



United Japan Growth Fund

Annual Report

for the financial year ended
31st December 2009

United Japan Growth 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

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 Japan Growth Fund

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

A) Fund Performance

	3 mth	6 mth	1 yr	3yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 18 August 1995 Ann Comp Ret
Fund Performance/ Benchmark Returns	% Growth	% Growth	% Growth				
United Japan Growth Fund	-2.81	1.42	-0.93	-16.66	-6.93	-8.98	1.85
Benchmark	-4.44	-1.15	2.12	-12.67	-4.25	-7.11	-4.02

Source: Lipper, a Thomas 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: Aug 95 – Dec 04 : Nikkei 225 Stock Average; Jan 05 – Present : Topix

For the year ended 31 December 2009, the Fund fell **0.93%** on a net-asset-value basis compared to the 2.12% rise in the TOPIX Index in Singapore dollar terms. The under-performance was largely due to our *overweighting* of defensive sectors like **Healthcare** and **Consumer Staples** and *underweighting* of cyclical sectors such as **Materials** and **Consumer Discretionary** (including **Transport Equipment**) in the early part of the year. The Fund's performance improved in the second half after we raised our weighting of cyclical stocks. The Fund outperformed the benchmark by 1.62% in second-half 2009.

Stocks which contributed negatively to the Fund included **NTT DoCoMo**, **Mizuho**, **Takeda**, **Sumitomo Mitsui Financial Group**, **Nintendo**, **KDDI** and **East Japan Railway**. Against this, our holdings in **Nippon Electric Glass**, **Mitsubishi Corporation**, **Toyota**, **Exedy**, **Mitsui & Co**, **Komatsu**, and **Canon** helped the Fund's performance.

As at 31 December 2009, the Fund was positioned in **Consumer Discretionary** (19.0%), **Consumer Staples** (5.9%), **Energy** (2.1%), **Financials** (11.4%), **Healthcare** (4.1%), **Industrials** (25.2%), **Information Technology** (17.5%), **Materials** (6.1%), **Property Trust** (1.1%), **Telecom** (4.7%), and **Utilities** (2.3%). The portfolio held 0.6% cash at the end of the period.

Market Review

As global economies showed signs of emerging from the global financial crisis, equity markets rallied in 2009. However, relative to the other global markets, Japanese equities have lagged, and share prices were volatile.

During the first quarter of the year, the Japanese market fell as the global economy deteriorated and concerns mounted regarding the US and European financial systems. The index managed to post positive gains from March onwards, thanks to recovering economic data as well as the announcement of the Japanese government's JPY15.4 trillion fiscal stimulus plans. At the same time, the market was buoyed by easing financial concerns and growing prospects of a bottoming out in the overseas economies.

United Japan Growth Fund

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

During the second half of the year, expectations of a recovery in corporate earnings fueled buying. However, gains were capped by JPY/USD appreciation on expectations of persistently easy US monetary policy. Prolonged domestic deflationary pressures, supply-demand concerns (on major banks' equity financing), and unfavourable policy announcements by the DPJ government also affected sentiment negatively. The yen appreciated to ¥84/US\$ on the 27 November on fears of defaults by firms linked to the Dubai government.

Subsequently, the Bank of Japan's announcement of additional monetary easing and yen depreciation triggered a rally towards the year end. TOPIX closed the year at 909.84, representing a gain of 5.63% (in JPY terms) for the first time in three years.

There was significant divergence in sector performance. The best performing sectors during the year to 31 December 09 were **Transport Equipment, Precision Instruments, Glass & Ceramics, Wholesale Trade, Electric Appliance, and Non-ferrous Metal**. Worst performing sectors included **Air Transport, Maritime Transportation, Pulp & Paper, Banks, Electric Power & Gas, and Insurance**.

Fund Strategy and Outlook

The pace of economic recovery for Japan showed signs of moderating recently, due to the fading of fiscal stimulus measures, and appreciation of the JPY/USD. Deflationary pressures have also intensified because of falling wages and bonuses, and excess production capacity.

