



# UETF

➤ **United SSE 50 China ETF**

## **Annual Report**

**for the financial year ended  
30 June 2019**



## **UETF**

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

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### **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**

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

#33-01, Capital Tower

Singapore 068912

### **AUDITOR**

PricewaterhouseCoopers LLP

7 Straits View, Marina One

East Tower, Level 12

Singapore 018936

## United SSE 50 China ETF

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

### A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	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	1.52	27.20	9.38	7.77	11.10	N/A	-0.44
Benchmark	2.34	28.63	16.50	13.61	17.42	N/A	3.91

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 year ended 30 June 2019, the net asset value of the Fund **increased 9.38%** on a net asset value basis in Singapore Dollar terms, compared to the benchmark SSE 50 Index which increased 16.50% during the same period.

### Economic and Market Review

For the year ended 30 June 2019, the onshore China equity market rose after a turbulent ride.

The market direction has largely been dominated by the ebb and flow of headlines surrounding the US-China trade war. In the first half of the period, the market sunk into the red due to the worsening trade conflict between the US and China and self-inflicted growth slowdown in China due to the government's deleveraging campaign. Externally, the slowing of global economic growth in the second half of 2018, rising fears of a hard Brexit and the pace of US interest rates hikes also dampened market sentiment. The US Federal Reserve (Fed) hiked the Federal Funds rates four times during 2018 and the US Dollar strengthened nearly against all Asian currencies.

As 2019 started, US-China trade talks appeared to be progressing well, China policy became more accommodative and economic data improved till March, giving the China onshore market a strong boost. However, the markets corrected when the talks broke down in May. The US raised tariffs on US\$200 billion worth of Chinese imports and black-listed telecommunications giant **Huawei** on national security concerns, alleging that they were spying for the Chinese government. This move sent shockwaves through the technology supply chain. China economic data also started deteriorating again in the second quarter. In June 2019, the 10-year US Treasury yield fell to the lowest level in nearly 20 months with investors alerted to prospects of a full-blown trade war. A meeting at the G-20 summit between the US and Chinese subsequently resulted in a trade truce and lifted market sentiment.

Over the period, **Consumer Staples** performed best by the widest margin. Investors flocked to the safety of staples, especially liquor companies which continued to post good sales with ASP hikes in 2019 despite the slowdown in overall consumer spending. This was followed by **Financials** and **Materials**. **Energy** and **Industrials** were the clear laggards. **Energy** posted negative returns as coal prices continued to decline.

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### A) Fund Performance (continued)

As of 17 December 2018, five constituents changed during the index review and rebalancing for the SSE 50 Index, effective between 17 December 2018 and 17 June 2019. **China Northern Rare Earth High-Tech Co., Ltd. (Materials)**, **Orient Securities Company Limited (Financials)**, **China Merchants Securities Co., Ltd. (Financials)**, **Zheshang Securities Co., Ltd. (Financials)** and **China Galaxy Securities Co., Ltd. (Financials)**, were removed from the index and replaced by **Shanghai Fosun Pharmaceutical Group Co., Ltd. (Health Care)**, **Foxconn Industrial Internet Co., Ltd. (Information Technology)**, **China International Travel Service Co., Ltd. (Consumer Discretionary)**, **China Construction Bank (Financials)** and **WuXi AppTec Co., Ltd. (Health Care)**.

As of 17 June 2019, five constituents changed during the index review and rebalancing for the SSE 50 Index, effective between 17 June 2019 and 16 December 2019. **Bank of Beijing Co., Ltd. (Financials)**, **Daqin Railway Co., Ltd. (Industrials)**, **Greenland Holdings Corporation Limited (Financials)**, **Shandong Gold-Mining Co., Ltd. (Materials)** and **360 Security Technology Inc. (Information Technology)**, were removed from the index and replaced by **The People's Insurance Company (Group) of China Limited (Financials)**, **Air China Ltd (Industrials)**, **Sany Heavy Industry Co., Ltd. (Industrials)**, **Haitong Securities Company Limited (Financials)** and **China Securities Co., Ltd. (Financials)**.

### Outlook and Fund Strategy

2019 has been dominated by twists and turns in the US-China trade talks, which have had a major impact on the markets. Right now, there appears to be a trade truce post the June 2019 G20 meeting as both parties continue to resume talks after falling out in May. However, elevated tariffs remain and the overhang **Huawei** is not completely removed despite President Trump giving a reprieve to allow US companies to continue doing business with them.

Moreover, Chinese economic data looks to be slowing again in the second quarter after promising signs in recovery in March. Growth has slowed down from 6.4% year on year in 1Q 2019 to 6.2% in 2Q 2019 and the purchasing managers' index (PMI) have turned below 50.

Despite some good news on the US-China trade talks, we are still doubtful if they will reach a lasting agreement. Tensions could flare up again as the US and China still have major unresolved differences and are big rivals in economic and technological leadership. On the positive flip side, China's slowing economy, aggravated by onerous tariffs can be somewhat alleviated by domestic policy stimulus and the global backdrop of dovish monetary policy in the US and Europe.

