



United Singapore Recovery Fund

Semi Annual Report

for the period 30th January to
30th June 2009

United Singapore Recovery 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

Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989

United Singapore Recovery Fund

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A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 16 March 2009 % Growth
United Singapore Recovery Fund	27.92	N/A	N/A	N/A	N/A	N/A	33.53
Benchmark	39.58	N/A	N/A	N/A	N/A	N/A	50.08

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 : FTSE-ST Index.

Since inception on 16 March 2009, the Fund **rose 33.5%** on a net asset value basis, compared to the 50.1% increase in the benchmark, the Straits Times Index (FSSTI). The under-performance was mainly due to the cash drag as the fund was not fully invested during the market rally in the month of May 2009. The fund's underweight position in the **banking** sector as well as the overweight position in **SPH** and **ST Engineering** added to the underperformance.

As at 30 June 2009, the Fund was 83.2% invested, with the balance in cash and cash equivalents. In term of sectors, the Fund's allocation stood at **Financials** 34.3%, **Industrials** 27.1%, **Property Trust** 7.7%, **Telecom Services** 7.0%, and **Consumer** 7.1%.

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. We look to deploy the cash on market 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		
Singapore	18,089,740	83.16
Portfolio of investments	18,089,740	83.16
Other net assets	3,664,429	16.84
Total	21,754,169	100.00

ii) Industry		
Consumer Discretionary	1,532,600	7.05
Financials	7,456,590	34.28
Industrials	5,899,920	27.12
Property Trust	1,668,910	7.67
Telecommunication Services	1,531,720	7.04
Portfolio of investments	18,089,740	83.16
Other net assets	3,664,429	16.84
Total	21,754,169	100.00

iii) Asset Class		
Equities	18,089,740	83.16
Other net assets	3,664,429	16.84
Total	21,754,169	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

10 largest holdings at 30 June 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
ASCENDAS REAL ESTATE INVESTMENT TRUST	1,668,910	7.67
SINGAPORE AIRLINES LIMITED	1,577,940	7.25
CAPITALAND LIMITED	1,535,940	7.06
SINGAPORE PRESS HLDGS LIMITED	1,532,600	7.05
SINGAPORE TELECOMMUNICATIONS LIMITED	1,531,720	7.04
DBS GROUP HOLDINGS LIMITED	1,531,400	7.04
ST ENGINEERING LIMITED	1,500,600	6.90
UNITED OVERSEAS BANK LIMITED	1,493,280	6.86
CITY DEVELOPMENTS LIMITED	1,492,920	6.86
KEPPEL CORPORATION LIMITED	1,435,200	6.60

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 at 30 June 2009 (S\$)	Percentage of total net assets attributable to unitholders at 30 June 2009 %
ASCENDAS REAL ESTATE INVESTMENT TRUST	1,668,910	7.67

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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 30 January 2009 to 30 June 2009

Total amount of redemptions	SGD	7,642,843
Total amount of subscriptions	SGD	26,505,670

H) The amount and terms of related-party transactions for the period 30 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	163,412
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ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 30 June 2009

N/A

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

N/A

iv) As at 30 June 2009, the brokerage income earned by UOB Kay Hian Pte Ltd was SGD 3,057.

I) Expense ratios

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009	1.64%
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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

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009	21.70%
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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 financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

	Notes	For the financial period from 30 January 2009 to 30 June 2009 \$
Income		
Dividend		167,394
Interest		54
		167,448
Less: Expenses		
Management fee	9	20,156
Administration fee	9	5,039
Trustee fee	9	2,016
Audit fee		4,045
Registrar fee	9	5,039
Valuation fee	9	5,039
Custody fee		4,711
Interest expenses		191
Preliminary expenses		66,301
		112,537
Net income		54,911
Net gains or losses on value of investments		
Net realised gains on investments		404,468
Net change in fair value on investments		2,425,744
Net foreign exchange gains		7,889
Net gains on value of investments		2,838,101
Total return for the period before income tax		2,893,012
Less : Income tax	3	(1,670)
Total return for the period		2,891,342

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

United Singapore Recovery Fund

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BALANCE SHEET

As at 30 June 2009 (Un-audited)