Going forward, more fiscal stimulus measures, and an expected rebound in exports on the back of stronger global economic growth in 2010 are main factors that could lead to a reacceleration in Japan's economic growth. More serious measures to combat deflation; including the Bank of Japan's moves to increase quantitative easing, could also alleviate upward pressure in the JPY/USD-rate, and help underpin the Japan equity market in the near term.

On the earnings front, Japanese firms have started to show clear signs of recovery. Toyo Keizai forecasts recurring profit growth of 63.9% at TSE-1 companies (including financials) in FY09, and 39.9% growth in FY10 on the back of a global economic recovery. There may be room for upward revisions if the Yen weakens further, and if companies embark on more aggressive cost-cutting measures.

We maintain our preference for cyclicals over defensives. We are *overweight* **Industrials, Materials, Technology, and Energy**. We are *neutral* on **Consumer Discretionary, Autos, Consumer Staples, and Real Estate**, and *underweight* **Banks, Non-Banks, Info-Communications, Pharmaceuticals, and Utilities**.

The rebound in manufacturing activity and pick up in capital expenditure will benefit the **industrial** sector. We favour stocks leveraged to growth opportunities in Asia and other emerging markets as well as those with exposure to global infrastructure investments and the environment. Our top picks include **Mitsui & Co, Mitsubishi Corp and Kubota**.

Within the **materials** sector, we are more positive on the electronic materials sub-sector, particularly those exposed to LCD, and alternative energy. In the LCD space, we favour glass makers **Nippon Electric Glass** and **Asahi Glass**. The oligopolistic nature of the glass substrates industry will enable the companies to fully benefit from the strong order recovery. Elsewhere, we like blast furnace steelmaker **Nippon Steel**, which will benefit from the rebound in automotive production and recovery in steel prices.

United Japan Growth Fund

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

As for **technology**, a revival in corporate IT spending and new product launches are expected to drive the sector's growth in 2010. Beneficiaries of corporate IT revival include **Nidec**, **Fujitsu**, and **Canon**. We would also focus on fields with structural demand growth potential, such as touch screens (**Nissha Printing**), LEDs (**Rohm**), and environmental/energy-savings related.

Within the consumer sector, we are *neutral* on both **consumer discretionary**, and **consumer staples**. Deteriorating labour markets and a decline in wages remain headwinds to households. We would be selective, favouring fiscal stimulus beneficiary **Yamada Denki**, and value retailers such as **ABC-Mart**, **Fast Retailing**, and **Sundrug**.

We are increasingly positive on the **automotive** sub-sector due to an improvement in the macro environment, and stabilization of the yen. However, valuations appear fair. Our picks include **Toyota**, **Honda** and **Daihatsu**.

The key concern for **consumer staples** is increased pricing pressure in end-products as deflation returns in Japan. Instant noodle maker **Toyo Suisan** is relatively resistant to price cuts, as industry leader Nissin Foods is pursuing a high value-added strategy. Rising Asia sales is also helping **Unicharm** to more than offset weakness in its domestic business.

The planned extension of the government stimulus measures for housing is positive for the residential **property** sector in light of current deflationary expectations. Housing demand has improved in 2009, underpinned by measures such as tax breaks for housing loan, gift tax exemption and price cuts. In addition, the government is expected to establish the housing version of eco-points program in 2010 which will further support the demand for residential property. On the other hand, demand for office property has remained lackluster owing to the soft economic conditions. We are neutral on the sector with preference for developers such as **Mitsubishi Estate** and **Mitsui Fudosan**.

We expect the **banks** to focus on strengthening their capital structure and de-lever their balance sheet during the year. The shift towards stricter regulations on the computation of capital ratio has resulted in banks with weaker capital base to issue new common equity. Though recent capital issuance has reduced dilution risk to some extent, the anticipated announcement of the details on the new rules in December 2010, including the transition period, changes to the computation of capital ratio and leverage ratio will determine if more needs to be done. These will have bearing on the asset return of the Japanese banks and their longer term strategic outlook. However, with the banks trading at below 1x price-book ratio and having already factored in some of the bad news, we are *slight underweight* the banks.

