



United Growth Fund

Semi Annual Report

for the period 1st January to
30th June 2009

United Growth Fund

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

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

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

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

SOLICITORS TO THE TRUSTEE

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

United Growth Fund

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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 28 February 1990 Ann Comp Ret
United Growth Fund	40.47	35.71	-16.01	-1.11	6.17	3.30	6.49
Benchmark	39.58	35.35	-17.23	0.64	6.19	1.36	3.72

Source: Lipper, a Thomson Reuters Company

Note: The performance returns of the Fund are in Singapore dollars based on a NAV-to-NAV basis with net dividends reinvested. The benchmark of the Fund: Straits Times Index.

For the half year ended 30 June 2009, the Fund **rose 35.7%** on a net asset value basis, compared to the 35.4% increase in the benchmark, the Straits Times Index (FSSTI). The out-performance was mainly due to the underweight position in the **transport and telecommunication** sectors which underperformed the FSSTI as well as the overweight position in the **property** sector which outperformed the FSSTI. Our overweight in **Keppel Corporation** and **Wilmar International** added to the outperformance.

As at 30 June 2009, the Fund was 92.3% invested, with the balance in cash and cash equivalents. In term of sectors, the Fund's allocation stood at **Financials** 45.1%, **Industrials** 25.1%, **Telecom Services** 11.2%, **Consumer** 7.6%, **Property Trust** 2.4%, **Healthcare** 0.7%, and **Others** 0.2%.

Market Review

The FSSTI rose 571.58 points or 32.45% in a volatile first half and ended at 2,333.14. The first half of 2009 was marked by a weak first quarter but a strong second quarter rebound. The FSSTI fell as much as 306.09 points or 17.38% from the start of the year when it reached an intra-day low of 1,455.47 on 10 March 2009. The poor export numbers out of Singapore, disappointing 4Q08 results for the local banks as well as weak global sentiment caused by falling share prices for global banks such as Citigroup and Bank of America on fear of bank nationalization badly affected the local bourse during this period.

However, market sentiment turned around in mid-March on assertions by the global banking chiefs of Citigroup and Bank of America that the first two months of the year saw good operating performance, coupled with the US Federal Open Market Committee's decision to embark on quantitative easing in the US. The US Treasury Secretary's announcement of the Public-Private Investment Program, signs of improvement (smaller rate of decline) in some leading indicators in the US, and rising optimism that the worst of the economic contraction is behind added to the market strength. Inflow of liquidity on the back of the "green shoots" of recovery in the economy further pushed the FSSTI upwards in the month of April and May 2009. The Singapore stock market took a breather in June, with the FSSTI rising just 4.06 points after rising a combined 629.09 points in April and May 2009. The local bourse took its cue from the US market which was also flat for the month of June as equity markets consolidated after the sharp gains from the March bottom. Consolidation set in as market participants worried about the sustainability of the "green shoots" rally and whether markets have raced ahead of economic fundamentals.

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The major gainers in 1H09 were the **banking** and **property** stocks as well as the **commodity**-related stocks while the more defensive plays such as **media** and **telecommunication** stocks under-performed the FSSTI.

Market Outlook and Strategy

We expect that the market will consolidate after reaching an intra-day high of 2,424.52 on 2 June 2009. We expect the consolidation with a possible downward bias to continue in the short-term as equity markets globally assess the sustainability and strength of the anticipated economic recovery. The market's forward P/E valuations at 15x is around the long-term mean while trailing Price-Book-Value (PBV) of around 1.4x equates to one-standard deviation below the long-term mean of 1.76x. While we believe P/E valuations may not be as meaningful as PBV at turning points of the economic and earnings cycle given the depressed earnings, we are still mindful of it given the lack of visibility on the earnings trajectory. It is possible that the FSSTI could reach circa 2,870 if it reverts to the long-term PBV mean next year on further signs of the anticipated global economic recovery. We continue to prefer the large caps and financially strong names which can emerge stronger from this crisis.

Overall, we believe the 60% rally from the March bottom has been too sharp, although not surprising given the very oversold conditions four months ago and the market's tendency to bottom when GDP contraction is at its worst (which turned out to be 1Q09 when Singapore's GDP contracted by 9.6% yoy). It is likely that the play on the second derivative trade (improvement based on a slower rate of decline) has run its course and a clearer economic and earnings recovery picture needs to be in place before the market can sustain its rally.

Similar to past recessions, the **financials** and **property** sectors have led the market from the recent bottom. We believe less value can be obtained from the property developers at this stage and now prefer the more undervalued property REITs. We are slightly overweight the **banking** sector and look to accumulate the banking stocks on weakness.

