



UETF

➤ **United SSE 50 China ETF**

Annual Report

for the financial year ended
30 June 2021

UETF

(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

Tel: 1800 22 22 228

DIRECTORS OF UOB ASSET MANAGEMENT LTD

Lee Wai Fai

Eric Tham Kah Jin

Peh Kian Heng

Thio Boon Kiat

TRUSTEE

State Street Trust (SG) Limited

168 Robinson Road

#33-01, Capital Tower

Singapore 068912

CUSTODIAN / ADMINISTRATOR / REGISTRAR

State Street Bank and Trust Company, acting through its Singapore Branch

168 Robinson Road

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AUDITOR

PricewaterhouseCoopers LLP

7 Straits View, Marina One

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Singapore 018936

United SSE 50 China ETF
(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance

	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 12 November 2009 Ann Comp Ret
Fund Performance/ Benchmark Returns							
United SSE 50 China ETF	0.40	-1.15	27.18	11.87	9.88	5.23	1.77
Benchmark	1.38	-0.04	28.42	15.57	14.21	9.68	5.75

Source: Morningstar.

Note: The performance returns of the Fund are in Singapore Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.

The benchmark of the Fund: SSE 50 Index.

For the 12 months ended 30 June 2021, the net asset value (NAV) of the Fund **rose 27.18%** in Singapore Dollar (SGD) terms compared to the 28.42% gain for the benchmark SSE 50 Index over the same period.

As at 30 June 2021, the Fund had the following sector allocation: **Financials** (35.90%), **Consumer Staples** (23.94%), **Information Technology** (11.81%), **Health Care** (8.19%), **Consumer Discretionary** (5.74%), **Materials** (5.37%), **Industrials** (4.56%), **Energy** (2.13%), others (2.03%) and the remainder in cash (0.33%).

Economic and Market Review

For the 12 months ended 30 June 2021, Chinese equities outperformed the rest of global markets (MSCI AC World) and (MSCI AC Asia ex Japan).

While much of the world continued to see rising coronavirus (COVID-19) up till the end of 2020, **China** was one of the first countries to ease lockdown restrictions after containing local transmissions. It has since also been able to better control secondary waves of the outbreak from the Delta variant which has surfaced in several Asian countries, thus hampering the pace of economic reopening and recovery.

China equities were volatile during the first half ended 30 June 2021 hitting all-time-high in mid-February before retracing to levels at the start of the year due to increased regulatory scrutiny and anti-trust clampdown on large technology companies, particularly in the e-commerce and e-finance space. Lofty valuations had also led to profit-taking with sectors seen as rich in valuations bore the brunt of the sell down. Stocks that have done well for the year were sold off as investors rotated into cheaper laggards and underperformers.

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A) Fund Performance (continued)

On the economic front, the success in virus containment led to strength in its economic recovery which led real GDP year-on-year (y-y) growth in the last 12 months. The rebound strong growth in GDP was largely led by a resumption in external demand as well as uptick in domestic consumption. The country's leading macroeconomic indicators such as the Purchasing Managers' Index (PMI) had expanded during the 12 months to June and have rebounded to pre-pandemic levels with the PMIs staying firmly above 50, while high frequency data points ranging from retail sales, industrial production and fixed asset investments have rebounded to pre-pandemic levels. The recovery trajectory remains on track as economic fundamentals continue to improve.

On the policy front, the government had also during the year announced its 14th Five-Year Plan aiming at promoting domestic consumption and greater self-reliance including on the technology front amid signs of growing pressures from the **US** which has led to the blacklisting of some 60 Chinese firms by the **US** Commerce Department. The forward-looking Five-Year Plan had also emphasized trade and investments.

Meanwhile on the trade front, Beijing's clout rose further with the signing of the Regional Comprehensive Economic Partnership (RCEP) free trade agreement representing the largest trading block in the world which include 10 members of ASEAN as well as **Australia, Japan, South Korea and New Zealand**. A landmark trade deal was also signed between **China** and the **European Union**.

Within sectors, **Materials, Health Care and Information Technology** were notable leaders, while **Real Estate, Financials and Energy** lagged the market.

