



United SSE 50 China ETF

Semi Annual Report

for the period 1st July to
31st December 2012

United SSE 50 China ETF

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

MANAGER

UOB Asset Management Ltd
Registered Address:
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No. : 198600120Z

OPERATIONS ADDRESS

80 Raffles Place
#06-00, UOB Plaza 2
Singapore 048624
Tel: 1800 22 22 228

DIRECTORS OF UOB ASSET MANAGEMENT

Terence Ong Sea Eng
Yeo Eng Cheong
Thio Boon Kiat

TRUSTEE / REGISTRAR

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#10-02, HSBC Building
Singapore 049320

CUSTODIAN

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street
#17-00, PWC Building
Singapore 048424

SOLICITORS TO THE MANAGER

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

SOLICITORS TO THE TRUSTEE

Clifford Chance Pte. Ltd.
One George Street
19th Floor
Singapore 049145

United SSE 50 China ETF

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

A) Fund Performance

	3 mth	6 mth	1 yr	3 yr	5 yr	10 yr	Since
Fund Performance/ Benchmark Returns	% Growth	% Growth	% Growth	Ann Comp Ret	Ann Comp Ret	Ann Comp Ret	12 November 2009 Ann Comp Ret
United SSE 50 China ETF	13.71	5.17	7.62	-11.87	NA	NA	-10.79
Benchmark	15.68	6.91	9.29	-11.48	NA	NA	-10.21

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 2012, the Fund's net asset value rose 5.17% in Singapore dollar terms, compared with the benchmark SSE 50 Index which rose 6.91% during the same period.

Market and Portfolio Review

The China A-share market staged a strong rebound in December and ended the year in positive territory. Market volatility eased in the last month of 2012 compared with the sharp volatility seen earlier year with many indices posting double-digit returns. The month started a positive note given the additional steps for extending liquidity to Greece and the hope that US lawmakers will be able to draw up a plan to deal with the fiscal crisis. Economic data and reports suggesting recovery in China's industrial activity added to the optimism. The Purchasing Manager Index (PMI) data came in at 50.6 in December and it was the third consecutive month the PMI figure was above 50. The PMI rose 0.4% points in October to 50.2, the first time it has broken the 50-mark since July 2012. The PMI data pointed to mild recovery of the China's economy, and that created a benign environment of expectations for the A-share market. The SSE 50 index ended the year up 14.8% and closed higher at 1,857.68, largely due to a 20% surge in December 2012. 2012 ended with an upturn in expectation for the China's economy with GDP growth bottoming out in 3Q at 7.4%. China's exports and imports went up by 14.1% and 6% y-o-y respectively in December 2012, the highest since June. The December trade data suggest that trade growth may have bottomed in 3Q and the higher than expected net export growth may lead to 4Q GDP growth surprise.

Inflation came in higher than market expectation to 2.5% y-o-y in December from 2.0% in November. This was mainly driven by higher food prices during the month. Inflation has been the main concern of the Chinese government. However the data surprise in December should not lead to immediate policy concerns or tightening actions by the Chinese government. CPI inflation average to 2.6% for the full year of 2012, which is falling below the official target of 4% and lower than the full year CPI inflation of 5.4% in 2011. CPI inflation could pick up during 2013 as improving domestic demand are expected to add to the higher price momentum.

United SSE 50 China ETF

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

During the period under review, the SSE 50 Index had two index review and rebalancing. At the end of June 2012, there were four changes made to the constituents for the SSE 50 Index, effective between 1 July 2012 and 31 December 2012. **TBEA Co. Ltd** (Industrials), **Gemdale Corporation** (Financials), **Air China Ltd** (Industrials) and **Western Mining Co. Ltd** (Materials) were removed from the index and replaced by **Guanghui Energy Co Ltd** (Financials), **Inner Mongolia Yili Industrial Group Co. Ltd**, **Sinohydro Group Ltd** (Industrials) and **Founder Securities Co. Ltd** (Financials).

Among the 50 index constituents, 35 constituents rose, while 15 constituents declined during the period from July to December 2012. All of the constituents in the **Consumer Discretionary** and **Utilities** sectors posted positive returns. All of the constituents posted negative return in the **Telecommunication Services** sector. One constituent posted positive return and one constituent posted negative return in the **Consumer Staples** sector. Six constituents posted positive returns and two constituents posted negative returns in the **Energy** sector. Fifteen constituents posted positive returns and two constituents posted negative returns in the **Financials** sector. Four constituents posted positive returns and five constituents posted negative returns in the **Industrials** sector. Seven constituents posted positive returns and four constituents posted negative returns in the **Materials** sector.

