



# United Global Internet Fund

**Semi Annual Report**

for the period 1<sup>st</sup> January to  
30<sup>th</sup> June 2009



# United Global Internet Fund

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

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## **MANAGER**

UOB Asset Management Limited  
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**

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
United Global Internet Fund	16.05	19.59	-9.27	-8.46	-5.43	NA	-7.48
Benchmark	15.79	26.02	-11.82	-6.89	-8.15	NA	-16.18

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 30 June 2009, the net asset value of the Fund **rose 19.6%** against a 26% rise in the benchmark, a composite of Bloomberg Internet indices, in Singapore dollar terms. The weaker relative performance came from underweight position in the US and Europe. Our stock selection in Asia however partly offset the underperformance in Europe and US. Our investments in Asia rose by 53% compared to the Bloomberg Asia Pacific Internet index return of +10.2%.

Key positive contributors to the portfolio came from our holdings in Macrovision (+70.3%); HK Exchanges and Clearing (+68.9%); NHN Corp (+43.2%); Shin Zu Shin (+91.6%); Hon Hai Precision (+81.2%) and State Street Corp (+67.3%).

However the gains were offset by our investments in Leucadia National (-41.4%); Osaka Securities Exchange (-38.7%); Nasdaq OMX (-13.1%) and Telefonica (-15.6%).

At the end of the review period, our holdings were 71.6% in the US, 2.8% in Europe, 21.4% in Asia-Pacific, with the remaining 4.2% 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. Some key equity indices, including the Dow, the S&P 500 and the Euro Stoxx 50, broke through their 2002/3 lows while the NASDAQ came within striking distance of its 2002 low. Asia ex-Japan markets performed relatively better and held above their 2003 bottom.

Internet stocks strongly outperformed the broader markets in the US and Europe during the period under review. The S&P 500 was up by only 4% while the Bloomberg US Internet index was up by 28.2%. Similarly, the Euro Stoxx 50 index was up by 3.4% while the Bloomberg Euro Internet index rose by 33.8%. In contrast, the MSCI Asia Pacific index was up by 34% while the Bloomberg Asia Pacific Internet index was up by only 10.2%.

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A key investment theme of the portfolio has been global securities exchanges. While many investors view these as “financial” or “capital market” businesses, we view securities exchanges as platforms of applied technology for the facilitation of trade, clearing and settlement. Technological innovations in these exchanges have allowed for transaction time to be reduced to near instantaneous in many instances and this has led to a sustained growth in trading volumes across all asset classes.

Despite this operational success, most exchanges remain at valuations more than 50% below the previous highs. Some of the global leading exchanges have returns on equity of 15-20% and trade at relatively low P/E multiples. While we find this to be too low, we also realise that a prolonged period of higher equity risk premiums may be a medium term element of the market.

## Market Outlook and Strategy

The Fund has shifted more exposure away from traditional Internet based businesses into varying platforms of applied technology. A primary element to this approach is to find businesses with operational leverage that place very little or none of their balance sheet at risk. We look for businesses that have the same fundamentals that have shaped our investment logic for years – their industries are dynamic and we believe has the potential to lead in an eventual global recovery. Examples of such businesses are custodian banks, index and ETF businesses, data processors and risk management software businesses.

In the wake of the market contraction experienced over the past 18 months, we believe that various forms of risk management and cost saving data processing will enjoy higher demand. It is critical however that the product is scalable and the balance sheets do not need to be exposed in order to achieve our hurdle rate for returns. A prime example of such businesses are credit card companies. These businesses are often thought to hold default risk; however they simply process the transactions for the respective banks that hold the loans. These businesses have essentially zero incremental cost when new customers are added and there is still meaningful growth in the developed economies, not to mention the BRIC (Brazil, Russia, India and China) countries.

