United Japan Growth Fund

Semi Annual Report

for the period 1st January to 30th June 2009

UOB Asset Management
大華資產管理

United Japan Growth Fund

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

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A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 18 August 1995 Ann Comp Ret
United Japan Growth Fund	12.76	-2.32	-25.21	-17.51	-8.79	-2.21	1.81
Benchmark	17.03	3.30	-15.83	-12.61	-4.46	-4.91	-4.09

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: Aug 95 – Dec 04 : Nikkei 225 Stock Average; Jan 05 – Present : TOPIX.

For the six months ended 30 June 2009, the unit price of the Fund fell **2.32%** on a net asset value basis compared to the 3.30% rise in the TOPIX Index in Singapore dollar terms.

The underperformance came from the Fund's negative stock selection in **Industrials *(East Japan Railway)***, **Telecommunications *(KDDI*** and ***NTT DoCoMo)***, **Utilities *(Tokyo Gas)***, and **Pharmaceuticals *(Takeda)***. Our overweighting of **Heathcare** and **Consumer Staples** sectors, and underweighting of **Materials** sector also hurt performance. Mitigating the underperformance was our holdings in selected sectors: **Materials *(Nippon Electric Glass)***, **Industrials *(Mitsubishi Corporation)***, **Autos/Auto parts *(Exedy*** and ***Toyota)***, and **Banks *(MUFG)***, which helped the Fund's performance.

As at 30 June 2009, the Fund was positioned in **Consumer Discretionary** (20.5%), **Consumer Staples** (5.3%), **Energy** (2.1%), **Financials** (16.2%), **Healthcare** (4.8%), **Industrials** (21.2%), **Information Technology** (12.6%), **Materials** (7.7%), **Property Trust** (1.3%), **Telecom** (4.9%), and **Utilities** (2.4%). The portfolio held 1.0% cash at the end of the period.

Economic and Market Review

With Japan's economy remaining extremely sensitive to the global economy, real GDP fell by 0.3% yoy in the third quarter of calendar year 2008 (3QCY08), 4.3% yoy in 4QCY08, and 8.8% yoy in 1QCY09. The Japan government and the Bank of Japan have nevertheless upgraded their assessments of the Japanese economy, announcing that economic conditions have stopped worsening. The Bank of Japan maintained its target interest rate at 0.1% while National consumer price index eased to -1.1% against +0.4% in December 2008. The JPY weakened to 95.94 against the USD compared to 90.33 at the beginning of the year.

The index managed to post positive gains from March onwards after starting the year on a weak note, thanks to recovering economic data as well as the announcement of the 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. TOPIX rose by 2.3% in JPY terms in 1H09.

The best performing sectors during the period under review were **Glass & Ceramics, Non-ferrous Metal, Transport Equipment, Precision Instrument, Iron & Steel,** and **Wholesale Trade**. The sectors that underperformed included **Pulp & Paper, Electric Power & Gas, Pharmaceutical, Information & Communications, Air Transport,** and **Retail Trade.**

Fund Strategy

Caution ahead of the next results reporting season, and uncertainty regarding the pace of economic recovery, are near-term negative factors. Risks specific to Japan include political change, and currency volatility.

Nevertheless, we continue to see upside for Japanese equities. PBR of 1.2x remains at a steep discount to the historical average of 1.8x. Domestic policy stimulus, which appears to be reasonably aggressive, should kick in towards the second half of 2009. Moreover, investors remain cautiously positioned.

The fourth quarter of financial year 2008 (January-March 2009) results for all sectors showed that sales fell 23.9% yoy, and losses were incurred at the operating, recurring and net levels. The main factors behind the sharp earnings deterioration were the strong yen, higher materials costs, valuation losses and sharp plunge in end-demand. The management of listed companies guided for a smaller aggregate net loss in 1HFY09, followed by an earnings turnaround in 2HFY09. This could indicate that the worst is over for Japan's corporate profitability.

We maintain our near-term TOPIX target of 1,000, and overweight position in **Industrials**, **Energy**, **Real Estate**, and selected companies within **Consumer Discretionary**. We are neutral on **Consumer Staples**, **Info-Communications**, **Pharmaceuticals**, **Materials**, **Banks**, **Info-Technology**, and **Autos**, and underweight **Utilities**.

In **industrials**, there are signs that earnings have bottomed. Strong expansion in Asian emerging economies is surfacing with China's Apr-Jun real GDP recovering to a 7.9% yoy gain. We like Japanese companies leveraged on the strong growth in the emerging markets, and those benefiting from automation and energy-saving requirements. Our top picks include ***Mitsui & Co***, ***Komatsu*** and ***Fanuc***.