The **pharmaceutical** sector continues to face major headwinds, given uncertainty surrounding healthcare reforms in the US market. Kampo drug company **Tsumura** should experience below-industry-average reimbursement price cuts, and steady volume growth.

The **telecommunications** and **utilities** sectors are unlikely to outperform the market in a recovery scenario given their defensive characteristics. We like **Tokyo Gas** which will see increased industrial gas sales volume driving profit growth.

United Japan Growth Fund

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

B) Investments at fair value and as a percentage of NAV as at 31 December 2009 under review classified by

	Fair Value (S\$)	% of NAV
i) Country		
Japan	19,485,660	99.36
Portfolio of investments	19,485,660	99.36
Other net assets	125,044	0.64
Total	19,610,704	100.00
ii) Industry		
Consumer Discretionary	3,732,328	19.03
Consumer Staples	1,155,365	5.89
Energy	411,707	2.10
Financials	2,232,908	11.39
Healthcare	806,847	4.11
Industrials	4,944,413	25.21
Information Technology	3,431,917	17.50
Materials	1,199,559	6.12
Property Trust	212,640	1.08
Telecommunication Services	911,583	4.65
Utilities	446,393	2.28
Portfolio of investments	19,485,660	99.36
Other net assets	125,044	0.64
Total	19,610,704	100.00
iii) Asset Class		
Equities	19,485,660	99.36
Other net assets	125,044	0.64
Total	19,610,704	100.00
iv) Credit rating of debt securities		
N/A		

United Japan Growth Fund

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

C) Top Ten Holdings

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

10 largest holdings at 31 December 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
TOYOTA MOTOR	772,380	3.94
MITSUBISHI CORP	754,320	3.85
mitsui & CO LIMITED	691,984	3.53
MITSUBISHI UFJ FINANCIAL GROUP	663,142	3.38
NIPPON ELECTRIC GLASS CO LIMITED	613,368	3.13
FANUC LIMITED	546,620	2.79
HONDA MOTOR CO LIMITED	539,366	2.75
SHIN-ETSU CHEMICAL	512,673	2.61
CANON INC	458,759	2.34
SUMITOMO MITSUI FINANCIALS	450,743	2.30

10 largest holdings at 31 December 2008

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
EAST JAPAN RAILWAY COMPANY	1,500,240	6.24
SECOM CO LTD	961,798	4.00
KDDI CORP	893,980	3.72
TOYOTA MOTOR	783,552	3.26
TAKEDA PHARMACEUTICAL CO LTD	726,939	3.02
TOKYO GAS	714,351	2.97
NTT DOCOMO	675,784	2.81
SUMITOMO MITSUI FINANCIALS	663,333	2.76
SHIN-ETSU CHEMICAL	658,184	2.74
NINTENDO	642,735	2.67

United Japan Growth 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 31 December 2009

N/A

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

N/A

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

N/A

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

	Fair Value (S\$)	% of NAV
NIPPON BUILDING FUND	212,640	1.08

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

N/A

G) Amount of redemptions and subscriptions for the financial year ended 31 December 2009

Total amount of redemptions	SGD	4,979,046
Total amount of subscriptions	SGD	1,046,463

United Japan Growth Fund

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

H) The amount and terms of related-party transactions for the financial year ended 31 December 2009

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

Bank balances	SGD	11,722
---------------	-----	--------

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

Holdings of United Japan Growth Fund as at 31 December 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	23,125.10	1.282	29,646.38
b) Union - Overseas Insurance Fund	458,601.49	1.282	587,927.11
c) United Overseas Insurance - Singapore Insurance Fund	520,156.61	1.282	666,840.77
d) United Overseas Insurance - Shareholders' Fund	201,875.62	1.282	258,804.54

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

N/A

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

United Japan Growth Fund

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

I) Expense ratios

31 December 2009	1.99%
31 December 2008	1.94%

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

J) Turnover ratios

31 December 2009	49.09%
31 December 2008	33.21%

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 31 December 2009 and 31 December 2008

