



# United Global Internet Fund

**Annual Report**

for the financial year ended  
31<sup>st</sup> December 2009



# United Global Internet Fund

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

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## **MANAGER**

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

## **OPERATIONS ADDRESS**

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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**

Allen & Gledhill LLP  
One Marina Boulevard  
#28-00  
Singapore 018989

## **SOLICITORS TO THE TRUSTEE**

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

# United Global Internet Fund

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

## A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth %	6 mth %	1 yr %	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 12 June 2000 Ann Comp Ret
	Growth	Growth	Growth				
United Global Internet Fund	2.32	21.91	45.80	-3.06	-1.55	NA	-5.15
Benchmark	9.34	27.04	60.09	-0.98	-2.83	NA	-13.25

Source: Lipper, a Thomson Reuters Company, 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: The composite Benchmark comprises of the following indices: 10% Bloomberg Asia Pacific Internet, 10% Bloomberg Euro Internet & 80% Bloomberg US Internet.

For the period ending 31 December 2009, the net asset value of the Fund **rose 45.8%** against a 60.1% rise in the benchmark, a composite of Bloomberg Internet indices, in Singapore dollar terms. The weaker performance came from the Fund's underweight position in the US and overweight position in Asia Pacific. However our stock selections in Asia were able to partly offset the underperformance from market allocation. Our investments in Asia rose by 87% compared to the Asia Pacific Internet benchmark return of +31.1%.

Key contributors to performance came from **Scripps** (+209%); **Rovi** (+141%); **Hong Kong Exchanges and Clearing** (+91%); **Comdisco** (+37%); **Wisdomtree** (+158%) and **Mcclatchy** (+516%).

Key detractors to performance came from **Leucadia** (-41%) and **NYSE Euronext** (-6%).

At the end of the review period, our holdings were 76.5% in the US, 3% in Europe, 19% in Asia- Pacific, with the remaining 1.5% in cash.

## Market and Portfolio Review

Global equity markets continued their decline in the early months of 2009. Very weak economic data, the continued uncertainty over the US banking sector and the still frozen credit markets all led to a further withdrawal of risk appetite. The markets bottomed in March 2009 and went on to rally strongly for the rest of the year.

During the period under review, Internet stocks outperformed the broader market in the US and Europe. The S&P 500 was up by 23% while the Bloomberg US Internet index was up by 64.3%. The Euro Stoxx 50 index was up by 27.4% while the Bloomberg Euro Internet index rose by 55%. Asia Pacific Internet stocks however underperformed the MSCI Asia Pacific Index. The MSCI Asia Pacific index was up by 34.8% while the Bloomberg Asia Pacific Internet index was up by only 31.1%.

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During the period under review, the key investment theme of the portfolio continued to be the global securities exchanges. While many investors view securities exchanges as “financial” or “capital market” businesses, we view securities exchanges such as the **NASDAQ**, the **New York Stock Exchange**, **Hong Kong Exchanges and Clearing** and the **Singapore Stock Exchange** as platforms of applied technology for the facilitation of trade, clearing and settlement. Some of the global leading exchanges have returns on equity of 15-20% and are trading at undemanding valuations.

The Fund’s more conventional Internet holdings, the search engines/portals **Yahoo**, **NHN** and **eBay**, performed well during the period under review as they showed they have the ability to maintain loyalty among their users.

The Fund benefited from its exposure to E-commerce platform providers such as **Visa** and **Mastercard**. These companies continued to deliver healthy earnings despite the weak macro environment.

The Fund’s exposure to the IT hardware sub-sector also contributed positively to returns. We turned more bullish on this sector due to evidence of restocking across the supply chain and a pick up in demand. With inventories across the sector still lean and a demand outlook that appears resilient, the sector is poised for a healthy rebound into 2010. Key beneficiaries include **Hon Hai**, **Digital China** and **Nippon Electric Glass**.

## Market Outlook and Strategy

The Internet is steadily becoming a part of everyday life for more and more people. Apart from the pure Internet companies, there are also a number of related sectors which provide different investment opportunities across the cycle.

The Internet gaming industry is one area of focus for the Fund. The key end markets here are China and Korea. China’s Internet penetration rate is expected to hit almost 28% in 2010, adding a staggering 90 million new users alone in that year. **Shanda Games**, **Changyou.com** and **NCsoft** are among the leading content providers or game publishers which have a strong presence in China.

