

UniFund

Semi Annual Report

for the period 1st January to
30th June 2011

UniFund

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

MANAGER

UOB Asset Management Ltd

Registered Address:

80 Raffles Place

UOB Plaza

Singapore 048624

Company Registration No. : 198600120Z

OPERATIONS ADDRESS

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Tel: 1800 22 22 228

DIRECTORS OF UOB ASSET MANAGEMENT

Terence Ong Sea Eng

Yeo Eng Cheong

Thio Boon Kiat

TRUSTEE

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AUDITORS

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SOLICITORS TO THE MANAGER

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SOLICITORS TO THE TRUSTEE

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Singapore 048542

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

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 2 June 1986 Ann Comp Ret
Unifund	-0.41	-0.70	14.89	2.95	1.78	5.59	8.64
Benchmark	0.73	0.50	13.36	7.68	9.30	8.02	5.30

Source: Lipper, a Thomson Reuters Company, 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: Since Inception: Jun 86 - Jan 93: 100% DBS 50; Feb 93 - Aug 98: 50% DBS 50, 50% KLEMAS; Sep 98 - May 00: 100% DBS 50; Jun 00 - May 06: 50% STI Index, 50% KLEMAS; Jun 06 - Present: 50% STI Index, 50% KLCI.

For the six months to 30 June 2011, the Fund **declined 0.7%** on a net-asset-value basis, compared to a 0.5% increase in the benchmark comprising 50% FSSTI Index and 50% KLCI Index in Singapore dollar terms. The underperformance was mainly attributable to stock selection. The fund's overweight position in **Capitaland**, underweight position in Malaysia telecommunication sector, as well as our investments in **Indofood Agri Resources** and **Pacific Andes Resources** contributed negatively to the performance. Meanwhile, our investments in Singapore and Malaysia offshore and marine sector such as **Keppel Corporation**, **STX OSV**, **Kencana Petroleum** and **Sapuracrest Petroleum** contributed positively to the performance.

As at 30 June 2011, the Fund was 96.6% invested, with the balance in cash and cash equivalents. The Fund's sector allocation stood at: **Financials** 44.9%, **Industrials** 20.1%, **Consumer** 17.7%, **Telecom Services** 4.3%, **Energy** 4.9%, and **Others** 4.7%.

Market Review

Asian equity markets were volatile during the period under review. The equity markets started the year mildly positive with the US FOMC in January keeping monetary policy unchanged and continuing its second Quantitative Easing (QE 2) programme of purchasing longer-term Treasury securities with a target of US\$600bn by the end of the second quarter of 2011. Risk aversion returned due to inflation concerns and monetary tightening in China as well as an escalation of political unrest in the North African state of Libya. This caused markets to tumble in February. The Japan earthquake and tsunami in March threatened to escalate into a nuclear disaster and added to market volatility. Higher oil prices fueled inflation and threatened to slow the global economy. Several central banks in Asia tightened monetary policies in order to contain inflation driven by high commodity and food prices. The European debt problems resurfaced in the second quarter and dampened markets. Concerns over Greek sovereign credit and other peripheral European countries weighed heavily on markets.

UniFund

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

The FSSTI declined 0.7% and ended at 3120.4 in the period under review. According to the government official forecast, Singapore's GDP growth is expected to come in at between 5 and 6% for 2011, supported by a moderate but broad-based expansion across a range of industries. The ruling People's Action Party (PAP) won the 11th General Election, albeit on a lower popular vote count and with fewer parliamentary seats. Meanwhile, to address the issue of rising house prices, the government has been increasing the supply of residential property and has placed housing policy under review.

KLCI rose 2.6% (in SGD terms) and ended at 1579.1. Bank Negara has forecast GDP growth to be between 5% and 6% this year. The Economic Transformation Programme (ETP) was launched last year with the aim of creating incremental gross national income of RM1.19bn by 2020 and 3.2m new jobs. The ETP has since drawn in RM169bn investments, which is unprecedented in Malaysia's history. Some of the high profile projects include KL Mass Rapid Transit (MRT) system, development of KL Financial District and an independent deepwater petroleum terminal project at Pengerang, Johor. To date, 50% or 65 of the 131 Entry Point Projects (EPPs) have been started.

Market Outlook and Strategy

The global macroeconomic environment has softened. Headline purchasing managers' indices (PMI) across the world have dipped. The weakness has been attributed to the earthquake and tsunami in Japan, the credit crisis in Europe, monetary tightening in Asia and the bad weather in the US.

