

United Global Recovery Funds

- United Asia Recovery Fund
- United High Grade Corporate Bond Fund
- United Singapore Recovery Fund

Annual Report

for the financial period 30th January to
31st December 2009

United Global Recovery Funds

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

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United Asia Recovery Fund

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

A) Fund Performance

	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr	Since
Fund Performance/ Benchmark Returns	% Growth	% Growth	% Growth	Ann Comp Ret	Ann Comp Ret	Ann Comp Ret	31 August 2009 Ann Comp Ret
United Asia Recovery Fund	9.44	NA	NA	NA	NA	NA	11.41
Benchmark	6.06	NA	NA	NA	NA	NA	12.61

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: MSCI AC Far East ex Japan.

From the Fund's inception on 31 August to 31 December 2009, the unit price of the Fund **rose 11.4%** on a net asset value basis, compared with a 12.6% rise in the benchmark MSCI AC Far East ex Japan index.

As at end December 2009, the Fund was fully invested in a fixed basket of 16 selected companies: **Capitaland, Singapore Airlines, Astra International, PTT, Hon Hai Precision, TSMC, Cheung Kong, HSBC, Beijing Enterprises, China Construction Bank, China Dongxiang, China Mobile, CNOOC, Dongfeng Motor, LG Electronics and POSCO**. This investment basket generally performed well, but the Fund's overall performance was impeded by a relative underperformance by **China Mobile** and **LG Electronics**. China Mobile underperformed the index as investors shunned defensive stocks in favour of higher beta names in the last quarter of 2009. LG Electronics underperformed due to investor concerns over poor 4th quarter 2009 handset margins.

Market Review

Asian equity markets ended 2009 on a high note with sterling returns, although the ride was a rough one marked by extreme volatility and uncertainty. Economic conditions looked difficult at the start of the year with little signs of improvement and the market continued the sharp losses of 2008 with a sell-down in the first two months of the year amid concerns of deterioration in the global economy, elevated risk aversion and rumours of bank nationalization in the US.

March marked a turning point with markets paring their losses after the US Treasury unveiled a much-awaited plan to get rid of the toxic assets in the banking system to aid a recovery in the financial industry. The second quarter of the year saw a significant rally in the equity markets with "green shoots" appearing in the economy.

Returns in the second half of the year were relatively subdued compared to the second quarter as Asian economies showed clear signs of recovery and monetary policy was loosened to the extent that some authorities in the region started to become concerned about asset inflation. Almost all the countries in the region were out of recession by the end of August with leading economic indicators in expansion territory, indicating that economies were well on the road to recovery.

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Towards the later part of the year, central banks started getting increasingly concerned about asset bubbles in the region brought on by loose monetary conditions. Hong Kong, South Korea and China introduced measures to cap lending to the real estate sector. Central banks also started talking publicly about exit strategies. The Reserve Bank of Australia was the first among G20 countries to hike rates in October and ended the year with another two rate hikes.

In summary, after a difficult time for the markets in the first few months of the year, the rest of the year was marked by increased investor confidence as the recovery trade took shape and excessive risk premium got compressed. Corporate earnings recovered in this period and the market index crossed above its pre-Lehman October 2008 level around mid-July 2009. By the end of the year, the market started increasingly to ponder the future of monetary policy tightening.

Fund Strategy & Outlook

As Asian economies emerge from recession in 2010, we expect company earnings to also record sizeable growth. We expect continued low interest rates, at least in the earlier part of the year, to cause Asian asset values to continue to rise. Although valuations are now not as cheap as they were at trough levels in 2009 and on Asia ex-Japan price-to-earnings estimates are near mean valuation levels, we believe earnings upgrades will provide scope to drive stock prices further.

In particular we believe our investment basket of 16 stocks (**Capitaland, Singapore Airlines, Astra International, PTT, Hon Hai Precision, TSMC, Cheung Kong, HSBC, Beijing Enterprises, China Construction Bank, China Dongxiang, China Mobile, CNOOC, Dongfeng Motor, LG Electronics and POSCO**) are well positioned to ride on the economic recovery across Asia in 2010 and are likely to exhibit strong earnings growth, which should in turn generate further equity returns.

In terms of sector strategy, we are favourable on the **Energy** sector, as the economic-led demand recovery bodes well for the industry. We expect oil prices to be range-bound after the strong rally of almost 100% from the bottom in January 2009, but think prices are unlikely to drop significantly due to oil supply discipline and the stabilisation of economic activity. The postponement of new exploration and production projects will pose a serious supply problem for the oil industry in the longer term, and this support for oil prices will be positive for existing players. Our stock picks are **CNOOC** and **PTT**.

Likewise we are also positive on the **Consumer** sector and favour the consumer discretionary space. In particular we remain sanguine on the growth potential of the automotive sectors in both China and Indonesia. Our preferred stocks in the sector are **Dongfeng Motor** and **Astra International**. In addition we also have a favourable view of the consumer sector in China which continues to receive government support. Our preferred play is **China Dongxiang** for its exposure to the sportswear segment.

We remain bullish on the **Technology** sector as most technology companies expect the decline in revenue in the first quarter of 2010 to be less than the typical seasonal declines, which potentially could lead to further earnings and margins re-rating. Our strategy is to focus on companies with potential earnings surprises. These could come from (1) strong demand in the run-up to the Chinese New Year (2) inventory re-stocking (3) recovery of corporate IT and capex spending and (4) strong take up of e-book readers. The technology stocks that we own are **LG Electronics, Hon Hai Precision** and **TSMC** and **China Mobile**.

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Turning to the **Materials** sector, we maintain a positive view on **POSCO** as our pick for the steel sector. Valuations remain reasonable and the company continues to deliver on the earnings front.

Our stock pick in the Transport sector is **Singapore Airlines**. SIA has seen a bottoming out of both passenger and cargo load factors and the outlook is now more positive with the return of premium class passengers.

As for the **Conglomerates** sector, we see opportunities in the gas distribution business in China as the Chinese government's policy to encourage low-cost clean energy, coupled with increased gas supply from the second West-East gas pipeline project will drive downstream gas distribution growth in China. We favour **Beijing Enterprises**.

On the **Financials** sector, banks are the key beneficiaries of improving economic growth, ample liquidity and continuing government stimulus in Asia, but we acknowledge concerns in rising global capital adequacy standards within the sector. Our selected stocks are **HSBC** and **China Construction Bank**.

Lastly on the **Real Estate** sector, the continued low interest rates and improving credit conditions will keep the asset reflation theme in play and benefit the sector, but we view that policy risk will be an overhang as policy makers across the region voice concern about asset bubbles. Our representatives in this sector include **Capitaland** and **Cheung Kong**.

In conclusion, we reiterate our belief that our investment basket of 16 companies are well positioned to benefit from Asia's continuing economic recovery over the next few years and will accordingly reward the patient investor who stays the course until the Fund's maturity.