Despite the US-China trade tensions, the onshore 'A' share market has held up well over the period. Valuations are attractive compared to historical average and some of the top SSE 50 companies have continued to deliver strong operating performance despite the slowing Chinese economy and trade tensions overhang. Many of the companies in the SSE 50 are geared towards domestic demand in areas of the economy which are still doing well and have little direct impact from the trade war. Hence, over the long run, despite the near term volatility from US-China trade issues, we are still positive on China 'A' shares in the long run.

## 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 2019 under review classified by**

**i) Country**

	Fair Value (S\$)	% of NAV
China	29,288,723	99.56
Portfolio of investments	29,288,723	99.56
Other net assets/(liabilities)	128,251	0.44
<b>Total</b>	<b>29,416,974</b>	<b>100.00</b>

**ii) Industry**

	Fair Value (S\$)	% of NAV
Communication Services	303,478	1.03
Consumer Discretionary	1,239,907	4.22
Consumer Staples	3,626,517	12.33
Energy	1,019,889	3.47
Financials	16,993,614	57.77
Health Care	1,242,449	4.22
Industrials	2,628,367	8.93
Information Technology	221,690	0.75
Materials	1,229,606	4.18
Real Estate	783,206	2.66
Portfolio of investments	29,288,723	99.56
Other net assets/(liabilities)	128,251	0.44
<b>Total</b>	<b>29,416,974</b>	<b>100.00</b>

**iii) Asset Class**

	Fair Value (S\$)	% of NAV
Quoted equities	29,288,723	99.56
Other net assets/(liabilities)	128,251	0.44
<b>Total</b>	<b>29,416,974</b>	<b>100.00</b>

## 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 2019 under review classified by (continued)

#### iv) Credit rating of quoted bonds

N/A

### C) Top Ten Holdings

10 largest holdings as at 30 June 2019

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
PING AN INSURANCE GROUP CO OF CHINA LTD	4,997,313	16.99
KWEICHOW MOUTAI CO LTD	2,570,225	8.74
CHINA MERCHANTS BANK CO LTD	1,924,967	6.54
INDUSTRIAL BANK CO LTD	1,379,531	4.69
JIANGSU HENGRUI MEDICINE CO LTD	1,059,581	3.60
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD	1,056,292	3.59
CITIC SECURITIES CO LTD	971,811	3.30
BANK OF COMMUNICATIONS CO LTD	871,972	2.97
CHINA MINSHENG BANKING CORP LTD	817,432	2.78
AGRICULTURAL BANK OF CHINA LTD	715,314	2.43

10 largest holdings as at 30 June 2018

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
BNP PARIBAS ARBITRAGE ISSUANCE B.V. (UNITED SSE 50 CHINA ETF) P-NOTE 08/11/2018	32,101,740	100.92

There was only 1 holding as at 30 June 2018.

### D) Exposure to derivatives

#### i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2019

N/A

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**D) Exposure to derivatives** (continued)

- ii) There was a net realised loss of SGD 491,659 on derivative contracts during the financial year ended 30 June 2019.
- iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 30 June 2019  
N/A

**E) Amount and percentage of NAV invested in other schemes as at 30 June 2019**

N/A

**F) Amount and percentage of borrowings to NAV as at 30 June 2019**

N/A

**G) Amount of redemptions and subscriptions for the financial year ended 30 June 2019**

Total amount of redemptions	SGD	7,165,000
Total amount of subscriptions	SGD	2,344,400

**H) The amount and terms of related-party transactions for the financial year ended 30 June 2019**

Please refer to Note 8 of the Notes to the Financial Statements.

**I) Expense ratios**

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

**J) Turnover ratios**

Please refer to Note 9 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”)<sup>1</sup> should be disclosed as well**

i) Top 10 holdings at fair value and as percentage of NAV as at 30 June 2019 and 30 June 2018

N/A

ii) Expense ratios for the financial year ended 30 June 2019 and 30 June 2018

N/A

iii) Turnover ratios for the financial year ended 30 June 2019 and 30 June 2018

N/A

<sup>1</sup> *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 14 to 34, 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  
20 September 2019

# 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 14 to 34, 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 2019, 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 Unit Trusts" 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  
20 September 2019

## **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 Unit Trusts" 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 2019, and of 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 2019;
- the Statement of Financial Position as at 30 June 2019;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2019;
- the Statement of Portfolio as at 30 June 2019; 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 Unit Trusts" 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, 20 September 2019

