United SSE 50 China ETF

Semi Annual Report

for the period 1st July to 31st December 2011

UOB Asset Management
大華資產管理

United SSE 50 China ETF

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

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A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 12 November 2009 Ann Comp Ret
United SSE 50 China ETF	-3.23	-11.83	-12.94	NA	NA	NA	-18.33
Benchmark	-3.05	-11.80	-13.31	NA	NA	NA	-18.14

Source: Lipper, a Thomson Reuters Company.

Note: The performance returns of the Fund are in Singapore dollars based on a NAV-to-NAV basis with net dividends reinvested. The benchmark of the Fund : SSE 50 Index.

For the six months ended 31 December 2011, the Fund declined 11.83% on a net asset value basis in Singapore dollar terms, compared to the benchmark SSE 50 Index which declined 11.80% during the same period.

Market and Portfolio Review

The China A-share market underwent a tough period in the second half of 2011. China stock prices were under liquidity pressure almost all through the year of 2011 as the Chinese government adopted a stringent monetary policy to address its real estate and inflation problems. In 2011, China's central bank raised interest rates three times and hiked the reserve requirement ratio (RRR) six times from 18.5% at the end of 2010 to 21.5% in June 2011. Furthermore, foreign investors, especially financial institutions in Europe and the US, accelerated their capital withdrawal from China in the face of the huge liquidity pressure and the financing difficulties they were facing as the European debt crisis escalated in the last few months of 2011. That also caused great liquidity pressure on the Chinese stock market.

Inflation, which has been the main concern of the Chinese government, continued to ease from 4.2% y-o-y in November to 4.1% y-o-y in December, leading to a full year CPI inflation of 5.4% for 2011. With inflation on a moderate path, this will leave more room for the Chinese authorities to loosen its policy in the near term. China has already unveiled selective easing measures which include a mix of fiscal and credit measures, such as a favorable tax treatment for selected service sectors, credit support for the SMEs and affordable housing program. China's real estate problems remain challenging, as it is not clear where property values will settle after the sharp rises of the past two years. This is important since a hard landing in property market could lead to losses piling up at the banks and affect the credit market. However, we believe that the Chinese authorities have the ability to ease up liquidity and it has already started doing so. The People's Bank of China (PBOC) initiated the first RRR cut in almost three years, and points to the supportive policy bias. House prices are falling mainly because of strict credit controls. The central government has wanted commercial house prices to come down; not only to make homes more affordable but also to improve incentives for developers to build low-end rental units. Perhaps the risk now is the potential turbulence in the property sector, as property sales and price declines will affect the financial system and the economy. In addition, the systemic risk in China's financial industry has also increased in recent years, as local government debt has escalated and much of the proceeds spent on infrastructure projects may take a long time to break even. The bulk of these loans could potentially become non-performing.

In 2011, 43.7% of China's total exports were to the EU (18.8%), the US (17.1%) and Japan (7.8%), down from 45.4% in 2010 and 52.6% in 2001. This has reflected the trend that developed market's share in China's exports has been declining. Export growth to the EU and US has been affected by weak economic situations and it came in at 14.4% and 14.5% y-o-y respectively in 2011, down from 31.7% and 28.3% in 2010. Export growth to Japan stayed largely flat in 2011 compared with 2010, largely attributed to the reconstruction demand after the earthquake.

During this period under review, the SSE 50 Index had two index review and rebalancing. At the end of June 2011, there were five changes made to the constituents for the SSE 50 Index, effective between 1 July 2011 and 31 December 2011. **Bank of China Ltd** (Financials), **China Citic Bank Corporation Limited** (Financials), **Everbright Securities Co Ltd** (Financials), **Metallurgical Corporation of China Co Ltd** (Industrials) and **Wuhan Iron and Steel Co Ltd** (Materials) were removed from the index and replaced by **Anhui Conch Cement Co Ltd** (Materials), **China Hainan Rubber Industry Group Co Ltd** (Consumer Discretionary), **CSR Co Ltd** (Industrials), **China Shipbuilding Industry Co Ltd** (Industrials) and **Yanzhou Coal Mining Co Ltd** (Energy).