From a valuation perspective, internet-related stocks in Asia ex-Japan offer more attractive opportunities. We will therefore maintain our overweight position in Asia relative to the benchmark. We hold the view that end product assemblers or component manufacturers of internet-related products are likely to benefit from the restocking of supply chains and the pick up in China’s economy. We are however mindful that end demand, i.e. in the US and Europe, is likely to remain weak. We prefer to stay away from the retail channels and prefer to invest in companies as far up the supply chain as possible (i.e. electronic component suppliers, electronic manufacturing services and telecom). Any further cut in consumer spending as well as corporate IT spending would inevitably hamper revenue and earnings growth.

While we believe that the worst is behind us, current markets demand a very scrupulous approach to investing. We view the prospects for the Fund going forward ranging from good to exceptional. The former is likely to be the case if we continue to experience inflated equity risk premiums and if the global economic recovery is a prolonged one. The latter is possible for the Fund if equity multiples are restored to a level close to previous averages.

# United Global Internet Fund

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

	Fair Value (S\$)	% of NAV
<b>i) Country</b>		
Australia	121,832	2.92
Belgium	116,136	2.78
Canada	206,604	4.95
Hong Kong	180,479	4.32
Japan	39,902	0.96
Singapore	28,360	0.68
South Korea	167,963	4.02
Taiwan	354,624	8.49
United States	2,782,532	66.63
Portfolio of investments	3,998,432	95.75
Other net assets	177,526	4.25
<b>Total</b>	<b>4,175,958</b>	<b>100.00</b>
<b>ii) Industry</b>		
Consumer Discretionary	701,762	16.80
Financials	1,322,666	31.70
Industrials	272,620	6.52
Information Technology	1,617,065	38.72
Telecommunication Services	84,319	2.01
Portfolio of investments	3,998,432	95.75
Other net assets	177,526	4.25
<b>Total</b>	<b>4,175,958</b>	<b>100.00</b>
<b>iii) Asset Class</b>		
Equities	3,998,432	95.75
Other net assets	177,526	4.25
<b>Total</b>	<b>4,175,958</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 30 June 2009 and 30 June 2008

### 10 largest holdings at 30 June 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
HONG KONG EXCHANGES & CLEARING	180,479	4.32
NHN CORPORATION	167,963	4.02
NYSE EURONEXT	165,649	3.97
RITCHIE BROS. AUCTIONEERS	162,636	3.89
MACROVISION SOLUTION CORPORATION	157,399	3.77
STRAYER EDUCATION INC	157,399	3.77
COMDISCO HOLDING COMPANY	154,143	3.69
HON HAI PRECISION INDUSTRY	131,680	3.15
STATE STREET CORPORATION	122,967	2.94
SCRIPPS COMPANY (E.W) - CLASS A	121,422	2.91

### 10 largest holdings at 30 June 2008

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
MANTECH INTERNATIONAL CORPORATION	470,625	9.63
LEUCADIA NATIONAL CORPORATION	335,553	6.86
NYSE EURONEXT	288,740	5.91
NHN CORPORATION	199,112	4.07
MACROVISION SOLUTION CORP	186,425	3.81
GROUPE BRUXELLES LAMBERT SA	178,038	3.64
RITCHIE BROS. AUCTIONEERS INC	176,929	3.62
COMDISCO HOLDING CO	173,839	3.56
HONG KONG EXCHANGES & CLEARING	158,770	3.25
FTI CONSULTING INC	139,336	2.85

# United Global Internet Fund

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## D) Exposure to derivatives

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

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

N/A

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

N/A

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

Total amount of redemptions	SGD	64,612
Total amount of subscriptions	SGD	50,354

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

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

Bank balances	SGD	7,397
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- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 30 June 2009  
N/A
- iii) Investment in Initial Public Offerings managed by UOB Group.  
N/A
- iv) As at 30 June 2009 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

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## I) Expense ratios

30 June 2009	3.63%
30 June 2008	3.36%

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

## J) Turnover ratios

30 June 2009	37.38%
30 June 2008	5.19%

*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 30 June 2009 and 30 June 2008

