEMENTS OF TOTAL RETURN

For the financial year/period ended 31 December 2010

		<b>United Asia Recovery Fund</b>	<b>United China-India Dynamic Growth Fund</b>
		For the financial year ended 31 December 2010	For the financial period from 21 December 2009 (date of inception) to 31 December 2010
	Note	\$	\$
<b>Income</b>			
Dividends		653,564	147,586
Interest		8	290
Sundry Income		2,151	-
		<u>655,723</u>	<u>147,876</u>
<b>Less: Expenses</b>			
Management fee	11	123,837	68,064
Administration fee	11	30,959	17,319
Trustee fee	11	9,907	5,445
Audit fee		10,331	11,770
Registrar fee	11	25,001	8,573
Valuation fee	11	30,959	17,016
Custody fee		9,372	5,710
Interest expenses		1,829	111
Preliminary expenses		-	24,475
Other expenses		33,102	9,990
		<u>275,297</u>	<u>168,473</u>
<b>Net income/(loss)</b>		<u>380,426</u>	<u>(20,597)</u>
<b>Net gains or losses on value of investments</b>			
Net realised gains on investments		2,342,557	466,416
Net change in fair value on investments		(1,795,487)	4,024,228
Net foreign exchange (losses)/gains		(250,762)	31,375
<b>Net gains on value of investments</b>		<u>296,308</u>	<u>4,522,019</u>
<b>Total return for the financial year/period before income tax</b>		676,734	4,501,422
Less : Income tax	3	(62,604)	(10,999)
<b>Total return for the financial year/period after income tax before distribution</b>		614,130	4,490,423
Less : Distribution	4	(655,451)	-
<b>Total (deficit)/return for the financial year/period</b>		<u>(41,321)</u>	<u>4,490,423</u>

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

**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF TOTAL RETURN**

For the financial year/period ended 31 December 2010

		<b>United High Grade Corporate Bond Fund</b>	
		<b>For the financial year ended 31 December 2010</b>	For the financial period from 24 July 2009 (date of inception) to 31 December 2009
	Note	\$	\$
<b>Income</b>			
Interest		603	-
Sundry Income		-	137
		<u>603</u>	<u>137</u>
<b>Less: Expenses</b>			
Management fee	11	338,751	143,728
Administration fee	11	42,344	18,493
Trustee fee	11	13,550	5,749
Audit fee		11,101	11,000
Registrar fee	11	25,000	11,358
Valuation fee	11	42,344	17,966
Custody fee		6,292	2,252
Interest expenses		1,460	347
Preliminary expenses		-	24,034
Other expenses		43,814	16,892
		<u>524,656</u>	<u>251,819</u>
<b>Net loss</b>		<u>(524,053)</u>	<u>(251,682)</u>
<b>Net gains or losses on value of investments</b>			
Net realised gains on investments		2,069,203	285,762
Net change in fair value on investments		(1,561,111)	862,986
Net realised gains on financial derivatives		1,695,321	303,142
Net change in fair value on financial derivatives		187,224	213,586
Net foreign exchange losses		(345,957)	(35,684)
<b>Net gains on value of investments</b>		<u>2,044,680</u>	<u>1,629,792</u>
<b>Total return for the financial year/period</b>		<u>1,520,627</u>	<u>1,378,110</u>

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

# United Global Recovery Funds

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

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## BALANCE SHEETS

As at 31 December 2010

	Note	United Asia Recovery Fund		United China-India Dynamic Growth Fund	United High Grade Corporate Bond Fund	
		2010	2009	2010	2010	2009
		\$	\$	\$	\$	\$
<b>ASSETS</b>						
Portfolio of investments		15,283,191	39,150,534	109,862,843	31,383,786	31,649,918
Receivables	5	4,243	17,971	80,512	59	-
Sales awaiting settlement		-	-	204,801	-	-
Financial derivatives at fair value	7	-	-	-	535,856	752,571
Cash and bank balances		77,670	566,799	4,663,115	1,482,083	1,466,824
<b>Total Assets</b>		<b>15,365,104</b>	<b>39,735,304</b>	<b>114,811,271</b>	<b>33,401,784</b>	<b>33,869,313</b>
<b>LIABILITIES</b>						
Payables	6	121,067	678,070	961,972	128,074	125,058
Purchases awaiting settlement		-	-	499,321	-	-
Financial derivatives at fair value	7	-	-	-	348,632	538,985
Net assets attributable to unitholders	8	15,244,037	39,057,234	113,349,978	32,925,078	33,205,270
<b>Total Liabilities</b>		<b>15,365,104</b>	<b>39,735,304</b>	<b>114,811,271</b>	<b>33,401,784</b>	<b>33,869,313</b>

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

### United Asia Recovery Fund

	Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable to unitholders at 31 December 2010 %
<b>By Geography - Primary Quoted Equities</b>			
<b>CHINA</b>			
BEIJING ENTERPRISES HOLDINGS LIMITED	96,000	758,579	4.98
CHINA CONSTRUCTION BANK - H	1,000,000	1,146,965	7.52
CHINA TELECOM CORP LTD	1,510,000	1,002,820	6.58
CNOOC LTD	350,000	1,058,965	6.95
DONGFENG MOTOR CORPORATION	370,000	813,390	5.34
HAIER ELECTRONICS GROUP CO LTD	750,000	1,117,302	7.33
<b>TOTAL CHINA</b>		<b>5,898,021</b>	<b>38.70</b>
<b>HONG KONG</b>			
CHEUNG KONG (HOLDINGS) LTD	46,000	908,904	5.96
HSBC HOLDINGS	40,000	525,034	3.45
<b>TOTAL HONG KONG</b>		<b>1,433,938</b>	<b>9.41</b>
<b>INDONESIA</b>			
PT ASTRA INTERNATIONAL	112,000	867,872	5.70
<b>SINGAPORE</b>			
CAPITALAND LTD	230,000	853,300	5.60
SINGAPORE AIRLINES LIMITED	64,000	979,200	6.42
<b>TOTAL SINGAPORE</b>		<b>1,832,500</b>	<b>12.02</b>
<b>SOUTH KOREA</b>			
POSCO	1,800	988,471	6.48
SAMSUNG ELECTRONICS	1,200	1,284,098	8.42
<b>TOTAL SOUTH KOREA</b>		<b>2,272,569</b>	<b>14.90</b>

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

### United Asia Recovery Fund

	Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable to unitholders at 31 December 2010 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
<b>TAIWAN</b>			
HON HAI PRECISION IND	200,000	1,028,126	6.74
TAIWAN SEMICONDUCTOR MFG CO LTD	320,000	998,249	6.55
<b>TOTAL TAIWAN</b>		<b>2,026,375</b>	<b>13.29</b>
<b>THAILAND</b>			
PTT PUBLIC COMPANY LIMITED (FOREIGN)	70,000	951,916	6.24
<b>Portfolio of investments</b>		<b>15,283,191</b>	<b>100.26</b>
<b>Other net liabilities</b>		<b>(39,154)</b>	<b>(0.26)</b>
<b>Net assets attributable to unitholders</b>		<b>15,244,037</b>	<b>100.00</b>