United Asia Recovery Fund

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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		
China	14,132,618	36.18
Hong Kong	4,884,932	12.51
Indonesia	2,581,504	6.61
Singapore	5,112,600	13.09
South Korea	4,934,848	12.64
Taiwan	5,262,092	13.47
Thailand	2,241,940	5.74
Portfolio of investments	39,150,534	100.24
Other net liabilities	(93,300)	(0.24)
Total	39,057,234	100.00
ii) Industry		
Consumer Discretionary	10,063,134	25.77
Energy	4,667,785	11.95
Financials	9,792,537	25.07
Industrials	4,932,984	12.63
Information Technology	5,262,092	13.47
Materials	2,454,825	6.29
Telecommunication Services	1,977,177	5.06
Portfolio of investments	39,150,534	100.24
Other net liabilities	(93,300)	(0.24)
Total	39,057,234	100.00
iii) Asset Class		
Equities	39,150,534	100.24
Other net liabilities	(93,300)	(0.24)
Total	39,057,234	100.00
iv) Credit rating of debt securities		
N/A		

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C) Top Ten Holdings

The top 10 holdings as at 31 December 2009

10 largest holdings at 31 December 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
HON HAI PRECISION IND	2,726,476	6.98
SINGAPORE AIRLINES LIMITED	2,592,600	6.64
CHINA DONGXIANG GROUP COMPANY	2,589,885	6.63
HSBC HOLDINGS	2,589,885	6.63
PT ASTRA INTERNATIONAL	2,581,504	6.61
TAIWAN SEMICONDUCTOR MFG CO LTD	2,535,616	6.49
CAPITALAND LTD	2,520,000	6.45
LG ELECTRONICS INC	2,480,023	6.35
POSCO	2,454,825	6.29
CNOOC LTD	2,425,845	6.21

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 period 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

N/A

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

N/A

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G) Amount of redemptions and subscriptions for the financial period 31 August 2009 to 31 December 2009

Total amount of redemptions	SGD	5,777,191
Total amount of subscriptions	SGD	40,344,002

H) The amount and terms of related-party transactions for the financial period 31 August 2009 to 31 December 2009

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

United Overseas Bank Limited

Bank balances SGD 10,875

HSBC Group

Bank balances SGD 555,924

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

Holdings of United Asia Recovery 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 Smart Asia Recovery Fund	1,372,275.18	1.113	1,527,342.28

- 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.

I) Expense ratios

For the financial period from 31 August 2009
(date of inception) to 31 December 2009 1.12%

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 31 August 2009
(date of inception) to 31 December 2009 6.10%

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

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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

N/A

ii) expense ratios for the financial period ended 31 December 2009. 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 period ended 31 December 2009

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.

United High Grade Corporate Bond Fund

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

A) Fund Performance

	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr	Since Inception
Fund Performance/ Benchmark Returns	% Growth	% Growth	% Growth	Ann Comp Ret	Ann Comp Ret	Ann Comp Ret	24 July 2009 Ann Comp Ret
United High Grade Corporate Bond Fund	1.70	NA	NA	NA	NA	NA	4.70
Benchmark	0.80	NA	NA	NA	NA	NA	4.03

Source: Bloomberg

Note: The performance returns of the Fund are in Singapore dollars based on a NAV-to-NAV basis with net dividends reinvested. The benchmark of the Fund: Merrill Lynch Global Large Cap Index, 1-10 year.

From its inception on 24 July 2009 till 31 December 2009, the Fund **returned 4.7%** on a net asset value basis, against the benchmark Merrill Lynch Global Large Cap Corporate index 1-10 years, which returned 4.03% in Singapore dollar terms.

The better performance was due to the Fund's overweight holdings in higher beta credits such as **Citigroup, Glencore, Volvo** and **Bank of America**. The Fund's performance was also aided by its overweight position in Materials and higher beta Financials, which outperformed the overall credit index.

As at 31 December 2009, the geographical exposure of the Fund was North America (54%), Europe (19%), Asia and Australia (22%). Cash holdings were 5%.

Sector exposure as at 31 December 2009 was Consumer (8%), Financials (54%), Industrials and Materials (18%), Telecom Services (6%), Energy and Utilities (7%) and Healthcare (2%).

Economic and Market Review

Credit markets were at the root of the global financial crisis and had plunged to extremely distressed levels in the first few months of 2009. The massive policy response by central banks to unfreeze credit markets was eventually successful and for most of 2009, we saw the steady improvement of credit markets with spreads finally returning to normalised levels.

The good performance of corporate credits was mainly due to the reduction in risk premium across the entire credit universe. The risk premium that had been priced into corporate bonds included not just heightened risk aversion and default expectations, but also an additional premium for liquidity.

The steady tightening of corporate spreads was also driven by the strong inflows into corporate bond funds, especially in the second half of 2009. Although equity markets had recovered alongside the credit markets, equity funds in the developed countries continued to suffer outflows while credit funds enjoyed strong inflow. While all sectors in the credit market experienced positive absolute returns, higher beta cyclical sectors such as Financials and Materials outperformed the overall credit universe. Other than Middle East focused names, which suffered because of Dubai World, credits with high exposure to the emerging world also outperformed.

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Within our portfolio, we saw previously stressed credits such as **Citigroup, Macquarie, Prudential Financial, Glencore, Capital One, Gazprom** and **Woori** performing better than peers with more pristine credit quality.

Outlook and Strategy

Although the risk of a 'double-dip' recession has receded and the recovery of the global economy is likely to be sustainable, the overall pace of global growth is still weak as deleveraging will be ongoing for some time. The key central banks are likely to keep interest rates on hold in the near term but the market is already focusing on the eventual withdrawal of monetary stimulus and this is likely to cause bouts of volatility in credit markets. Regulatory risk has also risen with the financial sector facing potentially deep changes in the structure of its industry.

While we still expect corporate spreads to continue to tighten in tandem with the recovery in corporate earnings, the pace of tightening is unlikely to match what we experienced in 2009. Individual credit selection and relative value trade ideas will play a more important role in portfolio outperformance in 2010.

We continue to see value in selected financials such as **QBE, Macquarie** and **Banco de Brazil**. In addition, we continue to be positive on the metals and mining sector and expect balance sheet improvement to continue for names such as **Rio Tinto** and **Glencore**.

We will seek to reduce exposure to sectors with significant event risk and/or tight valuations such as Telecom Services, Building Materials and Chemicals.