Within the **consumer** sector, we have reduced our weighting in **consumer staples**, and increased exposure to selected stocks in the **consumer discretionary** sector. Deteriorating labour markets and a decline in wages remain headwinds to households. However, the government's support, which includes JPY 2 trillion cash benefits to households, and incentives to environmental friendly automobiles and household appliances, could lift consumer spending in the upcoming months. Our picks include fiscal stimulus beneficiary ***Yamada Denki***, and drugstore chain operator, ***Sundrug***.

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. Falling material costs and rising Asia sales are also helping ***Unicharm*** to more than offset weakness in its domestic business.

The residential **property** market in Japan is showing signs of stabilization. Conversely, for the office property segment, vacancy rates and average rents continued to be weak. We believe there remains upside to property stocks, which have lagged the market upturn. Our preferred picks are ***Mitsubishi Estate*** and ***Nippon Building Fund***.

Banks are expected to return to the black in FY09 as exorbitant valuation losses in investments held are not expected to recur. Credit cost will increase as non-performing loans (NPLs) should rise, albeit at levels lower than the 1992 high of 8-10%. Relative to their longer-term value, bank shares remain undervalued. Our top picks include **MUFG and SMFG**.

Within the **materials** sector, earnings also appear to have bottomed. LCD material makers ***Asahi Glass***, and ***Nippon Electric Glass***, are experiencing strong order recovery on increased LCD TV end-demand. Steel price recovery should also benefit blast furnace company ***Nippon Steel***.

As for **technology**, restocking within the handset and PC supply chain is likely to be completed and focus is now shifting to final demand. Risks include slowing order momentum and demand disappointment. We would focus on fields with structural demand growth potential, such as touch screens ***(Nissha Printing)***, LEDs ***(Rohm)***, semiconductor package related, and environmental/energy-savings related.

The **pharmaceutical** sector continues to face major headwinds, given uncertainty surrounding healthcare reforms in the US market. The run-up to the biennial NHI price revision scheduled for April 2010 could also result in pharmaceutical stocks underperforming the market. Kampo drug company **Tsumura** should experience below-industry-average reimbursement price cuts, and steady volume growth.

We have reduced our underweight position in the **auto** sector. Global automobile sales could see a near-term recovery with the introduction of scrapping incentives and improvement in the macro environment. However, major automakers could experience long and drawn-out earnings normalization. Our picks include ***Toyota***, ***Honda*** and ***Daihatsu***.

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. ***NTT*** is the only telecommunication/utility stock in Japan trading at a PBR of less than 1x.

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

i) Country

	Fair Value (S$)	**% of NAV**
Japan	21,063,652	99.03
Portfolio of investments	21,063,652	99.03
Other net assets	206,858	0.97
Total	**21,270,510**	**100.00**

ii) Industry

	Fair Value (S$)	% of NAV
Consumer Discretionary	4,355,513	20.47
Consumer Staples	1,130,803	5.32
Energy	450,473	2.12
Financials	3,443,152	16.19
Healthcare	1,011,725	4.76
Industrials	4,518,457	21.24
Information Technology	2,685,034	12.62
Materials	1,636,810	7.70
Property Trust	271,604	1.28
Telecommunication Services	1,049,215	4.93
Utilities	510,866	2.40
Portfolio of investments	21,063,652	99.03
Other net assets	206,858	0.97
Total	**21,270,510**	**100.00**

iii) Asset Class

	Fair Value (S$)	% of NAV
Equities	21,063,652	99.03
Other net assets	206,858	0.97
Total	**21,270,510**	**100.00**

iv) Credit rating of debt securities

N/A

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 %
TOYOTA MOTOR	**1,065,115**	**5.01**
MITSUBISHI UFJ FINANCIAL GROUP	**969,877**	**4.56**
EAST JAPAN RAILWAY COMPANY	**862,830**	**4.06**
SHIN-ETSU CHEMICAL	**596,776**	**2.81**
SUMITOMO MITSUI FINANCIALS	**588,030**	**2.76**
MITSUBISHI CORP	**582,024**	**2.74**
NIPPON ELECTRIC GLASS CO LTD	**565,979**	**2.66**
SURUGA BANK LTD	**526,137**	**2.47**
MITSUI & CO LIMITED	**514,827**	**2.42**
TOKYO GAS	**510,866**	**2.40**