With the weaker PMI data, we expect that the Asian region's export growth will continue to soften. Domestic demand on the other hand is stabilizing. Employment is strong. Job growth amid already tight labour markets is supporting wage growth, which in turn should support retail spending.

The silver lining with the growth slowdown is the stabilizing of input and output prices after a sharp run-up in the first quarter. Headline inflation in most Asian economies has started to stabilize even as core price pressures continue to rise. Price pressures remain a worry in Asia once growth re-accelerates.

We expect markets to trade sideways in the near term. We continue to monitor the PMI new orders for signs of a recovery.

In **Singapore**, we are *overweight* the **banking** sector and **offshore & marine sector**. The Fund has positions in **OCBC** and **Keppel Corporation**. We remain *cautious* on **residential property developers** in general given the potential for more government measures to control the rising house prices. We prefer the office property sector and stocks such as **OUE Ltd** which is benefiting from recovering rents. Hotel occupancy and room rates will continue to rise given strong tourist arrivals and tight supply of hotel rooms. The Fund has positions in **CDL Hospitality Trust**. In the **commodity** space, the Fund holds **Noble Group**.

In **Malaysia**, we prefer companies that are positioned to benefit from domestic consumption growth and the Economic Transformation Programme. We prefer **banks**, **construction**, and the **oil & gas** sectors. We expect more infrastructure contracts to be awarded in the subsequent quarters and have positioned in **IJM Corporation**. The oil & gas service providers will benefit from higher domestic capital expenditure committed by Petronas in 2011. **Kencana Petroleum** is favourably positioned to gain lucrative business. We underweight the Malaysian plantation sector as we expect that CPO price has limited upside due to production growth. Meanwhile, we prefer **CIMB** among financials due to its strong position in both corporate lending and investment banking.

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

B) Investments at market value and as a percentage of NAV as at 30 June 2011 under review classified by

	Fair Value (S\$)	% of NAV
i) Country		
Hong Kong	6,599,577	3.33
Malaysia	99,200,745	50.08
Singapore	85,605,167	43.21
Portfolio of investments	191,405,489	96.62
Other net assets	6,686,650	3.38
Total	198,092,139	100.00
ii) Industry		
Consumer Discretionary	13,886,371	7.01
Consumer Staples	21,106,865	10.66
Energy	9,654,569	4.87
Financials	88,944,819	44.90
Industrials	39,910,231	20.14
Materials	5,104,892	2.58
Telecommunication Services	8,473,712	4.28
Utilities	4,324,030	2.18
Portfolio of investments	191,405,489	96.62
Other net assets	6,686,650	3.38
Total	198,092,139	100.00
iii) Asset Class		
Equities	191,405,489	96.62
Other net assets	6,686,650	3.38
Total	198,092,139	100.00
iv) Credit rating of debt securities		
N/A		

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

C) Top Ten Holdings

The top 10 holdings as at 30 June 2011 and 30 June 2010

10 largest holdings at 30 June 2011

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
CIMB GROUP HOLDINGS BERHAD	11,582,371	5.85
OVERSEAS CHINESE BANKING CORPORATION	10,631,221	5.37
DBS GROUP HOLDINGS LIMITED	10,461,215	5.28
MALAYAN BANKING BHD	9,164,197	4.63
KEPPEL CORPORATION LIMITED	8,682,100	4.38
AXIATA GROUP BERHAD	8,473,712	4.28
NOBLE GROUP LTD	7,382,126	3.73
UNITED OVERSEAS BANK LIMITED	6,335,632	3.20
RHB CAPITAL BERHAD	5,833,135	2.94
IJM CORP BHD	5,707,336	2.88

10 largest holdings at 30 June 2010

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
CIMB GROUP HOLDINGS BERHAD	14,593,091	6.51
DBS GROUP HOLDINGS LIMITED	12,294,000	5.48
MALAYAN BANKING BERHAD	11,802,789	5.26
OVERSEAS CHINESE BANKING CORPORATION	11,326,948	5.05
CAPITALAND LIMITED	8,773,200	3.91
WILMAR INTERNATIONAL LIMITED	8,683,850	3.87
PUBLIC BANK (F)	8,107,944	3.61
UNITED OVERSEAS BANK LIMITED	7,215,000	3.22
AXIATA GROUP BERHAD	5,867,967	2.62
GENTING BERHAD	5,480,042	2.44