Among the 50 index constituents, 4 constituents rose, while 46 constituents declined during the period from July to December 2011. All the constituents in the **Consumer Staples** and **Telecommunication Services** sectors posted positive returns. Two constituents posted positive returns and fifteen constituents posted negative returns in the **Financials** sector. All of the constituents in the **Consumer Discretionary**, **Energy**, **Industrials**, **Materials** and **Utilities** sectors fell.

At the end of December 2011, there were four constituents changed during the index review and rebalancing for the SSE 50 Index, effective between 1 January 2012 and 30 June 2012. **China Railway Group Ltd** (Industrials), **China Cosco Holdings Company Ltd** (Industrials), **China Construction Bank Corporation** (Financials) and **Huatai Securities Co. Ltd** (Financials) were removed from the index and replaced by **China CNR Corporation Ltd** (Industrials), **China Gezhouba Group Company Ltd** (Industrials), **Inner Mongolia Baotou Steel Union Co. Ltd** (Materials) and **Minmetals Development Co. Ltd** (Industrials).

Market Outlook

We remain cautious on the China market in the near term given the deteriorating external environment. Market sentiment could take a breather due to continued policy and monetary tightening, on top of the recent global economic developments. External headwind, especially relating to weaker final demand growth from the developed market world, will add to the uncertainty for China's export sector in the near term. The ongoing euro area sovereign debt crisis and its implication on the global financial market and the global demand will continue to be the biggest external risk faced by China going forward.

Disclosures

The Fund invests in two tranches of the Participatory Notes (the P-Notes), Tranche A P-Notes and Tranche B P-Notes. The value of the P-Notes is linked to a composite portfolio comprising an underlying basket of A-Shares, closely correspond to the performance of the SSE 50 Index.

Pursuant to a security assignment which was entered into between Rabobank Hong Kong as assignor, the Trustee as assignee and UOBAM as Swap Counterparty, the Tranche A P-Notes is secured on the Swap Agreement. With respect to Tranche B P-Notes, Rabobank Hong Kong posts collateral held by the Trustee on behalf of the Fund. The detail of the collaterals as of 30 Dec 2011 is as follow:

Name	**Value (SGD)**	**Nature of Collateral**
Ascendas REIT	549,000	Equity
CapitaCommercial Trust	738,500	Equity
Capitaland Ltd	884,000	Equity
CapitaMalls Asia Ltd	113,000	Equity
DBS Group Holdings	1,497,600	Equity
Ezra Holdings Ltd	1,428,000	Equity
Ho Bee Investment Ltd	410,000	Equity
Hutchison Port Holdings Trust	562,686	Equity
Keppel Land Ltd	133,200	Equity
Mapletree Logistics Trust	422,500	Equity
Neptune Orient Lines Ltd	1,575,000	Equity
Noble Group Ltd	2,938,000	Equity
Sakari Resources Ltd	644,000	Equity
Sembcorp Marine Ltd	382,000	Equity
Singapore Exchange Ltd	183,900	Equity
Singapore Post Ltd	187,000	Equity
Singapore Telecommunications	927,000	Equity
Suntec REIT	2,580,000	Equity
United Overseas Bank Ltd	458,100	Equity
Yangzijiang Shipbuilding	227,500	Equity

B) Investments at fair value and as a percentage of NAV as at 31 December 2011 under review classified by

i) Country

Please refer to the Portfolio Statement on page 11

ii) Industry

Please refer to the Portfolio Statement on page 11

iii) Asset Class

Please refer to the Portfolio Statement on page 11

iv) Credit rating of debt securities

N/A

C) Top Ten Holdings

The top 10 holdings as at 31 December 2011 and 31 December 2010

31 December 2011+

	Fair Value (S$)	**Percentage of total net assets attributable to unitholders %**
RABOBANK NEDERLAND (BACKET STOCK 5892) WTS 14/11/2012	**32,187,039**	**65.53**
RABOBANK NEDERLAND (BACKET STOCK 5891) WTS 14/11/2012)	**16,085,635**	**32.75**