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

	<b><u>United Asia Recovery Fund</u></b>	
	<b>Percentage of total net assets attributable to unitholders at 31 December 2010</b>	Percentage of total net assets attributable to unitholders at 31 December 2009
	%	%
<b>By Geography - Primary (Summary)</b>		
<b>Quoted Equities</b>		
China	<b>38.70</b>	36.18
Hong Kong	<b>9.41</b>	12.51
Indonesia	<b>5.70</b>	6.61
Singapore	<b>12.02</b>	13.09
South Korea	<b>14.90</b>	12.64
Taiwan	<b>13.29</b>	13.47
Thailand	<b>6.24</b>	5.74
<b>Portfolio of investments</b>	<b>100.26</b>	100.24
<b>Other net liabilities</b>	<b>(0.26)</b>	(0.24)
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

	<u>United Asia Recovery Fund</u>		
	Fair value at	Percentage of	Percentage of
	31 December	total net assets	total net assets
	attributable to	attributable to	attributable to
	unitholders at	unitholders at	unitholders at
	31 December	31 December	31 December
	2010	2010	2009
	\$	%	%
<b>By Industry - Secondary</b>			
<b>Quoted Equities</b>			
Consumer Discretionary	2,798,564	18.37	25.77
Energy	2,010,881	13.19	11.95
Financials	3,434,203	22.53	25.07
Industrials	1,737,779	11.40	12.63
Information Technology	3,310,473	21.71	13.47
Materials	988,471	6.48	6.29
Telecommunication Services	1,002,820	6.58	5.06
<b>Portfolio of investments</b>	<b>15,283,191</b>	<b>100.26</b>	<b>100.24</b>
<b>Other net liabilities</b>	<b>(39,154)</b>	<b>(0.26)</b>	<b>(0.24)</b>
<b>Net assets attributable to unitholders</b>	<b>15,244,037</b>	<b>100.00</b>	<b>100.00</b>

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

# United Global Recovery Funds

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

## PORTFOLIO STATEMENTS

As at 31 December 2010

	<u>United China-India Dynamic</u> <u>Growth Fund</u>		Percentage of
	Holdings at	Fair value at	total net assets
	31 December	31 December	attributable
	2010	2010	Unitholders at
		\$	31 December
			2010
			%
<b>By Geography - Primary</b>			
<b>Quoted Equities</b>			
<b>CHINA</b>			
AAC ACOUSTIC TECHNOLOGIES HOLDINGS INC	420,000	1,436,179	1.27
AIR CHINA LIMITED - H	380,000	545,435	0.48
AVICHINA INDUSTRY & TECHNOLOGY CO LTD	1,000,000	603,146	0.53
BANK OF CHINA	6,200,000	4,168,626	3.68
BEIJING ENTERPRISES WATER GROUP LIMITED	1,280,000	613,824	0.54
BOSIDENG INTERNATIONAL HOLDINGS LTD	1,400,000	715,205	0.63
CHINA AGRI-INDUSTRIES HOLDINGS	720,000	1,039,388	0.92
CHINA CONSTRUCTION BANK - H	4,200,000	4,817,255	4.25
CHINA EVERBRIGHT INTERNATIONAL LIMITED	1,000,000	667,415	0.59
CHINA EVERBRIGHT LIMITED	370,000	1,069,479	0.94
CHINA LIFE INSURANCE CO LTD	360,000	1,877,661	1.66
CHINA MOBILE LIMITED	100,000	1,269,737	1.12
CHINA RESOURCES GAS GROUP LTD	600,000	1,113,347	0.98
CHINA RONGSHENG HEAVY INDUSTRIES GRP HL	450,000	487,955	0.43
CHINA SHINEWAY PHARMACEUTICAL GRP LTD	240,000	878,022	0.78
CHINA TAIPING INSURANCE HOLDINGS CO LTD	430,000	1,690,044	1.49
CHINA TELECOM CORP LTD	1,900,000	1,261,827	1.11
CHINA YURUN FOOD GROUP LTD	360,000	1,509,841	1.33
CHINA ZHENG TONG AUTO SVS HOLDINGS LTD	203,500	245,480	0.22
CNOOC LTD	1,600,000	4,840,985	4.27
COMBA TELECOM SYSTEMS HOLDINGS LIMITED	1,000,000	1,446,890	1.28
GREAT WALL MOTOR COMPANY LTD	440,000	1,718,471	1.52
HAIER ELECTRONICS GROUP CO LTD	936,000	1,394,393	1.23
INDUSTRIAL & COMMERCIAL BK OF CHINA - H	2,500,000	2,377,152	2.10
LILANG CHINA COMPANY LIMITED	650,000	1,285,392	1.13
PEAK SPORT PRODUCTS LTD	945,000	794,224	0.70
PING AN INSURANCE COMPANY	180,000	2,568,807	2.27
POLY (HONG KONG) INVESTMENT LIMITED	800,000	996,673	0.88
Balance carried forward		43,432,853	38.33

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

# United Global Recovery Funds

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

## PORTFOLIO STATEMENTS

As at 31 December 2010

### United China-India Dynamic Growth Fund

	Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable Unitholders at 31 December 2010 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
Balance brought forward		43,432,853	38.33
SHANDONG CHENMING PAPER HOLDINGS - B	800,000	818,696	0.72
SHANGHAI ELECTRIC GROUP COMPANY LTD-H	1,000,000	840,449	0.74
SHANGHAI INDUSTRIAL HOLDINGS	120,000	662,471	0.58
TENCENT HOLDINGS LIMITED	52,000	1,452,493	1.28
WINSWAY COKING COAL HOLDINGS	2,800,000	2,150,230	1.90
XINJIANG GOLDWIND SCIENCE & TECH CO LTD	200,000	525,363	0.46
ZHONGSHENG GROUP HOLDINGS LTD	250,000	696,254	0.61
ZHUZHOU CSR TIMES ELECTRIC CO LTD	257,000	1,287,502	1.14
<b>TOTAL CHINA</b>		<b>51,866,311</b>	<b>45.76</b>
<b>HONG KONG</b>			
CHINA STATE CONSTRUCTION INTL HLDGS LTD	1,100,000	1,326,920	1.17
EMPEROR WATCH & JEWELLERY LTD	5,000,000	914,606	0.81
KOSMOPOLITO HOTELS INTERNATIONAL LTD	1,483,000	444,789	0.39
LUK FOOK HOLDINGS (INTERNATIONAL) LTD	250,000	1,112,359	0.98
<b>TOTAL HONG KONG</b>		<b>3,798,674</b>	<b>3.35</b>
<b>INDIA</b>			
AIA ENGINEERING LTD	69,946	804,665	0.71
ASIAN PAINTS LIMITED	4,500	371,126	0.33
AXIS BANK LIMITED	58,520	2,259,909	1.99
BARTRONICS INDIA LIMITED	143,000	364,004	0.32
BHARAT HEAVY ELECTRICALS LTD	32,550	2,166,925	1.91
BHARTI AIRTEL LIMITED	226,000	2,310,181	2.04
CADILA HEALTHCARE LTD	44,000	980,090	0.87
CROMPTON GREAVES LIMITED	99,625	884,653	0.78
DECCAN CHRONICLE HOLDINGS LTD	195,000	612,291	0.54
Balance carried forward		10,753,844	9.49