As of 15 June 2020, five constituents changed during the index review and the SSE50 Index was rebalanced with effect from 15 June 2020 till 14 December 2020. **China Fortune Land Development Co. Ltd (Financials), Air China Ltd (Industrials), China Railway Group Limited (Industrials), CRRC Corporation Limited (Industrials) and China Construction Bank Corp (Financials)**, were removed from the index and replaced by **Yonyou Network Technology Co Ltd (Information Technology), Wingtech Technology Co Ltd (Information Technology), Postal Savings Bank of China Co Ltd (Financials), Beijing-Shanghai High Speed Railway Co Ltd (Industrials) and Shenzhen Huiding Technology Co Ltd (Information Technology)**.

As of 14 December 2020, five constituents changed during the index review and rebalancing for the SSE50 Index. **Bank of Communications Co Ltd (Financials), Postal Savings Bank of China Co Ltd (Financials), Bank of China Ltd (Financials), China Shipbuilding Industry Co Ltd (Industrials) and China Molybdenum Co., Ltd. (Materials)** were removed from the index and replaced by **Foshan Haitian Flavouring and Food Company Ltd (Consumer Staples), Will Semiconductor Co Ltd. Shanghai (Information Technology), GigaDevice Semiconductor Beijing Inc (Information Technology), Hundsun Technologies Inc (Information Technology) and Zhongtai Securities Co Ltd (Financials)**.

A) Fund Performance (continued)

Outlook and Fund Strategy

The Greater China equity markets have recovered strongly after the COVID-19 lockdowns and global sell off in March following the supportive measures from unprecedented global stimulus. We remain positive on the outlook for mainland China on the evidence of solid recovery as evident persistently strong PMI numbers. The country has a large domestic market to cushion dip in external demand. Selected areas of consumption and property sales are faring well. Mainland China also has ample policy ammunition to tackle future crises with the further buffers of positive real interest rates, strong reserves and a modest fiscal deficit compared to other major economies.

In particular, we are positive on China 'A' shares which are more sensitive to **China's** easing policy and enjoy structure tailwinds such as an expected increase in index representation in the coming years. We are also witnessing accelerated capital market reforms that will enhance access and hence the appeal of 'A' shares for both local and foreign investors though regulatory headwinds remain for technology companies.

Key downside risks to our constructive stance on the Greater China markets include sluggish external demand due to delays in vaccine rollout and rise of the Delta variant impeding the pace of global economic recovery.

United SSE 50 China ETF

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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2021 under review classified by

i) Country

	Fair Value (S\$)	% of NAV
China	28,384,245	99.67
Portfolio of investments	28,384,245	99.67
Other net assets/(liabilities)	95,404	0.33
Total	28,479,649	100.00

ii) Industry

	Fair Value (S\$)	% of NAV
Communication Services	278,239	0.98
Consumer Discretionary	1,634,642	5.74
Consumer Staples	6,818,589	23.94
Energy	607,446	2.13
Financials	10,224,668	35.90
Health Care	2,331,502	8.19
Industrials	1,297,704	4.56
Information Technology	3,364,416	11.81
Materials	1,527,724	5.37
Real Estate	299,315	1.05
Portfolio of investments	28,384,245	99.67
Other net assets/(liabilities)	95,404	0.33
Total	28,479,649	100.00

iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted equities	28,384,245	99.67
Other net assets/(liabilities)	95,404	0.33
Total	28,479,649	100.00

United SSE 50 China ETF

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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2021 under review classified by (continued)

iv) Credit rating of quoted bonds

N/A

C) Top Ten Holdings

10 largest holdings as at 30 June 2021

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
KWEICHOW MOUTAI CO LTD	4,513,956	15.85
PING AN INSURANCE GROUP CO OF CHINA LTD	2,428,430	8.53
CHINA MERCHANTS BANK CO LTD	2,333,584	8.19
LONGI GREEN ENERGY TECHNOLOGY CO LTD	1,333,272	4.68
JIANGSU HENGRUI MEDICINE CO LTD	1,054,566	3.70
INDUSTRIAL BANK CO LTD	1,038,421	3.65
CHINA TOURISM GROUP DUTY FREE CORP LTD	1,023,867	3.59
WUXI APPTec CO LTD	975,326	3.43
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD	777,681	2.73
CITIC SECURITIES CO LTD	742,455	2.61

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C) Top Ten Holdings (continued)