United High Grade Corporate Bond 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		
Australia	1,934,244	5.82
Brazil	299,674	0.90
France	889,285	2.68
Hong Kong	979,321	2.95
India	420,077	1.27
Ireland	739,576	2.22
Luxembourg	907,061	2.73
Malaysia	797,269	2.40
Qatar	1,238,615	3.73
Russia	766,037	2.31
South Korea	1,006,238	3.03
Sweden	904,259	2.72
United Arab Emirates	171,241	0.52
United Kingdom	2,864,316	8.62
United States	17,732,705	53.40
Portfolio of investments	31,649,918	95.30
Other net assets	1,555,352	4.70
Total	33,205,270	100.00
ii) Industry		
Consumer Discretionary	904,259	2.72
Consumer Staples	1,725,359	5.20
Energy	937,277	2.82
Financials	17,698,243	53.30
Healthcare	738,254	2.23
Industrials	2,529,490	7.62
Materials	2,511,301	7.56
Special Purpose Entity	1,735,173	5.22
Telecommunication Services	2,073,293	6.23
Utilities	797,269	2.40
Portfolio of investments	31,649,918	95.30
Other net assets	1,555,352	4.70
Total	33,205,270	100.00
iii) Asset Class		
Fixed income	31,649,918	95.30
Other net assets	1,555,352	4.70
Total	33,205,270	100.00

United High Grade Corporate Bond 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 (continued)

	Fair Value (S\$)	% of NAV
iv) Credit rating of debt securities by S & P		
AA	1,731,908	5.22
A	13,676,205	41.18
BBB	15,770,890	47.50
NR	470,915	1.40
Total	31,649,918	95.30

v) Credit rating of debt securities by Moody's

Aa	2,640,534	7.95
A	13,541,825	40.78
Baa	15,467,559	46.57
Total	31,649,918	95.30

C) Top Ten Holdings

The top 10 holdings as at 31 December 2009

10 largest holdings at 31 December 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
GOLDMAN SACHS GRP INC 5.125% DUE 23/10/2019	1,126,164	3.39
HUTCHISON WHAMPOA INTL 7.625% DUE 9/4/2019	979,321	2.95
ENBRIDGE ENERGY PARTNERS 9.875% DUE 1/3/2019	912,207	2.75
GLENCORE FINANCE EUROPE 7.125% DUE 23/4/2015	907,061	2.73
VOLVO TREASURY AB 7.875% DUE 1/10/2012	904,259	2.72
SIMON PROPERTY GROUP LN 10.35% DUE 1/4/2019	899,950	2.71
RIO TINTO FIN USA LTD 9% DUE 1/5/2019	899,181	2.71
ALTRIA GROUP INC 9.25% DUE 6/8/2019	881,089	2.65
ONEOK PARTNERS LP 8.625% DUE 1/3/2019	870,344	2.62
POSCO 8.75% DUE 26/3/2014	849,299	2.56

United High Grade Corporate Bond Fund

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D) Exposure to derivatives

- i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2009

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Forward foreign exchange contracts	84,476,082	634,771	1.91	538,985	1.62
Future contracts	4,980,513	117,800	0.35	-	-

- ii) There was a net gain of SGD 303,142 on derivative contracts realised for the financial period ended 31 December 2009.
- iii) There was a net gain of SGD 213,586 on outstanding derivatives contracts marked to market as at 31 December 2009.

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

N/A

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 period 24 July 2009 to 31 December 2009

Total amount of redemptions	SGD	40,090
Total amount of subscriptions	SGD	31,867,250

H) The amount and terms of related-party transactions for the financial period 24 July 2009 to 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	1,316
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United High Grade Corporate Bond Fund

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H) The amount and terms of related-party transactions for the financial period 24 July 2009 to 31 December 2009 (continued)

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

Holdings of United High Grade Corporate Bond Fund as at 31 December 2009 were as follows:

<u>Affiliated Companies</u>	<u>No. of Units</u>	<u>Unit Price SGD</u>	<u>Market Value SGD</u>
a) UOB Life Assurance Limited - High Grade Corporate Bond Fund (ILP) Retail	1,826,328.84	1.047	1,912,166.30
b) UOBAM Trust UOBLife - SIFPAR (ENDOWMENT)	30,000,000.00	1.047	31,410,000.00

- 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.

I) Expense ratios

For the financial period from 24 July 2009
(date of inception) to 31 December 2009 1.66%

Note: The expense ratios are 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-funds do not pay any performance fees.

J) Turnover ratios

For the financial period from 24 July 2009
(date of inception) to 31 December 2009 22.45%

Note: The turnover ratios are 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 31 December 2009.

N/A

ii) expense ratio for the financial period ended 31 December 2009. 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 period ended 31 December 2009.

N/A

M) Soft dollar commissions/arrangements

There were no soft dollar arrangements, rebates, commissions or other monetary incentives.

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 Singapore Recovery Fund

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

A) Fund Performance

	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr	Since Inception 16 March 2009
Fund Performance/ Benchmark Returns	% Growth	% Growth	% Growth	Ann Comp Ret	Ann Comp Ret	Ann Comp Ret	% Growth
United Singapore Recovery Fund	9.82	24.73	NA	NA	NA	NA	66.55
Benchmark	9.05	26.21	NA	NA	NA	NA	89.41

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 66.6%** on a net-asset-value basis. By comparison, the benchmark Straits Times Index (FSSTI) gained a higher 89.4% as the fund was not fully invested in May when the market rallied as well as the higher weighting in **SPH, ST Engineering** and **SembCorp Industries**, which underperformed the benchmark.

As at 31 December 2009, the Fund was 98.8% invested, with the balance in cash and cash equivalents. In term of sectors, the Fund's allocation stood at **Financials** 41.7%, **Industrials** 32.6%, **Property Trust** 9.2%, **Telecommunication Services** 7.7%, and **Consumer** 7.6%.

Market and Portfolio Review

The FSSTI rose 1,136.06 points or 64.5% in 2009, a year which was characterized by extreme market volatility and weakness in the first quarter but was followed by a strong second quarter rebound which continued into the second half, albeit at a slower pace in percentage terms. The FSSTI rose 571.58 points or 32.45% in a volatile first half and ended at 2,333.14. In the second half, the FSSTI rose another 564.48 points or 24.19% to end the year at 2,897.62.

Market sentiment turned better in mid-March on assertions by the global banking chiefs of Bank of America and Citigroup that operating performance was good in the first two months of the year, coupled with the US Federal Open Market Committee's decision to embark on quantitative easing. Signs of improvement in some leading economic indicators in the US as well as rising optimism that the worst of the economic contraction is behind, added to the market strength in the second quarter.

Continued inflow of liquidity on the back of greater confidence about the sustainability of the "green shoots" of recovery, better economic numbers and upward revision to earnings estimates helped sustain the market rally into the second half. Better-than-expected 2Q09 GDP numbers out of Singapore and the government's upward revision to a smaller full year GDP decline helped market sentiment. Outside of Singapore, better PMI data out of China, a further improvement in US manufacturing ISM and commitments made by the G20 leaders to keep monetary policy accommodative supported the market's rise in 2H09.

United Singapore Recovery Fund

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

The fund's portfolio consists of 12 stocks which were selected at inception and are generally equal-weighted. The fund's overweight position in the more defensive stocks such as **SPH**, **ST Engineering** and **SembCorp Industries** affected its relative performance vis-à-vis the benchmark as the reduction in risk aversion post March 2009 caused the higher beta names to rise faster. However, we remain positive on our stock selection as these are fundamentally strong companies which have a consistent track record. The fund benefited from the overweight position in **City Developments**, **Capitaland** and **Keppel Corporation** as these stocks outperformed the benchmark. Our off-benchmark pick, **Ascendas REIT**, outperformed the benchmark since the fund's inception given its quality earnings stream and attractive dividend yield.