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

**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**PORTFOLIO STATEMENTS**

As at 31 December 2010

**United China-India Dynamic  
Growth Fund**

	Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable Unitholders at 31 December 2010 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
Balance brought forward		10,753,844	9.49
DIVI'S LABORATORIES LTD	29,000	535,094	0.47
ECLERX SERVICES LIMITED	34,000	701,187	0.62
EDUCOMP SOLUTIONS LTD	57,100	863,085	0.76
EXIDE INDUSTRIES LTD	199,488	953,863	0.84
GEODESIC LIMITED	229,840	634,110	0.56
GLENMARK PHARMACEUTICALS LTD	81,000	840,284	0.74
GRINDWELL NORTON LIMITED	22,000	151,930	0.13
HANUNG TOYS & TEXTILES LTD	93,740	635,139	0.56
HAVELLS INDIA LIMITED	96,400	1,094,495	0.97
HDFC BANK LIMITED	35,250	2,369,544	2.09
HERO HONDA MOTORS LTD	6,000	341,754	0.30
HINDUSTAN ZINC LIMITED	23,000	897,498	0.79
HOUSING DEVELOPMENT FINANCE CORP	80,000	1,666,124	1.47
ICICI BANK LTD	37,100	1,210,946	1.07
INDUSIND BANK LIMITED	191,477	1,445,473	1.28
INFOSYS TECHNOLOGIES LIMITED	37,500	3,698,704	3.26
ITC LTD	231,620	1,158,931	1.02
JAIN IRRIGATION SYSTEMS LTD	86,000	517,898	0.46
JINDAL STEEL & POWER LIMITED	52,500	1,070,607	0.95
JYOTI STRUCTURES LIMITED	239,000	912,042	0.81
KOTAK MAHINDRA BANK LIMITED	45,000	582,596	0.51
LARSEN N TOUBRO (INR)	28,300	1,602,979	1.41
LUPIN LIMITED	84,000	1,158,265	1.02
MARUTI SUZUKI LIMITED	27,550	1,122,049	0.99
MOTHERSON SUMI SYSTEMS LIMITED	205,676	1,073,016	0.95
NAGARJUNA CONSTRUCTION COMPANY LTD	12,500	50,423	0.05
Balance carried forward		38,041,880	33.57

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**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**PORTFOLIO STATEMENTS**

As at 31 December 2010

**United China-India Dynamic  
Growth Fund**

	Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable Unitholders at 31 December 2010 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
Balance brought forward		38,041,880	33.57
OPTO CIRCUITS INDIA LTD	87,200	670,520	0.59
PAGE INDUSTRIES LIMITED	26,631	1,167,325	1.03
PIDILITE INDUSTRIES LTD	131,000	571,026	0.50
RELIANCE INDUSTRIES LIMITED	107,500	3,255,955	2.87
SHREE CEMENT LIMITED	14,700	850,984	0.75
STATE BANK OF INDIA	14,050	1,130,200	1.00
STERLITE INDUSTRIES (INDIA) LTD	32,600	174,325	0.15
SUN PHARMACEUTICALS INDUSTRIES LTD	114,000	1,577,810	1.39
SUZLON ENERGY LTD	183,000	286,519	0.25
TATA CONSULTANCY SERVICES LTD	50,700	1,693,125	1.49
TULIP TELECOM LTD	172,420	849,875	0.75
VOLTAS LIMITED	95,500	596,175	0.53
WIPRO LIMITED	84,333	1,185,085	1.05
YES BANK LTD	158,680	1,420,643	1.25
<b>TOTAL INDIA</b>		<b>53,471,447</b>	<b>47.17</b>
<b>SINGAPORE</b>			
MIDAS HOLDINGS LIMITED	800,000	<b>726,411</b>	<b>0.64</b>
<b>Portfolio of investments</b>		<b>109,862,843</b>	<b>96.92</b>
<b>Other net assets</b>		<b>3,487,135</b>	<b>3.08</b>
<b>Net assets attributable to unitholders</b>		<b>113,349,978</b>	<b>100.00</b>

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

	<b>United China-India Dynamic Growth Fund</b>
	<b>Percentage of total net assets attributable</b>
	<b>Unitholders at 31 December 2010</b>
	<b>%</b>
<b>By Geography - Primary (Summary)</b>	
<b>Quoted Equities</b>	
China	45.76
Hong Kong	3.35
India	47.17
Singapore	0.64
<b>Portfolio of investments</b>	<b>96.92</b>
<b>Other net assets</b>	<b>3.08</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

	<u>United China-India Dynamic Growth Fund</u>	
	Fair value at 31 December 2010 \$	Percentage of total net assets attributable Unitholders at 31 December 2010 %
<b>By Industry - Secondary Quoted Equities</b>		
Consumer Discretionary	16,692,841	14.72
Consumer Staples	3,708,160	3.27
Energy	8,383,459	7.39
Financials	31,651,132	27.93
Healthcare	6,640,085	5.86
Industrials	15,826,882	13.97
Information Technology	11,910,590	10.51
Materials	7,630,903	6.73
Telecommunication Services	5,691,620	5.02
Utilities	1,727,171	1.52
<b>Portfolio of investments</b>	<b>109,862,843</b>	<b>96.92</b>
<b>Other net assets</b>	<b>3,487,135</b>	<b>3.08</b>
<b>Net assets attributable to unitholders</b>	<b>113,349,978</b>	<b>100.00</b>

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

# United Global Recovery Funds

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

## PORTFOLIO STATEMENTS

As at 31 December 2010

### United High Grade Corporate Bond Fund

	Nominal Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable to unitholders at 31 December 2010 %
<b>By Geography - Primary Quoted Bonds</b>			
<b>AUSTRALIA</b>			
MACQUARIE GROUP LTD 7.625% DUE 13/8/2019	500,000	724,920	2.20
RIO TINTO FIN USA LTD 1.875% DUE 02/11/2015	300,000	370,872	1.13
WOOLWORTHS LIMITED 5.25% DUE 15/11/2011	300,000	401,578	1.22
<b>TOTAL AUSTRALIA</b>		<b>1,497,370</b>	<b>4.55</b>
<b>BRAZIL</b>			
BANCO DO BRASIL 5.375% DUE 15/01/2021	300,000	381,698	1.16
ODEBRECHT DRILL VIII/IX 6.35% DUE 30/6/2021	500,000	667,630	2.03
<b>TOTAL BRAZIL</b>		<b>1,049,328</b>	<b>3.19</b>
<b>CAYMAN ISLANDS</b>			
CSN ISLANDS XII 7% DUE 23/12/2049	250,000	312,908	0.95
<b>HONG KONG</b>			
BANK OF EAST ASIA LTD 6.125% DUE 29/03/2049	400,000	779,924	2.37
HUTCH WHAMPOA INT 10 LTD 6% DUE 29/12/2049	300,000	380,664	1.16
<b>TOTAL HONG KONG</b>		<b>1,160,588</b>	<b>3.53</b>
<b>IRELAND</b>			
IBERDROLA FIN IRELAND 5% DUE 11/9/2019	250,000	306,366	0.93
<b>JAPAN</b>			
MITSUBISHI CORP 2.75% DUE 16/09/2015	400,000	516,622	1.57
MIZUHO CAP INV 2 USD 14.95% DUE 31/12/2049	500,000	829,797	2.52
MIZUHO CAPITAL INVEST 5.02% DUE 29/6/2049	500,000	849,624	2.58
RESONA PFD GLOBAL SECS 7.191% DUE 29/12/2049	300,000	392,475	1.19
<b>TOTAL JAPAN</b>		<b>2,588,518</b>	<b>7.86</b>

