



United Global Internet Fund

Semi Annual Report

for the period 1st January to
30th June 2011

United Global Internet 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

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#14-01, HSBC Building
Singapore 049320

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

Drew & Napier LLC
20 Raffles Place
#18-00, Ocean Towers
Singapore 048620

United Global Internet Fund

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

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 12 June 2000 Ann Comp Ret
United Global Internet Fund	-7.93	-12.30	2.25	-1.24	-4.03	-2.10	-5.66
Benchmark	-4.94	-5.34	10.71	1.61	-0.81	-3.52	-12.09

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 ended 30 June 2011, the net asset value of the Fund decreased 12.3% against a 5.3% decline in the benchmark - a composite of Bloomberg Internet indices, in Singapore dollar terms.

The Fund's underperformance could be attributed to an underweight position in the Internet sector and overweight position in the Information Technology (IT) sector. The Internet sector bounced back thanks to the emergence of social networking and euphoria over new internet business models. Meanwhile, the IT sector was bogged down by pockets of weakness in the end demand.

Key contributors to performance included **Commvalut** (US), **Teradata** (US), **Blinkx** (UK), **Visa** (US), **Hewlett-Packard** (US), and **Amtek** (Singapore).

Key detractors from performance were **Chinacache** (China), **Research In Motion** (Canada), **Bluecoat** (US), **Cisco** (US), **Google** (US) and **Sony** (Japan).

The Fund was positioned (by region) as follows:

US/Canada (60.1%), Europe (11.7%) and Asia- Pacific (27.7%)

Market and Portfolio Review

The Fund pared its exposure in the Information Technology (IT), and in particular in the hardware component space such as **Intel**, **Micron** and **Elpida**. Worldwide PC shipment for the first six months of 2011 was slightly above expectations, thanks to resilient corporate demand. The continued weak consumer PC sentiments reflected both the subdued consumer behaviour and a structural shift towards Tablet PCs. Our holdings in IT included **Microsoft**.

Smart phone penetration rates continue to grow worldwide, and now account for at least 30% of worldwide unit shipments. The popularity of higher feature phones at lower selling prices was the main factor driving the strong shipment units during the period. **Research In Motion** (RIM) and **Motorola** were our key picks in the smartphone segment. New entrants Motorola and HTC did well in delivering credible Android-based phones to compete against incumbents Apple and RIM. We believe that the smart phone market is poised to grow in excess of 30% this year. The market has grown large enough to accommodate several vendors.

United Global Internet Fund

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

Enterprise IT is also a key focus of the Fund and we remain positive in the networking equipment space. Data capacity has been a major persistent constraint due to the proliferation of mobile internet devices such as tablets and smart phones. To address capacity issues, data centers around the world would have to upgrade critical networking equipment in order to optimize existing infrastructure and improve network efficiency. In this segment, we favour **IBM, F5, Commvault, Hitachi, Netapp** and **Teradata**.

The Fund's Internet-related holdings posted lacklustre performance. Traditional search engines/portals powerhouses **Google, Yahoo!** and **Yahoo! Japan** continue to retain respective market leadership, but underperformed during the period due to the lack of consumer interest in areas such as social networking. The network payment business of **Visa** held up well after regulatory issues have been addressed. We believe **Visa** is among the best proxies to gain exposure in the e-commerce theme, underpinned by changing spending patterns and the increased usage of both credit and debit cards.

Market Outlook and Strategy

The key area of focus for the Fund is in internet mobile devices segment, namely smart phones and Tablet PCs, enterprise networking and social networking.

Global smart phone shipment trajectory remains robust and now stands at 30% of the 1.2 billion global units shipped annually. **Apple** is still the undisputed leader with its iconic user interface and has been winning market share away from competitors. On the other hand, **RIM** is still the leader in the corporate market for its secured email functionality. **Motorola**, an Android-based smart phone producer, is gradually recovering lost grounds with its slew of product launches. Other indirect smart phone beneficiaries also include **ST Microelectronics, Infineon** and **Sandisk**.