	Notes	30 June 2009 \$
ASSETS		
Portfolio of investments		18,089,740
Receivables	4	77,115
Cash and bank balances		3,921,603
Total Assets		22,088,458
LIABILITIES		
Payables	5	334,289
Net assets attributable to unitholders	6	21,754,169
Total Liabilities		22,088,458

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

United Singapore Recovery Fund

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

PORTFOLIO STATEMENT

As at 30 June 2009 (Un-audited)

	Holdings at 30 June 2009	Fair value at 30 June 2009 \$	Percentage of total net assets attributable to unitholders at 30 June 2009 %
By Industry - Primary			
Quoted Equities			
CONSUMER DISCRETIONARY			
SINGAPORE PRESS HLDGS LIMITED	485,000	1,532,600	7.05
FINANCIALS			
CAPITALAND LIMITED	414,000	1,535,940	7.06
CITY DEVELOPMENTS LIMITED	174,000	1,492,920	6.86
DBS GROUP HOLDINGS LIMITED	130,000	1,531,400	7.04
OVERSEAS CHINESE BANKING CORPORATION	210,985	1,403,050	6.46
UNITED OVERSEAS BANK LIMITED	102,000	1,493,280	6.86
TOTAL FINANCIALS		7,456,590	34.28
INDUSTRIALS			
KEPPEL CORPORATION LIMITED	208,000	1,435,200	6.60
SEMBCORP INDUSTRIES LIMITED	459,000	1,386,180	6.37
SINGAPORE AIRLINES LIMITED	119,000	1,577,940	7.25
ST ENGINEERING LIMITED	615,000	1,500,600	6.90
TOTAL INDUSTRIALS		5,899,920	27.12
PROPERTY TRUST			
ASCENDAS REAL ESTATE INVESTMENT TRUST	1,063,000	1,668,910	7.67
TELECOMMUNICATION SERVICES			
SINGAPORE TELECOMMUNICATIONS LIMITED	514,000	1,531,720	7.04
Portfolio of investments		18,089,740	83.16
Other net assets		3,664,429	16.84
Net assets attributable to unitholders		21,754,169	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 %
By Industry – Primary (Summary)	
Quoted Equities	
Consumer Discretionary	7.05
Financials	34.28
Industrials	27.12
Property Trust	7.67
Telecommunication Services	7.04
Portfolio of investments	83.16
Other net assets	16.84
Net assets attributable to unitholders	100.00

By Geography – Secondary

Quoted Equities

The sub-fund invests wholly in Singapore.

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

United Singapore Recovery Fund

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

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

1. General

United Global Recovery Fund (the "Fund") is a Singapore registered umbrella fund constituted by a Trust Deed dated 30 January 2009 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 Fund currently comprises of one sub-fund namely, United Singapore Recovery Fund (the "sub-fund").

The primary activity of the sub-fund is to achieve capital appreciation and to make regular distributions through investment in a generally fixed, diversified portfolio of equity or equity linked securities which are listed or quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST"). There will be no specific industry or sector emphasis.

The sub-fund has a fixed investment term of 2 years.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

2. Significant accounting policies (continued)

(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.

(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 sub-fund is the current market quoted bid price.

(e) Foreign currency translation

(i) *Functional and presentation currency*

The sub-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 sub-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 sub-fund operates. The financial statements are presented in Singapore dollars, which is the sub-fund's functional and presentation currency.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

2. Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(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-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.

(g) Expenses charged to the sub-fund

All direct expenses relating to the sub-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 sub-fund based on the respective sub-fund’s net asset value.

(h) 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 sub-fund.

(i) Preliminary expenses

Preliminary expenses are expensed off in the Statement of Total Return as and when incurred.

United Singapore Recovery Fund

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

3. Income Tax

**For the
financial
period from
30 January 2009
to 30 June 2009
\$**

Singapore income tax	1,670
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The sub-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
\$**

Amount due from unitholders	77,115
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5. Payables

**30 June
2009
\$**

Amount due to unitholders	129,029
Amount due to Manager	185,076
Amount due to Trustee	1,798
Other creditors and accrued expenses	18,386
	334,289

United Singapore Recovery Fund

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

6. Net assets attributable to unitholders

	For the financial period from 30 January 2009 to 30 June 2009 \$
At the beginning of the financial period	-
Operations	
Change in net assets attributable to unitholders resulting from operations	2,891,342
Unitholders' contributions/(withdrawals)	
Creation of units	26,505,670
Cancellation of units	(7,642,843)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	18,862,827
Total increase in net assets attributable to unitholders	21,754,169
At the end of the financial period	21,754,169
Units in issue (Note 7)	16,320,688
	\$
Net assets attributable to unitholders per unit	1.33