N/A

- ii) expense ratios for the period ended 30 June 2009 and 30 June 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 30 June 2009 and 30 June 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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## STATEMENT OF TOTAL RETURN

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

	Notes	30 June 2009 \$	30 June 2008 \$
<b>Income</b>			
Dividends		26,601	27,452
Interest		46	363
		<b>26,647</b>	<b>27,815</b>
<b>Less: Expenses</b>			
Management fee	9	34,752	56,400
Trustee fee	9	993	1,611
Audit fee		6,922	5,555
Valuation fee	9	3,972	6,446
Registrar fee	9	7,963	8,360
Custody fee		3,299	3,732
Interest expenses		-	20
Other expenses		14,949	19,463
		<b>72,850</b>	<b>101,587</b>
<b>Net loss</b>		<b>(46,203)</b>	<b>(73,772)</b>
<b>Net gains or losses on value of investments</b>			
Net realised (losses)/gains on investments		(262,070)	32,043
Net change in fair value on investments		960,007	(1,654,289)
Net foreign exchange gains/(losses)		38,733	(6,567)
<b>Net gains/(losses) on value of investments</b>		<b>736,670</b>	<b>(1,628,813)</b>
<b>Total return/(deficit) for the period before income tax</b>		<b>690,467</b>	<b>(1,702,585)</b>
Add : Income tax refund	3	4,441	43,043
<b>Total return/(deficit) for the period</b>		<b>694,908</b>	<b>(1,659,542)</b>

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

# United Global Internet Fund

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## BALANCE SHEET

As at 30 June 2009 (Un-audited)

	Notes	30 June 2009 \$	31 December 2008 \$
<b>ASSETS</b>			
Portfolio of investments		<b>3,998,432</b>	2,935,037
Receivables	4	<b>27,765</b>	748
Cash and bank balances		<b>183,098</b>	594,047
<b>Total Assets</b>		<b>4,209,295</b>	3,529,832
<b>LIABILITIES</b>			
Payables	5	<b>33,337</b>	34,524
Net assets attributable to unitholders	6	<b>4,175,958</b>	3,495,308
<b>Total Liabilities</b>		<b>4,209,295</b>	3,529,832

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# United Global Internet Fund

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

## PORTFOLIO STATEMENT

As at 30 June 2009 (Un-audited)

	Holdings at 30 June 2009	Fair value at 30 June 2009 \$	Percentage of total net assets attributable to unitholders at 30 June 2009 %
<b>By Geography - Primary Quoted Equities</b>			
<b>AUSTRALIA</b>			
AUSTRALIAN STOCK EXCHANGE LIMITED	1,000	43,201	1.04
COMPUTERSHARE LIMITED	7,500	78,631	1.88
<b>TOTAL AUSTRALIA</b>		<b>121,832</b>	<b>2.92</b>
<b>BELGIUM</b>			
GROUPE BRUXELLES LAMBERT SA	1,100	116,134	2.78
GROUPE BRUXELLES LAMBERT STR WPR	100	2	-
<b>TOTAL BELGIUM</b>		<b>116,136</b>	<b>2.78</b>
<b>CANADA</b>			
RITCHIE BROS. AUCTIONEERS	4,800	162,636	3.89
TMX GROUP INC	600	25,274	0.61
URBANA CORPORATION - NON VOTING CLASS A	10,000	18,694	0.45
<b>TOTAL CANADA</b>		<b>206,604</b>	<b>4.95</b>
<b>HONG KONG</b>			
HONG KONG EXCHANGES & CLEARING	8,000	180,479	4.32
<b>JAPAN</b>			
NINTENDO	100	39,902	0.96
<b>SINGAPORE</b>			
SINGAPORE EXCHANGE LIMITED	4,000	28,360	0.68
<b>SOUTH KOREA</b>			
NHN CORPORATION	840	167,963	4.02
<b>TAIWAN</b>			
CHROMA ATE INC	26,607	39,906	0.95
HON HAI PRECISION INDUSTRY	29,555	131,680	3.15
HTC CORPORATION	4,056	82,931	1.99
SHIN ZU SHING COMPANY LIMITED	14,547	100,107	2.40
<b>TOTAL TAIWAN</b>		<b>354,624</b>	<b>8.49</b>