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# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

### United High Grade Corporate Bond Fund

	Nominal Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable to unitholders at 31 December 2010 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Bonds</b>			
<b>KUWAIT</b>			
KUWAIT PROJECTS CO 9.375% DUE 15/07/2020	500,000	714,883	2.17
<b>LUXEMBOURG</b>			
ARCELORMITTAL 4.625% DUE 17/11/2017	300,000	517,578	1.57
<b>NETHERLANDS</b>			
KAZMUNAIGAZ FINANCE SUB 9.125% DUE 02/07/2018	300,000	467,670	1.42
<b>QATAR</b>			
CBQ FINANCE LTD 7.5% DUE 18/11/2019	500,000	718,559	2.18
QATAR INTL FINANCE 3.375% DUE 14/10/2016	500,000	612,713	1.86
<b>TOTAL QATAR</b>		<b>1,331,272</b>	<b>4.04</b>
<b>RUSSIA</b>			
GAZ CAPITAL SA 8.125% DUE 31/7/2014	500,000	750,337	2.28
GLENCORE FINANCE EUROPE 7.125% DUE 23/4/2015	200,000	395,371	1.20
VTB CAPITAL SA 6.465% DUE 4/3/2015	500,000	679,303	2.06
<b>TOTAL RUSSIA</b>		<b>1,825,011</b>	<b>5.54</b>
<b>SINGAPORE</b>			
OVERSEAS-CHINESE BKING 3.75% DUE 15/11/2022	500,000	596,516	1.81
<b>THAILAND</b>			
BANGKOK BANK PCL (HK) 4.80% DUE 18/10/2020	250,000	308,567	0.94
<b>UNITED ARAB EMIRATES</b>			
DUBAI ELECTRICITY&WATER 6.375% DUE 21/10/2016	500,000	627,648	1.91

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

# United Global Recovery Funds

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

## PORTFOLIO STATEMENTS

As at 31 December 2010

### United High Grade Corporate Bond Fund

	Nominal Holdings at 31 December 2010	Fair value at 31 December 2010 \$	Percentage of total net assets attributable to unitholders at 31 December 2010 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Bonds</b>			
<b>UNITED KINGDOM</b>			
BARCLAYS BANK PLC 7.375% DUE 29/06/2049	400,000	508,965	1.55
PRUDENTIAL PLC 11.75% DUE 23/12/2049	500,000	735,496	2.23
<b>TOTAL UNITED KINGDOM</b>		<b>1,244,461</b>	<b>3.78</b>
<b>UNITED STATES</b>			
AFLAC INC 8.50% DUE 15/5/2019	500,000	799,683	2.43
ALCOA INC 6.15% DUE 15/08/2020	300,000	404,144	1.23
ALTRIA GROUP INC 9.25% DUE 6/8/2019	500,000	859,403	2.61
AMERICAN EXPRESS CO 6.15% DUE 28/8/2017	500,000	738,100	2.24
ANHEUSER-BUSCH INBEV 7.75% DUE 15/1/2019	500,000	820,070	2.49
BANK OF AMERICA CORP 4.625% DUE 07/08/2017	500,000	835,992	2.54
BANK OF AMERICA CORP 6.50% DUE 1/8/2016	500,000	713,086	2.17
CITIGROUP INC 6.125% DUE 21/11/2017	500,000	710,286	2.16
DISCOVER FINANCIAL SVS 10.25% DUE 15/7/2019	500,000	838,749	2.55
ENBRIDGE ENERGY PARTNERS 9.875% DUE 1/3/2019	500,000	860,610	2.61
GENERAL ELEC CAP CORP 6% DUE 7/8/2019	500,000	731,525	2.22
GOLDMAN SACHS GROUP INC 6.125% DUE 1/11/2060	12,000	354,493	1.08
GOLDMAN SACHS GRP INC 5.125% DUE 23/10/2019	300,000	510,499	1.55
HCP INC 7.072% DUE 8/6/2015	500,000	707,951	2.15
HYUNDAI CAP AMERICA 3.75% DUE 06/04/2016	300,000	380,766	1.16
JEFFERIES GROUP INC 3.875% DUE 09/11/2015	500,000	634,448	1.93
JPMORGAN CHASE & CO 4.4% DUE 22/07/2020	500,000	643,734	1.95
METLIFE INC 5.0% DUE 15/06/2015	400,000	554,293	1.68
METLIFE INC 7.717% DUE 15/2/2019	500,000	798,475	2.43
ONCOR ELECTRIC DELIVERY 7% DUE 1/9/2022	500,000	771,402	2.34
ONEOK PARTNERS LP 8.625% DUE 1/3/2019	500,000	821,234	2.49
PRUDENTIAL FINANCIAL INC 6% DUE 1/12/2017	500,000	710,656	2.16
SIMON PROPERTY GROUP LN 10.35% DUE 1/4/2019	500,000	886,720	2.69
TEXTRON INC 7.25% DUE 1/10/2019	500,000	748,783	2.27
<b>TOTAL UNITED STATES</b>		<b>16,835,102</b>	<b>51.13</b>
<b>Portfolio of investments</b>		<b>31,383,786</b>	<b>95.32</b>
<b>Other net assets</b>		<b>1,541,292</b>	<b>4.68</b>
<b>Net assets attributable to unitholders</b>		<b>32,925,078</b>	<b>100.00</b>

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

### United High Grade Corporate Bond Fund

Percentage of total net assets attributable to unitholders at 31 December 2010 %	Percentage of total net assets attributable to unitholders at 31 December 2009 %
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#### By Geography - Primary (Summary)

##### Quoted Bonds

Australia	4.55	5.82
Brazil	3.19	0.90
Cayman Islands	0.95	-
France	-	2.68
Hong Kong	3.53	2.95
India	-	1.27
Ireland	0.93	2.22
Japan	7.86	-
Kuwait	2.17	-
Luxembourg	1.57	2.73
Malaysia	-	2.40
Netherlands	1.42	-
Qatar	4.04	3.73
Russia	5.54	2.31
Singapore	1.81	-
South Korea	-	3.03
Sweden	-	2.72
Thailand	0.94	-
United Arab Emirates	1.91	0.52
United Kingdom	3.78	8.62
United States	51.13	53.40
<b>Portfolio of investments</b>	<b>95.32</b>	95.30
<b>Other net assets</b>	<b>4.68</b>	4.70
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

# United Global Recovery Funds

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

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## PORTFOLIO STATEMENTS

As at 31 December 2010

	<b>United High Grade Corporate Bond Fund</b>		
	<b>Fair value at 31 December 2010</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2010</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2009</b>
	\$	%	%
<b>By Industry - Secondary</b>			
<b>Quoted Bonds</b>			
Consumer Discretionary	380,766	1.16	2.72
Consumer Staples	2,081,051	6.32	5.20
Energy	1,885,637	5.73	2.82
Financials	19,593,613	59.51	53.30
Healthcare	-	-	2.23
Industrials	4,042,796	12.27	7.62
Materials	2,000,873	6.08	7.56
Special Purpose Entity	-	-	5.22
Telecommunication Services	-	-	6.23
Utilities	1,399,050	4.25	2.40
<b>Portfolio of investments</b>	<b>31,383,786</b>	<b>95.32</b>	<b>95.30</b>
<b>Other net assets</b>	<b>1,541,292</b>	<b>4.68</b>	<b>4.70</b>
<b>Net assets attributable to unitholders</b>	<b>32,925,078</b>	<b>100.00</b>	<b>100.00</b>

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

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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

### 1. General

United Global Recovery Funds (the “Fund”) is a Singapore registered umbrella fund constituted by a Trust Deed dated 30 January 2009 between UOB Asset Management Ltd (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Deed is governed by the laws of the Republic of Singapore.