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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
i) Country		
Hong Kong	5,533,509	4.42
Singapore	110,086,575	87.84
Portfolio of investments	115,620,084	92.26
Other net assets	9,693,218	7.74
Total	125,313,302	100.00
ii) Industry		
Consumer Discretionary	3,981,600	3.18
Consumer Staples	5,511,000	4.40
Financials	56,518,394	45.10
Healthcare	830,000	0.66
Industrials	31,552,835	25.17
Information Technology	216,000	0.17
Property Trust	3,005,000	2.40
Telecommunication Services	14,005,255	11.18
Portfolio of investments	115,620,084	92.26
Other net assets	9,693,218	7.74
Total	125,313,302	100.00
iii) Asset Class		
Equities	115,620,084	92.26
Other net assets	9,693,218	7.74
Total	125,313,302	100.00
iv) Credit rating of debt securities		
N/A		

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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 %
DBS GROUP HOLDINGS LIMITED	14,725,000	11.75
SINGAPORE TELECOMMUNICATIONS LIMITED	14,005,255	11.18
UNITED OVERSEAS BANK LIMITED	10,614,000	8.47
OVERSEAS-CHINESE BANKING CORPORATION LIMITED	9,575,920	7.64
KEPPEL CORPORATION LIMITED	8,418,000	6.72
CAPITALAND LIMITED	7,447,825	5.94
JARDINE MATHESON HOLDINGS LIMITED	5,905,327	4.71
HONGKONG LAND	5,533,509	4.42
WILMAR INTERNATIONAL LIMITED	5,511,000	4.40
SINGAPORE EXCHANGE LIMITED	4,821,200	3.85

10 largest holdings at 30 June 2008

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
SINGAPORE TELECOMMUNICATIONS LIMITED	14,117,095	10.72
UNITED OVERSEAS BANK LIMITED	13,313,300	10.11
DBS GROUP HOLDINGS LIMITED	13,296,300	10.10
OVERSEAS-CHINESE BANKING CORPORATION LIMITED	12,787,684	9.71
KEPPEL CORPORATION LIMITED	10,744,500	8.16
CAPITALAND LIMITED	7,544,780	5.73
SINGAPORE AIRLINES LIMITED	6,616,029	5.02
HONGKONG LAND	6,206,857	4.71
CITY DEVELOPMENTS LIMITED	5,420,000	4.12
SINGAPORE EXCHANGE LIMITED	4,837,000	3.67

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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 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

	Fair Value SGD	% of NAV
ASCENDAS REAL ESTATE INVT TRUST	785,000	0.63
CAPITALMALL TRUST	1,390,000	1.11
CDL HOSPITALITY TRUST	830,000	0.66

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 24,647,558
Total amount of subscriptions	SGD 25,045,839

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	46,220
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H) The amount and terms of related-party transactions for the period 01 January 2009 to 30 June 2009 (continued)

- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 30 June 2009

Holdings of United Growth Fund as at 30 June 2009 were as follows:

<u>Affiliated Companies</u>	<u>No. of Units</u>	<u>Unit Price</u> <u>SGD</u>	<u>Market Value</u> <u>SGD</u>
a) UOB Life Assurance Limited	13,669.42	2.513	34,351.25
b) UOBAM Trust LifeLink Growth Fund	202,350.45	2.513	508,506.68

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

N/A

- iv) As at 30 June 2009 the brokerage income earned by UOB Kay Hian Pte Ltd was SGD 3,335.

I) Expense ratios

30 June 2009	1.31%
30 June 2008	1.21%

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	20.32%
30 June 2008	27.31%

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

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

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.

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.

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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 \$
Income			
Dividends		2,322,893	2,679,755
Interest		13	6,916
		2,322,906	2,686,671
Less: Expenses			
Management fee	10	530,772	726,123
Trustee fee	10	33,174	42,978
Audit fee		7,449	6,010
Registrar fee	10	7,984	7,984
Custody fee		14,638	20,485
Interest expenses		-	228
Other expenses		57,995	13,972
		652,012	817,780
Net income		1,670,894	1,868,891
Net gains or losses on value of investments			
Net realised (losses)/gains on investments		(6,511,868)	3,127,554
Net change in fair value on investments		38,376,509	(28,360,076)
Net realised gains on financials derivative		63,760	-
Net foreign exchange losses		(18,325)	(36,903)
Net gains/(losses) on value of investments		31,910,076	(25,269,425)
Total return/(deficit) for the period before income tax		33,580,970	(23,400,534)
Less : Income tax	3	(21,316)	(9,328)
Total return/(deficit) for the period		33,559,654	(23,409,862)

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

United Growth Fund

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BALANCE SHEET

As at 30 June 2009 (Un-audited)