31 December 2010+

	Fair Value (S$)	Percentage of total net assets attributable to unitholders %
RABOBANK NEDERLAND (BACKET STOCK 5892) WTS 14/11/2012	64,548,734	65.78
RABOBANK NEDERLAND (BACKET STOCK 5891) WTS 14/11/2012	32,323,273	32.94

\+ *There were only 2 holdings as at 31 December 2011 and 31 December 2010*

D) Exposure to derivatives

i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2011

N/A

ii) net gains/(losses) on derivative contracts realised during the financial period ended 31 December 2011

N/A

iii) net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2011

N/A

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2011

N/A

F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2011

N/A

G) Amount of redemptions and subscriptions for the period 01 July 2011 to 31 December 2011

Total amount of redemptions	SGD	9,364,000
Total amount of subscriptions	SGD	-

H) The amount and terms of related-party transactions for the period 01 July 2011 to 31 December 2011

i) As at 31 December 2011 the Fund maintained current account with HSBC Group as follows:

HSBC Group		
Bank balances	SGD	971,335

ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2011

N/A

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

N/A

iv) As at 31 December 2011 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

I) Expense ratios

31 December 2011

Expense ratio - (including preliminary expenses)	1.12%
Expense ratio - (excluding preliminary expenses)	1.12%

31 December 2010

Expense ratio - (including preliminary expenses)	1.81%
Expense ratio - (excluding preliminary expenses)	1.00%

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

31 December 2011	0.00%
31 December 2010	0.00%

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

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

N/A

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

i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2011 and 31 December 2010.

N/A

ii) expense ratios for the period ended 31 December 2011 and 31 December 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 31 December 2011 and 31 December 2010.

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

There were no soft dollar arrangements, rebates, commissions or other monetary incentives received by UOB Asset Management Ltd.

STATEMENT OF TOTAL RETURN
For the half year ended 31 December 2011 (Un-audited)

	Note	30 December 2011 $	31 December 2010 $
Income			
Dividends		**960,487**	1,345,085
Less: Expenses			
Management fee	8	**123,077**	267,430
Trustee fee	8	**21,960**	47,543
Audit fee		**11,481**	11,090
Custody fee	8	**6,279**	6,581
Maintenance fee		**81,394**	117,489
Collateral fee		**64,255**	174,370
Other expenses		**49,051**	59,729
		357,497	684,232
Net gain		**602,990**	660,853
Net gains or losses on value of investments			
Net realised loss on investments		**(2,308,144)**	(1,667,740)
Net change in fair value on investments		**(5,332,393)**	6,610,054
Net foreign exchange loss		**(74)**	(84)
Net (loss)/gain on value of investments		**(7,640,611)**	4,942,230
Total (deficit)/return for the period		**(7,037,621)**	5,603,083

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

BALANCE SHEET
As at 31 December 2011 (Un-audited)

	Note	**31 December 2011 $**	30 June 2011 $
ASSETS			
Portfolio of investments		**48,272,674**	65,585,875
Cash and bank balances		**971,335**	37,150
Total Assets		**49,244,009**	65,623,025
LIABILITIES			
Payables	4	**128,152**	105,547
Net assets attributable to unitholders	5	**49,115,857**	65,517,478
Total Liabilities		**49,244,009**	65,623,025

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

PORTFOLIO STATEMENT
As at 31 December 2011 (Un-audited)