The Fund currently offers three sub-funds namely, United Asia Recovery Fund, United China-India Dynamic Growth Fund and United High Grade Corporate Bond Fund.

#### United Asia Recovery Fund

The primary activity of the sub-fund is to achieve capital appreciation and to make regular distributions through investment in a generally fixed, diversified portfolio of equity or equity linked securities which are listed or quoted on the exchanges in Asia (excluding Japan). There will be no specific industry or sector emphasis.

#### United China-India Dynamic Growth Fund

The investment objective of the sub-fund is to achieve medium to long term capital appreciation through investing mainly in the securities of corporations in, or corporations listed or to be listed on stock exchanges in, or corporations (wherever located) which, in the opinion of the Managers, derive significant revenue or profits from or have significant assets or business interests in, the People’s Republic of China (“China”) or the Republic of India (“India”).

#### United High Grade Corporate Bond Fund

The primary activity of the sub-fund is to maximise returns over the long term through investments in a portfolio which consists mainly of investment grade corporate bonds issued globally.

United Asia Recovery Fund have a fixed investment term of 2 years.

### 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.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 2. Significant accounting policies (continued)

(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*

Purchase of investments are recognised 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 Statements of Total Return in the year/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 Statements 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 sub-funds is the current market quoted bid price. Accrued interest is included in the fair value of fixed income instruments.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 2. Significant accounting policies (continued)

#### (e) Foreign currency translation

##### (i) *Functional and presentation currency*

The sub-funds' investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars, United States dollars and Japanese Yen.

The performance of the sub-funds is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore dollars to be the currency of the primary economic environment in which the sub-funds operate. The financial statements are presented in Singapore dollars, which is the sub-funds' 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/period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statements of Total Return within the fair value net gain or loss.

#### (f) Financial derivatives

Financial derivatives including forwards and futures are entered into for the purpose of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the balance sheet date are valued at forward rates or at current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statements of Total Return.

#### (g) Expenses charged to the sub-funds

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

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 2. Significant accounting policies (continued)

(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 sub-funds.

(i) Preliminary expenses

Preliminary expenses are expensed off in the Statements of Total Return as and when incurred.

### 3. Income tax

	<b><u>United Asia Recovery Fund</u></b>	<b><u>United China-India Dynamic Growth Fund</u></b>
<b>For the financial year ended 31 December 2010</b>	For the financial period from 31 August 2009 (date of inception) to 31 December 2009	<b>For the financial period from 21 December 2009 (date of inception) to 31 December 2010</b>
\$	\$	\$
Overseas income tax	<b>62,604</b>	<b>10,999</b>
	<b>1,212,146</b>	

The sub-funds are 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 overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 3. Income tax (continued)

The sub-funds are 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 sub-funds' 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 reporting period. 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 sub-funds. 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 2010, the sub-funds have uncertain taxes exposure with respect to gains on investment of which the tax liability are estimated to be nil. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

### 4. Distribution

<b>For the financial year ended 31 December 2010 \$</b>	<b><u>United Asia Recovery Fund</u></b> For the financial period from 31 August 2009 (date of inception) to 31 December 2009 \$
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Distribution of income amounting to  
\$1.25 per 100 units on 52,666,227 units (2009: NIL)

<b>655,451</b>	-
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**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2010

**6. Payables**

	<b>United Asia Recovery Fund</b>		<b>United China-India Dynamic Growth Fund</b>
	2010	2009	2010
	\$	\$	\$
Amounts payable for cancellation of units	67,144	571,118	137,411
Amount due to Manager	34,590	84,262	778,783
Amount due to Trustee	1,681	4,061	11,932
Other creditors and accrued expenses	17,652	18,629	33,846
	121,067	678,070	961,972
		<b>United High Grade Corporate Bond Fund</b>	
		2010	2009
		\$	\$
Amount due to Manager		107,031	104,392
Amount due to Trustee		3,425	3,341
Other creditors and accrued expenses		17,618	17,325
		128,074	125,058

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 7. Fair value of financial derivatives

Financial derivative contracts comprise foreign exchange contracts for the sale and purchase of foreign currencies and other future contracts. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at the balance sheet date are analysed below.

#### United High Grade Corporate Bond Fund

	2010			2009		
	Contract or underlying principal amount \$	Positive fair value \$	Negative fair value \$	Contract or underlying principal amount \$	Positive fair value \$	Negative fair value \$
<b>Forward foreign exchange contracts</b>	50,768,856	535,856	384,632	84,476,082	634,771	538,985
<b>Futures contracts</b>	-	-	-	4,980,513	117,800	-
		<u>535,856</u>	<u>384,632</u>		<u>752,571</u>	<u>538,985</u>

#### United Asia Recovery Fund and United China-India Dynamic Growth Fund

The sub-funds did not have any outstanding derivative contracts as at 31 December 2010 (2009: Nil).

**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2010

**8. Net assets attributable to unitholders**

	<u>United Asia</u> <u>Recovery Fund</u>		<u>United</u> <u>China-India</u> <u>Dynamic</u> <u>Growth Fund</u>
	2010	2009	2010
	\$	\$	\$
<b>At the beginning of the financial year/ period</b>	39,057,234	-	-
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations	(41,321)	4,490,423	14,236,312
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units	34,684	40,344,002	205,384,088
Cancellation of units	(23,806,560)	(5,777,191)	(106,270,422)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(23,771,876)	34,566,811	99,113,666
<b>Total (decrease)/increase in net assets attributable to unitholders</b>	(23,813,197)	39,057,234	113,349,978
<b>At the end of the financial year/period</b>	15,244,037	39,057,234	113,349,978
<b>Units in issue (SGD/USD) (Note 9)</b>	13,312,284	35,085,537	75,284,457
<b>Units in issue (JPY) (Note 9)</b>			1,702,309
	\$	\$	\$
<b>Net assets attributable to unitholders per unit</b>	1.15	1.11	1.13
			JPY
<b>Net assets attributable to unitholders per unit (JPY Class)</b>			1,072

**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2010

**8. Net assets attributable to unitholders (continued)**

	<b>United High Grade Corporate Bond Fund</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>At the beginning of the financial year/period</b>	<b>33,205,270</b>	-
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>1,520,627</b>	1,378,110
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	-	31,867,250
Cancellation of units	<b>(1,800,819)</b>	(40,090)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(1,800,819)</b>	31,827,160
<b>Total (decrease)/increase in net assets attributable to unitholders</b>	<b>(280,192)</b>	33,205,270
<b>At the end of the financial year/period</b>	<b>32,925,078</b>	33,205,270
<b>Units in issue (Note 9)</b>	<b>30,189,842</b>	31,826,329
	<b>\$</b>	<b>\$</b>
<b>Net assets attributable to unitholders per unit</b>	<b>1.09</b>	1.04