At the end of December 2012, there were five constituents changed during the index review and rebalancing for the SSE 50 Index, effective between 1 January 2013 and 30 June 2013. **China Gezhouba Group Co. Ltd** (Industrials), **China Hainan Rubber Industry Group Co. Ltd** (Materials), **Aluminum Corporation of China Limited** (Materials), **Jinduicheng Molybdenum Co Ltd** (Materials) and **China Yangtze Power Co. Ltd** (Utilities) were removed from the index and replaced by **Shanxi Lanhua Science-Tech Venture Co Ltd** (Energy), **New China Life Insurance Co. Ltd** (Financials), **Huatai Securities Co. Ltd** (Financials), **China Communications Construction Company Limited** (Industrials) and **Xiamen Tungsten Co Ltd** (Materials).

Market Outlook

The growth outlook in China has improved following a pick-up activity data starting from September 2012. The fears of a hard landing have eased and full year 2012 growth is likely to come in above the government's target of 7.5%. The economic recovery is likely to continue in 2013 as seen from leading indicators and the improving momentum of current indicators. Overall, the domestic economy maintains a moderate trend of recovery, which is positive to the A-share market. The current moderate trend of economic recovery is not only conducive to creating a stable environment for the reforms but also helps maintain stable demand for investment. China continues to be supported by high savings and wage gains, which provide an attractive backdrop for consumption growth. When China gets through the current necessary painful transition and rebalances its economy towards a more sustainable growth path, these positive fundamentals should reassert themselves and reward long-term investors.

United SSE 50 China ETF

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

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.

Rabobank Hong Kong posts collateral for any value of the P-Notes issued by Rabobank held by the Trustee on behalf of the Sub-Fund that is above 10% of the Net Asset Value of the Sub-Fund in order to reduce the Sub-Fund's exposure to Rabobank to not more than 10% of the Net Asset Value of the Sub-Fund. It is intended that the collateral would be placed in a trust or custodian account charge and assigned to the Trustee as trustee for the Sub-Fund. The detail of the collaterals as of 31 Dec 2012 is as follow:

Name	Value (SGD)	Nature of Collateral
Singapore T-Bills 21 Mar 13	73,963,000	Bond

United SSE 50 China ETF

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

B) Investments at fair value and as a percentage of NAV as at 31 December 2012 under review classified by

i) Country

Please refer to the Portfolio Statement on page 12

ii) Industry

Please refer to the Portfolio Statement on page 12

iii) Asset Class

Please refer to the Portfolio Statement on page 12

iv) Credit rating of debt securities

N/A

C) Top Ten Holdings

The top 10 holdings as at 31 December 2012 and 31 December 2011

31 December 2012*

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
RABOBANK NEDERLAND (UNITED SSE 50 CHINA ETF) P-NOTE 06/11/2015 - TRANCHE A	40,069,822	57.10
RABOBANK NEDERLAND (UNITED SSE 50 CHINA ETF) P-NOTE 06/11/2015 - TRANCHE B	30,183,133	43.01

31 December 2011*

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

* There were only 2 holdings as at 31 December 2012 and 31 December 2011

United SSE 50 China ETF

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

D) Exposure to derivatives

- i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2012

	Contract or Underlying Principal amount	Positive fair value	% of NAV
	\$	\$	
P-notes	70,252,955	19,499,774	27.79

- ii) there was a net loss of SGD 15,393,619 on derivative contracts realised during the financial period ended 31 December 2012
- iii) there was a net gain of SGD 19,499,774 on outstanding derivative contracts marked to market as at 31 December 2012

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2012

N/A

F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2012

N/A

G) Amount of redemptions and subscriptions for the period 01 July 2012 to 31 December 2012

Total amount of redemptions	SGD	-
Total amount of subscriptions	SGD	25,255,000

H) The amount and terms of related-party transactions for the period 01 July 2012 to 31 December 2012

- i) As at 31 December 2012 the Fund maintained current account with HSBC Group as follows:

<u>HSBC Group</u>		
Bank balances	SGD	11,302

- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2012

N/A

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

N/A

United SSE 50 China ETF

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

H) The amount and terms of related-party transactions for the period 01 July 2012 to 31 December 2012 (continued)

iv) As at 31 December 2012 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

I) Expense ratios

31 December 2012	1.70%
31 December 2011	1.12%

Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2012 was based on total operating expenses of \$735,248 (31 December 2011: \$691,245) divided by the average net asset value of \$43,290,826 (31 December 2011: \$61,923,332) for the 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 Fund does not pay any performance fee. The average net asset value is based on the daily balances.