Market Outlook and Strategy

The current cyclical bull market is into its 46th week and appears to be in a relatively early stage compared to the average 101 weeks seen in past bull markets when Singapore emerged from recessions. If the March 2003 to October 2007 market rally is excluded, the average duration of the historical Singapore bull markets will be lower at 55 weeks. The continuing economic recovery and loose monetary policy should provide good downside support.

Valuations are no longer cheap but they are not expensive either. From a top-down perspective, based on the long-term mean P/B of 1.75x, we see the FSSTI reaching 3,100 on mid-2010 book. Our bottom-up approach derives an FSSTI fair value of 3,060. Although we do not expect the US Federal Reserve to hike the Fed funds rate until well into 2010, one key risk to the market is the potential monetary tightening by the MAS in April 2010. Past tightening episodes have seen the FSSTI declining by 6% in three months and 13% in six months after the MAS tightens its exchange rate policy.

United Singapore Recovery 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		
Singapore	15,490,739	98.77
Portfolio of investments	15,490,739	98.77
Other net assets	192,219	1.23
Total	15,682,958	100.00
ii) Industry		
Consumer Discretionary	1,192,750	7.60
Financials	6,542,859	41.72
Industrials	5,109,200	32.58
Property Trust	1,443,130	9.20
Telecommunication Services	1,202,800	7.67
Portfolio of investments	15,490,739	98.77
Other net assets	192,219	1.23
Total	15,682,958	100.00
iii) Asset Class		
Equities	15,490,739	98.77
Other net assets	192,219	1.23
Total	15,682,958	100.00
iv) Credit rating of debt securities		
N/A		

United Singapore Recovery Fund
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C) Top Ten Holdings

The top 10 holdings as at 31 December 2009

10 largest holdings at 31 December 2009

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
ASCENDAS REAL ESTATE INVESTMENT TRUST	1,443,130	9.20
CITY DEVELOPMENTS LIMITED	1,345,500	8.58
OVERSEAS CHINESE BANKING CORPORATION	1,332,539	8.50
UNITED OVERSEAS BANK LIMITED	1,298,880	8.28
SINGAPORE AIRLINES LIMITED	1,296,300	8.27
CAPITALAND LIMITED	1,289,400	8.22
ST ENGINEERING LIMITED	1,276,560	8.14
DBS GROUP HOLDINGS LIMITED	1,276,540	8.14
KEPPEL CORPORATION LIMITED	1,274,100	8.12
SEMBCORP INDUSTRIES LIMITED	1,262,240	8.05

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 at 31 December 2009 (S\$)	Percentage of total net assets attributable to unitholders at 31 December 2009 %
ASCENDAS REAL ESTATE INVESTMENT TRUST	1,443,130	9.20

United Singapore Recovery Fund

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

Total amount of borrowings	SGD	575
Total percentage of borrowings to NAV		_*

* Less than 0.01%

G) Amount of redemptions and subscriptions for the financial period 16 March 2009 to 31 December 2009

Total amount of redemptions	SGD	17,595,070
Total amount of subscriptions	SGD	26,407,145

H) The amount and terms of related-party transactions for the financial period 16 March 2009 to 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	158,639
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- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2009

N/A

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

N/A

- iv) As at 31 December 2009 the brokerage income earned by UOB Kay Hian Pte Ltd is SGD 5,682.

I) Expense ratios

For the financial period from 16 March 2009 (date of inception) to 31 December 2009	1.69%
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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 16 March 2009 (date of inception) to 31 December 2009	67.80%
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Note: The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

United Singapore Recovery Fund

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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

N/A

ii) expense ratios for the financial period ended 31 December 2009. 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 period ended 31 December 2009

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.

United Global Recovery Funds

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REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and to hold the assets of the sub-funds of United Global Recovery Funds (the “sub-funds”) 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 sub-funds during the financial period covered by these financial statements, set out on pages 25 to 58 comprising the Statements of Total Return, Balance Sheets, Portfolio Statements 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 Global Recovery Funds

(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 25 to 58, comprising the Statements of Total Return, Balance Sheets, Portfolio Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the sub-funds of United Global Recovery Funds (the “sub-funds”) as at 31 December 2009 and the total returns for the period 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 sub-funds will be able to meet their 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 Global Recovery Funds

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL RECOVERY FUNDS

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

We have audited the financial statements of the sub-funds of United Global Recovery Funds (the "sub-funds") set out on pages 25 to 58, which comprise the Balance Sheets and Portfolio Statements as at 31 December 2009, the Statements of Total Return for the period from 30 January 2009 (date of constitution) to 31 December 2009, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The sub-funds' 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 the sub-funds' 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 sub-funds as at 31 December 2009 and the total returns for the financial period 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 Global Recovery Funds

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

STATEMENTS OF TOTAL RETURN

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

		United Asia Recovery Fund	United High Grade Corporate Bond Fund	United Singapore Recovery Fund
		For the financial period from 31 August 2009 (date of inception) to 31 December 2009	For the financial period from 24 July 2009 (date of inception) to 31 December 2009	For the financial period from 16 March 2009 (date of inception) to 31 December 2009
	Notes	\$	\$	\$
Income				
Dividends		147,586	-	497,375
Interest		290	-	78
Sundry Income		-	137	-
		<u>147,876</u>	<u>137</u>	<u>497,453</u>
Less: Expenses				
Management fee	12	68,064	143,728	63,476
Administration fee	12	17,319	18,493	16,639
Trustee fee	12	5,445	5,749	11,959
Audit fee		11,770	11,000	11,000
Registrar fee	12	8,573	11,358	16,639
Valuation fee	12	17,016	17,966	15,869
Custody fee		5,710	2,252	17,733
Interest expenses		111	347	191
Preliminary expenses		24,475	24,034	66,301
Other expenses		9,990	16,892	8,943
		<u>168,473</u>	<u>251,819</u>	<u>228,750</u>
Net (loss)/income		<u>(20,597)</u>	<u>(251,682)</u>	<u>268,703</u>
Net gains or losses on value of investments				
Net realised gains on investments		466,416	285,762	1,930,244
Net change in fair value on investments		4,024,228	862,986	4,795,622
Net realised gains on financial derivatives		-	303,142	-
Net change in fair value on financial derivatives		-	213,586	-
Net foreign exchange gains/(losses)		31,375	(35,684)	25,022
Net gains on value of investments		<u>4,522,019</u>	<u>1,629,792</u>	<u>6,750,888</u>
Total return for the financial period before income tax		4,501,422	1,378,110	7,019,591
Less : Income tax	3	(10,999)	-	(12,941)
Total return for the financial period after income tax before distribution		4,490,423	1,378,110	7,006,650
Less : Dividend Distribution	4	-	-	(135,767)
Total return for the financial period		<u>4,490,423</u>	<u>1,378,110</u>	<u>6,870,883</u>