10 largest holdings as at 30 June 2020

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
PING AN INSURANCE GROUP CO OF CHINA LTD	3,315,948	13.85
KWEICHOW MOUTAI CO LTD	3,167,595	13.23
JIANGSU HENGRUI MEDICINE CO LTD	1,510,770	6.31
CHINA MERCHANTS BANK CO LTD	1,482,897	6.19
CITIC SECURITIES CO LTD	879,605	3.67
INDUSTRIAL BANK CO LTD	837,101	3.50
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD	798,070	3.34
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	741,472	3.10
CHINA TOURISM GROUP DUTY FREE CORP LTD	643,961	2.69
BANK OF COMMUNICATIONS CO LTD	599,916	2.51

D) Exposure to derivatives

The global exposure relating to derivative instruments is calculated using the commitment approach:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received under certain cases.

i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2021

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Foreign currency contracts	40,635	-	-	8	-*

* denotes amount less than 0.01%

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D) Exposure to derivatives (continued)

- ii) There was a net realised loss of SGD 2,011 on derivative contracts during the financial year ended 30 June 2021.
- iii) There was a net unrealised loss of SGD 8 on outstanding derivative contracts marked to market as at 30 June 2021.

E) Amount and percentage of NAV invested in other schemes as at 30 June 2021

N/A

F) Amount and percentage of borrowings to NAV as at 30 June 2021

N/A

G) Amount of redemptions and subscriptions for the financial year ended 30 June 2021

Total amount of redemptions	SGD	2,780,400
Total amount of subscriptions	SGD	1,220,900

H) The amount and terms of related-party transactions for the financial year ended 30 June 2021

Please refer to Note 9 of the Notes to the Financial Statements.

I) Expense ratios

Please refer to Note 10 of the Notes to the Financial Statements.

J) Turnover ratios

Please refer to Note 10 of the Notes to the Financial Statements.

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

N/A

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

i) Top 10 holdings at fair value and as percentage of NAV as at 30 June 2021 and 30 June 2020

N/A

ii) Expense ratios for the financial year ended 30 June 2021 and 30 June 2020

N/A

iii) Turnover ratios for the financial year ended 30 June 2021 and 30 June 2020

N/A

¹ *Where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.*

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 products 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 a best execution basis and there was no churning of trades.

N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts

N/A

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REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of the sub-fund of UETF, namely United SSE 50 China ETF (the "Sub-Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, 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.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Sub-Fund during the financial year covered by these financial statements, set out on pages 16 to 43, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
STATE STREET TRUST (SG) LIMITED

Authorised signatory
24 September 2021

UETF

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STATEMENT BY THE MANAGER

In the opinion of UOB Asset Management Ltd, the accompanying financial statements set out on pages 16 to 43, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the sub-fund of UETF, namely United SSE 50 China ETF (the "Sub-Fund") as at 30 June 2021, and the financial performance and movements of unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Sub-Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
UOB ASSET MANAGEMENT LTD

THIO BOON KIAT
Authorised signatory
24 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UETF

Our Opinion

In our opinion, the accompanying financial statements of the sub-fund of UETF, namely United SSE 50 China ETF (the "Sub-Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Sub-Fund as at 30 June 2021, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Sub-Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2021;
- the Statement of Financial Position as at 30 June 2021;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2021;
- the Statement of Portfolio as at 30 June 2021; and
- the Notes to the Financial Statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Sub-Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UETF

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular we considered where the Sub-Fund's manager (the "Manager") made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Sub-Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Sub-Fund or to cease the Sub-Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Sub-Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UETF

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UETF

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ong King Howe.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 24 September 2021

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STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2021

	Note	United SSE 50 China ETF	
		2021	2020
		\$	\$
Income			
Dividends		652,118	702,524
Interest		-	11
Other income		-	1,284
Total		<u>652,118</u>	<u>703,819</u>
Less: Expenses			
Management fee	9	124,776	120,678
Trustee fee	9	9,515	9,194
Audit fee		24,599	24,478
Custody fee	9	32,776	31,198
Transaction costs		27,468	21,076
Other expenses		68,500	40,037
Total		<u>287,634</u>	<u>246,661</u>
Net income/(losses)		<u>364,484</u>	<u>457,158</u>
Net gains/(losses) on value of investments and financial derivatives			
Net gains/(losses) on investments		5,807,772	(109,688)
Net gains/(losses) on financial derivatives		(2,019)	(4,800)
Net foreign exchange gains/(losses)		(2,821)	7,463
		<u>5,802,932</u>	<u>(107,025)</u>
Total return/(deficit) for the financial year before income tax		6,167,416	350,133
Less: Income tax expense	3	<u>(65,542)</u>	<u>(70,532)</u>
Total return/(deficit) for the financial year		<u>6,101,874</u>	<u>279,601</u>