N/A

- ii) expense ratios for the financial year ended 31 December 2009 and 31 December 2008. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

N/A

- iii) turnover ratios for the financial year ended 31 December 2009 and 31 December 2008

N/A

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 Japan Growth 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 Japan Growth Fund

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

REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and to hold the assets of United Japan Growth Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 14 to 31 comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatory

22 March 2010

United Japan Growth Fund

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

STATEMENT BY THE MANAGER

In the opinion of the directors of UOB Asset Management Ltd, the accompanying financial statements set out on pages 14 to 31, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Fund as at 31 December 2009 and the total deficit for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
UOB ASSET MANAGEMENT LTD

TERENCE ONG
Authorised signatory

22 March 2010

United Japan Growth Fund

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED JAPAN GROWTH FUND

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

We have audited the financial statements of United Japan Growth Fund (the "Fund") set out on pages 14 to 31, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2009, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2009 and the total deficit for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 22 March 2010

United Japan Growth Fund

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

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2009

	Notes	2009 \$	2008 \$
Income			
Dividends		379,065	591,565
Interest		2	3,876
		379,067	595,441
Less: Expenses			
Management fee	10	324,311	516,182
Trustee fee	10	16,216	25,792
Audit fee		14,583	13,764
Registrar fee	10	16,046	16,020
Custody fee		18,491	22,815
Interest expenses		93	64
Other expenses		30,789	17,482
		420,529	612,119
Net loss		(41,462)	(16,678)
Net gains or losses on value of investments			
Net realised loss on investments		(4,893,422)	(5,578,288)
Net change in fair value on investments		4,490,115	(6,726,700)
Net foreign exchange (loss)/gain		(19,803)	184,171
Net loss on value of investments		(423,110)	(12,120,817)
Total deficit for the year before income tax		(464,572)	(12,137,495)
Less : Income tax	3	(26,752)	(40,612)
Total deficit for the year		(491,324)	(12,178,107)

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

United Japan Growth Fund

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

BALANCE SHEET

As at 31 December 2009

	Notes	2009 \$	2008 \$
ASSETS			
Portfolio of investments		19,485,660	22,591,814
Receivables	4	21,273	38,241
Cash and bank balances	5	291,576	1,633,474
Total Assets		19,798,509	24,263,529
LIABILITIES			
Payables	6	187,805	228,918
Net assets attributable to unitholders	7	19,610,704	24,034,611
Total Liabilities		19,798,509	24,263,529

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

United Japan Growth Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Industry - Primary Quoted Equities			
CONSUMER DISCRETIONARY			
DAIHATSU MOTOR CO LIMITED	25,000	348,367	1.78
EXEDY CORPORATION	10,400	300,036	1.53
FAST RETAILING CO LIMITED	800	210,649	1.07
HONDA MOTOR CO LIMITED	11,500	539,366	2.75
NIKON CORPORATION	5,000	137,839	0.70
NINTENDO	700	232,561	1.19
NISSHA PRINTING COMPANY LIMITED	4,600	316,336	1.61
PANASONIC CORPORATION	10,000	199,670	1.02
TOYOTA MOTOR	13,200	772,380	3.94
UNI-CHARM CORPORATION	2,700	354,656	1.81
YAMADA DENKI COMPANY	3,400	320,468	1.63
TOTAL CONSUMER DISCRETIONARY		3,732,328	19.03
CONSUMER STAPLES			
KAO CORPN	13,000	425,430	2.17
SUNDRUG COMPANY LIMITED	13,100	407,959	2.08
TOYO SUISAN KAISHA LIMITED	10,000	321,976	1.64
TOTAL CONSUMER STAPLES		1,155,365	5.89
ENERGY			
INPEX HOLDINGS	39	411,707	2.10
FINANCIALS			
MITSUBISHI ESTATE CO. LIMITED	13,000	288,979	1.47
MITSUBISHI UFJ FINANCIAL GROUP	97,500	663,142	3.38
MITSUI FUDOSAN COMPANY LIMITED	8,000	187,364	0.96
SUMITOMO MITSUI FINANCIALS	11,300	450,743	2.30
SURUGA BANK LIMITED	31,000	376,342	1.92
T & D HOLDINGS INC	9,300	266,338	1.36
TOTAL FINANCIALS		2,232,908	11.39