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

United Global Recovery Funds

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

BALANCE SHEETS

As at 31 December 2009

		<u>United Asia Recovery Fund</u>	<u>United High Grade Corporate Bond Fund</u>	<u>United Singapore Recovery Fund</u>
		2009	2009	2009
	Notes	\$	\$	\$
ASSETS				
Portfolio of investments		39,150,534	31,649,918	15,490,739
Receivables	5	17,971	-	101,171
Financial derivatives at fair value	8	-	752,571	-
Cash and bank balances	6	566,799	1,466,824	239,825
Total Assets		39,735,304	33,869,313	15,831,735
LIABILITIES				
Payables	7	678,070	125,058	148,202
Bank overdraft	6	-	-	575
Financial derivatives at fair value	8	-	538,985	-
Net assets attributable to unitholders	9	39,057,234	33,205,270	15,682,958
Total Liabilities		39,735,304	33,869,313	15,831,735

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

United Asia Recovery Fund

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary Quoted Equities			
CHINA			
BEIJING ENTERPRISES HOLDINGS LIMITED	230,000	2,340,384	5.99
CHINA CONSTRUCTION BANK - H	1,980,000	2,387,605	6.11
CHINA DONGXIANG GROUP COMPANY	2,400,000	2,589,885	6.63
CHINA MOBILE LIMITED	150,000	1,977,177	5.06
CNOOC LTD	1,100,000	2,425,845	6.21
DONGFENG MOTOR CORPORATION	1,200,000	2,411,722	6.18
TOTAL CHINA		14,132,618	36.18
HONG KONG			
CHEUNG KONG (HOLDINGS) LTD	126,000	2,295,047	5.88
HSBC HOLDINGS	160,000	2,589,885	6.63
TOTAL HONG KONG		4,884,932	12.51
INDONESIA			
PT ASTRA INTERNATIONAL	500,000	2,581,504	6.61
SINGAPORE			
CAPITALAND LTD	600,000	2,520,000	6.45
SINGAPORE AIRLINES LIMITED	174,000	2,592,600	6.64
TOTAL SINGAPORE		5,112,600	13.09
SOUTH KOREA			
LG ELECTRONICS INC	17,000	2,480,023	6.35
POSCO	3,300	2,454,825	6.29
TOTAL SOUTH KOREA		4,934,848	12.64

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

United Global Recovery Funds

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PORTFOLIO STATEMENTS

As at 31 December 2009

United Asia Recovery Fund

	Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary (continued)			
Quoted Equities			
TAIWAN			
HON HAI PRECISION IND	410,000	2,726,476	6.98
TAIWAN SEMICONDUCTOR MFG CO LTD	897,000	2,535,616	6.49
TOTAL TAIWAN		5,262,092	13.47
THAILAND			
PTT PUBLIC COMPANY LIMITED (FOREIGN)	220,000	2,241,940	5.74
Portfolio of investments		39,150,534	100.24
Other net liabilities		(93,300)	(0.24)
Net assets attributable to unitholders		39,057,234	100.00

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

	United Asia Recovery Fund
	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary (Summary)	
Quoted Equities	
China	36.18
Hong Kong	12.51
Indonesia	6.61
Singapore	13.09
South Korea	12.64
Taiwan	13.47
Thailand	5.74
Portfolio of investments	100.24
Other net liabilities	(0.24)
Net assets attributable to unitholders	100.00

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

United Global Recovery Funds

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PORTFOLIO STATEMENTS

As at 31 December 2009

	<u>United Asia Recovery Fund</u>	
	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Industry - Secondary Quoted Equities		
Consumer Discretionary	10,063,134	25.77
Energy	4,667,785	11.95
Financials	9,792,537	25.07
Industrials	4,932,984	12.63
Information Technology	5,262,092	13.47
Materials	2,454,825	6.29
Telecommunication Services	1,977,177	5.06
Portfolio of investments	39,150,534	100.24
Other net liabilities	(93,300)	(0.24)
Net assets attributable to unitholders	39,057,234	100.00

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

United Global Recovery Funds

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PORTFOLIO STATEMENTS

As at 31 December 2009

United High Grade Corporate Bond Fund

	Nominal Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary			
Quoted Bonds			
AUSTRALIA			
MACQUARIE GROUP LTD 7.625% DUE 13/8/2019	500,000	798,833	2.40
QBE INSURANCE GROUP LTD 6.125% DUE 28/9/2015	100,000	236,230	0.71
RIO TINTO FIN USA LTD 9% DUE 1/5/2019	500,000	899,181	2.71
TOTAL AUSTRALIA		1,934,244	5.82
BRAZIL			
BANCO DO BRASIL (CAYMAN) 8.5% DUE 31/12/2049	200,000	299,674	0.90
FRANCE			
CREDIT AGRICOLE SA 9.75% DUE 26/6/2049	100,000	149,464	0.45
FRANCE TELECOM 7.5% BD DUE 14/3/2011	300,000	739,821	2.23
TOTAL FRANCE		889,285	2.68
HONG KONG			
HUTCHISON WHAMPOA INTL 7.625% DUE 9/4/2019	600,000	979,321	2.95
INDIA			
ICICI BANK LIMITED 5.5% DUE 25/3/2015	300,000	420,077	1.27
IRELAND			
IBERDROLA FIN IRELAND 5% DUE 11/9/2019	250,000	353,156	1.06
TRANSCAPIT (TRANSNEFT) 7.7% DUE 7/8/2013	250,000	386,420	1.16
TOTAL IRELAND		739,576	2.22
LUXEMBOURG			
GLENCORE FINANCE EUROPE 7.125% DUE 23/4/2015	400,000	907,061	2.73

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

United High Grade Corporate Bond Fund

	Nominal Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary (continued)			
Quoted Bonds			
MALAYSIA			
TENAGA NASIONAL 7.5% DUE 1/11/2025	500,000	797,269	2.40
QATAR			
CBQ FINANCE LTD 7.5% DUE 18/11/2019	500,000	686,889	2.07
QTEL INTERNATIONAL FIN 7.875% DUE 10/6/2019	350,000	551,726	1.66
TOTAL QATAR		1,238,615	3.73
RUSSIA			
GAZ CAPITAL SA 8.125% DUE 31/7/2014	500,000	766,037	2.31
SOUTH KOREA			
POSCO 8.75% DUE 26/3/2014	500,000	849,299	2.56
WOORI BANK 7% DUE 2/2/2015	100,000	156,939	0.47
TOTAL SOUTH KOREA		1,006,238	3.03
SWEDEN			
VOLVO TREASURY AB 7.875% DUE 1/10/2012	400,000	904,259	2.72
UNITED ARAB EMIRATES			
TAQA ABU DHABI NATL ENER 6.25% DUE 16/9/2019	125,000	171,241	0.52
UNITED KINGDOM			
ANGLO AMERICAN CAPITAL 6.875% DUE 1/5/2018	300,000	762,821	2.30
BRITISH TELECOM PLC MULTI CPN DUE 7/12/2016	300,000	781,746	2.35
PRUDENTIAL PLC 6.5% DUE 23/6/2049	500,000	548,554	1.65
STANDARD CHARTERED BK 9.5% DUE 24/12/2049	500,000	771,195	2.32
TOTAL UNITED KINGDOM		2,864,316	8.62

