



United Enhanced Income Fund

Semi Annual Report

for the period 1st July to
31st December 2009

United Enhanced Income Fund

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

MANAGER

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

OPERATIONS ADDRESS

80 Raffles Place
#06-00, UOB Plaza 2
Singapore 048624
Tel: 1800 22 22 228

DIRECTORS OF UOB ASSET MANAGEMENT

Terence Ong Sea Eng
Yeo Eng Cheong
Thio Boon Kiat

TRUSTEE

RBC Dexia Trust Services Singapore Limited
20 Cecil Street
#28-01, Equity Plaza
Singapore 049705

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street
#17-00, PWC Building
Singapore 048424

SOLICITORS TO THE MANAGER

Tan Peng Chin LLC
30 Raffles Place
#11-00, Chevron House
Singapore 048622

SOLICITORS TO THE TRUSTEE

Shook Lin & Bok LLP
1 Robinson Road
#18-00, AIA Tower
Singapore 048542

United Enhanced Income Fund

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

A) Fund Performance

Fund Performance	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 02 July 2007 Ann Comp Ret
United Enhanced Income Fund	0.00	3.03	5.59	NA	NA	NA	-8.59

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.

For the six months ended 31 December 2009, the Fund **rose 3.03%** on a net asset value basis in Singapore dollar terms. The global equity market, as measured by the MSCI AC World Index, rose 19.62%, while the global bond market, as measured by the Citigroup G7 Sovereign Bond Index, rose 0.71% during this period.

The investment objective of the Fund is to achieve optimum risk-adjusted total returns for investors, so as to offer both regular income distributions as well as capital growth. To enhance the returns of the Fund, we invest in five diversified asset classes – Bonds, Equities, Foreign Exchange, Interest Rate and Volatility – employing a carry-to-risk strategy.

The Fund gains exposure to these carry strategies via swap transactions, and rebalances the weights among the five Alphas on a quarterly basis, although the Fund may occasionally rebalance on a more frequent basis depending on the market conditions. Within each of these five different asset classes, the respective strategy may rebalance and replace the trading positions on a weekly or monthly basis. The remaining funds are invested in highly rated sovereign debt and corporate bonds.

As at end December 2009, we held 97% of the Fund in bond holdings, 1% in swaps and 2% in cash and equivalents. Our bond holdings were 58% in Asia ex-Japan bonds, 1% in Middle Eastern bonds, 26% in US bonds, 7% in UK bonds and 5% in Supra-national bonds.

Market and Portfolio Review

Financial markets rebounded sharply during the period under review as the banking sector was stabilised, credit markets were unfrozen and economic indicators turned upwards. Alongside the recovery in risk markets the volatility level in the various asset classes declined significantly from the extreme levels seen during the worst months of the crisis. This improvement in volatility made the market more conducive to carry trades but carry trades were only put on selectively and in smaller volumes.

Although the global economy emerged from recession in the second half of 2009, the key central banks in the Developed Economies kept reiterating that they would keep interest rates very low until the economic recovery was on a more secure footing. By contrast, economic activity in the Emerging Markets (EM) rebounded swiftly and the prospect of EM central banks being the first to raise interest rates led to strong upward pressure on their currencies.

United Enhanced Income Fund

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

Over the period under review, the carry trade strategy employed by the Fund was equally allocated between FX Alpha and Interest Rate Alpha.

The FX Alpha strategy returned a flat performance during this period. From July to September, FX Alpha had a positive performance when a weakening US dollar resulted in gains from the long positions in EM currencies such as the Brazilian Real and the Hungarian Forint. In the period between October and December, carry trades picked up as the US Fed reaffirmed its dovish stance and the US dollar continued to depreciate against most major currencies. However, US employment data was much stronger than expected in early December and the US dollar strengthened. The FX Alpha's earlier gains were given up as the Euro and Hungarian Forint, in which FX Alpha had long positions, depreciated sharply against the US dollar.

The Interest Rate Alpha had a slight loss of 3.23% during this period. We expected interest rate curves to steepen with short term rates staying low as central banks stayed on hold and long term rates rising because of increasing inflation expectations. However, there was a divergence in the rates of economic recovery with, as mentioned, US data surprising on the upside and the UK and Eurozone lagging. This resulted in negative performances from the positions put on for interest rate steepening and the interest rate spreads between the markets.