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

United Japan Growth Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Industry - Primary (continued)			
Quoted Equities			
INFORMATION TECHNOLOGY			
CANON INC	7,800	458,759	2.34
ELPIDA MEMORY INC	6,600	149,499	0.76
FUJITSU LIMITED	46,000	412,762	2.11
HOYA CORP	10,000	370,234	1.89
NIDEC CORPORATION	3,200	410,198	2.09
NIPPON CARBON COMPANY LIMITED	29,000	115,459	0.59
NIPPON ELECTRIC GLASS CO LIMITED	32,000	613,368	3.13
RICOH COMPANY LIMITED	16,000	316,577	1.61
ROHM CO LIMITED	2,200	200,726	1.02
SHIMADZU CORPORATION	29,000	268,967	1.37
TOSHIBA COPORATION	15,000	115,368	0.59
TOTAL INFORMATION TECHNOLOGY		3,431,917	17.50
MATERIALS			
JFE HOLDINGS INC	4,900	268,981	1.37
NIPPON STEEL	45,000	254,489	1.30
SHIN-ETSU CHEMICAL	6,500	512,673	2.61
TOKUYAMA CORPORATION	21,000	163,416	0.84
TOTAL MATERIALS		1,199,559	6.12

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

United Japan Growth Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Industry - Primary (continued)			
Quoted Equities			
PROPERTY TRUST			
NIPPON BUILDING FUND	20	212,640	1.08
TELECOMMUNICATION SERVICES			
KDDI CORP	47	348,729	1.78
NIPPON TELEGRAPH & TELEPHONE CORP	6,500	357,793	1.82
NTT DOCOMO	105	205,061	1.05
TOTAL TELECOMMUNICATION SERVICES		911,583	4.65
UTILITIES			
TOKYO GAS	80,000	446,393	2.28
Portfolio of investments		19,485,660	99.36
Other net assets		125,044	0.64
Net assets attributable to unitholders		19,610,704	100.00

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

United Japan Growth Fund

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

PORTFOLIO STATEMENT

As at 31 December 2009

	Percentage of total net assets attributable to unitholders at 31 December 2009 %	Percentage of total net assets attributable to unitholders at 31 December 2008 %
By Industry - Primary (Summary)		
Quoted Equities		
Consumer Discretionary	19.03	10.88
Consumer Staples	5.89	5.92
Energy	2.10	1.80
Financials	11.39	16.45
Healthcare	4.11	8.68
Industrials	25.21	20.28
Information Technology	17.50	12.17
Materials	6.12	5.43
Property Trust	1.08	1.40
Telecommunication Services	4.65	8.02
Utilities	2.28	2.97
Portfolio of investments	99.36	94.00
Other net assets	0.64	6.00
Net assets attributable to unitholders	100.00	100.00

By Geography - Secondary Quoted Equities

The Fund invests wholly in Japan.

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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

1. General

United Japan Growth Fund (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 27 June 1995 between UOB Asset Management Ltd (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 companies (whether or not listed on any stock exchange but subject to a 10% limit in investment in unlisted and unquoted securities) with assets in, or revenues derived from Japan.

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 year in which they arise.

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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

(ii) *Transactions and balances*

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

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

2. Significant accounting policies (continued)

(f) Financial derivatives

Financial derivatives including forwards and swaps are entered into for the purpose of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the balance sheet date are valued at forward rates or at current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

(g) Expenses charged to the Fund

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

3. Income tax

	2009	2008
	\$	\$
Overseas income tax	26,752	40,612

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.