The rise of mobile internet devices accompanied by a surge in data consumption has placed existing network infrastructure under intense strain. In particular, a shift in consumer behaviour had resulted in a sudden surge in internet traffic demand that was beyond the internet service providers' capacity. To address this, data centres all over the world are now deploying the latest networking equipment and software to compress internet traffic on existing transmission infrastructure. **Cisco, F5, Commvault, EMC,** and **Teradata** are well positioned to meet the challenges.

The Fund will increase its exposure in the area of social networking. Social networking is a paradigm shift to how the consumers use the internet as a form of communication. The Fund owns **DeNA, Yahoo!, Yahoo! Japan, Gameloft** and **Blinkx**. Given that this industry is still in its infancy stage, many of these companies are still unprofitable and valuation can be rich. Hence, our stock selection criteria will be more stringent as we focus on earnings sustainability and reasonable valuations.

In summary, the Fund will continue to take advantage of some of the secular shifts that are driving growth in the internet space. We will, however, be selective in terms of stock picks given the heightened risk to some business models in this segment, especially for the mobile software and social networking segment. The Fund will also look for more opportunities in the IT hardware and software sectors in order to mitigate some of the risks in the more volatile segments.

United Global Internet Fund

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

B) Investments at fair value and as a percentage of NAV as at 30 June 2011 under review classified by

	Fair Value (S\$)	% of NAV
i) Country		
Canada	70,723	2.17
France	170,924	5.25
Germany	74,264	2.28
Israel	132,599	4.07
Japan	768,970	23.62
United Kingdom	137,723	4.23
United States	1,885,229	57.92
Portfolio of investments	3,240,432	99.54
Other net assets	15,021	0.46
Total	3,255,453	100.00

ii) Industry		
Consumer Discretionary	73,978	2.27
Information Technology	3,097,174	95.14
Healthcare	69,280	2.13
Portfolio of investments	3,240,432	99.54
Other net assets	15,021	0.46
Total	3,255,453	100.00

iii) Asset Class		
Equities	3,240,432	99.54
Other net assets	15,021	0.46
Total	3,255,453	100.00

iv) Credit rating of debt securities

N/A

United Global Internet Fund

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

C) Top Ten Holdings

The top 10 holdings as at 30 June 2011 and 30 June 2010

10 largest holdings at 30 June 2011

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
GOOGLE INC - CLASS A	180,177	5.53
TERADATA CORPORATION	169,974	5.22
MICROSOFT CORP	159,465	4.90
VISA INC - CLASS A SHARES	150,002	4.61
YAHOO INC	147,607	4.53
HITACHI LTD	143,494	4.41
CISCO SYSTEMS INC	139,799	4.29
CHECK POINT SOFTWARE TECHNOLOGIES LIMITED	132,599	4.07
TDK CORPORATION	127,366	3.91
SANDISK CORPORATION	122,269	3.76

10 largest holdings at 30 June 2010

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
BROCADE COMMUNICATIONS SYSTEM INC	216,116	5.44
AIXTRON AG	188,465	4.75
NHN CORPORATION	175,626	4.42
SHANDA GAMES LIMITED - ADR	162,785	4.10
MICROSOFT	160,552	4.05
NETAPP INC	156,265	3.94
GOOGLE INC - CLASS A	155,274	3.91
YAHOO INC	154,353	3.89
ASML HOLDINGS NV	136,854	3.45
THINE ELECTRONICS INC	132,999	3.35

United Global Internet Fund

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

D) Exposure to derivatives

- i) fair value of derivative contracts and as a percentage of NAV as at 30 June 2011

N/A

- ii) net gains/losses on derivative contracts realised during the financial period ended 30 June 2011

N/A

- iii) net gains/losses on outstanding derivative contracts marked to market as at 30 June 2011

N/A

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 30 June 2011

N/A

F) Amount and percentage of borrowings to net asset value (NAV) as at 30 June 2011

N/A

G) Amount of redemptions and subscriptions for the period 01 January 2011 to 30 June 2011

Total amount of redemptions	SGD	622,102
Total amount of subscriptions	SGD	36,476

H) The amount and terms of related-party transactions for the period 01 January 2011 to 30 June 2011

- i) As at 30 June 2011 the Fund maintained current accounts with the United Overseas Bank Limited as follows:

Bank balances	SGD	9,096
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- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 30 June 2011

N/A

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

N/A

- iv) As at 30 June 2011 the brokerage income earned by UOB Kay Hian Pte Ltd was SGD 171.