Market Outlook and Strategy

The return of the global economy to positive growth will be positive for the continued recovery of risk appetite and investors are likely to continue to reduce their cash holdings and to increase their investment holdings. However there is still a great deal of uncertainty in the financial environment especially as political and regulatory risks have risen significantly. These risks mean that there is the potential for volatility to spike up again.

Given this environment, we continue to focus on FX Alpha and Interest Rate Alpha in the first quarter of 2010, with equal weights between them. We have no positions in the Bond Alpha, Equity Alpha and Variance Alpha strategies for now.

What will drive carry opportunities in FX Alpha and Interest Rate Alpha are the divergent policies of the central banks in the Developed and Emerging Markets. Among the Developed Markets, the central banks and Australia and Norway, both resource-based economies, have already begun raising interest rates and are likely to continue to do so in 2010. Among the Emerging Markets, the risk of inflation and the concern about asset prices overshooting are likely to drive EM central banks to tighten in the coming months. China has already begun reining in liquidity and the same can be expected from other EMs. The US Federal Reserve is however likely to remain on hold in the first half of 2010 and the US dollar appears to have replaced the yen as the funding currency for carry trades. Given the US growing fiscal deficit and its dependence on foreigners to fund its debt, the US dollar has entered a phase of structural weakness. The US dollar however tends to rally when risk aversion rises as it is also seen as a safe haven currency.

United Enhanced Income 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 2009 under review classified by

	Fair Value (S\$)	% of NAV
i) Country		
Quoted Bonds		
Australia	2,278,710	5.10
Hong Kong	1,895,522	4.25
Malaysia	2,693,830	6.03
New Zealand	395,461	0.89
Singapore	16,095,605	36.05
South Korea	3,067,922	6.87
Supra National	2,105,227	4.72
United Arab Emirates	368,061	0.82
United Kingdom	3,000,845	6.72
United States	11,477,976	25.71
Portfolio of investments	43,379,159	97.16
Other net assets	1,268,800	2.84
Total	44,647,959	100.00
ii) Industry		
Consumer Discretionary	1,028,149	2.30
Consumer Staples	573,788	1.29
Energy	1,642,837	3.68
Financials	15,092,703	33.80
Government	6,902,254	15.46
Government Agency	1,426,798	3.19
Industrials	1,299,478	2.91
Local Government	1,506,240	3.38
Property Trust	8,124,905	18.20
Sovereign Guaranteed	305,316	0.69
Supra National	2,105,227	4.72
Telecommunication Services	378,572	0.85
Utilities	2,992,892	6.69
Portfolio of investments	43,379,159	97.16
Other net assets	1,268,800	2.84
Total	44,647,959	100.00
iii) Asset Class		
Fixed Income	43,379,159	97.16
Other net assets	1,268,800	2.84
Total	44,647,959	100.00

United Enhanced Income 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 2009 under review classified by (continued)

	Fair Value (S\$)	% of NAV
iv) Credit rating of debt securities of S&P		
AAA	8,631,877	19.34
AA	12,683,952	28.41
A	11,833,272	26.50
BBB	1,018,748	2.28
NR	9,211,310	20.63
Total	43,379,159	97.16
iv) Credit rating of debt securities of Moody's		
Aaa	8,631,877	19.34
Aa	13,317,913	29.83
A	12,396,803	27.76
Baa	7,745,386	17.35
NR	1,287,180	2.88
Total	43,379,159	97.16