	Holdings at 31 December 2011	Fair value at 31 December 2011 $	Percentage of total net assets attributable to unitholders at 31 December 2011 %
By Geography - Primary			
CHINA			
RABOBANK NEDERLAND (BACKET STOCK 5891) WTS 14/11/2012	10,200,000	**16,085,635**	**32.75**
RABOBANK NEDERLAND (BACKET STOCK 5892) WTS 14/11/2012	20,410,000	**32,187,039**	**65.53**
Portfolio of investments		**48,272,674**	**98.28**
Other net assets		**843,183**	**1.72**
Net assets attributable to unitholders		**49,115,857**	**100.00**

	Percentage of total net assets attributable to unitholders at 31 December 2011 %	Percentage of total net assets attributable to unitholders at 30 June 2011 %
By Geography - Primary (Summary)		
CHINA	**98.28**	100.10
Portfolio of investments	**98.28**	100.10
Other net assets/(liabilities)	**1.72**	(0.10)
Net assets attributable to unitholders	**100.00**	100.00

As the Fund invests into warrants denominated in Singapore dollars, no secondary representation is considered necessary.

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

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

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

1. General

United SSE 50 China ETF (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 8 October 2009 between UOB Asset Management Ltd (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Deed is governed by the laws of the Republic of Singapore.

The primary activity of the Fund is to invest in a type of market access product known as participatory notes (the "P-Notes") to be issued by suitably rated P-Notes issuer(s), which will be linked to a composite portfolio (the "Composite Portfolio") comprising of an underlying basket of the A-Shares held by the relevant Qualified Foreign Institutional Investor ("QFII") and designed to track as closely as possible, before fees, costs and expenses (including any taxes and withholding taxes), the performance of the SSE 50 China Index.

2. Significant accounting policies

(a) Basis of accounting

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

The financial statements are expressed in Singapore dollars.

(b) Recognition of income

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

(c) Investments

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

(i) *Initial recognition*

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

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 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 sales 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.

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

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-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.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 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.

(g) Preliminary expenses

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

3. **Income tax**

The Fund has been approved for the Enhanced-Tier Fund Tax Incentive Scheme under Section 13X of the Income Tax Act with effect from 31 December 2009. Subject to certain conditions, the Fund will be granted tax exemption on specified income in respect of any designated investment for the life of the Fund.

The lists of "specified income" and "designated investments" are defined in the Income Tax (Exemption of Income of Non-residents Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010. The expanded list are defined in the MAS Circular (FDD Cir 03/2009) dated 30 April 2009, as follows:

Expansion of the "Specified Income" List

(a) Income realised, in other forms other than through sale, on or after 22 January 2009 from designated investments. These other forms of income realisation will include (i) holding to maturity, (ii) redemption and (iii) any other forms of realisation where the realisation leads to a transfer of both economic and legal ownership of the designated investment concerned.

(b) Income from debt securities under the Qualifying Debt Securities ("QDS") scheme. The income types are: (i) other income directly attributable to QDS as may be prescribed by regulations made pursuant to Section 13(1)(bb) of the Income Tax Act and issued on or after a prescribed date; and (ii) amount payable on any Islamic debt securities which are QDS issued on or after 22 January 2009.

Expansion of the "Designated Investments" List

(a) Investments in structured products;

(b) Units in any trusts registered under the Business Trusts Act ("Business trusts");

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

3. Income tax (continued)

(c) Islamic investments that are commercial equivalents of the designated investments, and involving any of the following concepts: Murabaha, Mudaraba, Ijara wa Igtina, Musharaka, Istisna and Salam;

(d) Emission derivatives;

(e) Stocks and shares of unlisted companies (whether resident or non-resident in Singapore), denominated in any currency; and

(f) Adjudicated and non-adjudicated liquidation claims.