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

United High Grade Corporate Bond Fund

	Nominal Holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Primary (continued)			
Quoted Bonds			
UNITED STATES			
AETNA INC 6.75% DUE 15/12/2037	500,000	738,253	2.22
ALTRIA GROUP INC 9.25% DUE 6/8/2019	500,000	881,089	2.65
AMERICAN EXPRESS CO 6.15% DUE 28/8/2017	500,000	747,100	2.25
ANHEUSER-BUSCH INBEV 7.75% DUE 15/1/2019	500,000	844,270	2.54
BANK OF AMERICA CORP 5.65% DUE 1/5/2018	500,000	720,680	2.17
BANK OF AMERICA CORP 6.5% DUE 1/8/2016	500,000	776,058	2.34
CAPITAL ONE FINANCIAL CO 6.15% DUE 1/9/2016	500,000	722,424	2.18
CITIGROUP INC 6.125% DUE 21/11/2017	500,000	713,498	2.15
CITIGROUP INC 6.375% DUE 12/8/2014	400,000	601,213	1.81
CITIGROUP INC 7.375% DUE 4/9/2019	100,000	229,285	0.69
DB CAPITAL FUNDING XI 9.5% DUE 29/3/2049	200,000	441,692	1.33
ENBRIDGE ENERGY PARTNERS 9.875% DUE 1/3/2019	500,000	912,207	2.75
GENERAL ELEC CAP CORP 6% DUE 7/8/2019	500,000	745,245	2.24
GENERAL ELEC CAP CORP 5.625% DUE 15/9/2017	250,000	358,735	1.08
GOLDMAN SACHS GRP INC 5.125% DUE 23/10/2019	550,000	1,126,164	3.39
HCP INC 7.072% DUE 8/6/2015	500,000	724,732	2.18
METLIFE INC 7.717% DUE 15/2/2019	500,000	842,105	2.54
MORGAN STANLEY 7.3% DUE 13/5/2019	500,000	795,305	2.40
NATIONAL AUSTRALIA BANK 8% DUE 24/9/2049	100,000	146,229	0.44
ONCOR ELECTRIC DELIVERY 7% DUE 01/09/2022	500,000	797,137	2.40
ONEOK PARTNERS LP 8.625% DUE 1/3/2019	500,000	870,344	2.62
PRUDENTIAL FINANCIAL INC 6% DUE 1/12/2017	500,000	724,122	2.18
SIMON PROPERTY GROUP LN 10.35% DUE 1/4/2019	500,000	899,950	2.71
TEXTRON INC 7.25% DUE 1/10/2019	500,000	746,940	2.25
WACHOVIA BANK NA FRN DUE 15/03/2016	500,000	627,928	1.89
TOTAL UNITED STATES		17,732,705	53.40
Portfolio of investments		31,649,918	95.30
Other net assets		1,555,352	4.70
Net assets attributable to unitholders		33,205,270	100.00

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

	United High Grade Corporate Bond Fund
	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Geography - Secondary Quoted Bonds	
Australia	5.82
Brazil	0.90
France	2.68
Hong Kong	2.95
India	1.27
Ireland	2.22
Luxembourg	2.73
Malaysia	2.40
Qatar	3.73
Russia	2.31
South Korea	3.03
Sweden	2.72
United Arab Emirates	0.52
United Kingdom	8.62
United States	53.40
Portfolio of investments	95.30
Other net assets	4.70
Net assets attributable to unitholders	100.00

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

United High Grade Corporate Bond Fund

	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
By Industry - Secondary Quoted Bonds		
Consumer Discretionary	904,259	2.72
Consumer Staples	1,725,359	5.20
Energy	937,277	2.82
Financials	17,698,242	53.30
Healthcare	738,254	2.23
Industrials	2,529,491	7.62
Materials	2,511,301	7.56
Special Purpose Entity	1,735,173	5.22
Telecommunication Services	2,073,293	6.23
Utilities	797,269	2.40
Portfolio of investments	31,649,918	95.30
Other net assets	1,555,352	4.70
Net assets attributable to unitholders	33,205,270	100.00

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

United Singapore Recovery Fund

	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			
SINGAPORE PRESS HLDGS LIMITED	325,000	1,192,750	7.60
FINANCIALS			
CAPITALAND LIMITED	307,000	1,289,400	8.22
CITY DEVELOPMENTS LIMITED	117,000	1,345,500	8.58
DBS GROUP HOLDINGS LIMITED	83,000	1,276,540	8.14
OVERSEAS CHINESE BANKING CORPORATION	146,594	1,332,539	8.50
UNITED OVERSEAS BANK LIMITED	66,000	1,298,880	8.28
TOTAL FINANCIALS		6,542,859	41.72
INDUSTRIALS			
KEPPEL CORPORATION LIMITED	155,000	1,274,100	8.12
SEMSCORP INDUSTRIES LIMITED	343,000	1,262,240	8.05
SINGAPORE AIRLINES LIMITED	87,000	1,296,300	8.27
ST ENGINEERING LIMITED	394,000	1,276,560	8.14
TOTAL INDUSTRIALS		5,109,200	32.58
PROPERTY TRUST			
ASCENDAS REAL ESTATE INVESTMENT TRUST	653,000	1,443,130	9.20
TELECOMMUNICATION SERVICES			
SINGAPORE TELECOMMUNICATIONS LIMITED	388,000	1,202,800	7.67
Portfolio of investments		15,490,739	98.77
Other net assets		192,219	1.23
Net assets attributable to unitholders		15,682,958	100.00

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

United Global Recovery Funds

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

PORTFOLIO STATEMENTS

As at 31 December 2009

	United Singapore Recovery Fund
	Percentage of total net assets attributable to unitholders at 31 December 2009
	%
By Industry - Primary (Summary)	
Quoted Equities	
Consumer Discretionary	7.60
Financials	41.72
Industrials	32.58
Property Trust	9.20
Telecommunication Services	7.67
	<hr/>
Portfolio of investments	98.77
Other net assets	1.23
	<hr/>
Net assets attributable to unitholders	100.00
	<hr/>

By Geography - Secondary Quoted Equities

The sub-fund invests wholly in Singapore.

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

United Global Recovery Funds

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

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

1. General

United Global Recovery Funds (the “Fund”) is a Singapore registered umbrella fund constituted by a Trust Deed dated 30 January 2009 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 Fund currently offers four sub-funds namely, United Asia Recovery Fund, United High Grade Corporate Bond Fund, United Singapore Recovery Fund and United China-India Dynamic Growth Fund. United China-India Dynamic Growth Fund started on 21 December 2009, therefore the sub-fund has not been included in this financial statements.

United Asia Recovery 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 exchanges in Asia (excluding Japan). There will be no specific industry or sector emphasis.

United High Grade Corporate Bond Fund

The primary activity of the sub-fund is to maximise returns over the long term through investments in a portfolio which consists mainly of investment grade corporate bonds issued globally.

United Singapore Recovery 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.

United Asia Recovery Fund and United Singapore Recovery Fund have a fixed investment term of 2 years.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

(c) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchase of investments are recognised on 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 Statements 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 Statements 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-funds is the current market quoted bid price. Accrued interest is included in the fair value of fixed income instruments.