	Notes	30 June 2009 \$	31 December 2008 \$
ASSETS			
Portfolio of investments		115,620,084	91,433,361
Receivables	4	2,698,924	384,530
Cash and bank balances		8,061,089	922,610
Total Assets		126,380,097	92,740,501
LIABILITIES			
Payables	5	1,066,795	396,372
Proposed distribution of income	6	-	988,762
Net assets attributable to unitholders	7	125,313,302	91,355,367
Total Liabilities		126,380,097	92,740,501

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

United Growth 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 %
By Geography - Primary Quoted Equities			
HONG KONG			
HONGKONG LAND	1,080,000	5,533,509	4.42
SINGAPORE			
ASCENDAS REAL ESTATE INVT TRUST	500,000	785,000	0.63
CAPITALAND LIMITED	2,007,500	7,447,825	5.94
CAPITALMALL TRUST	1,000,000	1,390,000	1.11
CDL HOSPITALITY TRUST	1,000,000	830,000	0.66
CITY DEVELOPMENTS LIMITED	443,000	3,800,940	3.03
CSE GLOBAL LIMITED	400,000	216,000	0.17
DBS GROUP HOLDINGS LIMITED	1,250,000	14,725,000	11.75
FRASER AND NEAVE LIMITED	600,000	2,328,000	1.86
JARDINE MATHESON HOLDINGS LIMITED	148,800	5,905,327	4.71
JARDINE STRATEGIC HOLDINGS LIMITED	135,000	2,872,266	2.29
KEPPEL CORPORATION LIMITED	1,220,000	8,418,000	6.72
NOBEL GROUP LIMITED	620,000	1,116,000	0.89
OVERSEAS-CHINESE BANKING CORPORATION LIMITED	1,439,988	9,575,920	7.64
PARKWAY HOLDINGS	500,000	830,000	0.66
SEMBCORP INDUSTRIES LIMITED	1,149,680	3,472,034	2.77
SEMBCORP MARINE LIMITED	464,000	1,248,160	0.99
SINGAPORE AIRLINES LIMITED	292,070	3,872,848	3.09
SINGAPORE EXCHANGE LIMITED	680,000	4,821,200	3.85
SINGAPORE PRESS HOLDINGS LIMITED	1,260,000	3,981,600	3.18
SINGAPORE TELECOMMUNICATIONS LIMITED	4,699,750	14,005,255	11.18
ST ENGINEERING LTD	900,000	2,196,000	1.75
UNITED OVERSEAS BANK LIMITED	725,000	10,614,000	8.47
WILMAR INTERNATIONAL LIMITED	1,100,000	5,511,000	4.40
ZAGRO ASIA	690,000	124,200	0.10
TOTAL SINGAPORE		110,086,575	87.84
Portfolio of investments		115,620,084	92.26
Other net assets		9,693,218	7.74
Net assets attributable to unitholders		125,313,302	100.00

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

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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 %
By Geography - Primary (Summary)		
Quoted Equities		
Hong Kong	4.42	4.21
Singapore	87.84	95.88
Portfolio of investments	92.26	100.09
Other net assets/(liabilities)	7.74	(0.09)
Net assets attributable to unitholders	100.00	100.00

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

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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 %
By Industry - Secondary Quoted Equities			
Consumer Discretionary	3,981,600	3.18	3.51
Consumer Staples	5,511,000	4.40	3.65
Energy	-	-	0.21
Financials	56,518,394	45.10	48.75
Healthcare	830,000	0.66	-
Industrials	31,552,835	25.17	28.02
Information Technology	216,000	0.17	0.32
Property Trust	3,005,000	2.40	2.51
Telecommunication Services	14,005,255	11.18	13.12
Portfolio of investments	115,620,084	92.26	100.09
Other net assets/(liabilities)	9,693,218	7.74	(0.09)
Net assets attributable to unitholders	125,313,302	100.00	100.00

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

United Growth 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 Growth Fund (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 19 December 1989 between UOB Asset Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Deed is governed by the laws of the Republic of Singapore.

The primary activity of the Fund is to invest in shares of companies listed or quoted on Singapore Exchange Securities Trading Limited. There will be no limit on foreign currency denominated investments in respect of the Fund.

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

(ii) *Subsequent measurement*

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

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NOTES TO THE FINANCIAL STATEMENTS

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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 and United States dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore dollars 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.

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NOTES TO THE FINANCIAL STATEMENTS

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

2. Significant accounting policies (continued)

(g) Distribution policy

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

3. Income tax

	30 June 2009 \$	30 June 2008 \$
Singapore income tax	21,316	9,328

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 Singapore income tax represents tax deducted at source for Singapore sourced dividends.