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

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		United SSE 50 China ETF	
		2021	2020
	Note	\$	\$
Assets			
Portfolio of investments		28,384,245	24,769,379
Receivables	4	28,347	22,227
Cash and bank balances		403,921	125,841
Margin accounts		40,542	42,076
Total assets		28,857,055	24,959,523
Liabilities			
Payables	5	377,398	1,022,248
Financial derivatives at fair value	6	8	-
Total liabilities		377,406	1,022,248
Equity			
Net assets attributable to unitholders	7	28,479,649	23,937,275

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

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STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2021

	United SSE 50 China ETF	
	2021	2020
Note	\$	\$
Net assets attributable to unitholders at the beginning of the financial year	23,937,275	29,416,974
Operations		
Change in net assets attributable to unitholders resulting from operations	6,101,874	279,601
Unitholders' contributions/(withdrawals)		
Creation of units	1,220,900	-
Cancellation of units	(2,780,400)	(5,759,300)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(1,559,500)	(5,759,300)
Total increase/(decrease) in net assets attributable to unitholders	4,542,374	(5,479,699)
Net assets attributable to unitholders at the end of the financial year	28,479,649	23,937,275

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

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STATEMENT OF PORTFOLIO

As at 30 June 2021

United SSE 50 China ETF

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Industry - Primary			
Quoted equities			
COMMUNICATION SERVICES			
CHINA UNITED NETWORK COMMUNICATIONS LTD	309,600	278,239	0.98
CONSUMER DISCRETIONARY			
CHINA TOURISM GROUP DUTY FREE CORP LTD	16,400	1,023,867	3.59
HAIER SMART HOME CO LTD	63,200	340,658	1.20
SAIC MOTOR CORP LTD	59,100	<u>270,117</u>	<u>0.95</u>
TOTAL CONSUMER DISCRETIONARY		<u>1,634,642</u>	<u>5.74</u>
CONSUMER STAPLES			
FOSHAN HAITIAN FLAVOURING & FOOD CO LTD	21,155	567,503	1.99
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD	101,500	777,681	2.73
KWEICHOW MOUTAI CO LTD	10,550	4,513,956	15.85
SHANXI XINGHUACUN FEN WINE FACTORY CO LTD	5,900	549,875	1.93
TONGWEI CO LTD	45,500	<u>409,574</u>	<u>1.44</u>
TOTAL CONSUMER STAPLES		<u>6,818,589</u>	<u>23.94</u>
ENERGY			
CHINA PETROLEUM & CHEMICAL CORP	222,700	201,995	0.71
CHINA SHENHUA ENERGY CO LTD	55,400	224,969	0.79

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

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STATEMENT OF PORTFOLIO

As at 30 June 2021

United SSE 50 China ETF

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Industry - Primary (continued)			
Quoted equities			
ENERGY (continued)			
PETROCHINA CO LTD	164,000	<u>180,482</u>	<u>0.63</u>
TOTAL ENERGY		<u>607,446</u>	<u>2.13</u>
FINANCIALS			
AGRICULTURAL BANK OF CHINA LTD	479,700	302,375	1.06
CHINA EVERBRIGHT BANK CO LTD	275,700	216,802	0.76
CHINA INTERNATIONAL CAPITAL CORP LTD	4,100	52,456	0.18
CHINA LIFE INSURANCE CO LTD	27,900	196,702	0.69
CHINA MERCHANTS BANK CO LTD	207,000	2,333,584	8.19
CHINA MINSHENG BANKING CORP LTD	353,800	324,586	1.14
CHINA PACIFIC INSURANCE GROUP	57,600	347,140	1.22
CITIC SECURITIES CO LTD	143,100	742,455	2.61
CSC FINANCIAL CO LTD	15,900	103,962	0.37
GUOTAI JUNAN SECURITIES CO LTD	75,600	269,567	0.95
HAITONG SECURITIES CO LTD	161,600	386,610	1.36
HUATAI SECURITIES CO LTD	85,000	279,389	0.98
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	586,400	630,694	2.21
INDUSTRIAL BANK CO LTD	242,900	1,038,421	3.65
NEW CHINA LIFE INSURANCE CO LTD	13,800	131,801	0.46
PING AN INSURANCE GROUP CO OF CHINA LTD	181,600	2,428,430	8.53
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD	196,300	408,370	1.43