C) Top Ten Holdings

The top 10 holdings as at 31 December 2009 and 31 December 2008

10 largest holdings at 31 December 2009	Fair value (S\$)	Percentage of total net assets attributable to unitholders %
GENERAL ELEC CAP CORP 3.03% DUE 11/02/2013	4,942,855	11.07
CAPITALCOMMERCIAL TRUST 3.05% DUE 17/03/2010	4,045,098	9.06
JOHN HANCOCK GF II 4.28% DUE 22/02/2011	3,664,478	8.21
STANDARD CHARTERED PLC 5.75% DUE 30/04/2014	2,259,466	5.06
SINGAPORE GOVERNMENT BOND 3.625% DUE 01/07/2014	2,248,434	5.04
ASIAN DEVELOPMENT BANK 3.27% DUE 08/02/2012	2,105,227	4.72
SINGAPORE GOVERNMENT BOND 3.50% DUE 01/03/2027	2,068,744	4.63
ASCENDAS REAL ESTATE INV 4.75% DUE 29/04/2011	2,057,451	4.61
CMT MTN PTE LTD 3.25% DUE 01/04/2010	2,022,356	4.53
WOODSIDE FINANCE LTD 8.125% DUE 01/03/2014	1,642,837	3.68

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

C) Top Ten Holdings (continued)

10 largest holdings at 31 December 2008	Fair value (S\$)	Percentage of total net assets attributable to unitholders %
SINGAPORE GOVERNMENT BOND 3.625% DUE 01/07/2014	4,506,420	7.90
GENERAL ELEC CAP CORP 3.03% DUE 11/02/2013	4,236,909	7.42
CAPITALCOMMERCIAL TRUST 3.05% DUE 17/03/2010	3,970,699	6.96
JOHN HANCOCK GF II 4.28% DUE 22/02/2011	3,722,139	6.52
SINGAPORE GOVERNMENT BOND 3.50% DUE 01/03/2027	2,287,557	4.01
MALAYSIAN GOVT BOND 4.032% DUE 15/09/2009	2,121,066	3.72
ASIAN DEVELOPMENT BANK 3.27% DUE 08/02/2012	2,120,720	3.72
CMT MTN PTE LTD 3.25% DUE 01/04/2010	2,028,964	3.55
FANNIE MAE 2.29% DUE 19/02/2009	2,016,020	3.53
ASIF GLOBAL FING XXVII 2.38% DUE 26/2/2009	1,991,673	3.49

D) Exposure to derivatives

i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2009

	31 December 2009				
	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Forward foreign exchange contracts	300,000	19,071	0.04%	-	0.00%
Index Swap	49,138,250	1,485,303	3.33%	848,609	1.90%

ii) There was a net gain of SGD 326,431 on derivative contracts realised for the period 01 July 2009 to 31 December 2009

iii) There was a net loss of SGD 849,993 on outstanding derivative contracts marked to market as at 31 December 2009.

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2009

	Fair Value (S\$)	% of NAV
ASCENDAS REAL ESTATE INV 4.75% DUE 29/04/2011	2,057,451	4.61
CAPITALCOMMERCIAL TRUST 3.05% DUE 17/03/2010	4,045,098	9.06
CMT MTN PTE LTD 3.25% DUE 01/04/2010	2,022,356	4.53

United Enhanced Income Fund

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

F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2009

N/A

G) Amount of redemptions and subscriptions for the period 01 July 2009 to 31 December 2009

Total amount of redemptions	SGD	9,300,250
Total amount of subscriptions	SGD	197,192

H) The amount and terms of related-party transactions for the period 01 July 2009 to 31 December 2009

i) As at 31 December 2009 the Fund maintained current accounts with the United Overseas Bank Limited as follows :

Bank balances	SGD	19,158
---------------	-----	--------

ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2009

N/A

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

N/A

iv) As at 31 December 2009 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

I) Expense ratios

31 December 2009	1.96%
31 December 2008	1.98%

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

J) Turnover ratios

31 December 2009	2.96%
31 December 2008	12.56%

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 Enhanced Income Fund

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

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

- i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2009 and 31 December 2008

N/A

- ii) expense ratios for the period ended 31 December 2009 and 31 December 2008. 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 2009 and 31 December 2008

N/A

M) Soft dollar commissions/arrangements

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

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

United Enhanced Income Fund

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

STATEMENT OF TOTAL RETURN

For the half year ended 31 December 2009 (Un-audited)