4. Receivables

	30 June 2009 \$	31 December 2008 \$
Amount due from unitholders	2,479,070	121,334
Dividend receivable	39,484	263,196
Margin account with broker	180,370	-
	2,698,924	384,530

5. Payables

	30 June 2009 \$	31 December 2008 \$
Amount due to unitholders	492,213	114,384
Amount due to Manager	547,223	250,190
Amount due to Trustee	17,174	15,021
Other creditors and accrued expenses	10,185	16,777
	1,066,795	396,372

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

6. Proposed distribution of income

	30 June 2009	31 December 2008
	\$	\$
Proposed final distribution of income amounting to Nil (2008: \$2.00 per 100 units on 49,438,088 units)	-	988,762

7. Net assets attributable to unitholders

	30 June 2009	31 December 2008
	\$	\$
At the beginning of the financial period/year	91,355,367	150,239,717
Operations		
Change in net assets attributable to unitholders resulting from operations	33,559,654	(77,179,075)
Unitholders' contributions/(withdrawals)		
Creation of units	25,045,839	42,037,583
Cancellation of units	(24,647,558)	(23,742,858)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	398,281	18,294,725
Total increase/(decrease) in net assets attributable to unitholders	33,957,935	(58,884,350)
At the end of the financial period/year	125,313,302	91,355,367
Units in issue (Note 8)	49,957,715	49,438,088
	\$	\$
Net assets attributable to unitholders per unit	2.51	1.85

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NOTES TO THE FINANCIAL STATEMENTS

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

8. Units in issue

	30 June 2009	31 December 2008
Units at beginning of the period/year	49,438,088	42,105,907
Units created	11,759,048	16,331,090
Units cancelled	(11,239,421)	(8,998,909)
Units at end of the period/year	49,957,715	49,438,088

9. 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.

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NOTES TO THE FINANCIAL STATEMENTS

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

9. 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 \$	Total \$
Assets			
Portfolio of investments	101,308,982	14,311,102	115,620,084
Receivables	1,101,009	1,597,915	2,698,924
Cash and bank balances	7,477,485	583,604	8,061,089
Total Assets	109,887,476	16,492,621	126,380,097
Liabilities			
Payables	1,042,202	24,593	1,066,795
Net assets attributable to unitholders	125,313,302	-	125,313,302
Total Liabilities	126,355,504	24,593	126,380,097
Net currency exposure	(16,468,028)	16,468,028	

As at 31 December 2008

	SGD \$	USD \$	Total \$
Assets			
Portfolio of investments	82,378,824	9,054,537	91,433,361
Receivables	382,017	2,513	384,530
Cash and bank balances	797,594	125,016	922,610
Total Assets	83,558,435	9,182,066	92,740,501
Liabilities			
Payables	391,500	4,872	396,372
Proposed distribution of income	945,655	43,107	988,762
Net assets attributable to unitholders	91,355,367	-	91,355,367
Total Liabilities	92,692,522	47,979	92,740,501
Net currency exposure	(9,134,087)	9,134,087	

United Growth 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)

9. 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	
	\$	%	\$	%
Straits Times Index	21,505,336	20	18,469,539	20

(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.

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NOTES TO THE FINANCIAL STATEMENTS

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

9. 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	1,066,795	-	-	-
Net assets attributable to unitholders	125,313,302	-	-	-

As at 31 December 2008

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	396,372	-	-	-
Proposed distribution of income	988,762	-	-	-
Net assets attributable to unitholders	91,355,367	-	-	-

United Growth Fund

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NOTES TO THE FINANCIAL STATEMENTS

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

9. 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.	8,014,869	B	Moody's
United Overseas Bank Limited	46,220	B	Moody's

As at 31 December 2008

	Amount \$	Credit rating	Source of credit rating
<u>Bank</u>			
State Street Bank & Trust Co.	898,379	B+	Moody's
United Overseas Bank Limited	24,231	B	Moody's

All investments are held in custody with State Street Bank & Trust Co., whose credit rating 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.

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NOTES TO THE FINANCIAL STATEMENTS

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

10. Related party transactions

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

Management fee is 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 the following accounts with a related party:

	30 June 2009	31 December 2008
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	46,220	24,231

- (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:

	30 June 2009	30 June 2008
	\$	\$
Bank charges	30	9

- (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 2009	30 June 2008
	\$	\$
Brokerage charges	3,335	6,869

United Growth Fund

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NOTES TO THE FINANCIAL STATEMENTS

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

11. Financial ratios

	30 June 2009	30 June 2008
Expense ratio ¹	1.31%	1.21%
Turnover ratio ²	20.32%	27.31%

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".