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# United Global Internet Fund

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## PORTFOLIO STATEMENT

As at 30 June 2009 (Un-audited)

	Holdings at 30 June 2009	Fair value at 30 June 2009 \$	Percentage of total net assets attributable to unitholders at 30 June 2009 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
<b>UNITED STATES</b>			
ALLOY INC	2,500	20,335	0.49
AMERICAN PUBLIC EDUCATION INC	300	17,169	0.41
BANK OF NEW YORK MELLON CORPORATION	1,800	76,359	1.83
BROADRIDGE FINANCIAL SOLUTIONS INC	2,800	67,070	1.61
CISCO SYSTEMS INC	2,000	53,957	1.29
CME GROUP INC	200	90,057	2.16
COMDISCO HOLDING COMPANY	15,000	154,143	3.69
COMDISCO HOLDING COMPANY - RIGHTS	750,000	116,258	2.78
DISCOVERY COMMUNICATIONS SERIES A	2	65	-
DISCOVERY COMMUNICATIONS SERIES B	5	147	-
DISCOVERY COMMUNICATIONS SERIES C	7	207	-
DST SYSTEMS INC	1,750	93,437	2.24
EBAY, INC	2,000	49,528	1.19
FTI CONSULTING INC	1,500	109,984	2.63
INTERACTIVE BROKERS GROUP INC	2,000	44,897	1.08
INTERCONTINENTAL EXCHANGE INC	400	66,132	1.58
LABRANCHE & COMPANY INC	10,000	62,236	1.49
LEVEL 3 COMMUNICATIONS INC	15,000	32,348	0.77
LIBERTY GLOBAL INC - CLASS B	5	101	-
LIBERTY GLOBAL INC - CLASS C	2,006	45,874	1.10
LIBERTY MEDIA CORPORATION - ENTERPRISE SERIES A	8	309	0.01
LIBERTY MEDIA CORPORATION - ENTERPRISE SERIES B	20	769	0.02
LIBERTY MEDIA HOLDING CAP COMPANY- CLASS A	200	3,908	0.09
LIBERTY MEDIA HOLDING CAP COMPANY- CLASS B	5	87	-
LIBERTY MEDIA HOLDING INTERACTIVE - CLASS A	13	94	-
LIBERTY MEDIA HOLDING INTERACTIVE - CLASS B	25	178	-
MACROVISION SOLUTION CORPORATION	5,000	157,399	3.77
MASTERCARD INC - CLASS A	250	60,535	1.45
MSCI INC - CLASS A	2,500	88,433	2.12
Balance carried forward		1,412,016	33.80

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

# United Global Internet Fund

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## PORTFOLIO STATEMENT

As at 30 June 2009 (Un-audited)