	Notes	31 December 2009 \$	31 December 2008 \$
Income			
Interest		2,002	21,122
Less: Expenses			
Management fee	12	371,306	539,647
Trustee fee	12	10,641	14,391
Audit fee		6,758	5,852
Registrar fee	12	13,443	13,443
Custody fee		60,056	6,722
Interest expenses		10	20
Valuation fee	12	30,942	44,971
Other expenses		30,604	57,968
		523,760	683,014
Net loss		(521,758)	(661,892)
Net gains or losses on value of investments			
Net realised gain/(loss) on investments		979,593	(261,900)
Net change in fair value on investments		1,052,567	536,580
Net realised gain/(loss) on financial derivatives		326,431	(11,277,331)
Net change in fair value on financial derivatives		(849,993)	1,518,001
Net foreign exchange gain		125,575	100,209
		1,634,173	(9,384,441)
Net gain/(loss) on value of investments		1,634,173	(9,384,441)
Total return/(deficit) for the period		1,112,415	(10,046,333)

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

United Enhanced Income Fund

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

BALANCE SHEET

As at 31 December 2009 (Un-audited)

		31 December 2009 \$	30 June 2009 \$
	Notes		
ASSETS			
Portfolio of investments		43,379,159	47,531,236
Receivables	4	388	2,744
Cash and bank balances	5	822,395	1,685,077
Financial derivatives at fair value	7	1,504,374	4,084,222
Total Assets		45,706,316	53,303,279
LIABILITIES			
Payables	6	209,748	488,837
Financial derivatives at fair value	7	848,609	175,840
Net assets attributable to unitholders	8	44,647,959	52,638,602
Total Liabilities		45,706,316	53,303,279

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

United Enhanced Income Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary			
Quoted Bonds			
AUSTRALIA			
GE CAP AUSTRALIA FUNDING 4.515% DUE 12/06/2012	250,000	255,389	0.57
SPI ELECTRICITY & GAS AUTHORITY 6.15% DUE 15/11/2013	250,000	380,484	0.85
WOODSIDE FINANCE LTD 8.125% DUE 01/03/2014	1,000,000	1,642,837	3.68
TOTAL AUSTRALIA		2,278,710	5.10
HONG KONG			
HONG KONG MTG COMPANY 1.93% DUE 26/04/2010	1,500,000	1,506,240	3.38
HUTCHISON WHAMP INTERNATIONAL LTD 6.5% DUE 13/02/2013	250,000	389,282	0.87
TOTAL HONG KONG		1,895,522	4.25
MALAYSIA			
MALAYAN BANKING BERHAD VAR PERP MALAYSIAN GOVT BOND 3.833% DUE 28/09/2011	1,000,000	1,018,748	2.28
MALAYSIAN GOVT BOND 3.869% DUE 13/04/2010	2,000,000	844,066	1.89
TOTAL MALAYSIA		2,693,830	6.03
NEW ZEALAND			
ANZ NATIONAL INTL NZ 6.2% DUE 19/07/2013	250,000	395,461	0.89

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

United Enhanced Income Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary (continued)			
Quoted Bonds			
SINGAPORE			
ASCENDAS REAL ESTATE INV 4.75% DUE 29/04/2011	2,000,000	2,057,451	4.61
CAPITALCOMMERCIAL TRUST 3.05% DUE 17/03/2010	4,000,000	4,045,098	9.06
CMT MTN PTE LTD 3.25% DUE 01/04/2010	2,000,000	2,022,356	4.53
SING TELECOMMUNICATION 6.375% DUE 01/12/2011	250,000	378,572	0.85
SINGAPORE GOVERNMENT BOND 2.50% DUE 01/10/2012	864,000	909,994	2.04
SINGAPORE GOVERNMENT BOND 3.50% DUE 01/03/2012	2,000,000	2,068,744	4.63
SINGAPORE GOVERNMENT BOND 3.625% DUE 01/07/2014	2,000,000	2,248,434	5.04
SP POWERASSETS LTD EMTN 4.19% DUE 18/08/2015	1,000,000	1,065,478	2.38
ST ENGINEERING FIN LTD 4.8% DUE 16/07/2019	900,000	1,299,478	2.91
TOTAL SINGAPORE		16,095,605	36.05
SOUTH KOREA			
EXPORT-IMPORT BK KOREA 6.03% DUE 15/01/2010	1,000,000	1,058,737	2.37
HANA BANK 6.50% DUE 09/04/2012 (GOVT GT)	200,000	305,316	0.69
KOREA ELECTRIC POWER CORP 3.125% DUE 26/07/2010	670,000	1,371,743	3.07
KOREA GAS CORP 4.75% DUE 26/11/2010	122,000	175,187	0.39
WOORI BANK 7% DUE 02/02/2015	100,000	156,939	0.35
TOTAL SOUTH KOREA		3,067,922	6.87