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

4. Receivables

	2009	2008
	\$	\$
Amount due from unitholders	767	4,818
Dividends receivable	16,550	33,423
Other receivable	3,956	-
	<u>21,273</u>	<u>38,241</u>

5. Cash and bank balances

	2009	2008
	\$	\$
Cash at bank	291,576	1,633,474
	<u>291,576</u>	<u>1,633,474</u>

6. Payables

	2009	2008
	\$	\$
Amount due to unitholders	87,410	114,655
Amount due to Manager	79,189	92,930
Amount due to Trustee	3,825	4,609
Other creditors and accrued expenses	17,381	16,724
	<u>187,805</u>	<u>228,918</u>

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

7. Net assets attributable to unitholders

	2009 \$	2008 \$
At the beginning of the financial year	24,034,611	41,066,827
Operations		
Change in net assets attributable to unitholders resulting from operations	(491,324)	(12,178,107)
Unitholders' contributions/(withdrawals)		
Creation of units	1,046,463	1,482,469
Cancellation of units	(4,979,046)	(6,336,578)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(3,932,583)	(4,854,109)
Total decrease in net assets attributable to unitholders	(4,423,907)	(17,032,216)
At the end of the financial year	19,610,704	24,034,611
Units in issue (Note 8)	15,394,146	18,686,829
	\$	\$
Net assets attributable to unitholders per unit	1.27	1.29

8. Units in issue

	2009	2008
Units at beginning of the year	18,686,829	21,777,863
Units created	858,301	915,066
Units cancelled	(4,150,984)	(4,006,100)
Units at end of the year	15,394,146	18,686,829

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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.

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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 31 December 2009

	SGD \$	JPY \$	Others \$	Total \$
Assets				
Portfolio of investments	-	19,485,660	-	19,485,660
Receivables	4,723	16,550	-	21,273
Cash and bank balances	224,338	-	67,238	291,576
Total Assets	229,061	19,502,210	67,238	19,798,509
Liabilities				
Payables	185,403	-	2,402	187,805
Net assets attributable to unitholders	19,610,704	-	-	19,610,704
Total Liabilities	19,796,107	-	2,402	19,798,509
Net currency exposure	(19,567,046)	19,502,210	64,836	

As at 31 December 2008

	SGD \$	JPY \$	Others \$	Total \$
Assets				
Portfolio of investments	-	22,591,814	-	22,591,814
Receivables	3,553	33,423	1,265	38,241
Cash and bank balances	417,198	1,169,836	46,440	1,633,474
Total Assets	420,751	23,795,073	47,705	24,263,529
Liabilities				
Payables	226,988	-	1,930	228,918
Net assets attributable to unitholders	24,034,611	-	-	24,034,611
Total Liabilities	24,261,599	-	1,930	24,263,529
Net currency exposure	(23,840,848)	23,795,073	45,775	

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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

Benchmark components	2009		2008	
	Net impact to net assets attributable to unitholders \$	%	Net impact to net assets attributable to unitholders \$	%
Topix	3,507,419	20	4,382,812	20

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

9. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

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

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.

(b) Liquidity risk

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

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

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

As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	187,805	-	-	-
Net assets attributable to unitholders	19,610,704	-	-	-

As at 31 December 2008

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	228,918	-	-	-
Net assets attributable to unitholders	24,034,611	-	-	-

United Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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 and custodians in which the Fund's assets are held as at 31 December 2009 and 2008.

As at 31 December 2009

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

As at 31 December 2008

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

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 Japan Growth Fund

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

10. Related party transactions

- (a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and HSBC Institutional Trust Services (Singapore) Limited respectively. UOB Asset Management Ltd 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 year, the Fund maintained the following accounts with a related party:

	2009 \$	2008 \$
<u>United Overseas Bank Limited</u>		
Bank balances	<u>11,722</u>	<u>6,428</u>

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

	2009 \$	2008 \$
Bank charges	30	59
Interest expense	-	20

11. Financial ratios

	2009	2008
Expense ratio ¹	1.99%	1.94%
Turnover ratio ²	<u>49.09%</u>	<u>33.21%</u>

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

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

United Japan Growth Fund
(Constituted under a Trust Deed in the Republic of Singapore)

This page has been intentionally left blank.