UniFund

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

D) Exposure to derivatives

- i) fair value of derivative contracts and as a percentage of NAV as at 30 June 2011
N/A
- ii) net gains/ (losses) on derivative contracts realised during the financial period ended 30 June 2011
N/A
- iii) net gains/ (losses) on outstanding derivative contracts marked to market as at 30 June 2011
N/A

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 30 June 2011

	<u>Fair Value</u> <u>(S\$)</u>	<u>% of NAV</u>
CDL HOSPITALITY TRUSTS	2,248,080	1.13
PERENNIAL CHINA RETAIL TRUST	731,850	0.37

F) Amount and percentage of borrowings to net asset value (NAV) as at 30 June 2011

N/A

G) Amount of redemptions and subscriptions for the period 01 January 2011 to 30 June 2011

Total amount of redemptions	SGD	32,714,888
Total amount of subscriptions	SGD	8,933,256

H) The amount and terms of related-party transactions for the period 01 January 2011 to 30 June 2011

- i) As at 30 June 2011 the Fund maintained current accounts with the United Overseas Bank Limited as follows :

Bank balances	SGD	79,094
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UniFund

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

H) The amount and terms of related-party transactions for the period 01 January 2011 to 30 June 2011 (continued)

- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 30 June 2011

N/A

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

N/A

- iv) As at 30 June 2011 the brokerage income earned by UOB Kay Hian Pte Ltd was SGD 12,174.

I) Expense ratios

30 June 2011	1.21%
30 June 2010	1.19%

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

J) Turnover ratios

30 June 2011	21.30%
30 June 2010	23.79%

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

UniFund

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

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”) should be disclosed as well

- i) top 10 holdings at fair value and as percentage of NAV as at 30 June 2011 and 30 June 2010
N/A
- ii) expense ratios for the period ended 30 June 2011 and 30 June 2010. 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 2011 and 30 June 2010
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.

UniFund

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

STATEMENT OF TOTAL RETURN

For the half year ended 30 June 2011 (Un-audited)

	Note	30 June 2011 \$	30 June 2010 \$
Income			
Dividends		3,356,527	3,231,408
Interest		20	17
		3,356,547	3,231,425
Less: Expenses			
Management fee	9	1,043,648	1,143,397
Trustee fee	9	41,746	45,736
Audit fee		8,288	7,588
Registrar fee	9	7,490	7,460
Custody fee		98,079	42,104
Interest expenses		-	438
Other expenses		29,230	103,382
		1,228,481	1,350,105
Net income		2,128,066	1,881,320
Net gains or losses on value of investments			
Net realised gain on investments		14,133,435	5,581,556
Net change in fair value on investments		(17,461,667)	222,666
Net foreign exchange loss		(330,896)	(8,105)
Net (loss)/gain on value of investments		(3,659,128)	5,796,117
Total (deficit)/return for the period before income tax		(1,531,062)	7,677,437
Less : Income tax	3	(184,294)	(186,334)
Total (deficit)/return for the period		(1,715,356)	7,491,103

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

UniFund

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

BALANCE SHEET

As at 30 June 2011 (Un-audited)

	Note	30 June 2011 \$	31 December 2010 \$
ASSETS			
Portfolio of investments		191,405,489	222,689,374
Receivables	4	473,985	85,217
Sales awaiting settlement		3,385,814	1,696,776
Cash and bank balances		6,490,229	983,438
Total Assets		201,755,517	225,454,805
LIABILITIES			
Payables	5	1,290,412	1,865,678
Purchases awaiting settlement		2,372,966	-
Net assets attributable to unitholders	6	198,092,139	223,589,127
Total Liabilities		201,755,517	225,454,805

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UniFund

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

PORTFOLIO STATEMENT

As at 30 June 2011 (Un-audited)