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

United Enhanced Income Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary (continued)			
Quoted Bonds			
SUPRA NATIONAL			
ASIAN DEVELOPMENT BANK 3.27% DUE 08/02/2012	2,000,000	2,105,227	4.72
UNITED ARAB EMIRATES			
MUBADALA DEVELOPMENT CO 5.75% DUE 06/05/2014	250,000	368,061	0.82
UNITED KINGDOM			
BP CAPITAL MARKETS PLC 3.75% DUE 17/06/2013	500,000	741,379	1.66
STANDARD CHARTERED PLC 5.75% DUE 30/04/2014	1,000,000	2,259,466	5.06
TOTAL UNITED KINGDOM		3,000,845	6.72
UNITED STATES			
CARGILL INC 6.25% DUE 24/07/2015	250,000	573,788	1.29
GENERAL ELEC CAP CORP 3.03% DUE 11/02/2013	5,000,000	4,942,855	11.07
GOLDMAN SACHS 5.15% DUE 25/10/2010	250,000	259,031	0.58
JOHN HANCOCK GF II 4.28% DUE 22/02/2011	3,500,000	3,664,478	8.21
MCDONALD'S CORP 3.6275% DUE 10/10/2010	1,000,000	1,028,149	2.30
MORGAN STANLEY 3.585% DUE 23/10/2012	1,000,000	1,009,675	2.26
TOTAL UNITED STATES		11,477,976	25.71
Portfolio of investments		43,379,159	97.16
Other net assets		1,268,800	2.84
Net assets attributable to unitholders		44,647,959	100.00

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

United Enhanced Income Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
By Geography - Primary (Summary)			
Quoted Bonds			
Australia	2,278,710	5.10	4.16
Hong Kong	1,895,522	4.25	3.63
Malaysia	2,693,830	6.03	11.36
New Zealand	395,461	0.89	0.70
Singapore	16,095,605	36.05	32.96
South Korea	3,067,922	6.87	5.51
Supra National	2,105,227	4.72	3.89
United Arab Emirates	368,061	0.82	0.69
United Kingdom	3,000,845	6.72	5.42
United States	11,477,976	25.71	21.98
Portfolio of investments	43,379,159	97.16	90.30
Other net assets	1,268,800	2.84	9.70
Net assets attributable to unitholders	44,647,959	100.00	100.00

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

United Enhanced Income Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
By Industry - Secondary			
Quoted Bonds			
Consumer Discretionary	1,028,149	2.30	1.96
Consumer Staples	573,788	1.29	1.07
Energy	1,642,837	3.68	3.01
Financials	15,092,703	33.80	29.02
Government	6,902,254	15.46	23.78
Government Agency	1,426,798	3.19	2.67
Industrials	1,299,478	2.91	-
Local Government	1,506,240	3.38	2.87
Property Trust	8,124,905	18.20	15.21
Sovereign Guaranteed	305,316	0.69	0.58
Supra National	2,105,227	4.72	3.89
Telecommunication Services	378,572	0.85	0.75
Utilities	2,992,892	6.69	5.49
Portfolio of investments	43,379,159	97.16	90.30
Other net assets	1,268,800	2.84	9.70
Net assets attributable to unitholders	44,647,959	100.00	100.00

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

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

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

1. General

United Enhanced Income Fund (the “Fund”) is a Singapore registered trust fund constituted by a Trust Deed dated 9 May 2007 between UOB Asset Management Ltd (the “Manager”) and RBC Dexia Trust Services Singapore Limited (the “Trustee”). The Deed is governed by the laws of the Republic of Singapore.

The Fund had commenced operation on 02 July 2007.