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 9. Units in issue

	<b>United Asia Recovery Fund</b>		<b>United China-India Dynamic Growth Fund</b>	
	2010	2009	2010	
	SGD/USD class	SGD/USD class	SGD/USD class	JPY class
Units at the beginning of the financial year/period	<b>35,085,537</b>	-	-	-
Units created	<b>31,527</b>	40,496,432	<b>160,634,971</b>	<b>2,387,716</b>
Units cancelled	<b>(21,804,780)</b>	(5,410,895)	<b>(85,350,514)</b>	<b>(685,407)</b>
Units at the end of the financial year/period	<b>13,312,284</b>	35,085,537	<b>75,284,457</b>	<b>1,702,309</b>

	<b>United High Grade Corporate Bond Fund</b>	
	2010	2009
	SGD/USD class	SGD/USD class
Units at the beginning of the financial year/period	<b>31,826,329</b>	-
Units created	-	31,865,388
Units cancelled	<b>(1,636,487)</b>	(39,059)
Units at the end of the financial year/period	<b>30,189,842</b>	31,826,329

### 10. Financial risk management

The sub-funds' activities expose it to a variety of financial risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The sub-funds' overall risk management programme seeks to minimise potential adverse effects on the sub-funds' financial performance. The sub-funds 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 sub-funds at any time as part of the overall financial risk management to reduce the sub-funds' risk exposures.

The sub-funds' assets principally consist of financial instruments such as equity investments, fixed interest investments and cash. They are held in accordance with the published investment policies of the sub-funds. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. 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 sub-funds' investments are substantially dependent on changes in market prices. The sub-funds' 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 sub-funds. Guidelines are set to reduce the sub-funds' risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the sub-funds may be hedged using derivative strategies.

#### (i) Foreign exchange risk

The sub-funds have securities denominated in currencies other than the Singapore dollars and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollars 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 sub-funds.

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

#### United Asia Recovery Fund

**As at 31 December 2010**

	HKD	SGD	Others	Total
	\$	\$	\$	\$
<b>Assets</b>				
Portfolio of investments	7,331,959	1,832,500	6,118,732	<b>15,283,191</b>
Receivables	-	-	4,243	<b>4,243</b>
Cash and bank balances	480	77,187	3	<b>77,670</b>
<b>Total Assets</b>	<b>7,332,439</b>	<b>1,909,687</b>	<b>6,122,978</b>	<b>15,365,104</b>
<b>Liabilities</b>				
Payables	-	120,695	372	<b>121,067</b>
Net assets attributable to unitholders	-	15,244,037	-	<b>15,244,037</b>
<b>Total Liabilities</b>	<b>-</b>	<b>15,364,732</b>	<b>372</b>	<b>15,365,104</b>
<b>Net currency exposure</b>	<b>7,332,439</b>	<b>(13,455,045)</b>	<b>6,122,606</b>	

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

United Asia Recovery Fund (continued)

As at 31 December 2009

	HKD \$	SGD \$	Others \$	Total \$
<b>Assets</b>				
Portfolio of investments	19,017,550	5,112,600	15,020,384	39,150,534
Receivables	-	-	17,971	17,971
Cash and bank balances	1,167	544,163	21,469	566,799
<b>Total Assets</b>	<b>19,018,717</b>	<b>5,656,763</b>	<b>15,059,824</b>	<b>39,735,304</b>
<b>Liabilities</b>				
Payables	-	676,351	1,719	678,070
Net assets attributable to unitholders	-	39,057,234	-	39,057,234
<b>Total Liabilities</b>	<b>-</b>	<b>39,733,585</b>	<b>1,719</b>	<b>39,735,304</b>
<b>Net currency exposure</b>	<b>19,018,717</b>	<b>(34,076,822)</b>	<b>15,058,105</b>	

**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2010

**10. Financial risk management** (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

United China-India Dynamic Growth Fund

**As at 31 December 2010**

	HKD	INR	SGD	Others	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Portfolio of investments	56,391,396	53,471,447	-	-	109,862,843
Receivables	6,684	4,097	69,731	-	80,512
Sales awaiting settlement	-	204,801	-	-	204,801
Cash and bank balances	113,295	1,241,229	2,565,738	742,853	4,663,115
<b>Total Assets</b>	<b>56,511,375</b>	<b>54,921,574</b>	<b>2,635,469</b>	<b>742,853</b>	<b>114,811,271</b>
<b>Liabilities</b>					
Payables	1,751	-	883,933	76,288	961,972
Purchases awaiting settlement	179,681	319,640	-	-	499,321
Net assets attributable to unitholders	-	-	113,349,978	-	113,349,978
<b>Total Liabilities</b>	<b>181,432</b>	<b>319,640</b>	<b>114,233,911</b>	<b>76,288</b>	<b>114,811,271</b>
<b>Net currency exposure</b>	<b>56,329,943</b>	<b>54,601,934</b>	<b>(111,598,442)</b>	<b>666,565</b>	

**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2010

**10. Financial risk management** (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

United High Grade Corporate Bond Fund

**As at 31 December 2010**

	USD \$	SGD \$	Others \$	Total \$
<b>Assets</b>				
Portfolio of investments	27,494,798	-	3,888,988	<b>31,383,786</b>
Receivables	-	-	59	<b>59</b>
Cash and bank balances	1,173,877	307,417	789	<b>1,482,083</b>
<b>Total Assets</b>	<b>28,668,675</b>	<b>307,417</b>	<b>3,889,836</b>	<b>32,865,928</b>
<b>Liabilities</b>				
Payables	240	127,834	-	<b>128,074</b>
Net assets attributable to unitholders	-	32,925,078	-	<b>32,925,078</b>
<b>Total Liabilities</b>	<b>240</b>	<b>33,052,912</b>	<b>-</b>	<b>33,053,152</b>
<b>Net Assets</b>	<b>28,668,435</b>	<b>(32,745,495)</b>	<b>3,889,836</b>	<b>(187,224)</b>
Notional value of forward foreign exchange contracts	(5,122,560)	7,028,092	(1,718,308)	
<b>Net currency exposure</b>	<b>23,545,875</b>	<b>(25,717,403)</b>	<b>2,171,528</b>	

**United Global Recovery Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2010

**10. Financial risk management** (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

United High Grade Corporate Bond Fund (continued)