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

UETF

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

STATEMENT OF PORTFOLIO

As at 30 June 2021

United SSE 50 China ETF

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Industry - Primary (continued)			
Quoted equities			
FINANCIALS (continued)			
ZHONGTAI SECURITIES CO LTD	13,916	<u>31,324</u>	<u>0.11</u>
TOTAL FINANCIALS		<u>10,224,668</u>	<u>35.90</u>
HEALTH CARE			
JIANGSU HENGRUI MEDICINE CO LTD	74,580	1,054,566	3.70
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD	20,100	301,610	1.06
WUXI APTEC CO LTD	29,940	<u>975,326</u>	<u>3.43</u>
TOTAL HEALTH CARE		<u>2,331,502</u>	<u>8.19</u>
INDUSTRIALS			
AECC AVIATION POWER CO LTD	17,700	195,856	0.69
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD	349,100	337,704	1.18
SANY HEAVY INDUSTRY CO LTD	99,700	602,940	2.12
SHANGHAI INTERNATIONAL AIRPORT	16,100	<u>161,204</u>	<u>0.57</u>
TOTAL INDUSTRIALS		<u>1,297,704</u>	<u>4.56</u>
INFORMATION TECHNOLOGY			
FOXCONN INDUSTRIAL INTERNET CO LTD	49,900	128,827	0.45
GIGADEVICE SEMICONDUCTOR BEIJING INC	8,817	344,653	1.21
HUNDSUN TECHNOLOGIES INC	13,928	270,191	0.95

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

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

STATEMENT OF PORTFOLIO

As at 30 June 2021

United SSE 50 China ETF

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Industry - Primary (continued)			
Quoted equities			
INFORMATION TECHNOLOGY (continued)			
LONGI GREEN ENERGY TECHNOLOGY CO LTD	72,140	1,333,272	4.68
SANAN OPTOELECTRONICS CO LTD	44,600	297,370	1.04
WILL SEMICONDUCTOR CO LTD	8,800	589,485	2.07
WINGTECH TECHNOLOGY CO LTD	10,400	209,648	0.74
YONYOU NETWORK TECHNOLOGY CO LTD	27,600	190,970	0.67
TOTAL INFORMATION TECHNOLOGY		3,364,416	11.81
MATERIALS			
ANHUI CONCH CEMENT CO LTD	40,100	342,445	1.21
SHANDONG GOLD MINING CO LTD	30,000	119,952	0.42
WANHUA CHEMICAL GROUP CO LTD	26,400	597,650	2.10
ZIJIN MINING GROUP CO LTD	232,000	467,677	1.64
TOTAL MATERIALS		1,527,724	5.37

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

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STATEMENT OF PORTFOLIO

As at 30 June 2021

	United SSE 50 China ETF		
	Holdings at	Fair value at	Percentage of
	30 June	30 June	total net assets
	2021	2021	attributable to
		\$	unitholders at
			30 June
			2021
			%
By Industry - Primary (continued)			
Quoted equities			
REAL ESTATE			
POLY DEVELOPMENTS AND HOLDINGS GROUP CO LTD	119,500	299,315	1.05
Total Equities		28,384,245	99.67
Portfolio of investments		28,384,245	99.67
Other net assets/(liabilities)		95,404	0.33
Net assets attributable to unitholders		28,479,649	100.00

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

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STATEMENT OF PORTFOLIO

As at 30 June 2021

	United SSE 50 China ETF	
	Percentage of total net assets attributable to unitholders at 30 June 2021 %	Percentage of total net assets attributable to unitholders at 30 June 2020 %
By Industry - Primary (Summary)		
Quoted equities		
Communication Services	0.98	0.81
Consumer Discretionary	5.74	4.91
Consumer Staples	23.94	16.57
Energy	2.13	2.48
Financials	35.90	50.08
Health Care	8.19	8.86
Industrials	4.56	7.63
Information Technology	11.81	5.39
Materials	5.37	4.89
Real Estate	1.05	1.86
Portfolio of investments	99.67	103.48
Other net assets/(liabilities)	0.33	(3.48)
Net assets attributable to unitholders	100.00	100.00

By Geography - Secondary Quoted equities

The Sub-Fund invests wholly in China as at 30 June 2021 and 30 June 2020.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

1 General

UETF is a Singapore-registered umbrella fund, which offers one sub-fund, United SSE 50 China ETF (the "Sub-Fund"). The Sub-Fund is constituted under a Trust Deed in Singapore between UOB Asset Management Ltd (the "Manager") and State Street Trust (SG) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore.