The Fund is gradually increasing its exposure to the e-commerce sector. E-commerce is both replacing the more traditional forms of commerce as well as creating completely new markets. We expect demand for e-commerce to pick up in both the consumer and corporate sectors and investment opportunities are found in platform providers or adopters such as **Amazon** and **Google**.

We have a positive medium term outlook for the IT hardware and software sub-sectors due to favourable volume trends. The corporate PC replacement cycle is on track and this will benefit the PC food chain such as **Dell** and **Micron**. IT spending is also set to normalise in 2010 after the severe cutbacks in 2009 and this should accelerate the demand for enterprise software and services.

Internet companies will offer amongst the highest growth rates of the technology companies as new products and services evolve. Conversely, internet companies also have higher business risks than the typical brick-and-mortar companies and we reduce this risk by diversifying the portfolio with investments in e-commerce and traditional IT companies.

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## 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
<b>i) Country</b>		
Australia	152,092	3.12
Belgium	146,241	3.00
Canada	197,579	4.06
China	26,261	0.54
Hong Kong	201,918	4.15
Japan	38,335	0.79
Singapore	33,280	0.68
South Korea	193,941	3.98
Taiwan	281,211	5.78
United States	3,526,402	72.42
Portfolio of investments	4,797,260	98.52
Other net assets	71,878	1.48
<b>Total</b>	<b>4,869,138</b>	<b>100.00</b>
<b>ii) Industry</b>		
Consumer Discretionary	1,133,311	23.28
Financials	1,353,023	27.79
Industrials	250,470	5.14
Information Technology	1,936,702	39.78
Telecommunication Services	123,754	2.53
Portfolio of investments	4,797,260	98.52
Other net assets	71,878	1.48
<b>Total</b>	<b>4,869,138</b>	<b>100.00</b>
<b>iii) Asset Class</b>		
Equities	4,797,260	98.52
Other net assets	71,878	1.48
<b>Total</b>	<b>4,869,138</b>	<b>100.00</b>
<b>iv) Credit rating of debt securities</b>		
N/A		

# United Global Internet Fund

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## 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 %
SCRIPPS COMPANY (E.W) - CLASS A	392,981	8.07
ROVI CORP	223,579	4.59
HONG KONG EXCHANGES & CLEARING	201,918	4.15
HON HAI PRECISION INDUSTRY	196,539	4.04
NHN CORPORATION	193,941	3.98
COMDISCO HOLDING COMPANY	189,744	3.90
RITCHIE BROS. AUCTIONEERS	151,155	3.10
STRAYER EDUCATION INC	149,163	3.06
NYSE EURONEXT	149,007	3.06
GROUPE BRUXELLES LAMBERT SA	146,239	3.00

### 10 largest holdings at 31 December 2008

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
MANTECH INTERNATIONAL CORPORATION	327,004	9.36
MACROVISION SOLUTION CORPORATION	167,032	4.78
NYSE EURONEXT	165,559	4.74
COMDISCO HOLDING COMPANY	151,711	4.34
LEUCADIA NATIONAL CORPORATION	150,479	4.31
RITCHIE BROS. AUCTIONEERS	146,957	4.20
NASDAQ STOCK MARKET INC	135,174	3.87
CACI INTERNATIONAL INC	129,668	3.71
GROUPE BRUXELLES LAMBERT SA	125,240	3.58
NHN CORPORATION	124,429	3.56

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## D) Exposure to derivatives

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

N/A

- ii) net gains/losses on derivative contracts realised during the financial year ended 31 December 2009

N/A

- iii) net gains/losses on outstanding derivative contracts marked to market as at 31 December 2009

N/A

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

N/A

## 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 financial year ended 31 December 2009

Total amount of redemptions	SGD	298,634
Total amount of subscriptions	SGD	86,308

## H) The amount and terms of related-party transactions for the financial year ended 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	4,514
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- 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.

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## I) Expense ratios

31 December 2009	3.36%
31 December 2008	3.35%

*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 Fund does not pay any performance fees.*

## J) Turnover ratios

31 December 2009	38.52%
31 December 2008	9.09%

*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 2009 and 31 December 2008

N/A

- ii) expense ratios for the financial year 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 financial year ended 31 December 2009 and 31 December 2008

N/A

<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.

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## **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.

The Sub-manager, Kinetics Asset Management, Inc (KAMI), does not have any soft dollar arrangement in relation to the Fund.