United Global Recovery Funds

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

2. Significant accounting policies (continued)

(e) Foreign currency translation

(i) *Functional and presentation currency*

The sub-funds' 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-funds 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-funds operates. The financial statements are presented in Singapore dollars, which is the sub-funds' 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-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statements of Total Return within the fair value net gain or loss.

(f) Financial derivatives

Financial derivatives including forwards and futures 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 Statements of Total Return.

(g) Expenses charged to the sub-funds

All direct expenses relating to the sub-funds are charged directly to the Statements 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.

United Global Recovery Funds

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

2. Significant accounting policies (continued)

(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-funds.

(i) Preliminary expenses

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

3. Income tax

	<u>United Asia Recovery Fund</u>	<u>United High Grade Corporate Bond Fund</u>	<u>United Singapore Recovery Fund</u>
	For the financial period from 31 August 2009 (date of inception) to 31 December 2009	For the financial period from 24 July 2009 (date of inception) to 31 December 2009	For the financial period from 16 March 2009 (date of inception) to 31 December 2009
	\$	\$	\$
Singapore income tax	-	-	12,941
Overseas income tax	10,999	-	-
Total Income tax	10,999	-	12,941

The sub-funds are 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. The overseas income tax represents tax withheld on foreign sourced income.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

4. Distribution to unitholders

	<u>United Asia Recovery Fund</u> For the financial period from 31 August 2009 (date of inception) to 31 December 2009 \$	<u>United High Grade Corporate Bond Fund</u> For the financial period from 24 July 2009 (date of inception) to 31 December 2009 \$	<u>United Singapore Recovery Fund</u> For the financial period from 16 March 2009 (date of inception) to 31 December 2009 \$
Distribution of income paid during the financial period	-	-	135,767

5. Receivables

	<u>United Asia Recovery Fund</u> 2009 \$	<u>United High Grade Corporate Bond Fund</u> 2009 \$	<u>United Singapore Recovery Fund</u> 2009 \$
Amount due from unitholders	-	-	77,115
Dividends receivable	17,971	-	24,056
	17,971	-	101,171

6. Cash and bank balances

	<u>United Asia Recovery Fund</u> 2009 \$	<u>United High Grade Corporate Bond Fund</u> 2009 \$	<u>United Singapore Recovery Fund</u> 2009 \$
Cash at bank	566,799	1,466,824	239,825
Bank overdraft	-	-	(575)
	566,799	1,466,824	239,250

The bank overdraft interest was charged at 2.25%

United Global Recovery Funds

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

7. Payables

	<u>United Asia Recovery Fund</u>	<u>United High Grade Corporate Bond Fund</u>	<u>United Singapore Recovery Fund</u>
	2009	2009	2009
	\$	\$	\$
Amount due to unitholders	571,118	-	95,602
Amount due to Manager	71,573	93,953	24,317
Amount due to Trustee	16,750	13,780	12,420
Other creditors and accrued expenses	18,629	17,325	15,863
	678,070	125,058	148,202

8. Fair value of financial derivatives

Financial derivative contracts comprise foreign exchange contracts for the sale and purchase of foreign currencies and other future contracts. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at the balance sheet date are analysed below.

United High Grade Corporate Bond Fund

	<u>Contract or underlying principal amount</u>	2009	
	\$	Positive fair value \$	Negative fair value \$
Forward foreign exchange contracts	84,476,082	634,771	538,985
Futures contracts	4,980,513	117,800	-
		752,571	538,985

United Asia Recovery Fund and United Singapore Recovery Fund

The sub-funds did not have any outstanding derivative contracts as at 31 December 2009.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

9. Net assets attributable to unitholders

	<u>United Asia Recovery Fund</u>	<u>United High Grade Corporate Bond Fund</u>	<u>United Singapore Recovery Fund</u>
	2009	2009	2009
	\$	\$	\$
At the beginning of the financial period	-	-	-
Operations			
Change in net assets attributable to unitholders resulting from operations	4,490,423	1,378,110	6,870,883
Unitholders' contributions/(withdrawals)			
Creation of units	40,344,002	31,867,250	26,407,145
Cancellation of units	(5,777,191)	(40,090)	(17,595,070)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	34,566,811	31,827,160	8,812,075
Total increase in net assets attributable to unitholders	39,057,234	33,205,270	15,682,958
At the end of the financial period	39,057,234	33,205,270	15,682,958
Units in issue (Note 10)	35,085,537	31,826,329	9,495,827
	\$	\$	\$
Net assets attributable to unitholders per unit	1.11	1.04	1.65

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

10. Units in issue

	United Asia Recovery Fund	United High Grade Corporate Bond Fund	United Singapore Recovery Fund
	2009	2009	2009
Units created	40,496,432	31,865,388	22,666,687
Units cancelled	(5,410,895)	(39,059)	(13,170,860)
Units at end of the financial period	35,085,537	31,826,329	9,495,827

11. Financial risk management

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

The sub-funds' assets principally consist of financial instruments such as equity investments, fixed interest investments, money market investments and cash. They are held in accordance with the published investment policies of the sub-funds. 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-funds' investments are substantially dependent on changes in market prices. The sub-funds' 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-funds. Guidelines are set to reduce the sub-funds' risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the sub-funds may be hedged using derivative strategies.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

9. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

The sub-funds have 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-funds.

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

United Asia Recovery Fund

As at 31 December 2009

	HKD \$	SGD \$	Others \$	Total \$
Assets				
Portfolio of investments	19,017,550	5,112,600	15,020,384	39,150,534
Receivables	-	-	17,971	17,971
Cash and bank balances	1,167	544,163	21,469	566,799
Total Assets	19,018,717	5,656,763	15,059,824	39,735,304
Liabilities				
Payables	-	676,351	1,719	678,070
Net assets attributable to unitholders	-	39,057,234	-	39,057,234
Total Liabilities	-	39,733,585	1,719	39,735,304
Net currency exposure	19,018,717	(34,076,822)	15,058,105	

United Global Recovery Funds

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

United High Grade Corporate Bond Fund

As at 31 December 2009

	USD \$	SGD \$	Others \$	Total \$
Assets				
Portfolio of investments	25,520,839	-	6,129,079	31,649,918
Financial derivatives at fair value	117,800	-	-	117,800
Cash and bank balances	1,095,752	116,272	254,800	1,466,824
Total Assets	26,734,391	116,272	6,383,879	33,234,542
Liabilities				
Payables	24	125,034	-	125,058
Net assets attributable to unitholders	-	33,205,270	-	33,205,270
Total Liabilities	24	33,330,304	-	33,330,328
Net Assets	26,734,367	(33,214,032)	6,383,879	(95,786)
Notional value of forward foreign exchange contracts	(23,867,150)	27,487,130	(3,496,164)	
Net currency exposure	2,867,217	(5,726,902)	2,887,715	

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

United Singapore Recovery Fund

As at 31 December 2009

	SGD	USD	Total
	\$	\$	\$
Assets			
Portfolio of investments	15,490,739	-	15,490,739
Receivables	101,171	-	101,171
Cash and bank balances	239,825	-	239,825
Total Assets	15,831,735	-	15,831,735
Liabilities			
Payables	148,202	-	148,202
Bank overdraft	-	575	575
Net assets attributable to unitholders	15,682,958	-	15,682,958
Total Liabilities	15,831,160	575	15,831,735
Net currency exposure	575	(575)	

Investments, which is the significant item in the balance sheet is exposed to currency risk, other price risk and interest rate risk. 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 liabilities. The table below summarises the sensitivity of the sub-funds' monetary assets and liabilities to changes in foreign exchange movements as at 31 December 2009. 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.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Currency	31 December 2009	
	Net impact to net assets attributable to unitholders	
	\$	%
<u>United High Grade Corporate Bond Fund</u>		
USD	172,033	6
<u>United Asia Recovery Fund and United Singapore Recovery Fund</u>		

Currency risk sensitivity analysis has not been disclosed for United Asia Recovery Fund and United Singapore Recovery Fund since the sub-fund's financial assets and liabilities are significantly denominated in Singapore dollars, being the functional currency of the sub-funds.