The investment objective of the Sub-Fund is to provide investment results that, before fees, costs and expenses (including any taxes and withholding taxes), closely correspond to the performance of the SSE 50.

Subscriptions and redemptions of the units are denominated in the Singapore Dollar.

2 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" revised and issued by the Institute of Singapore Chartered Accountants in July 2020 for the financial year beginning on or after 1 July 2020.

The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Sub-Fund and had no material effect on the amounts reported for the current or prior years.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

2 Significant accounting policies (continued)**(c) Investments** (continued)*(i) Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year 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 gross of transaction costs, and are taken up in the Statement of Total Return.

(d) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the financial year end date. The quoted market price used for investments held by the Sub-Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(e) Foreign currency translation*(i) Functional and presentation currency*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

2 Significant accounting policies (continued)**(e) Foreign currency translation** (continued)*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at 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 "Net gains/losses on investments".

(f) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(g) Sales and purchases awaiting settlement

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(i) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

2 Significant accounting policies (continued)

(j) Financial derivatives

Financial derivatives including forwards and swaps may be entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provision of the Trust Deed and the Code on Collective Investment Schemes.

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

(k) Distributions

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. The amount shall not be treated as part of the property of the Sub-Fund. Distributions are accrued for at the financial year end date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

Cash collateral provided by the Sub-Fund is identified in the Statement of Financial Position as margin cash and is not included as a component of cash and cash equivalents.

3 Income tax

	United SSE 50 China ETF	
	2021	2020
	\$	\$
Overseas income tax expense	65,542	70,532

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

3 Income tax (continued)

The Sub-Fund has been approved by the Monetary Authority of Singapore under the Enhanced-Tier Fund (“ETF”) Scheme (section 13X of the Income Tax Act and the relevant regulations). Subject to certain conditions being met on an annual basis, the Sub-Fund may enjoy Singapore corporate income tax exemption on “specified income” derived from “designated investments” for the life of the Sub-Fund. The tax exemption does not apply in the year when the relevant conditions are not met. Losses from “designated investments” are correspondingly disregarded. The terms “specified income” and “designated investments” are defined in the relevant income tax regulations.

The trustee of the Sub-Fund has assessed and is satisfied that the Sub-Fund has met the requisite conditions under the ETF Scheme for the current financial year. The trustee of the Sub-Fund will also ensure that the Sub-Fund fulfills its reporting obligations under the ETF Scheme.

The overseas income tax represents tax withheld on foreign sourced income.

The Sub-Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Sub-Fund’s gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the financial year. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Sub-Fund. Therefore when measuring any uncertain tax liabilities management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

As at 30 June 2021 and 2020, the Sub-Fund has uncertain taxes exposure with respect to gains on investment of which the tax liability is estimated to be insignificant. While this represents the Manager’s best estimate, the estimated value could differ significantly from the amount ultimately payable.

4 Receivables

	United SSE 50 China ETF	
	2021	2020
	\$	\$
Other receivables	28,347	22,227

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

5 Payables

	United SSE 50 China ETF	
	2021	2020
	\$	\$
Amounts payable for cancellation of units	302,400	943,200
Amount due to the Manager	32,011	27,056
Amount due to Trustee	2,490	4,441
Other creditors and accrued expenses	40,497	47,551
	<u>377,398</u>	<u>1,022,248</u>

6 Fair value of financial derivatives

Financial derivatives contracts comprise of foreign currency contracts for the sale and purchase of foreign currencies. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at the financial year end date are analysed below.