# United Global Internet Fund

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## REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and to hold the assets of United Global Internet Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (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 Fund during the financial year covered by these financial statements, set out on pages 12 to 30 comprising the Statement of Total Return, Balance Sheet, Portfolio Statement 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  
RBC DEXIA TRUST SERVICES SINGAPORE LIMITED

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Authorised signatory

22 March 2010

# United Global Internet Fund

(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 12 to 30, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Fund as at 31 December 2009 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager  
UOB ASSET MANAGEMENT LTD

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Authorised signatory

22 March 2010

# United Global Internet Fund

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## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL INTERNET FUND**

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

We have audited the financial statements of United Global Internet Fund (the "Fund") set out on pages 12 to 30, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2009, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 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 Fund as at 31 December 2009 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

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PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants

Singapore,  
22 March 2010

# United Global Internet Fund

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

## STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2009

	Notes	2009 \$	2008 \$
<b>Income</b>			
Dividends		50,592	148,479
Interest		49	733
		<b>50,641</b>	<b>149,212</b>
<b>Less: Expenses</b>			
Management fee	9	75,135	97,315
Trustee fee	9	2,147	2,781
Audit fee		13,633	12,840
Valuation fee	9	8,587	11,122
Registrar fee	9	16,050	16,449
Custody fee		5,833	8,051
Interest expenses		(419)	491
Other expenses		24,043	20,399
		<b>145,009</b>	<b>169,448</b>
<b>Net loss</b>		<b>(94,368)</b>	<b>(20,236)</b>
<b>Net gains or losses on value of investments</b>			
Net realised (loss)/gain on investments		(284,075)	74,147
Net change in fair value on investments		1,929,326	(2,844,902)
Net foreign exchange gain		35,963	16,560
<b>Net gain/(loss) on value of investments</b>		<b>1,681,214</b>	<b>(2,754,195)</b>
<b>Total return/(deficit) for the year before income tax</b>		<b>1,586,846</b>	<b>(2,774,431)</b>
Less : Income tax	3	(690)	(20,380)
<b>Total return/(deficit) for the year</b>		<b>1,586,156</b>	<b>(2,794,811)</b>

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

# United Global Internet Fund

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## BALANCE SHEET

As at 31 December 2009

	Notes	2009 \$	2008 \$
<b>ASSETS</b>			
Portfolio of investments		<b>4,797,260</b>	2,935,037
Receivables	4	<b>904</b>	748
Cash and bank balances		<b>111,988</b>	594,047
<b>Total Assets</b>		<b>4,910,152</b>	3,529,832
<b>LIABILITIES</b>			
Payables	5	<b>41,014</b>	34,524
Net assets attributable to unitholders	6	<b>4,869,138</b>	3,495,308
<b>Total Liabilities</b>		<b>4,910,152</b>	3,529,832

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

# United Global Internet Fund

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

## PORTFOLIO STATEMENT

As at 31 December 2009

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography - Primary Quoted Equities</b>			
<b>AUSTRALIA</b>			
AUSTRALIAN STOCK EXCHANGE LIMITED	1,000	44,041	0.90
COMPUTERSHARE LIMITED	7,500	108,051	2.22
<b>TOTAL AUSTRALIA</b>		<b>152,092</b>	<b>3.12</b>
<b>BELGIUM</b>			
GROUPE BRUXELLES LAMBERT SA	1,100	146,239	3.00
GROUPE BRUXELLES LAMBERT STR WPR	100	2	-
<b>TOTAL BELGIUM</b>		<b>146,241</b>	<b>3.00</b>
<b>CANADA</b>			
RITCHIE BROS. AUCTIONEERS	4,800	151,155	3.10
TMX GROUP INC	600	26,604	0.55
URBANA CORPORATION - NON VOTING CLASS A	10,000	19,820	0.41
<b>TOTAL CANADA</b>		<b>197,579</b>	<b>4.06</b>
<b>CHINA</b>			
DIGITAL CHINA HOLDINGS LTD	14,000	26,261	0.54
<b>HONG KONG</b>			
HONG KONG EXCHANGES & CLEARING	8,000	201,918	4.15
<b>JAPAN</b>			
NIPPON ELECTRIC GLASS CO LTD	2,000	38,335	0.79
<b>SINGAPORE</b>			
SINGAPORE EXCHANGE LIMITED	4,000	33,280	0.68
<b>SOUTH KOREA</b>			
NHN CORPORATION	840	193,941	3.98