The primary activity is that of investment trading. The Fund’s investment objective is to achieve to provide investors with:

- (a) regular payouts;
- (b) capital growth; and
- (c) optimum risk adjusted total return,

by investing, globally, in cash, cash-equivalents, high quality bonds and other fixed income securities rated BBB- (BBB Minus) and above, and by enhancing the yield and capital growth of the Fund with derivative transactions while taking steps to reduce the downside risks. The Manager may also invest in other Authorised Investments to achieve its investment objectives.

2. Significant accounting policies

(a) Basis of accounting

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

The financial statements are expressed in Singapore dollars.

(b) Recognition of income

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

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

2. Significant accounting policies (continued)

(c) Investments (continued)

(ii) *Subsequent measurement*

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

(iii) *Derecognition*

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

(d) Basis of valuation of investments

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

(e) Foreign currency translation

(i) *Functional and presentation currency*

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

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

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statement of Total Return within the fair value net gain or loss.

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

2. Significant accounting policies (continued)

(f) Financial derivatives

Financial derivatives including forwards and swaps 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 Statement of Total Return.

(g) Expenses charged to the Fund

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

(h) Distribution policy

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. This amount shall not be treated as part of the property of the Fund.

3. Income tax

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

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Singapore Income Tax Act); and
- (iii) dividends derived from outside Singapore and received in Singapore.

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

4. Receivables

	31 December 2009	30 June 2009
	\$	\$
Amount due from unitholders	388	2,744

5. Cash and bank balances

	31 December 2009	30 June 2009
	\$	\$
Current account	822,395	1,685,077

6. Payables

	31 December 2009	30 June 2009
	\$	\$
Amount due to unitholders	97	245,354
Amount due to Manager	192,567	220,094
Amount due to Trustee	4,727	5,398
Other creditors and accrued expenses	12,357	17,991
	209,748	488,837

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

7. Fair value of financial derivative contracts

Financial derivative contracts comprises of foreign exchange contracts for the sale and purchase of foreign currencies and Index Swap. 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.

	31 December 2009		
	Contract or underlying principal amount \$	Positive fair value \$	Negative fair value \$
Forward foreign exchange contracts	300,000	19,071	-
Index swap	49,138,250	1,485,303	848,609
Total		1,504,374	848,609
		30 June 2009	
	Contract or underlying principal amount \$	Positive fair value \$	Negative fair value \$
Forward foreign exchange contracts	1,380,094	10,554	175,840
Index swap	50,657,250	4,073,668	-
Total		4,084,222	175,840

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

8. Net assets attributable to unitholders

	31 December 2009	30 June 2009
	\$	\$
At the beginning of the financial period/year	52,638,602	76,796,384
Operations		
Change in net assets attributable to unitholders resulting from operations	1,112,415	(9,160,887)
Unitholders' contributions/(withdrawals)		
Creation of units	197,192	1,041,104
Cancellation of units	(9,300,250)	(16,037,999)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(9,103,058)	(14,996,895)
Total decrease in net assets attributable to unitholders	(7,990,643)	(24,157,782)
At the end of the financial period/year	44,647,959	52,638,602
Units in issue (Note 9)	66,418,021	79,886,154
	\$	\$
Net assets attributable to unitholders per unit	0.67	0.66

9. Units in issue

	31 December 2009	30 June 2009
Units at beginning of the period/year	79,886,154	102,305,055
Units created	293,128	1,417,149
Units cancelled	(13,761,261)	(23,836,050)
Units at end of the period/year	66,418,021	79,886,154

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

10. Distribution to unitholders

The Manager does not propose any distribution to unitholders for the financial period ended 31 December 2009 (31 December 2008: Nil).

11. Financial risk management

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

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

(a) Market risk

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

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

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

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

As at 31 December 2009

	MYR \$	EUR \$	SGD \$	USD \$	Total \$
Assets					
Portfolio of investments	1,675,082	4,204,997	31,266,084	6,232,996	43,379,159
Receivables	-	-	388	-	388
Cash and bank balances	-	-	802,000	20,395	822,395
Fair value of financial derivative contract	-	-	-	1,485,303	1,485,303
Total Assets	1,675,082	4,204,997	32,068,472	7,738,694	45,687,245
Liabilities					
Payables	-	-	209,748	-	209,748
Fair value of financial derivative contracts	-	-	-	848,609	848,609
Net assets attributable to unitholders	-	-	44,647,959	-	44,647,959
Total Liabilities	-	-	44,857,707	848,609	45,706,316
Net Assets	1,675,082	4,204,997	(12,789,235)	6,890,085	(19,071)
Forward foreign exchange contracts (notional value)	-	-	300,000	(280,790)	
Net currency exposure	1,675,082	4,204,997	(12,489,235)	6,609,295	