United Global Internet Fund

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

I) Expense ratios

30 June 2011	4.44%
30 June 2010	3.40%

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

J) Turnover ratios

30 June 2011	76.67%
30 June 2010	124.74%

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")¹ should be disclosed as well

- i) top 10 holdings at fair value and as percentage of NAV as at 30 June 2011 and 30 June 2010

N/A

- ii) expense ratios for the period ended 30 June 2011 and 30 June 2010. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

N/A

- iii) turnover ratios for the period ended 30 June 2011 and 30 June 2010

N/A

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

United Global Internet Fund

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

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.

United Global Internet Fund

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

STATEMENT OF TOTAL RETURN

For the half year ended 30 June 2011 (Un-audited)

	Note	30 June 2011 \$	30 June 2010 \$
Income			
Dividends		12,053	13,525
Interest		-	1
		12,053	13,526
Less: Expenses			
Management fee	9	32,923	40,548
Trustee fee	9	822	1,158
Audit fee		6,899	6,397
Valuation fee	9	3,763	4,634
Registrar fee	9	7,439	7,439
Custody fee		5,734	9,760
Interest expenses		-	25
Other expenses		38,557	16,884
		96,137	86,845
Net loss		(84,084)	(73,319)
Net gains or losses on value of investments			
Net realised (loss)/gain on investments		(11,344)	759,236
Net change in fair value on investments		(323,670)	(1,367,133)
Net foreign exchange (loss)/gain		(4,662)	1,757
Net loss on value of investments		(339,676)	(606,140)
Total deficit for the period before income tax		(423,760)	(679,459)
Less: Income tax	3	(2,283)	(2,470)
Total deficit for the period		(426,043)	(681,929)

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)

BALANCE SHEET

As at 30 June 2011 (Un-audited)

		30 June 2011	31 December 2010
	Note	\$	\$
ASSETS			
Portfolio of investments		3,240,432	4,225,197
Receivables	4	-	3,567
Cash and bank balances		159,267	77,060
Total Assets		3,399,699	4,305,824
LIABILITIES			
Purchases awaiting settlement		63,317	-
Payables	5	80,929	38,702
Net assets attributable to unitholders	6	3,255,453	4,267,122
Total Liabilities		3,399,699	4,305,824

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 30 June 2011 (Un-audited)

	Holdings at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
By Geography - Primary Quoted Equities			
CANADA			
RESEARCH IN MOTION LIMITED	2,000	70,723	2.17
FRANCE			
GAMELOFT	11,000	97,695	3.00
GEMALTO NV	1,250	73,229	2.25
TOTAL FRANCE		170,924	5.25
GERMANY			
SAP AG	1,000	74,264	2.28
ISRAEL			
CHECK POINT SOFTWARE TECHNOLOGIES LIMITED	1,900	132,599	4.07
JAPAN			
DAINIPPON SCREEN MFG CO LTD	7,000	72,567	2.23
DENA CO LTD	1,200	63,022	1.94
HITACHI LTD	20,000	143,494	4.41
NINTENDO	200	45,541	1.40
NIPPON ELECTRIC GLASS CO LTD	4,000	62,383	1.92
SONY CORPORATION	2,300	73,978	2.27
TAIYO YUDEN CO LTD	4,000	63,234	1.94
TDK CORPORATION	1,900	127,366	3.91
YAHOO JAPAN CORPORATION	280	117,385	3.60
TOTAL JAPAN		768,970	23.62
UNITED KINGDOM			
BLINKX PLC	29,000	68,443	2.10
NANOCO GROUP PLC	43,000	69,280	2.13
TOTAL UNITED KINGDOM		137,723	4.23