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## PORTFOLIO STATEMENT

As at 31 December 2009

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
<b>TAIWAN</b>			
CHROMA ATE INC	26,607	84,672	1.74
HON HAI PRECISION INDUSTRY	29,555	196,539	4.04
<b>TOTAL TAIWAN</b>		<b>281,211</b>	<b>5.78</b>
<b>UNITED STATES</b>			
ALLOY INC	2,500	27,377	0.56
AMERICAN PUBLIC EDUCATION INC	300	14,472	0.30
BANK OF NEW YORK MELLON CORPORATION	1,800	70,658	1.45
BROADRIDGE FINANCIAL SOLUTIONS INC	2,800	88,685	1.82
CISCO SYSTEMS INC	2,000	67,221	1.38
CME GROUP INC	200	94,331	1.94
COMDISCO HOLDING COMPANY	15,000	189,744	3.90
COMDISCO HOLDING COMPANY - RIGHTS	750,000	131,620	2.70
DIRECTV - CLASS A	27	1,264	0.03
DISCOVERY COMMUNICATIONS SERIES A	2	86	-
DISCOVERY COMMUNICATIONS SERIES B	5	214	0.01
DISCOVERY COMMUNICATIONS SERIES C	7	260	0.01
DST SYSTEMS INC	1,750	106,851	2.20
EBAY INC	2,000	66,042	1.36
FTI CONSULTING INC	1,500	99,315	2.04
INTERACTIVE BROKERS GROUP INC	2,000	49,756	1.02
INTERCONTINENTAL EXCHANGE INC	400	62,987	1.29
LABRANCHE & COMPANY INC	10,000	39,872	0.82
LEVEL 3 COMMUNICATIONS INC	15,000	31,799	0.65
LIBERTY GLOBAL INC - CLASS B	5	151	-
LIBERTY GLOBAL INC - CLASS C	2,006	61,537	1.26
LIBERTY MEDIA HOLDING CAP COMPANY- CLASS A	200	6,697	0.14
LIBERTY MEDIA HOLDING CAP COMPANY- CLASS B	5	167	-
LIBERTY MEDIA HOLDING INTERACTIVE - CLASS A	13	198	-
LIBERTY MEDIA HOLDING INTERACTIVE - CLASS B	25	378	0.01
LIBERTY MEDIA-STARZ SER B W/I	2	130	-
MASTERCARD INC - CLASS A	250	89,642	1.84
MSCI INC - CLASS A	2,500	111,614	2.29
Balance carried forward		1,413,068	29.02

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

# United Global Internet Fund

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## PORTFOLIO STATEMENT

As at 31 December 2009

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
<b>UNITED STATES (continued)</b>			
Balance brought forward		1,413,068	29.02
NASDAQ STOCK MARKET INC	3,800	105,740	2.17
NETAPP INC	1,500	72,339	1.49
NORTHERN TRUST CORPORATION	800	58,854	1.21
NVIDIA CORPORATION	900	23,578	0.48
NYSE EURONEXT	4,200	149,007	3.06
ORACLE CORPORATION	3,000	103,359	2.12
RCN CORPORATION	5,000	76,164	1.56
R.H. DONNELLEY CORPORATION	400	2	-
RISKMETRICS GROUP INC	2,000	44,646	0.92
ROVI CORP	5,000	223,579	4.59
SCRIPPS COMPANY (E.W) - CLASS A	40,333	392,981	8.07
SCRIPPS NETWORKS INTERACTIVE	1,000	58,264	1.20
STATE STREET CORPORATION	1,800	110,030	2.26
STRAYER EDUCATION INC	500	149,163	3.06
SUNSHINE PCS CORPORATION	1,900	67	-
THE MCCLATHCY COMPANY CLASS A	25,000	122,495	2.52
THE WASHINGTON POST COMPANY - CLASS B	100	61,712	1.27
VISA INC - CLASS A SHARES	800	98,052	2.01
WILEY (JOHN) & SONS - CIA	400	23,480	0.48
WISDOMTREE INVESTMENTS INC	50,000	129,865	2.67
XO HOLDINGS INC	20,000	15,724	0.32
YAHOO INC	4,000	94,233	1.94
<b>TOTAL UNITED STATES</b>		<b>3,526,402</b>	<b>72.42</b>
<b>Portfolio of investments</b>		<b>4,797,260</b>	<b>98.52</b>
<b>Other net assets</b>		<b>71,878</b>	<b>1.48</b>
<b>Net assets attributable to unitholders</b>		<b>4,869,138</b>	<b>100.00</b>