10 largest holdings at 30 June 2008

	Fair Value (S$)	Percentage of total net assets attributable to unitholders %
TOYOTA MOTOR	1,666,190	4.93
EAST JAPAN RAILWAY COMPANY	1,515,349	4.49
MITSUI & CO LIMITED	1,134,804	3.36
SUMITOMO MITSUI FINANCIALS	1,132,445	3.35
NINTENDO	1,073,027	3.18
TAKEDA PHARMACEUTICAL CO LTD	1,050,058	3.11
KOMATSU LTD	1,015,017	3.00
MIZUHO FINANCIAL GROUP INC	928,850	2.75
MITSUBISHI CORP	927,735	2.75
CANON INC	915,277	2.71

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

	Fair Value (S$)	**Percentage of total net assets attributable to unitholders %**
NIPPON BUILDING FUND	271,604	1.28

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	2,584,344
Total amount of subscriptions	SGD	511,201

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	12,307

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 Japan Growth Fund as at 30 June 2009 were as follows:-

	Affiliated Companies	No. of Units	Unit Price SGD	Market Value SGD
a)	UOB Life Assurance Limited	23,125.10	1.264	29,230.13
b)	Overseas Union Insurance - Overseas Insurance Fund	458,601.49	1.264	579,672.28
c)	United Overseas Insurance - Singapore Insurance Fund	520,156.61	1.264	657,477.96
d)	United Overseas Insurance - Shareholders' Fund	201,875.62	1.264	255,170.78

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.

I) Expense ratios

30 June 2009	1.97%
30 June 2008	1.87%

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	31.17%
30 June 2008	18.71%

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

K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts

N/A

L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme")[1] should be disclosed as well

i) top 10 holdings at fair value and as percentage of NAV as at 30 June 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.*

STATEMENT OF TOTAL RETURN

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

	Notes	30 June 2009 $	30 June 2008 $
Income			
Dividends		**209,658**	342,669
Interest		**2**	3,828
		209,660	346,497
Less: Expenses			
Management fee	10	**171,781**	289,375
Trustee fee	10	**8,589**	14,451
Audit fee		**7,428**	5,978
Registrar fee	10	**7,957**	7,984
Custody fee		**9,047**	11,626
Interest expenses		**-**	10
Other expenses		**5,163**	7,286
		209,965	336,710
Net (loss)/gain		**(305)**	9,787
Net gains or losses on value of investments			
Net realised losses on investments		**(3,722,471)**	(1,765,840)
Net change in fair value on investments		**3,062,532**	(2,486,729)
Net foreign exchange losses		**(15,802)**	(56,730)
Net losses on value of investments		**(675,741)**	(4,309,299)
Total deficit for the period before income tax		**(676,046)**	(4,299,512)
Less : Income tax	3	**(14,912)**	(24,008)
Total deficit for the period		**(690,958)**	(4,323,520)

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

BALANCE SHEET
As at 30 June 2009 (Un-audited)

	Notes	30 June 2009 $	31 December 2008 $
ASSETS			
Portfolio of investments		**21,063,652**	22,591,814
Receivables	4	**31,029**	38,241
Sales awaiting settlement		**70,007**	-
Cash and bank balances	5	**308,837**	1,633,474
Total Assets		**21,473,525**	24,263,529
LIABILITIES			
Payables	6	**137,209**	228,918
Purchases awaiting settlement		**65,806**	-
Net assets attributable to unitholders	7	**21,270,510**	24,034,611
Total Liabilities		**21,473,525**	24,263,529

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

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 Industry - Primary			
Quoted Equities			
CONSUMER DISCRETIONARY			
DAIHATSU MOTOR CO LIMITED	32,000	431,062	2.02
EXEDY CORPORATION	14,000	400,071	1.88
NINTENDO	1,200	478,825	2.25
NISSHA PRINTING COMPANY LIMITED	5,600	386,420	1.82
PANASONIC CORPORATION	12,000	234,372	1.10
SUNDRUG COMPANY LIMITED	13,100	419,549	1.97
TOYOTA MOTOR	19,400	1,065,115	5.01
UNI-CHARM CORPORATION	3,300	364,339	1.71
XEBIO COMPANY LIMITED	9,200	289,125	1.36
YAMADA DENKI COMPANY	3,400	286,635	1.35
TOTAL CONSUMER DISCRETIONARY		**4,355,513**	**20.47**
CONSUMER STAPLES			
KAO CORPN	13,000	410,496	1.93
SEVEN & I HOLDINGS CO LTD	12,400	422,242	1.99
TOYO SUISAN KAISHA LTD	10,000	298,065	1.40
TOTAL CONSUMER STAPLES		**1,130,803**	**5.32**
ENERGY			
INPEX HOLDINGS	39	**450,473**	**2.12**
FINANCIALS			
MITSUBISHI ESTATE CO. LTD	10,000	241,663	1.14
MITSUBISHI UFJ FINANCIAL GROUP	108,300	969,877	4.56
MITSUI FUDOSAN COMPANY LTD	8,000	201,850	0.95
MIZUHO FINANCIAL GROUP INC	47,500	160,321	0.76
ORIX CORPORATION	1,500	130,282	0.61
SONY FINANCIAL HOLDINGS INC	60	239,952	1.13
SUMITOMO MITSUI FINANCIALS	10,000	588,030	2.76
SURUGA BANK LTD	38,000	526,137	2.47
T & D HOLDINGS INC	9,300	385,040	1.81
TOTAL FINANCIALS		**3,443,152**	**16.19**