	Holdings at 30 June 2009	Fair value at 30 June 2009 \$	Percentage of total net assets attributable to unitholders at 30 June 2009 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted Equities</b>			
<b>UNITED STATES (continued)</b>			
Balance brought forward		1,412,016	33.80
NASDAQ STOCK MARKET INC	3,800	117,204	2.81
NETAPP INC	1,500	42,791	1.03
NORTHERN TRUST CORPORATION	800	62,144	1.49
NVIDIA CORPORATION	900	14,707	0.35
NYSE EURONEXT	4,200	165,649	3.97
ORACLE CORPORATION	3,000	93,007	2.23
RCN CORPORATION	5,000	43,203	1.03
R.H. DONNELLEY CORPORATION	400	32	-
RISKMETRICS GROUP INC	2,000	50,976	1.22
SCRIPPS COMPANY (E.W) - CLASS A	40,333	121,422	2.91
SCRIPPS NETWORKS INTERACTIVE	1,000	40,280	0.97
STATE STREET CORPORATION	1,800	122,967	2.94
STRAYER EDUCATION INC	500	157,399	3.77
SUNSHINE PCS CORPORATION	1,900	55	-
THE MCCLATHCY COMPANY CLASS A	25,000	17,730	0.42
THE WASHINGTON POST COMPANY - CLASS B	100	50,840	1.22
VISA INC - CLASS A SHARES	800	71,939	1.72
WILEY (JOHN) & SONS - CIA	400	19,250	0.46
WISDOMTREE INVESTMENTS INC	50,000	79,604	1.91
XO HOLDINGS INC	20,000	8,713	0.21
YAHOO INC	4,000	90,604	2.17
<b>TOTAL UNITED STATES</b>		<b>2,782,532</b>	<b>66.63</b>
<b>Portfolio of investments</b>		<b>3,998,432</b>	<b>95.75</b>
<b>Other net assets</b>		<b>177,526</b>	<b>4.25</b>
<b>Net assets attributable to unitholders</b>		<b>4,175,958</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 30 June 2009 (Un-audited)

	Percentage of total net assets attributable to unitholders at 30 June 2009 %	Percentage of total net assets attributable to unitholders at 31 December 2008 %
<b>By Geography - Primary (Summary)</b>		
<b>Quoted Equities</b>		
Australia	2.92	0.96
Belgium	2.78	3.58
Canada	4.95	4.71
France	-	0.07
Hong Kong	4.32	3.13
Japan	0.96	2.61
New Zealand	-	0.52
Singapore	0.68	1.16
South Africa	-	0.33
South Korea	4.02	3.56
Spain	-	2.25
Taiwan	8.49	7.29
United Kingdom	-	1.45
United States	66.63	52.35
<b>Portfolio of investments</b>	<b>95.75</b>	<b>83.97</b>
<b>Other net assets</b>	<b>4.25</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

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## PORTFOLIO STATEMENT

As at 30 June 2009 (Un-audited)

	Fair value at 30 June 2009 \$	Percentage of total net assets attributable to unitholders at 30 June 2009 %	Percentage of total net assets attributable to unitholders at 31 December 2008 %
<b>By Industry - Secondary Quoted Equities</b>			
Consumer Discretionary	701,762	16.80	10.98
Financials	1,322,666	31.70	22.80
Industrials	272,620	6.52	11.26
Information Technology	1,617,065	38.72	35.66
Telecommunication Services	84,319	2.01	3.27
<b>Portfolio of investments</b>	<b>3,998,432</b>	<b>95.75</b>	<b>83.97</b>
<b>Other net assets</b>	<b>177,526</b>	<b>4.25</b>	<b>16.03</b>
<b>Net assets attributable to unitholders</b>	<b>4,175,958</b>	<b>100.00</b>	<b>100.00</b>

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

# United Global Internet Fund

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## NOTES TO THE FINANCIAL STATEMENTS

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

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

### 1. General

United Global Internet Fund (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 26 April 2000 between UOB Asset Management Limited (the "Manager") and RBC Dexia Trust Services Singapore Limited (the "Trustee"). The Deed is governed by the laws of the Republic of Singapore.

The Fund's investment objective is to 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.

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (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)

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## NOTES TO THE FINANCIAL STATEMENTS

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

### 3. Income tax

	<b>30 June 2009</b>	30 June 2008
	\$	\$
Overseas income tax refund	<b>4,441</b>	43,043

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

	<b>30 June 2009</b>	31 December 2008
	\$	\$
Amount due from unitholders	<b>24,525</b>	-
Dividend receivable	<b>3,240</b>	748
	<b>27,765</b>	748