	United SSE 50 China ETF		
	2021		
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	40,635	-	8

There were no outstanding financial derivatives as at 30 June 2020.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

7 Units in issue

During the financial years ended 30 June 2021 and 2020, the numbers of units issued, redeemed and outstanding were as follows:

	United SSE 50 China ETF	
	2021	2020
Units at the beginning of the financial year	10,052,000	12,552,000
Units created	400,000	-
Units cancelled	<u>(1,000,000)</u>	<u>(2,500,000)</u>
Units at the end of the financial year	<u>9,452,000</u>	<u>10,052,000</u>
	\$	\$
Net assets attributable to unitholders	28,479,649	23,937,275
Net assets value per unit	3.013	2.381

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the financial year end date is prepared below:

	United SSE 50 China ETF	
	2021	2020
	\$	\$
Net assets attributable to unitholders per financial statements per unit	3.013	2.381
Effect of movement in the net asset value between the last dealing date and the end of the reporting period*	<u>(0.014)</u>	<u>(0.023)</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.999</u>	<u>2.358</u>

* *The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between such date and the end of the financial year.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the Sub-Fund's exposures to foreign currencies at the end of the financial year.

United SSE 50 China ETF As at 30 June 2021

	RMB \$	SGD \$	USD \$	Total \$
Assets				
Portfolio of investments	28,384,245	-	-	28,384,245
Receivables	-	28,347	-	28,347
Cash and bank balances	73,692	321,463	8,766	403,921
Margin accounts	-	-	40,542	40,542
Total Assets	28,457,937	349,810	49,308	28,857,055
Liabilities				
Payables	-	377,398	-	377,398
Total Liabilities	-	377,398	-	377,398
Net Assets	28,457,937	(27,588)	49,308	
Foreign currency contracts (notional value)	(40,635)	40,635	-	
Net currency exposure	28,417,302	13,047	49,308	

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

United SSE 50 China ETF

As at 30 June 2020

	RMB \$	SGD \$	USD \$	Total \$
Assets				
Portfolio of investments	24,769,379	-	-	24,769,379
Receivables	-	22,227	-	22,227
Cash and bank balances	54,074	70,162	1,605	125,841
Margin accounts	-	-	42,076	42,076
Total Assets	<u>24,823,453</u>	<u>92,389</u>	<u>43,681</u>	<u>24,959,523</u>
Liabilities				
Payables	-	1,022,248	-	1,022,248
Total Liabilities	<u>-</u>	<u>1,022,248</u>	<u>-</u>	<u>1,022,248</u>
Net currency exposure	<u>24,823,453</u>	<u>(929,859)</u>	<u>43,681</u>	

Investments, which is the significant item in the Statement of Financial Position, is exposed to foreign exchange risk and other price risk. Other price risk sensitivity analysis includes the impact of foreign exchange risk on non-monetary investments. The Sub-Fund's net financial assets comprise significantly of non-monetary investments, hence foreign exchange risk sensitivity analysis has not been presented on the remaining financial assets.

(ii) Price risk

The COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

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 Sub-Fund is designated to track the performance of the SSE 50 Index, therefore the exposure to price risk in the Sub-Fund will be substantially the same as the SSE 50 Index. As an exchange traded fund, the Manager manages the Sub-Fund's exposure to price risk by ensuring the key characteristics of the portfolio, such as security weight and industry weight, is closely aligned to the SSE 50 Index characteristics.

Benchmark component	2021		2020	
	Volatility %	Net impact to net assets attributable to unitholders \$	Volatility %	Net impact to net assets attributable to unitholders \$
United SSE 50 China ETF				
SSE 50 Index	20	5,709,336	20	4,881,539

(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.

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Sub-Fund's portfolio investments accordingly. However, the effects of changes in interest rates in the Sub-Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect.

Other than cash and bank balances and margin accounts which are at short term market interest rates, and therefore subject to insignificant interest rate risk, the Sub-Fund's financial assets and liabilities are largely non-interest bearing.

Hence, no sensitivity analysis has been presented separately.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(b) Liquidity risk

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

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

The Manager may from time to time employ derivatives to implement a portfolio strategy to reduce risk or for the purpose of efficient portfolio management. Market liquidity of complex derivatives are significantly less than traditional investment instruments and such positions may therefore require a longer time to reverse than would typically be expected for traditional investment instruments.

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

	United SSE 50 China ETF		
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
As at 30 June 2021			
Payables	377,398	-	-
Financial derivatives at fair value			
- Foreign currency contracts	8	-	-
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
As at 30 June 2020			
Payables	1,022,248	-	-

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(b) Liquidity risk (continued)

The table below analyses the Sub-Fund's derivatives financial instruments in a loss position that will be settled on a gross basis into relevant maturity groups based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

	United SSE 50 China ETF		
	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 30 June 2021			
Financial derivatives at fair value			
- Foreign currency contracts			
- inflow	40,635	-	-
- outflow	(40,643)	-	-

There were no outstanding financial derivatives as at 30 June 2020.