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

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 Industry - Primary (continued)			
Quoted Equities			
HEALTHCARE			
ASTELLAS PHARMA INC	5,700	291,570	1.37
DAIICHI SANKYO COMPANY LTD	9,200	237,925	1.12
TAKEDA PHARMACEUTICAL CO LTD	4,800	270,014	1.27
TSUMURA & CO	4,700	212,216	1.00
TOTAL HEALTHCARE		**1,011,725**	**4.76**
INDUSTRIALS			
DAISEKI CO LTD	4,300	137,070	0.64
EAST JAPAN RAILWAY COMPANY	9,900	862,830	4.06
FANUC LTD	4,200	488,905	2.30
KANSAI ELECTRIC POWER CO INC	6,300	201,295	0.94
KOMATSU LTD	13,600	303,772	1.43
KUBOTA CORPORATION	22,000	263,024	1.24
MARUBENI CORP	39,000	250,393	1.18
MITSUBISHI CORP	21,700	582,024	2.74
MITSUI & CO LIMITED	30,000	514,827	2.42
MITSUI O.S.K. LINES	46,000	430,582	2.02
SECOM CO LTD	6,100	358,698	1.68
TOKYO STEEL MANUFACTURING CO LTD	7,100	125,037	0.59
TOTAL INDUSTRIALS		**4,518,457**	**21.24**

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

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 Industry - Primary (continued)			
Quoted Equities			
INFORMATION TECHNOLOGY			
CANON INC	7,800	367,399	1.73
CAPCOM COMPANY LIMITED	5,500	143,063	0.67
HOYA CORP	8,000	231,852	1.09
KONICA MINOLTA HOLDINGS INC	8,000	120,846	0.57
NIPPON CARBON COMPANY LIMITED	29,000	117,456	0.55
NIPPON ELECTRIC GLASS CO LTD	35,000	565,979	2.66
RICOH COMPANY LIMITED	27,000	502,631	2.36
ROHM CO LIMITED	2,200	231,012	1.09
SHIMADZU CORPORATION	35,000	404,796	1.90
TOTAL INFORMATION TECHNOLOGY		**2,685,034**	**12.62**
MATERIALS			
JFE HOLDINGS INC	7,100	346,143	1.63
NIPPON STEEL	45,000	249,088	1.17
SHIN-ETSU CHEMICAL	8,900	596,776	2.81
TOKUYAMA CORPORATION	42,000	444,803	2.09
TOTAL MATERIALS		**1,636,810**	**7.70**
PROPERTY TRUST			
NIPPON BUILDING FUND	22	**271,604**	**1.28**
TELECOMMUNICATION SERVICES			
KDDI CORP	58	444,593	2.09
NIPPON TELEGRAPH & TELEPHONE CORP	6,500	382,220	1.80
NTT DOCOMO	105	222,402	1.04
TOTAL TELECOMMUNICATION SERVICES		**1,049,215**	**4.93**
UTILITIES			
TOKYO GAS	99,000	**510,866**	**2.40**
Portfolio of investments		**21,063,652**	**99.03**
Other net assets		**206,858**	**0.97**
Net assets attributable to unitholders		**21,270,510**	**100.00**

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

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		
Consumer Discretionary	**20.47**	10.88
Consumer Staples	**5.32**	5.92
Energy	**2.12**	1.80
Financials	**16.19**	16.45
Healthcare	**4.76**	8.68
Industrials	**21.24**	20.28
Information Technology	**12.62**	12.17
Materials	**7.70**	5.43
Property Trust	**1.28**	1.40
Telecommunication Services	**4.93**	8.02
Utilities	**2.40**	2.97
Portfolio of investments	**99.03**	94.00
Other net assets	**0.97**	6.00
Net assets attributable to unitholders	**100.00**	100.00

By Geography - Secondary
Quoted Equities

The Fund invests wholly in Japan.