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

# United Global Internet Fund

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## PORTFOLIO STATEMENT

As 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 31 December 2008 %
<b>By Geography - Primary (Summary)</b>		
<b>Quoted Equities</b>		
Australia	3.12	0.96
Belgium	3.00	3.58
Canada	4.06	4.71
China	0.54	-
France	-	0.07
Hong Kong	4.15	3.13
Japan	0.79	2.61
New Zealand	-	0.52
Singapore	0.68	1.16
South Africa	-	0.33
South Korea	3.98	3.56
Spain	-	2.25
Taiwan	5.78	7.29
United Kingdom	-	1.45
United States	72.42	52.35
<b>Portfolio of investments</b>	<b>98.52</b>	<b>83.97</b>
<b>Other net assets</b>	<b>1.48</b>	<b>16.03</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

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

# United Global Internet Fund

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

## PORTFOLIO STATEMENT

As at 31 December 2009

	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 31 December 2008 %
<b>By Industry - Secondary Quoted Equities</b>			
Consumer Discretionary	1,133,311	23.28	10.98
Financials	1,353,023	27.79	22.80
Industrials	250,470	5.14	11.26
Information Technology	1,936,702	39.78	35.66
Telecommunication Services	123,754	2.53	3.27
<b>Portfolio of investments</b>	<b>4,797,260</b>	<b>98.52</b>	<b>83.97</b>
<b>Other net assets</b>	<b>71,878</b>	<b>1.48</b>	<b>16.03</b>
<b>Net assets attributable to unitholders</b>	<b>4,869,138</b>	<b>100.00</b>	<b>100.00</b>

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

# United Global Internet Fund

(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 2009

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

### 1. General

United Global Internet Fund (the “Fund”) is a Singapore registered trust fund constituted by a Trust Deed dated 26 April 2000 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’s investment objective is to achieve long-term capital appreciation by investing in a diversified portfolio of securities of companies involved in Internet services, e-commerce services, Internet infrastructure, Internet-related system integration and software, Internet-related system hardware and Internet-related business consultation, as well as traditional businesses which could materially benefit from the Internet and associated technologies.

### 2. Significant accounting policies

(a) Basis of accounting

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

The financial statements are expressed in Singapore dollars.

(b) Recognition of income

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

(c) Investments

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

(i) *Initial recognition*

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

# United Global Internet Fund

(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 2009

### 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 year in which they arise.

(iii) *Derecognition*

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

(d) Basis of valuation of investments

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

(e) Foreign currency translation

(i) *Functional and presentation currency*

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

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

(ii) *Transactions and balances*

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

# United Global Internet Fund

(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 2009

### 2. Significant accounting policies (continued)

(f) Expenses charged to the Fund

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

### 3. Income tax

	2009 \$	2008 \$
Overseas income tax	<u>690</u>	<u>20,380</u>

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

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

The overseas income tax represents tax withheld on foreign sourced income.

### 4. Receivables

	2009 \$	2008 \$
Dividend receivable	<u>904</u>	<u>748</u>

### 5. Payables

	2009 \$	2008 \$
Amount due to unitholders	551	-
Amount due to Manager	23,385	16,335
Amount due to Trustee	599	467
Other creditors and accrued expenses	<u>16,479</u>	<u>17,722</u>
	<u>41,014</u>	<u>34,524</u>

# United Global Internet Fund

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 6. Net assets attributable to unitholders

	2009 \$	2008 \$
<b>At the beginning of the financial year</b>	<b>3,495,308</b>	7,264,734
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>1,586,156</b>	(2,794,811)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>86,308</b>	28,531
Cancellation of units	<b>(298,634)</b>	(1,003,146)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(212,326)</b>	(974,615)
<b>Total increase/(decrease) in net assets attributable to unitholders</b>	<b>1,373,830</b>	(3,769,426)
<b>At the end of the financial year</b>	<b>4,869,138</b>	3,495,308
<b>Units in issue</b> (Note 7)	<b>8,530,940</b>	8,945,458
	<b>\$</b>	<b>\$</b>
<b>Net assets attributable to unitholders per unit</b>	<b>0.57</b>	0.39

### 7. Units in issue

	2009	2008
Units at beginning of the year	<b>8,945,458</b>	10,741,458
Units created	<b>178,246</b>	51,618
Units cancelled	<b>(592,764)</b>	(1,847,618)
Units at end of the year	<b>8,530,940</b>	8,945,458

# United Global Internet Fund

(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 2009

### 8. Financial risk management

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

The Fund's assets principally consist of financial instruments such as equity 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 investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

(i) Foreign exchange risk

The Fund has 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 Fund.