(c) Credit risk

The Sub-Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Sub-Fund's credit risk is concentrated on cash and bank balances and amounts or securities receivable on the sale and purchase of investments respectively. In order to mitigate exposure to credit risk, all transactions in listed securities are settled/paid for upon delivery and transacted with approved counterparties using an approved list of brokers that is regularly assessed and updated by the Manager.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(c) Credit risk (continued)

The table below summarises the credit rating of banks and custodians in which the Sub-Fund's assets are held as at 30 June 2021 and 2020.

The credit ratings are based on the Viability ratings published by Fitch.

United SSE 50 China ETF

	Credit rating as at 30 June 2021	Credit rating as at 30 June 2020
Bank and custodian		
State Street Bank and Trust Company	aa-	aa-
Margin accounts		
StoneX Financial Pte.Ltd	non-rated	non-rated
Counterparty of foreign currency contracts		
State Street Bank and Trust Company	aa-	n/a*

* *The Fund has no exposure to the counterparty as at 30 June 2020*

The maximum exposure to credit risk at the financial year end date is the carrying amount of the portfolio of investments, cash and bank balances and margin accounts as presented in Statement of Financial Position.

For purposes of impairment assessment, the Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

(d) Capital management

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(e) Fair value estimation

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy, the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2021 and 2020:

	United SSE 50 China ETF			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 30 June 2021				
Assets				
Portfolio of investments				
- Quoted equities	<u>28,384,245</u>	-	-	<u>28,384,245</u>
Total	<u>28,384,245</u>	-	-	<u>28,384,245</u>
Liabilities				
Financial derivatives at fair value	-	<u>8</u>	-	<u>8</u>
Total	-	<u>8</u>	-	<u>8</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 30 June 2020				
Assets				
Portfolio of investments				
- Quoted equities	<u>24,769,379</u>	-	-	<u>24,769,379</u>
Total	<u>24,769,379</u>	-	-	<u>24,769,379</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

8 Financial risk management (continued)

(e) Fair value estimation (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise of listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives.

Except for cash and bank balances and margin accounts which are classified as Level 1, the Sub-Fund's assets and liabilities not measured at fair value at 30 June 2021 and 2020 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the financial year end date.

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8 Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the table below.

United SSE 50 China ETF

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts of financial liabilities	Statement of Financial Position	Net amount of financial liabilities set off in the Statement of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
30 June 2021						
Derivative financial instruments	8	-	8	-	-	8
Total	8	-	8	-	-	8
30 June 2020						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-

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9 Related party transactions

(a) The Manager and the Trustee of the Sub-Fund are UOB Asset Management Ltd and State Street Trust (SG) Limited respectively. The Manager is a subsidiary of United Overseas Bank Limited while the Trustee is a subsidiary of State Street Bank and Trust Company.

Management fee is paid to the Manager for the financial year. Trustee fee is paid to the Trustee and custody fee is paid to State Street Bank and Trust Company, Singapore Branch.

These fees paid or payable by the Sub-Fund shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

(b) As at the end of the financial year, the Sub-Fund maintained the following accounts with the related parties:

	United SSE 50 China ETF	
	2021	2020
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Cash and bank balances	403,921	125,841

(c) The following transactions took place during the financial year between the Sub-Fund and related parties at terms agreed between the parties:

	United SSE 50 China ETF	
	2021	2020
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Interest income	-	11
United Overseas Bank Limited		
Bank charges	-	72

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

10 Financial ratios

	United SSE 50 China ETF	
	2021	2020
	\$	\$
Total operating expenses	260,166	225,585
Average daily net asset value	<u>27,731,707</u>	<u>26,919,685</u>
Expense ratio ¹	<u>0.94%</u>	<u>0.84%</u>
Lower of total value of purchases or sales	6,453,754	3,015,778
Average daily net assets value	<u>27,731,707</u>	<u>26,919,685</u>
Turnover ratio ²	<u>23.27%</u>	<u>11.20%</u>

1 The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratio at financial year end was based on total operating expenses divided by the average net asset value respectively for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

2 The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

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