As at 31 December 2009

	USD \$	SGD \$	Others \$	Total \$
<b>Assets</b>				
Portfolio of investments	25,520,839	-	6,129,079	31,649,918
Financial derivatives at fair value	117,800	-	-	117,800
Cash and bank balances	1,095,752	116,272	254,800	1,466,824
<b>Total Assets</b>	<u>26,734,391</u>	<u>116,272</u>	<u>6,383,879</u>	<u>33,234,542</u>
<b>Liabilities</b>				
Payables	24	125,034	-	125,058
Net assets attributable to unitholders	-	33,205,270	-	33,205,270
<b>Total Liabilities</b>	<u>24</u>	<u>33,330,304</u>	<u>-</u>	<u>33,330,328</u>
<b>Net Assets</b>	<u>26,734,367</u>	<u>(33,214,032)</u>	<u>6,383,879</u>	<u>(95,786)</u>
Notional value of forward foreign exchange contracts	<u>(23,867,150)</u>	<u>27,487,130</u>	<u>(3,496,164)</u>	
<b>Net currency exposure</b>	<u>2,867,217</u>	<u>(5,726,902)</u>	<u>2,887,715</u>	

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Investments, which is the significant item in the balance sheet is exposed to currency risk, other price risk and interest rate risk. Price risk sensitivity analysis includes the impact of currency risk on non-monetary investments. Consequently, currency risk sensitivity analysis is prepared and disclosed only for monetary assets and liabilities. The table below summarises the sensitivity of the sub-funds' monetary assets and liabilities to changes in foreign exchange movements as at 31 December 2010 and 2009. The analysis is based on the assumptions that the functional currency increased / decreased to the relevant foreign exchange rates as disclosed below. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

Currency	2010		2009	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	\$	%	\$	%
<u>United High Grade Corporate Bond Fund</u>				
USD	<b>1,412,753</b>	<b>6</b>	172,033	6

United Asia Recovery Fund and United China-India Dynamic Growth Fund

Currency risk sensitivity analysis has not been disclosed for United Asia Recovery Fund and United China-India Dynamic Growth Fund since the sub-funds' financial assets and liabilities are significantly denominated in Singapore dollars, being the functional currency of the sub-funds.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

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

The table below summarises the impact of increases/decreases from the sub-funds' underlying investments in equities on the sub-funds' net assets attributable to unitholders at 31 December 2010 and 2009. 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 sub-funds' investments moved according to the historical correlation with the index.

Benchmark components	2010		2009	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	\$	%	\$	%
<u>United Asia Recovery Fund</u>				
MSCI AC Far East ex Japan	<b>3,331,736</b>	<b>20</b>	8,221,612	20
<u>United China-India Dynamic Growth Fund</u>				
50% MSCI China and 50% MSCI India	<b>25,817,768</b>	<b>25</b>		

(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.

United China-India Dynamic Growth Fund's and United Asia Recovery Fund's financial assets and liabilities are largely non-interest bearing. Hence, the sub-funds are not subjected to risk due to fluctuations in the prevailing levels of market interest rates.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. United High Grade Corporate Bond Fund holds interest bearing securities that expose the sub-fund to fair value interest rate risk. The sub-fund holds securities of varying maturities and interest rate sensitivities. Movement in market interest rates will affect the valuation of the sub-fund's securities by varying degrees. The sub-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 table below summarises United High Grade Corporate Bond Fund's exposure to interest rate risks. They include the sub-fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

#### United High Grade Corporate Bond Fund

**As at 31 December 2010**

	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Portfolio of investments	-	31,383,786	-	<b>31,383,786</b>
Receivables	-	-	59	<b>59</b>
Financial derivatives at fair value	-	-	535,856	<b>535,856</b>
Cash and bank balances	1,482,083	-	-	<b>1,482,083</b>
<b>Total Assets</b>	<b>1,482,083</b>	<b>31,383,786</b>	<b>535,915</b>	<b>33,401,784</b>
<b>Liabilities</b>				
Payables	-	-	128,074	<b>128,074</b>
Financial derivatives at fair value	-	-	348,632	<b>348,632</b>
Net assets attributable to unitholders	-	-	32,925,078	<b>32,925,078</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>33,401,784</b>	<b>33,401,784</b>

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

#### United High Grade Corporate Bond Fund (continued)

As at 31 December 2009

	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Portfolio of investments	1,409,674	30,240,244	-	31,649,918
Financial derivatives at fair value	-	-	752,571	752,571
Cash and bank balances	1,466,824	-	-	1,466,824
<b>Total Assets</b>	<b>2,876,498</b>	<b>30,240,244</b>	<b>752,571</b>	<b>33,869,313</b>
<b>Liabilities</b>				
Payables	-	-	125,058	125,058
Financial derivatives at fair value	-	-	538,985	538,985
Net assets attributable to unitholders	-	-	33,205,270	33,205,270
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>33,869,313</b>	<b>33,869,313</b>

As at 31 December 2010, should interest rates have lowered or risen by 200 basis points ("bps") (2009: 100 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the year/period would be \$3,312,880 (2009: \$334,520).

The sub-fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of changes on the earnings of certain companies in which the sub-fund invests and impact on the valuation of certain over-the-counter derivative products that use market interest rates as an input. Therefore, the above sensitivity analysis may not fully indicate the total effect on the sub-fund's net assets attributable to unitholders of future movements in interest rates.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(b) Liquidity risk

The sub-funds are exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the sub-funds maintain 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 sub-funds' investments in listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

The table below analyses the sub-funds' 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.

United Asia Recovery Fund

**As at 31 December 2010**

	<b>Less than 3 months \$</b>	<b>3 months to 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Payables	121,067	-	-	-
Net assets attributable to unitholders	<b>15,244,037</b>	-	-	-

As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	678,070	-	-	-
Net assets attributable to unitholders	<b>39,057,234</b>	-	-	-

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(b) Liquidity risk (continued)

United China-India Dynamic Growth Fund

**As at 31 December 2010**

	Less than 3 months	3 months to 1 year	1-5 years	Above 5 years
	\$	\$	\$	\$
Purchases awaiting settlement	499,321	-	-	-
Payables	961,972	-	-	-
Net assets attributable to unitholders	<u>113,349,978</u>	-	-	-

United High Grade Corporate Bond Fund

**As at 31 December 2010**

	Less than 3 months	3 months to 1 year	1-5 years	Above 5 years
	\$	\$	\$	\$
Derivative financial instruments				
- inflow	27,765,660	21,616,056	-	-
- outflow	(27,473,988)	(21,720,504)	-	-
Payables	128,074	-	-	-
Net assets attributable to unitholders	<u>32,925,078</u>	-	-	-

**As at 31 December 2009**

	Less than 3 months	3 months to 1 year	1-5 years	Above 5 years
	\$	\$	\$	\$
Derivative financial instruments				
- inflow	28,283,187	17,874,220	-	-
- outflow	(28,705,765)	(17,970,560)	-	-
Payables	125,058	-	-	-
Net assets attributable to unitholders	<u>33,205,270</u>	-	-	-

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

As such, the sub-funds do not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the sub-funds do not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

The sub-funds invest in financial assets, which have an investment grade as rated by Moody's. The credit ratings are reviewed regularly.

The table below analyses the sub-funds' investments by credit ratings expressed as a percentage of net assets attributable to unitholders.

United High Grade Corporate Bond Fund

**As at 31 December 2010**

	Aa2	Aa3	A1	A2	A3	
Fixed rate securities	4%	2%	4%	13%	15%	
	Baa1	Baa2	Baa3	Ba1	Ba2	B1
	12%	20%	13%	4%	3%	5%

**As at 31 December 2009**

	Aa2	Aa3	A1	A2	A3
Fixed rate securities	4%	2%	8%	12%	21%
Floating rate securities	-	2%	-	-	-
			Baa1	Baa2	Baa3
			18%	22%	4%
			2%	-	-

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(c) Credit risk (continued)

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents and derivative positions held with financial institutions. The table below summarises the credit rating of banks and custodians in which the sub-funds' assets are held as at 31 December 2010 and 2009.