J) Turnover ratios

31 December 2012	101.31%
31 December 2011	0.00%

Note: 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, being sales of \$41,528,890 (31 December 2011: sales of/purchases of NIL) divided by the average daily net asset value of \$40,993,698 (31 December 2011: \$54,740,422).

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 2012 and 31 December 2011

N/A

ii) expense ratios for the period ended 31 December 2012 and 31 December 2011. 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

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

United SSE 50 China ETF

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

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

iii) turnover ratios for the period ended 31 December 2012 and 31 December 2011

N/A

M) Soft dollar commissions/arrangements

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The 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.

There are no soft dollars, rebates, commissions or other money incentives generated by the Fund.

United SSE 50 China ETF

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

STATEMENT OF TOTAL RETURN

For the half year ended 31 December 2012 (Un-audited)

	31 December 2012 \$	31 December 2011 \$
Income		
Dividends	984,530	960,487
Less: Expenses		
Management fee	93,674	123,077
Trustee fee	21,000	21,960
Audit fee	11,544	11,481
Custody fee	3,945	6,279
Maintenance fee	62,301	81,394
Collateral fee	196,576	64,255
Transaction cost*	270,319	-
Other expenses	125,242	49,051
	784,601	357,497
Net income	199,929	602,990
Net gains or losses on value of investments		
Net gain/(loss) on investments	4,106,155	(7,640,537)
Net foreign exchange gain/(loss)	5	(74)
	4,106,160	(7,640,611)
Total return/(deficit) for the period	4,306,089	(7,037,621)

The Fund has adopted the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the institute of Certified Public Accountants of Singapore in June 2012 for the financial period beginning 1 July 2012. In accordance with the RAP7, all expenses relating to the purchase and sale of financial instruments are charged against income. As a transitional provision in the first year of application, reclassification of comparative figures is not required.

United SSE 50 China ETF

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012 (Un-audited)

	31 December 2012	30 June 2012
	\$	\$
ASSETS		
Portfolio of Investments	70,252,955	40,683,410
Cash and bank balances	49,225	69,051
Total Assets	70,302,180	40,752,461
LIABILITIES		
Payables	122,088	133,458
Total Liabilities	122,088	133,458
EQUITY		
Net assets attributable to unitholders	70,180,092	40,619,003

United SSE 50 China ETF

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the half year ended 31 December 2012 (Un-audited)

	31 December 2012	30 June 2012
	\$	\$
Net assets attributable to unitholders at the beginning of financial period/year	40,619,003	65,517,478
Operations		
Change in net assets attributable to unitholders resulting from operations	4,306,089	(5,863,975)
Unitholders' contributions/(withdrawals)		
Creation of units	25,255,000	-
Cancellation of units	-	(19,034,500)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	25,255,000	(19,034,500)
Total increase/(decrease) in net assets attributable to unitholders	29,561,089	(24,898,475)
Net assets attributable to unitholders at the end of financial period/year	70,180,092	40,619,003

United SSE 50 China ETF

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

STATEMENT OF PORTFOLIO

As at 31 December 2012 (Un-audited)

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
By Geography - Primary			
CHINA			
RABOBANK NEDERLAND (UNITED SSE 50 CHINA ETF) P-NOTE 06/11/2015 - TRANCHE B	17,542,000	30,183,133	43.01
RABOBANK NEDERLAND (UNITED SSE 50 CHINA ETF) P-NOTE 06/11/2015 - TRANCHE A	23,288,000	40,069,822	57.10
Portfolio of investments		70,252,955	100.11
Other net liabilities		(72,863)	(0.11)
Net assets attributable to unitholders		70,180,092	100.00

	Percentage of total net assets attributable to unitholders at 31 December 2012 %	Percentage of total net assets attributable to unitholders at 30 June 2012 %
By Geography - Primary (Summary)		
CHINA	100.11	100.16
Portfolio of investments	100.11	100.16
Other net liabilities	(0.11)	(0.16)
Net assets attributable to unitholders	100.00	100.00

As the Fund invests only into two warrants, no secondary representation is considered necessary.