# United Global Internet Fund

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 8. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

As at 31 December 2009

	SGD \$	USD \$	KRW \$	EUR \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	33,280	3,677,557	193,941	146,241	746,241	<b>4,797,260</b>
Receivables	-	904	-	-	-	<b>904</b>
Cash and bank balances	96,142	4,036	-	3,869	7,941	<b>111,988</b>
<b>Total Assets</b>	<b>129,422</b>	<b>3,682,497</b>	<b>193,941</b>	<b>150,110</b>	<b>754,182</b>	<b>4,910,152</b>
<b>Liabilities</b>						
Payables	41,014	-	-	-	-	<b>41,014</b>
Net assets attributable to unitholders	4,869,138	-	-	-	-	<b>4,869,138</b>
<b>Total Liabilities</b>	<b>4,910,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,910,152</b>
<b>Net currency exposure</b>	<b>(4,780,730)</b>	<b>3,682,497</b>	<b>193,941</b>	<b>150,110</b>	<b>754,182</b>	

# United Global Internet Fund

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 8. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2008

	SGD \$	USD \$	KRW \$	EUR \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	40,560	1,976,858	124,429	206,222	586,968	2,935,037
Receivables	-	52	-	-	696	748
Cash and bank balances	66,449	480,138	-	8,704	38,756	594,047
<b>Total Assets</b>	<b>107,009</b>	<b>2,457,048</b>	<b>124,429</b>	<b>214,926</b>	<b>626,420</b>	<b>3,529,832</b>
<b>Liabilities</b>						
Payables	34,524	-	-	-	-	34,524
Net assets attributable to unitholders	3,495,308	-	-	-	-	3,495,308
<b>Total Liabilities</b>	<b>3,529,832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,529,832</b>
<b>Net currency exposure</b>	<b>(3,422,823)</b>	<b>2,457,048</b>	<b>124,429</b>	<b>214,926</b>	<b>626,420</b>	

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

# United Global Internet Fund

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

### 8. 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 Fund's underlying investments in equities on the Fund's net assets attributable to unitholders at 31 December 2009 and 2008. The analysis is based on the assumption that the index components within the benchmark increased/ decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the historical correlation with the index.

Benchmark components	2009		2008	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	\$	%	\$	%
The composite Benchmark comprises of the following indices:				
10% Bloomberg Asia Pacific Internet,				
10% Bloomberg Euro Internet &				
80% Bloomberg US Internet	<b>1,007,425</b>	<b>30</b>	537,112	30

(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.

The Fund's financial assets and liabilities are largely non-interest bearing. Hence, the Fund is not subjected to risk due to fluctuations in the prevailing levels of market interest rates.

# United Global Internet Fund

(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 2009

### 8. Financial risk management (continued)

#### (b) Liquidity risk

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

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

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

#### As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	41,014	-	-	-
Net assets attributable to unitholders	4,869,138	-	-	-

#### As at 31 December 2008

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	34,524	-	-	-
Net assets attributable to unitholders	3,495,308	-	-	-

# United Global Internet Fund

(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 2009

### 8. Financial risk management (continued)

(c) Credit risk

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

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

#### As at 31 December 2009

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	<b>B</b>	<b>Moody's</b>
United Overseas Bank Limited	<b>B</b>	<b>Moody's</b>
<u>Custodian</u>		
State Street Bank & Trust Co.	<b>B</b>	<b>Moody's</b>

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#### As at 31 December 2008

	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

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

# United Global Internet Fund

(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 2009

### 8. Financial risk management (continued)

#### (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.

### 9. 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 Limited. RBC Dexia Trust Services Singapore Limited is a subsidiary of RBC Dexia Investor Services, a joint venture between Dexia Banque Internationale A. Luxembourg S.A. and Royal Bank of Canada.

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

- (b) As at the end of the financial year, the Fund maintained current accounts with a related party:

	2009	2008
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	4,514	6,401

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

	2009	2008
	\$	\$
Bank charges	30	30
Interest expense	-	10

# United Global Internet Fund

(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 2009

### 10. Financial ratios

	2009	2008
Expense ratio <sup>1</sup>	3.36%	3.35%
Turnover ratio <sup>2</sup>	38.52%	9.09%

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<sup>1</sup> 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.

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

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