7. Units in issue

	For the financial period from 30 January 2009 to 30 June 2009
Units at beginning of the period	-
Units created	22,666,688
Units cancelled	(6,346,000)
Units at end of the period	16,320,688

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For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

8. Financial risk management

The sub-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 sub-fund's overall risk management programme seeks to minimise potential adverse effects on the sub-fund's financial performance. The sub-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 sub-fund at any time as part of the overall financial risk management to reduce the sub-fund's risk exposures.

The sub-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 sub-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 sub-fund's investments are substantially dependent on changes in market prices. The sub-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 sub-fund. Guidelines are set to reduce the sub-fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the sub-fund may be hedged using derivative strategies.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The sub-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 sub-fund.

The table below summarises the on-balance sheet exposure to currency risks for the sub-fund.

As at 30 June 2009

	SGD \$	USD \$	Total \$
Assets			
Portfolio of investments	18,089,740	-	18,089,740
Receivables	77,115	-	77,115
Cash and bank balances	1,227,351	2,694,252	3,921,603
Total Assets	19,394,206	2,694,252	22,088,458
Liabilities			
Payables	309,050	25,239	334,289
Net assets attributable to unitholders	21,754,169	-	21,754,169
Total Liabilities	22,063,219	25,239	22,088,458
Net currency exposure	(2,669,013) 2,669,013		

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 sub-funds' net financial assets comprise significantly non-monetary investments, hence currency risk sensitivity analysis has not been performed on the remaining financial assets.

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For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

8. Financial risk management (continued)

(a) Market risk (continued)

(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 sub-fund's underlying investments in equities on the sub-fund's net assets attributable to unitholders at 30 June 2009. 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 sub-fund's investments moved according to the historical correlation with the index.

Benchmark components	30 June 2009	
	Net impact to net assets attributable to unitholders	
	\$	%
FTSE-ST	3,075,256	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 sub-fund's financial assets and liabilities are largely non-interest bearing. Hence, the sub-fund is not subjected to risk due to fluctuations in the prevailing levels of market interest rates.

(b) Liquidity risk

The sub-fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the sub-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 sub-fund's investments in listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

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For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

8. Financial risk management (continued)

(b) Liquidity risk (continued)

The table below analyses the sub-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	334,289	-	-	-
Net assets attributable to unitholders	<u>21,754,169</u>	-	-	-

(c) Credit risk

The sub-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 sub-fund's credit risk is concentrated on cash and bank balances, and 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 sub-fund's assets are held as at 30 June 2009.

As at 30 June 2009

<u>Bank</u>	Amount \$	Credit rating	Source of credit rating
State Street Bank & Trust Co.	3,758,191	B	Moody's
United Overseas Bank Limited	<u>163,412</u>	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. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 30 June 2009 (Un-audited)

8. Financial risk management (continued)

(d) Capital Management

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

9. Related party transactions

- (a) The Manager and the Trustee of the sub-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, valuation and administration fees are paid to the Manager, while trustee fee is paid to the Trustee and the registrar fee is paid to HSBC Securities Services (Transfer Agency) Pte Ltd, a subsidiary of HSBC Holdings Plc. These fees paid or payable by the sub-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, the sub-fund maintained the following accounts with a related party:

	30 June 2009 \$
<u>United Overseas Bank Limited</u>	
Bank balances	<u>163,412</u>

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

	For the financial period from 30 January 2009 to 30 June 2009 \$
Interest income	22
Interest expense	<u>191</u>

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NOTES TO THE FINANCIAL STATEMENTS

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9. Related party transactions (continued)

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

For the financial period ended 30 June 2009, the sub-fund has brokerage fee paid or payable to UOB Kay Hian Pte Ltd as follows:

	For the financial period from 30 January 2009 to 30 June 2009 \$
Brokerage charges	3,057

10. Financial ratios

	For the financial period from 30 January 2009 to 30 June 2009
Expense ratio ¹	1.64%
Turnover ratio ²	21.70%

11. Comparatives

No comparatives figures have been presented as this is the first set of financial statement since its inception.

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 sub-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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