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

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 Japan Growth Fund (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 27 June 1995 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 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 period in which they arise.

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 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) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2009 (Un-audited)

2. Significant accounting policies (continued)

(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

	30 June 2009 $	30 June 2008 $
Overseas income tax	**14,912**	24,008

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

	30 June 2009 $	31 December 2008 $
Amount due from unitholders	**1,429**	4,818
Dividends receivable	**29,211**	33,423
Other receivable	**389**	-
	31,029	38,241

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2009 (Un-audited)

5. Cash and bank balances

	30 June 2009 $	31 December 2008 $
Cash at bank	**308,837**	1,633,474

6. Payables

	30 June 2009 $	31 December 2008 $
Amount due to unitholders	**44,220**	114,655
Amount due to Manager	**78,895**	92,930
Amount due to Trustee	**3,909**	4,609
Other creditors and accrued expenses	**10,185**	16,724
	137,209	228,918

7. Net assets attributable to unitholders

	30 June 2009 $	31 December 2008 $
At the beginning of the financial period/year	**24,034,611**	41,066,827
Operations		
Change in net assets attributable to unitholders resulting from operations	**(690,958)**	(12,178,107)
Unitholders' contributions/(withdrawals)		
Creation of units	**511,201**	1,482,469
Cancellation of units	**(2,584,344)**	(6,336,578)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	**(2,073,143)**	(4,854,109)
Total decrease in net assets attributable to unitholders	**(2,764,101)**	(17,032,216)
At the end of the financial period/year	**21,270,510**	24,034,611
Units in issue (Note 8)	**16,846,486**	18,686,829
	$	$
Net assets attributable to unitholders per unit	**1.26**	1.29

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	**18,686,829**	21,777,863
Units created	**444,891**	915,066
Units cancelled	**(2,285,234)**	(4,006,100)
Units at end of the period/year	**16,846,486**	18,686,829

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.

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 $	JPY $	Others $	Total $
Assets				
Portfolio of investments	-	21,063,652	-	**21,063,652**
Receivables	1,335	29,211	483	**31,029**
Sales awaiting settlement	-	70,007	-	**70,007**
Cash and bank balances	227,522	49,399	31,916	**308,837**
Total Assets	**228,857**	**21,212,269**	**32,399**	**21,473,525**
Liabilities				
Payables	135,911	-	1,298	**137,209**
Purchases awaiting settlement	-	65,806	-	**65,806**
Net assets attributable to unitholders	21,270,510	-	-	**21,270,510**
Total Liabilities	**21,406,421**	**65,806**	**1,298**	**21,473,525**
Net currency exposure	**(21,177,564)**	**21,146,463**	**31,101**	

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	

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. Consequently, currency risk sensitivity analysis is prepared and disclosed only for monetary assets and liabilites. The table below summarises the sensitivity of the Fund's monetary assets and liabilities to changes in foreign exchange movements at 30 June 2009 and 31 December 2008. The analysis is based on the assumptions that the functional currency increased / decreased to the relevant foreign exchange rates as disclosed below. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

Currency	**30 June 2009**		31 December 2008	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	$	**%**	$	%
JPY	**9,937**	**12**	156,424	13

(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 components	**30 June 2009**		31 December 2008	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	$	**%**	$	%
Topix	**3,833,585**	**20**	4,382,812	20

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2009 (Un-audited)

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 30 June 2009

	Less than 3 months $	**3 months to 1 year $**	**1-5 years $**	**Above 5 years $**
Payables	**137,209**	**-**	**-**	**-**
Purchases awaiting settlement	**65,806**	**-**	**-**	**-**
Net assets attributable to unitholders	**21,270,510**	**-**	**-**	**-**

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	-	-	-

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 summarizes 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**
Bank			
State Street Bank & Trust Co.	**296,530**	**B**	**Moody's**
United Overseas Bank Limited	**12,307**	**B**	**Moody's**

As at 31 December 2008

	Amount $	Credit rating	Source of credit rating
Bank			
State Street Bank & Trust Co.	1,627,046	B+	Moody's
United Overseas Bank Limited	6,428	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.

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 $
United Overseas Bank Limited		
Bank balances	**12,307**	6,428

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

	30 June 2009 $	30 June 2008 $
Bank charges	**30**	20

11. Financial ratios

	30 June 2009	30 June 2008
Expense ratio [1]	**1.97%**	1.87%
Turnover ratio [2]	**31.17%**	18.71%

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

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

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