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 30 June 2009

	MYR \$	EUR \$	SGD \$	USD \$	Others \$	Total \$
Assets						
Portfolio of investments	3,785,414	4,055,365	33,733,936	4,702,501	1,254,020	47,531,236
Receivables	-	-	2,744	-	-	2,744
Cash and bank balances	-	-	1,623,150	61,927	-	1,685,077
Fair value of financial derivative contract	-	-	-	4,073,668	-	4,073,668
Total Assets	3,785,414	4,055,365	35,359,830	8,838,096	1,254,020	53,292,725
Liabilities						
Payables	-	-	488,113	724	-	488,837
Net assets attributable to unitholders	-	-	52,638,602	-	-	52,638,602
Total Liabilities	-	-	53,126,715	724	-	53,127,439
Net Assets	3,785,414	4,055,365	(17,766,885)	8,837,372	1,254,020	165,286
Forward foreign exchange contracts (notional value)	-	-	1,380,094	(289,470)	(1,255,843)	
Net currency exposure	3,785,414	4,055,365	(16,386,791)	8,547,902	(1,823)	

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. 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 and interest rate risk. Currency risk sensitivity analysis is prepared and disclosed only for monetary assets and liabilities. The table below summarises the sensitivity of the Fund's monetary assets and liabilities to changes in foreign exchange movements at 31 December 2009 and 30 June 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	31 December 2009		30 June 2009	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	\$	%	\$	%
MYR	67,003	4	151,417	4
EUR	294,350	7	283,876	7
USD	396,558	6	427,395	5

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. 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 Fund seeks to enhance the yield and capital growth by employing various strategies via over-the-counter derivatives, such as futures contracts, interest rate swaps, total return swaps, options (puts and calls) purchased or sold by the Fund, and structured notes.

Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, credit risk, and the risk that a derivative may not have the effect the Manager anticipated. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate, or index. Any use of derivatives strategies entails the risks of investing directly in the securities or instruments underlying the derivatives strategies, as well as the risks of using derivatives generally.

The Fund may from time to time employ derivatives such as put options to reduce its exposure to price risks.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in these strategies on the Fund's net assets attributable to unitholders at 31 December 2009 and 30 June 2009. The analysis is based on the assumption that the performance of these strategies increased/ decreased by a reasonable possible shift, with all other variables held constant.

Strategies Performance			
increase / decrease by 3%			
(30 June 2009: 3%)			
Impact on net assets			
attributable to unitholders			
31 December 2009		30 June 2009	
+ 3%	- 3%	+ 3%	- 3%
\$	\$	\$	\$
United Enhanced Income Fund	565,660	(2,348,629)	1,909,690 (1,909,690)

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

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

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. The Fund holds interest bearing securities that expose the Fund to fair value interest rate risk. The fund holds securities of varying maturities and interest rate sensitivities. Movement in market interest rates will affect the valuation of the fund's securities by varying degrees. The Fund's policy requires the Manager to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities.

The table below summarises the Fund's exposure to interest rate risks. They include the 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.

As at 31 December 2009

	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
Assets				
Portfolio of investments	1,018,748	42,360,411	-	43,379,159
Receivables	-	-	388	388
Cash and bank balances	822,395	-	-	822,395
Financial derivatives at fair value	1,485,303	-	19,071	1,504,374
Total Assets	3,326,446	42,360,411	19,459	45,706,316
Liabilities				
Payables	-	-	209,748	209,748
Financial derivatives at fair value	-	-	848,609	848,609
Net assets attributable to unitholders	-	-	44,647,959	44,647,959
Total Liabilities	-	-	45,706,316	45,706,316