United Asia Recovery Fund

**As at 31 December 2010**

<u>Bank</u>	<b>Credit rating</b>	<b>Source of credit rating</b>
HSBC Group	B+	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>	<b>Credit rating</b>	<b>Source of credit rating</b>
HSBC Group	B+	Moody's

**As at 31 December 2009**

<u>Bank</u>	Credit rating	Source of credit rating
HSBC Group	B+	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>	Credit rating	Source of credit rating
HSBC Group	B+	Moody's

United China-India Dynamic Growth Fund

**As at 31 December 2010**

<u>Bank</u>	<b>Credit rating</b>	<b>Source of credit rating</b>
HSBC Group	B+	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>	<b>Credit rating</b>	<b>Source of credit rating</b>
HSBC Group	B+	Moody's

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(c) Credit risk (continued)

United High Grade Corporate Bond Fund

**As at 31 December 2010**

	Credit rating	Source of credit rating
<u>Bank</u>		
HSBC Group	B+	Moody's
United Overseas Bank Limited	B	Moody's
 <u>Custodian</u>		
HSBC Group	B+	Moody's
 <u>Counterparties of forward foreign exchange and future contracts</u>		
United Overseas Bank Limited	B	Moody's

**As at 31 December 2009**

	Credit rating	Source of credit rating
<u>Bank</u>		
HSBC Group	B+	Moody's
United Overseas Bank Limited	B	Moody's
 <u>Custodian</u>		
HSBC Group	B+	Moody's
 <u>Counterparties of forward foreign exchange and future contracts</u>		
JP Morgan Chase Bank NA	B	Moody's
United Overseas Bank Limited	B	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Financial risk management (continued)

(d) Capital management

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

### 11. Related party transactions

- (a) The Manager and the Trustee of the sub-funds are UOB Asset Management Ltd and HSBC Institutional Trust Services (Singapore) Limited respectively. UOB Asset Management Ltd is a subsidiary of United Overseas Bank Limited and HSBC Institutional Trust Services (Singapore) Limited is a subsidiary of HSBC Holdings Plc.

Management, administration 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 sub-funds shown in the Statements 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/period, the sub-funds maintained the following accounts with the related parties:

	<u>United Asia</u> <u>Recovery Fund</u>	<u>United</u> <u>China-India</u> <u>Dynamic</u> <u>Growth Fund</u>	
	2010	2009	2010
	\$	\$	\$
<u>United Overseas Bank Limited</u>			
Bank balances	<u>9,587</u>	10,875	<u>1</u>
<u>HSBC Group</u>			
Bank balances	<u>68,084</u>	555,924	<u>4,663,114</u>

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 11. Related party transactions (continued)

- (b) As at the end of the financial year/period, the sub-funds maintained the following accounts with the related parties: (continued)

	<u>United High Grade Corporate Bond Fund</u>	
	2010	2009
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	<b>9,419</b>	1,316
<u>HSBC Group</u>		
Bank balances	<b>1,472,664</b>	1,331,255

- (c) The following transactions took place during the financial year/period between the sub-funds and related parties as terms agreed between the parties as follows:

	<u>United Asia Recovery Fund</u>		<u>United China-India Dynamic Growth Fund</u>
	For the financial year ended 31 December 2010	For the financial period from 31 August 2009 (date of inception) to 31 December 2009	For the financial period from 21 December 2009 (date of inception) to 31 December 2010
	\$	2009	2010
	\$	\$	\$
<u>United Overseas Bank Limited</u>			
Bank charges	30	-	-
<u>HSBC Group</u>			
Bank charges	5,624	120	12,008
Interest income	8	31	-
Interest expense	<b>1,829</b>	111	<b>430</b>

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 11. Related party transactions (continued)

- (c) The following transactions took place during the financial year/period between the sub-funds and related parties as terms agreed between the parties as follows: (continued)

	<b><u>United High Grade Corporate Bond Fund</u></b>	
	<b>For the financial year ended 31 December 2010</b>	For the financial period from 24 July 2009 (date of inception) to 31 December 2009
	\$	\$
<u>HSBC Group</u>		
Bank charges	880	-
Interest income	603	-
Interest expense	1,460	347
	1,460	347

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

As at the end of the financial year/period, the Fund has brokerage fee paid or payable to UOB Kay Hian Pte Ltd as follows:

	<b><u>United Asia Recovery Fund</u></b>	
	<b>2010</b>	2009
	\$	\$
Brokerage charges	764	-
	764	-

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 12. Financial ratios

	<u>United Asia Recovery Fund</u>	<u>United China-India Dynamic Growth Fund</u>
<b>For the financial year ended 31 December 2010</b>	For the financial period from 31 August 2009 (date of inception) to 31 December 2009	<b>For the financial period from 21 December 2009 (date of inception) to 31 December 2010</b>
Expense ratio <sup>1</sup> (SGD Class)	1.11%	1.12%
Expense ratio <sup>1</sup> (JPY Class)	-	-
Turnover ratio <sup>2</sup>	<b>15.75%</b>	<b>106.38%</b>
<hr/>		
	<u>United High Grade Corporate Bond Fund</u>	For the financial period from 24 July 2009 (date of inception) to 31 December 2009
	<b>For the financial year ended 31 December 2010</b>	<b>For the financial period from 24 July 2009 (date of inception) to 31 December 2009</b>
Expense ratio <sup>1</sup> (SGD Class)	1.54%	1.66%
Turnover ratio <sup>2</sup>	<b>106.19%</b>	<b>22.45%</b>
<hr/>		

<sup>1</sup> The expense ratios are 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 sub-funds do not pay any performance fees.

<sup>2</sup> The turnover ratios are calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

# United Global Recovery Funds

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 13. Comparatives

#### **United Asia Recovery Fund**

The financial statements cover the financial year from 1 January 2010 to 31 December 2010 and the comparatives cover the financial period from 31 August 2009 (date of inception) to 31 December 2009. Accordingly, the comparatives for the Statement of Total Return and related notes to the financial statements are not comparable.

The Administration fee component amount to S\$12,689 has been reclassified to "Amount due to Manager" from "Amount due to Trustee" for the financial period from 31 August 2009 (date of inception) to 31 December 2009. The figures have been adjusted to conform with the presentation in the current financial year.

#### **United China-India Dynamic Growth Fund**

No comparatives figures have been presented for United China-India Dynamic Growth Fund as this is the first set of annual financial statements since its inception.

#### **United High Grade Corporate Bond Fund**

The financial statements cover the financial year from 1 January 2010 to 31 December 2010 and the comparatives cover the financial period from 24 July 2009 (date of inception) to 31 December 2009. Accordingly, the comparatives for the Statement of Total Return and related notes to the financial statements are not comparable.

The Administration fee component amount to S\$10,439 has been reclassified to "Amount due to Manager" from "Amount due to Trustee" for the financial period from 24 July 2009 (date of inception) to 31 December 2009. The figures have been adjusted to conform with the presentation in the current financial year.