### 5. Payables

	<b>30 June 2009</b>	31 December 2008
	\$	\$
Amount due to unitholders	<b>3,323</b>	-
Amount due to Manager	<b>19,782</b>	16,335
Amount due to Trustee	<b>504</b>	467
Other creditors and accrued expenses	<b>9,728</b>	17,722
	<b>33,337</b>	34,524

# United Global Internet Fund

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## NOTES TO THE FINANCIAL STATEMENTS

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

### 6. Net assets attributable to unitholders

	<b>30 June 2009</b>	31 December 2008
	\$	\$
<b>At the beginning of the financial period/year</b>	<b>3,495,308</b>	7,264,734
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>694,908</b>	(2,794,811)
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>50,354</b>	28,531
Cancellation of units	<b>(64,612)</b>	(1,003,146)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(14,258)</b>	(974,615)
<b>Total increase/(decrease) in net assets attributable to unitholders</b>	<b>680,650</b>	(3,769,426)
<b>At the end of the financial period/year</b>	<b>4,175,958</b>	3,495,308
<b>Units in issue</b> (Note 7)	<b>8,911,730</b>	8,945,458
	\$	\$
<b>Net assets attributable to unitholders per unit</b>	<b>0.47</b>	0.39

### 7. Units in issue

	<b>30 June 2009</b>	31 December 2008
Units at beginning of the period/year	<b>8,945,458</b>	10,741,458
Units created	<b>113,312</b>	51,618
Units cancelled	<b>(147,040)</b>	(1,847,618)
Units at end of the period/year	<b>8,911,730</b>	8,945,458

# United Global Internet Fund

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (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, 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 half year ended 30 June 2009 (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 2009**

	SGD \$	USD \$	KRW \$	EUR \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	28,360	2,945,168	167,963	116,136	740,805	<b>3,998,432</b>
Receivables	24,525	444	-	-	2,796	<b>27,765</b>
Cash and bank balances	138,611	36,598	-	3,899	3,990	<b>183,098</b>
<b>Total Assets</b>	<b>191,496</b>	<b>2,982,210</b>	<b>167,963</b>	<b>120,035</b>	<b>747,591</b>	<b>4,209,295</b>
<b>Liabilities</b>						
Payables	33,337	-	-	-	-	<b>33,337</b>
Net assets attributable to unitholders	4,175,958	-	-	-	-	<b>4,175,958</b>
<b>Total Liabilities</b>	<b>4,209,295</b>	-	-	-	-	<b>4,209,295</b>
<b>Net currency exposure</b>	<b>(4,017,799)</b>	<b>2,982,210</b>	<b>167,963</b>	<b>120,035</b>	<b>747,591</b>	

**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>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>	

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

Benchmark component	30 June 2009		31 December 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

863,661	30	537,112	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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (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 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	33,337	-	-	-
Net assets attributable to unitholders	4,175,958	-	-	-

#### 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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2009 (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 Investment Manager.

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

#### As at 30 June 2009

	Amount \$	Credit rating	Source of credit rating
<u>Bank</u>			
State Street Bank & Trust Co.	175,701	B	Moody's
United Overseas Bank Limited	7,397	B	Moody's

#### As at 31 December 2008

	Amount \$	Credit rating	Source of credit rating
<u>Bank</u>			
State Street Bank & Trust Co.	587,646	B+	Moody's
United Overseas Bank Limited	6,401	B	Moody's

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

#### (d) Capital management

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

# United Global Internet Fund

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## NOTES TO THE FINANCIAL STATEMENTS

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

### 9. Related party transactions

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

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

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

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

	<b>30 June 2009</b>	31 December 2008
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	<b>7,397</b>	6,401

- (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:

	<b>30 June 2009</b>	30 June 2008
	\$	\$
Bank charges	<b>30</b>	30
Interest expense	-	20

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## NOTES TO THE FINANCIAL STATEMENTS

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

### 10. Financial ratios

	30 June 2009	30 June 2008
Expense ratio <sup>1</sup>	3.63%	3.36%
Turnover ratio <sup>2</sup>	37.38%	5.19%

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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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