	Holdings at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
By Geography - Primary Quoted Equities			
HONG KONG			
HONGKONG LAND HOLDINGS LIMITED	420,000	3,660,703	1.85
JARDINE MATHESON HOLDINGS LIMITED	42,000	2,938,874	1.48
TOTAL HONG KONG		6,599,577	3.33
MALAYSIA			
ALLIANCE FINANCIAL GROUP BERHAD	2,000,000	2,569,442	1.30
AMMB HOLDINGS BERHAD	788,000	2,085,590	1.05
AXIATA GROUP BERHAD	4,160,200	8,473,712	4.28
CIMB GROUP HOLDINGS BERHAD	3,201,000	11,582,371	5.85
EASTERN & ORIENTAL BERHAD	4,975,000	3,236,196	1.63
GENTING MALAYSIA BERHAD	1,936,200	2,833,835	1.43
GENTING BERHAD	1,180,800	5,347,900	2.70
HONG LEONG BANK	418,000	2,260,215	1.14
IJM CORP BERHAD	2,179,846	5,707,336	2.88
IJM LAND BERHAD	1,063,500	1,223,618	0.62
IOI CORPORATION BERHAD	1,050,000	2,258,223	1.14
KENCANA PETROLEUM BERHAD	3,892,618	4,447,028	2.24
K L KEPONG BERHAD	324,000	2,908,479	1.47
MALAYAN BANKING BERHAD	2,524,185	9,164,197	4.63
MASTERSKILL EDUCATION GROUP BERHAD	875,400	686,888	0.35
MMC CORPORATION BERHAD	2,285,100	2,610,558	1.32
PETRONAS CHEMICALS GROUP BERHAD	1,771,000	5,104,892	2.58
PUBLIC BANK (F)	499,800	2,694,397	1.36
RHB CAPITAL BERHAD	1,576,663	5,833,135	2.94
SAPURACREST PETROLEUM BERHAD	1,000,000	1,707,541	0.86
SIME DARBY BERHAD - NEW	900,000	3,373,613	1.70
SYARIKAT PEMBINAAN SETIA	1,280,400	2,170,718	1.10
TAN CHONG MOTOR HOLDING BERHAD	530,000	1,019,198	0.51
TENAGA NASIONAL	1,578,000	4,324,030	2.18
UEM LAND HOLDINGS BERHAD	2,650,000	3,027,429	1.53
WCT BERHAD WARRANT DUE 10/03/2016	436,620	129,583	0.07
WCT ENGINEERING BERHAD	1,933,100	2,420,621	1.22
TOTAL MALAYSIA		99,200,745	50.08

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UniFund

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

PORTFOLIO STATEMENT

As at 30 June 2011 (Un-audited)

	Holdings at 30 June 2011	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
By Geography - Primary (continued)			
Quoted Equities			
SINGAPORE			
BOUSTEAD SINGAPORE LIMITED	3,500,000	3,500,000	1.77
CAPITALAND LIMITED	1,787,000	5,182,300	2.61
CDL HOSPITALITY TRUSTS	1,102,000	2,248,080	1.13
DBS GROUP HOLDINGS LIMITED	713,589	10,461,215	5.28
FIRST RESOURCES LIMITED	2,804,000	3,897,560	1.97
FRASER AND NEAVE LIMITED	328,000	1,899,120	0.96
INDOFOOD AGRI RESOURCES LIMITED	1,000,000	1,590,000	0.80
KEPPEL CORPORATION LIMITED	785,000	8,682,100	4.38
MEWAH INTERNATIONAL INC	2,077,000	1,910,840	0.96
NOBLE GROUP LIMITED	3,747,272	7,382,126	3.73
OLAM INTERNATIONAL LIMITED	173,000	468,830	0.24
OVERSEAS CHINESE BANKING CORPORATION	1,137,029	10,631,221	5.37
OVERSEAS UNION ENTERPRISE LIMITED	1,403,000	3,998,550	2.02
PACIFIC ANDES RESOURCES DEVELOPMENT LIMITED	16,273,759	4,475,283	2.26
PERENNIAL CHINA RETAIL TRUST	1,190,000	731,850	0.37
SEBACORP INDUSTRIES LIMITED	542,000	2,704,580	1.36
SINGAPORE LAND LIMITED	541,000	3,846,510	1.94
STX OSV HOLDINGS LIMITED	1,494,000	2,061,720	1.04
UNITED OVERSEAS BANK LIMITED	322,917	6,335,632	3.20
WILMAR INTERNATIONAL LIMITED	665,000	3,597,650	1.82
TOTAL SINGAPORE		85,605,167	43.21
Portfolio of investments		191,405,489	96.62
Other net assets		6,686,650	3.38
Net assets attributable to unitholders		198,092,139	100.00

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

UniFund

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

PORTFOLIO STATEMENT

As at 30 June 2011 (Un-audited)