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United Global Internet Fund

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

PORTFOLIO STATEMENT

As at 30 June 2011 (Un-audited)

	Holdings at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
By Geography - Primary (continued)			
Quoted Equities			
UNITED STATES			
AKAMAI TECHNOLOGIES INC	2,300	88,855	2.73
BLUE COAT SYSTEMS INC	4,300	115,287	3.54
CISCO SYSTEMS INC	7,300	139,799	4.29
CITRIX SYSTEMS INC	980	96,220	2.96
COMMVault SYSTEMS INC	2,000	109,109	3.35
F5 NETWORKS INC	820	110,971	3.41
GOOGLE INC - CLASS A	290	180,177	5.53
INTERNATIONAL BUSINESS MACHINE	550	115,739	3.56
MARVELL TECHNOLOGY GROUP LTD	5,300	96,033	2.95
MICROSOFT CORP	5,000	159,465	4.90
MOTOROLA MOBILITY HOLDINGS INC	3,100	83,722	2.58
SANDISK CORPORATION	2,400	122,269	3.76
TERADATA CORPORATION	2,300	169,974	5.22
VISA INC - CLASS A SHARES	1,450	150,002	4.61
YAHOO INC	8,000	147,607	4.53
TOTAL UNITED STATES		1,885,229	57.92
Portfolio of investments		3,240,432	99.54
Other net assets		15,021	0.46
Net assets attributable to unitholders		3,255,453	100.00

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 30 June 2011 (Un-audited)

	Percentage of total net assets attributable to unitholders at 30 June 2011 %	Percentage of total net assets attributable to unitholders at 31 December 2010 %
By Geography - Primary (Summary)		
Quoted Equities		
Canada	2.17	-
China	-	7.42
France	5.25	2.40
Germany	2.28	1.99
Israel	4.07	-
Japan	23.62	15.29
Singapore	-	2.53
Taiwan	-	6.63
United Kingdom	4.23	2.31
United States	57.92	60.45
Portfolio of investments	99.54	99.02
Other net assets	0.46	0.98
Net assets attributable to unitholders	100.00	100.00

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 30 June 2011 (Un-audited)

	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %	Percentage of total net assets attributable to unitholders at 31 December 2010 %
By Industry - Secondary Quoted Equities			
Consumer Discretionary	73,978	2.27	1.95
Information Technology	3,097,174	95.14	95.51
Materials	-	-	1.56
Healthcare	69,280	2.13	-
Portfolio of investments	3,240,432	99.54	99.02
Other net assets	15,021	0.46	0.98
Net assets attributable to unitholders	3,255,453	100.00	100.00

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)

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

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 and all supplemental deeds are governed by the laws of the Republic of Singapore.

With effect from 1 March 2011, the Trustee of the Fund has changed from RBC Dexia Trust Services Singapore Limited (the "Retired Trustee") to HSBC Institutional Trust Services (Singapore) Limited.

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.

(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.

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

2. Significant accounting policies (continued)

(c) Investments (continued)

(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 period/year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statement of Total Return within the fair value net gain or loss.

(f) Expenses charged to the Fund

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

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

3. Income tax

	30 June 2011	30 June 2010
	\$	\$
Overseas income tax	2,283	2,470

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 deducted at source on dividends derived from outside Singapore.