4. Payables

	31 December 2011 $	30 June 2011 $
Amount due to Manager	**95,468**	71,948
Amount due to Trustee	**10,263**	4,258
Other creditors and accrued expenses	**22,421**	29,341
	128,152	105,547

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

5. Net assets attributable to unitholders

	31 December 2011 $	30 June 2011 $
At the beginning of the financial period/year	**65,517,478**	119,109,111
Operations		
Change in net assets attributable to unitholders resulting from operations	**(7,037,621)**	6,191,667
Unitholders' contributions/(withdrawals)		
Creation of units	**-**	5,412,000
Cancellation of units	**(9,364,000)**	(65,195,300)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	**(9,364,000)**	(59,783,300)
Total decrease in net assets attributable to unitholders	**(16,401,621)**	(53,591,633)
At the end of the financial period/year	**49,115,857**	65,517,478
Units in issue (Note 6)	**31,052,000**	36,552,000
	$	$
Net assets attributable to unitholders per unit	**1.58**	1.79

6. Units in issue

	31 December 2011	30 June 2011
Units at beginning of the period/year	**36,552,000**	67,252,000
Units created	**-**	3,000,000
Units cancelled	**(5,500,000)**	(33,700,000)
Units at end of the period/year	**31,052,000**	36,552,000

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

7. 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 investments in P-Notes as provided in Note 1 to the financial statements. 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 majority of the Fund's financial assets and liabilities are denominated in Singapore dollars. Consequently, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of foreign currency rates.

(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 Fund is designated to track the performance of the SSE 50 Index, therefore the exposure to price risk in the Fund will be substantially the same as the SSE 50 Index. As an exchange traded fund, the Manager manages the 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.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

7. **Financial risk management** (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

Benchmark component	**31 December 2011** Net impact to net assets attributable to unitholders $	%	30 June 2011 Net impact to net assets attributable to unitholders $	%
Shanghai SE 50 A-share Index	**14,481,802**	**30**	19,479,005	30

(iii) Interest rate risk

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

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

(b) Liquidity risk

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

At the end of the reporting period/year, the Fund's investments in P-Notes and other assets are realisable within one month.

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 be typically be expected for traditional investment instruments. No such investments were held at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

7. Financial risk management (continued)

(b) Liquidity risk (continued)

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining year 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 31 December 2011

	Less than 3 months $	**3 months to 1 year $**	**1-5 years $**	**Above 5 years $**
Payables	**128,152**	**-**	**-**	**-**
Net assets attributable to unitholders	**49,115,857**	**-**	**-**	**-**

As at 30 June 2011

	Less than 3 months $	3 months to 1 year $	1-5 years $	Above 5 years $
Payables	105,547	-	-	-
Net assets attributable to unitholders	65,517,478	-	-	-

(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.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

7. Financial risk management (continued)

(c) Credit risk (continued)

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

As at 31 December 2011	**Credit rating**	**Source of Credit rating**
Bank		
HSBC Group	**B+**	**Moody's**
Custodian		
HSBC Group	**B+**	**Moody's**

As at 30 June 2011	Credit rating	Source of Credit rating
Bank		
HSBC Group	B+	Moody's
Custodian		
HSBC Group	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.

8. 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 and valuation fees are paid to the Manager, while trustee and custodian fees are paid to the Trustee, and the registrar fee is paid to HSBC Institutional Trust Services (Singapore) Limited, a subsidiary of HSBC Holdings Plc. These fees paid or payable by the Fund are 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.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2011 (Un-audited)

8. Related party transactions (continued)

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

	31 December 2011 $	30 June 2011 $
HSBC Group		
Bank balances	**971,335**	37,150

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

	31 December 2011 $	31 December 2010 $
Bank charges	**583**	246
Interest expense	**-**	(110)

9. Financial ratios

	31 December 2011	31 December 2010
Expense ratio [1] - (including preliminary expenses)	**1.12%**	1.81%
Expense ratio [1] - (excluding preliminary expenses)	**1.12%**	1.00%
Turnover ratio [2]	**0.00%**	0.00%

10. Comparative

Comparative figures have been adjusted to conform to changes in presentation in the current period. For the financial period ended 31 December 2010, an amount of $174,370 has been reclassified from “Other expenses” to “Collateral fee” in the Statement of Total Return. There is no impact to the net assets attributable to unitholders by this reclassification.

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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