	Percentage of total net assets attributable to unitholders at 30 June 2011 %	Percentage of total net assets attributable to unitholders at 31 December 2010 %
By Geography - Primary (Summary)		
Quoted Equities		
China	-	0.36
Hong Kong	3.33	1.74
Malaysia	50.08	47.56
Norway	-	1.69
Singapore	43.21	48.25
Portfolio of investments	96.62	99.60
Other net assets	3.38	0.40
Net assets attributable to unitholders	100.00	100.00

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

UniFund

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

PORTFOLIO STATEMENT

As at 30 June 2011 (Un-audited)

	Fair value at 30 June 2011 \$	Percentage of total net assets attributable to unitholders at 30 June 2011 %	Percentage of total net assets attributable to unitholders at 31 December 2010 %
By Industry - Secondary Quoted Equities			
Consumer Discretionary	13,886,371	7.01	6.18
Consumer Staples	21,106,865	10.66	11.95
Energy	9,654,569	4.87	2.98
Financials	88,944,819	44.90	46.66
Industrials	39,910,231	20.14	24.23
Information Technology	-	-	0.58
Materials	5,104,892	2.58	2.92
Telecommunication Services	8,473,712	4.28	4.10
Utilities	4,324,030	2.18	-
Portfolio of investments	191,405,489	96.62	99.60
Other net assets	6,686,650	3.38	0.40
Net assets attributable to unitholders	198,092,139	100.00	100.00

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

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

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

1. General

Unifund (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 18 April 1986 between UOB Asset Management Ltd (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Deed is governed by the laws of the Republic of Singapore.

The primary activity of the Fund is that of investment trading. The Fund's investment objective is to give investors an opportunity to achieve medium to long term capital appreciation and to receive regular income distributions during the investment year through investing in shares of companies listed or quoted on Singapore Exchange Securities Trading Limited and the Bursa Malaysia.

2. Significant accounting policies

(a) Basis of accounting

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

The financial statements are expressed in Singapore dollars.

(b) Recognition of income

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

(c) Investments

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

(i) *Initial recognition*

Purchase of investments are recognized on the trade date. Investments are recorded at fair value on initial recognition.

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

2. Significant accounting policies (continued)

(c) Investments (continued)

(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 Fund is the current market quoted bid price.

(e) Foreign currency translation

(i) *Functional and presentation currency*

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars and United States dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore dollar as the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Singapore dollars, which is the Fund's functional and presentation currency.

(ii) *Transactions and balances*

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

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

2. Significant accounting policies (continued)

(f) Expenses charged to the Fund

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

3. Income tax

	30 June 2011 \$	30 June 2010 \$
Overseas income tax	168,304	122,478
Singapore income tax	15,990	63,856
Total income tax	184,294	186,334

The Fund was granted the status of a Designated Unit Trust and, therefore, the following income is exempt from tax in accordance with section 35(12) of the Income Tax Act (Cap 134):

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Singapore Income Tax Act); and
- (iii) dividends derived from outside Singapore and received in Singapore.

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

4. Receivables

	30 June 2011	31 December 2010
	\$	\$
Amount receivable for creation of units	64,636	50,782
Dividend receivable	408,039	34,435
Other receivable	1,310	-
	473,985	85,217

5. Payables

	30 June 2011	31 December 2010
	\$	\$
Amounts payable for cancellation of units	750,345	1,245,412
Amount due to Manager	508,552	578,605
Amount due to Trustee	20,288	22,810
Other creditors and accrued expenses	11,227	18,851
	1,290,412	1,865,678

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

6. Net assets attributable to unitholders

	30 June 2011 \$	31 December 2010 \$
At the beginning of the financial period/year	223,589,127	236,655,372
Operations		
Change in net assets attributable to unitholders resulting from operations	(1,715,356)	39,944,644
Unitholders' contributions/(withdrawals)		
Creation of units	8,933,256	27,106,737
Cancellation of units	(32,714,888)	(80,117,626)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(23,781,632)	(53,010,889)
Total decrease in net assets attributable to unitholders	(25,496,988)	(13,066,245)
At the end of the financial period/year	198,092,139	223,589,127
Units in issue (Note 7)	116,917,769	130,957,027
	\$	\$
Net assets attributable to unitholders per unit	1.69	1.71

7. Units in issue

	30 June 2011	31 December 2010
Units at beginning of the period/year	130,957,027	165,456,620
Units created	5,289,386	17,977,651
Units cancelled	(19,328,644)	(52,477,244)
Units at end of the period/year	116,917,769	130,957,027