4. Receivables

	30 June 2011	31 December 2010
	\$	\$
Amounts receivable for creation of units	-	3,567

5. Payables

	30 June 2011	31 December 2010
	\$	\$
Amounts payable for cancellation of units	53,585	747
Amount due to Manager	16,960	20,942
Amount due to Trustee	348	535
Other creditors and accrued expenses	10,036	16,478
	80,929	38,702

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

6. Net assets attributable to unitholders

	30 June 2011	31 December 2010
	\$	\$
At the beginning of the financial period/year	4,267,122	4,869,138
Operations		
Change in net assets attributable to unitholders resulting from operations	(426,043)	(73,289)
Unitholders' contributions/(withdrawals)		
Creation of units	36,476	29,576
Cancellation of units	(622,102)	(558,303)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(585,626)	(528,727)
Total decrease in net assets attributable to unitholders	(1,011,669)	(602,016)
At the end of the financial period/year	3,255,453	4,267,122
Units in issue (Note 7)	6,517,540	7,561,526
	\$	\$
Net assets attributable to unitholders per unit	0.50	0.56

7. Units in issue

	30 June 2011	31 December 2010
Units at the beginning of the period/year	7,561,526	8,530,940
Units created	64,735	53,143
Units cancelled	(1,108,721)	(1,022,557)
Units at the end of the period/year	6,517,540	7,561,526

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

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 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 half year ended 30 June 2011 (Un-audited)

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 30 June 2011

	SGD \$	USD \$	JPY \$	EUR \$	Others \$	Total \$
Assets						
Portfolio of investments	-	2,017,828	768,970	245,188	208,446	3,240,432
Cash and bank balances	76,943	4,190	2,233	3,418	72,483	159,267
Total Assets	76,943	2,022,018	771,203	248,606	280,929	3,399,699

Liabilities

Purchases awaiting settlement	-	-	63,317	-	-	63,317
Payables	80,929	-	-	-	-	80,929
Net assets attributable to unitholders	3,255,453	-	-	-	-	3,255,453
Total Liabilities	3,336,382	-	63,317	-	-	3,399,699

Net currency exposure **(3,259,439)** **2,022,018** **707,886** **248,606** **280,929**

As at 31 December 2010

	SGD \$	USD \$	JPY \$	EUR \$	Others \$	Total \$
Assets						
Portfolio of investments	108,000	2,812,864	652,387	187,159	464,787	4,225,197
Receivables	3,567	-	-	-	-	3,567
Cash and bank balances	71,360	2,398	-	3,300	2	77,060
Total Assets	182,927	2,815,262	652,387	190,459	464,789	4,305,824

Liabilities

Payables	38,702	-	-	-	-	38,702
Net assets attributable to unitholders	4,267,122	-	-	-	-	4,267,122
Total Liabilities	4,305,824	-	-	-	-	4,305,824

Net currency exposure **(4,122,897)** **2,815,262** **652,387** **190,459** **464,789**

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

8. 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 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.

(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 30 June 2011 and 31 December 2010. 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 component	30 June 2011		31 December 2010	
	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

544,393	30	811,238	30
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(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)

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

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 30 June 2011

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Purchases awaiting settlement	63,317	-	-	-
Payables	80,929	-	-	-
Net assets attributable to unitholders	3,255,453	-	-	-

As at 31 December 2010

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	38,702	-	-	-
Net assets attributable to unitholders	4,267,122	-	-	-

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

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 Manager.

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 30 June 2011 and 31 December 2010.

As at 30 June 2011

	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

As at 31 December 2010

	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

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.

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

9. Related party transactions

- (a) The Manager of the Fund is UOB Asset Management Ltd, a subsidiary of United Overseas Bank Limited. The Trustee is RBC Dexia Trust Services Singapore Limited (prior to 1 March 2011), a subsidiary of RBC Investor Services, a joint venture between Dexia Banque Internationale A. Luxembourg S.A. and Royal Bank Of Canada, HSBC Institutional Trust Services (Singapore) Limited (with effect from 1 March 2011), a subsidiary of HSBC Holdings Plc.

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

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

	30 June 2011	31 December 2010
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	9,096	16,754

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

	30 June 2011	30 June 2010
	\$	\$
Bank charges	30	30
Interest expense	-	25

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

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

	30 June 2011	30 June 2010
	\$	\$
Brokerage charges	171	-

United Global Internet Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

10. Financial ratios

	30 June 2011	30 June 2010
Expense ratio ¹	4.44%	3.40%
Turnover ratio ²	76.67%	124.74%

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

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

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