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

As at 30 June 2009

	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
Assets				
Portfolio of investments	941,024	46,590,212	-	47,531,236
Receivables	-	-	2,744	2,744
Cash and bank balances	1,685,077	-	-	1,685,077
Financial derivatives at fair value	-	-	4,084,222	4,084,222
Total Assets	2,626,101	46,590,212	4,086,966	53,303,279
Liabilities				
Payables	-	-	488,837	488,837
Financial derivatives at fair value	-	-	175,840	175,840
Net assets attributable to unitholders	-	-	52,638,602	52,638,602
Total Liabilities	-	-	53,303,279	53,303,279

As at 31 December 2009, should interest rates have lowered or risen by 100 basis points ("bps") (30 June 2009: 100 bps) with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the period/year would be \$1,354,640 (30 June 2009: \$1,419,283).

The 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 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 Fund's net assets attributable to holders of redeemable shares of future movements in interest rates.

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(b) Liquidity risk

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

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

The Manager may from time to time employ derivatives to implement a portfolio strategy, to reduce risk or for the purpose of efficient portfolio management. Market liquidity of complex derivatives are significantly less than traditional investment instruments and such positions may therefore require a longer time to reverse than would be typically be expected for traditional investment instruments. No such investments were held at the balance sheet date.

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

As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Derivative financial instruments				
- inflows	-	-	-	-
- outflows	848,609	-	-	-
Payables	209,748	-	-	-
Net assets attributable to unitholders	44,647,959	-	-	-

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(b) Liquidity risk (continued)

As at 30 June 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Derivative financial instruments				
- inflows	1,080,094	-	-	-
- outflows	(1,255,934)	-	-	-
Payables	488,837	-	-	-
Net assets attributable to unitholders	52,638,602	-	-	-

(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 Fund does not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

The Fund invests in financial assets, which have an investment grade as rated by Moody's. The credit ratings are reviewed regularly.

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(c) Credit risk (continued)

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

As at 31 December 2009

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Non rated</u>
Fixed rate securities	19%	31%	25%	17%	3%
Floating rate securities	-	-	2%	-	-

As at 30 June 2009

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Non rated</u>
Fixed rate securities	21%	21%	28%	14%	4%
Floating rate securities	-	-	2%	-	-

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

As at 31 December 2009

	<u>Credit rating</u>	<u>Source of Credit rating</u>
<u>Bank</u>		
State Street Bank & Trust Co.	B	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>		
State Street Bank & Trust Co.	B	Moody's
<u>Counterparties of forward foreign exchange contracts</u>		
Citibank NA	C-	Moody's
BNP Paribas	B	Moody's

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

11. Financial risk management (continued)

(c) Credit risk (continued)

As at 30 June 2009

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	B	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>		
State Street Bank & Trust Co.	B	Moody's
<u>Counterparties of forward foreign exchange contracts</u>		
Citibank N.A.	C-	Moody's
JP Morgan Chase Bank NA	B	Moody's

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

(d) Capital management

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

12. Related party transactions

- (a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and RBC Dexia Trust Services Singapore Limited respectively. UOB Asset Management Ltd is a subsidiary of United Overseas Bank Ltd. RBC Dexia Trust Services Singapore Limited is a subsidiary of RBC Investor Services, a joint venture between Dexia Banque Internationale A. Luxembourg S.A. and Royal Bank Of Canada.

Management and valuation fees are paid to the Manager, while trustee fee is paid to the Trustee and the registrar fee is paid to HSBC Securities (Transfer Agency) Pte Ltd, a Subsidiary of HSBC Holdings Plc. These fees paid or payable by the Fund are shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

United Enhanced Income Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

12. Related party transactions (continued)

- (b) As at the end of the financial period, the Fund maintained the following accounts with the related party:

	31 December 2009	30 June 2009
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	19,158	9,027

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

	31 December 2009	31 December 2008
	\$	\$
Bank charges	75	-
Interest expense	10	-
Interest income	-	4,617
	-	4,617

13. Financial ratios

	31 December 2009	31 December 2008
Expense ratio ¹	1.96%	1.98%
Turnover ratio ²	2.96%	12.56%

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

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

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

This page has been intentionally left blank.

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

This page has been intentionally left blank.

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

This page has been intentionally left blank.