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

8. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial futures contracts, financial options contracts and/or currency forward contracts subject to the terms of the Prospectus to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager make reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

(i) Foreign exchange risk

The Fund has securities denominated in currencies other than Singapore dollars and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollars and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

As at 30 June 2011

	SGD \$	MYR \$	USD \$	Total \$
ASSETS				
Portfolio of investments	85,605,167	99,200,745	6,599,577	191,405,489
Receivables	323,873	121,510	28,602	473,985
Sales awaiting settlement	783,299	2,602,515	-	3,385,814
Cash and bank balances	6,051,084	176,562	262,583	6,490,229
Total Assets	92,763,423	102,101,332	6,890,762	201,755,517
LIABILITIES				
Payables	1,005,462	-	284,950	1,290,412
Purchase awaiting settlement	2,372,966	-	-	2,372,966
Net assets attributable to unitholders	198,092,139	-	-	198,092,139
Total Liabilities	201,470,567	-	284,950	201,755,517
Net currency exposure	(108,707,144)	102,101,332	6,605,812	

As at 31 December 2010

	SGD \$	MYR \$	USD \$	Total \$
ASSETS				
Portfolio of investments	110,104,949	106,332,388	6,252,037	222,689,374
Receivables	43,094	34,436	7,687	85,217
Sales awaiting settlement	1,696,776	-	-	1,696,776
Cash and bank balances	696,326	48,634	238,478	983,438
Total Assets	112,541,145	106,415,458	6,498,202	225,454,805
LIABILITIES				
Payables	1,417,858	-	447,820	1,865,678
Net assets attributable to unitholders	223,589,127	-	-	223,589,127
Total Liabilities	225,006,985	-	447,820	225,454,805
Net currency exposure	(112,465,840)	106,415,458	6,050,382	

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Investments, which is the significant item in the balance sheet is exposed to currency risk and other price risk. The other price risk sensitivity analysis includes the impact of currency risk on non-monetary investments. The Fund's net financial assets comprise significantly non-monetary investments, hence currency risk sensitivity analysis has not been performed on the remaining financial assets.

(ii) Price risk

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to unitholders at 30 June 2011 and 31 December 2010. The analysis is based on the assumption that the index components within the benchmark increased / decreased by a reasonable possible shift, with all other variables held constant and that the fair value of Fund's investments moved according to the historical correlation with the index.

Benchmark component	30 June 2011		31 December 2010	
	Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders	
	\$	%	\$	%
50% STI Index, 50% KLCI	40,195,153	20	36,966,436	20

(iii) Interest rate risk

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

The Fund's financial assets and liabilities are largely non-interest bearing. Hence, the Fund is not subjected to risk due to fluctuations in the prevailing levels of market interest rates.

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

8. Financial risk management (continued)

(b) Liquidity risk

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

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

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

As at 30 June 2011

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	1,290,412	-	-	-
Purchases awaiting settlement	2,372,966	-	-	-
Net assets attributable to unitholders	198,092,139	-	-	-

As at 31 December 2010

	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Payables	1,865,678	-	-	-
Net assets attributable to unitholders	223,589,127	-	-	-

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

8. Financial risk management (continued)

(c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund's credit risk is concentrated on 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 Manager.

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 30 June 2011 and 31 December 2010.

As at 30 June 2011

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

As at 31 December 2010

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

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

(d) Capital management

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

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

9. Related party transactions

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

Management fee is paid to the Manager, while trustee fee is paid to the Trustee and the registrar fee is paid to HSBC Securities Services (Transfer Agency) Pte Ltd, a subsidiary of HSBC Holdings Plc. These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

- (b) As at the end of the financial period/year, the Fund maintained the following accounts with the related party:

	30 June 2011	31 December 2010
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	79,094	1,622

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

	30 June 2011	30 June 2010
	\$	\$
Bank charges	30	30

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

As at the end of the financial period, the Fund has brokerage fee paid or payable to UOB Kay Hian Pte Ltd as follows:

	30 June 2011	30 June 2010
	\$	\$
Brokerage charges	12,174	4,291

UniFund

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2011 (Un-audited)

10. Financial ratios

	30 June 2011	30 June 2010
Expense ratio ¹	1.21%	1.19%
Turnover ratio ²	21.30%	23.79%

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

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

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