(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.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

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 31 December 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	31 December 2009	
	Net impact to net assets attributable to unitholders	
	\$	%
<u>United Asia Recovery Fund</u>		
MSCI AC Far East ex Japan	8,221,612	20
<u>United Singapore Recovery Fund</u>		
FTSE-ST Index	3,067,166	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.

United Singapore Recovery Fund's and United Asia Recovery Fund's financial assets and liabilities are largely non-interest bearing. Hence, the sub-funds are not subjected to risk due to fluctuations in the prevailing levels of market interest rates.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. United High Grade Corporate Bond Fund holds interest bearing securities that expose the sub-funds to fair value interest rate risk. The sub-fund holds securities of varying maturities and interest rate sensitivities. Movement in market interest rates will affect the valuation of the sub-funds' securities by varying degrees. The sub-fund's policy requires the Manager to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises United High Grade Corporate Bond Fund's exposure to interest rate risks. They include the sub-fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

United High Grade Corporate Bond Fund

As at 31 December 2009

	USD \$	SGD \$	Others \$	Total \$
Assets				
Portfolio of investments	1,409,674	30,240,244	-	31,649,918
Financial derivatives at fair value	-	-	752,571	752,571
Cash and bank balances	1,466,824	-	-	1,466,824
Total Assets	2,876,498	30,240,244	752,571	33,869,313
Liabilities				
Payables	-	-	125,058	125,058
Financial derivatives at fair value	-	-	538,985	538,985
Net assets attributable to unitholders	-	-	33,205,270	33,205,270
Total Liabilities	-	-	33,869,313	33,869,313

As at 31st December 2009, should interest rates have lowered or risen by 100 basis points ("bps") with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the year would be \$334,520.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The sub-fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of changes on the earnings of certain companies in which the sub-fund invests and impact on the valuation of certain over-the-counter derivative products that use market interest rates as an input. Therefore, the above sensitivity analysis may not fully indicate the total effect on the sub-fund's net assets attributable to unitholders of future movements in interest rates.

(b) Liquidity risk

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

The table below analyses the sub-funds' 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.

United Asia Recovery Fund

As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	678,070	-	-	-
Net assets attributable to unitholders	39,057,234	-	-	-

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(b) Liquidity risk (continued)

United High Grade Corporate Bond Fund

As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Derivative financial instruments				
- inflow	28,283,187	17,874,220	-	-
- outflow	(28,705,765)	(17,970,560)	-	-
Payables	125,058	-	-	-
Net assets attributable to unitholders	33,205,270	-	-	-

United Singapore Recovery Fund

As at 31 December 2009

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	148,202	-	-	-
Bank overdraft	575	-	-	-
Net assets attributable to unitholders	15,682,958	-	-	-

(c) Credit risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

As such, the sub-funds do not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the sub-funds do not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(c) Credit risk (continued)

The sub-funds invest in financial assets, which have an investment grade as rated by Moody's. The credit ratings are reviewed regularly.

The table below analyses the sub-funds' investments by credit ratings expressed as a percentage of net assets attributable to unitholders.

United High Grade Corporate Bond Fund

As at 31 December 2009

	Aa2	Aa3	A1	A2	A3
Fixed rate securities	4%	2%	8%	12%	21%
Floating rate securities	-	2%	-	-	-
			Baa1	Baa2	Baa3
			18%	22%	4%
			2%	-	-

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents and derivative positions held with financial institutions. The table below summarises the credit rating of banks and custodians in which the sub-funds' assets are held as at 31 December 2009.

United Asia Recovery Fund

As at 31 December 2009

	Credit rating	Source of credit rating
<u>Bank</u>		
HSBC Group	B+	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>		
HSBC Group	B+	Moody's

United Global Recovery Funds

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

11. Financial risk management (continued)

(c) Credit risk (continued)

United High Grade Corporate Bond Fund

As at 31 December 2009

	Credit rating	Source of credit rating
<u>Bank</u>		
HSBC Group	B+	Moody's
United Overseas Bank Limited	B	Moody's
 <u>Custodian</u>		
HSBC Group	B+	Moody's
 <u>Counterparties of forward foreign exchange and future contracts</u>		
JP Morgan Chase Bank NA	B	Moody's
United Overseas Bank Limited	B	Moody's

United Singapore Recovery Fund

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

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(d) Capital management

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

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

12. Related party transactions

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

	<u>United Asia Recovery Fund</u>	<u>United High Grade Corporate Bond Fund</u>	<u>United Singapore Recovery Fund</u>
	2009	2009	2009
	\$	\$	\$
<u>United Overseas Bank Limited</u>			
Bank balances	10,875	1,316	158,639
<u>HSBC Group</u>			
Bank balances	555,924	1,331,255	-

United Global Recovery Funds

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

12. Related party transactions (continued)

- (c) The following transactions took place during the financial period between the sub-funds and related parties at terms agreed between the parties as follows:

	<u>United Asia Recovery Fund</u> 2009 \$	<u>United High Grade Corporate Bond Fund</u> 2009 \$	<u>United Singapore Recovery Fund</u> 2009 \$
<u>United Overseas Bank Limited</u>			
Interest income	-	-	22
Interest expenses	-	-	191
<u>HSBC Group</u>			
Bank charges	120	-	-
Interest income	31	-	-
Interest expense	111	347	-

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

As at the end of the financial period ended 31 December 2009, the sub-funds have brokerage fee paid or payable to UOB Kay Hian Pte Ltd as follows:

	<u>United Asia Recovery Fund</u> 2009 \$	<u>United High Grade Corporate Bond Fund</u> 2009 \$	<u>United Singapore Recovery Fund</u> 2009 \$
Brokerage charges	-	-	5,682

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 30 January 2009 (date of constitution) to 31 December 2009

13. Financial ratios

	<u>United Asia Recovery Fund</u> 2009	<u>United High Grade Corporate Bond Fund</u> 2009	<u>United Singapore Recovery Fund</u> 2009
Expense ratio ¹	1.12%	1.66%	1.69%
Turnover ratio ²	6.10%	22.45%	67.80%

14. Comparatives

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

¹ The expense ratios are computed in accordance with the IMAS guidelines on disclosure of expenses 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 ratios. The Fund does not pay any performance fees.

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

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