# UETF

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

## STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2019

		United SSE 50 China ETF	
		2019	2018
	Note	\$	\$
<b>Income</b>			
Dividends		1,166,865	742,518
Interest		550	3
<b>Total</b>		<u>1,167,415</u>	<u>742,521</u>
<b>Less: Expenses</b>			
Management fee	8	132,393	162,080
Trustee fee	8	10,060	12,726
Audit fee		24,434	25,609
Custody fee	8	57,619	55,505
Maintenance fee	8	39,113	111,943
Collateral fee		209,869	536,249
Transaction costs		92,778	-
Other expenses		<u>198,337</u>	<u>425,128</u>
<b>Total</b>		<u>764,603</u>	<u>1,329,240</u>
<b>Net income/(losses)</b>		<u>402,812</u>	<u>(586,719)</u>
<b>Net gains/(losses) on value of investments and financial derivatives</b>			
Net gains/(losses) on investments		2,556,211	(419,869)
Net gains/(losses) on financial derivatives		(491,659)	-
Net foreign exchange gains/(losses)		<u>30,515</u>	<u>922</u>
		<u>2,095,067</u>	<u>(418,947)</u>
<b>Total return/(deficit) for the year before income tax</b>		<u>2,497,879</u>	<u>(1,005,666)</u>
Less: Income tax	3	<u>(70,678)</u>	<u>-</u>
<b>Total return/(deficit) for the year</b>		<u>2,427,201</u>	<u>(1,005,666)</u>

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



# UETF

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

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## STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	United SSE 50 China ETF	
		2019	2018
		\$	\$
<b>Assets</b>			
Portfolio of investments		<b>29,288,723</b>	32,101,740
Receivables	4	<b>48,233</b>	-
Cash and bank balances		<b>167,987</b>	178,848
Margin accounts		<b>40,796</b>	-
<b>Total assets</b>		<b><u>29,545,739</u></b>	<u>32,280,588</u>
<b>Liabilities</b>			
Payables	5	<b><u>128,765</u></b>	<u>470,215</u>
<b>Total liabilities</b>		<b><u>128,765</u></b>	<u>470,215</u>
<b>Equity</b>			
<b>Net assets attributable to unitholders</b>	6	<b><u>29,416,974</u></b>	<u>31,810,373</u>

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

# UETF

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

## STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2019

		United SSE 50 China ETF	
		2019	2018
	Note	\$	\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>31,810,373</b>	32,816,039
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>2,427,201</b>	(1,005,666)
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>2,344,400</b>	-
Cancellation of units		<b>(7,165,000)</b>	-
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(4,820,600)</b>	-
Total increase/(decrease) in net assets attributable to unitholders		<b>(2,393,399)</b>	(1,005,666)
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<b>29,416,974</b>	31,810,373

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 2019

### United SSE 50 China ETF

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>By Industry - Primary</b>			
<b>Quoted equities</b>			
<b>COMMUNICATION SERVICES</b>			
CHINA UNITED NETWORK COMMUNICATIONS LTD	250,100	303,478	1.03
<b>CONSUMER DISCRETIONARY</b>			
CHINA INTERNATIONAL TRAVEL SERVICE CORP LTD	25,700	448,791	1.53
HAIER SMART HOME CO LTD	96,300	327,985	1.12
SAIC MOTOR CORP LTD	92,200	<u>463,131</u>	<u>1.57</u>
<b>TOTAL CONSUMER DISCRETIONARY</b>		<u><b>1,239,907</b></u>	<u><b>4.22</b></u>
<b>CONSUMER STAPLES</b>			
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD	160,500	1,056,292	3.59
KWEICHOW MOUTAI CO LTD	13,260	<u>2,570,225</u>	<u>8.74</u>
<b>TOTAL CONSUMER STAPLES</b>		<u><b>3,626,517</b></u>	<u><b>12.33</b></u>
<b>ENERGY</b>			
CHINA PETROLEUM & CHEMICAL CORP	351,800	379,067	1.29
CHINA SHENHUA ENERGY CO LTD	86,200	346,054	1.18
PETROCHINA CO LTD	217,500	<u>294,768</u>	<u>1.00</u>
<b>TOTAL ENERGY</b>		<u><b>1,019,889</b></u>	<u><b>3.47</b></u>
<b>FINANCIALS</b>			
AGRICULTURAL BANK OF CHINA LTD	1,008,700	715,314	2.43

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 2019

### United SSE 50 China ETF

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>FINANCIALS (continued)</b>			
BANK OF CHINA LTD	554,800	408,734	1.39
BANK OF COMMUNICATIONS CO LTD	723,300	871,972	2.97
BANK OF SHANGHAI CO LTD	143,800	335,668	1.14
CHINA CONSTRUCTION BANK CORP	176,800	259,112	0.88
CHINA EVERBRIGHT BANK CO LTD	419,100	314,539	1.07
CHINA LIFE INSURANCE CO LTD	43,900	244,901	0.83
CHINA MERCHANTS BANK CO LTD	271,600	1,924,967	6.54
CHINA MINSHENG BANKING CORP LTD	653,500	817,432	2.78
CHINA PACIFIC INSURANCE GROUP	82,700	594,771	2.02
CITIC SECURITIES CO LTD	207,200	971,811	3.30
CSC FINANCIAL CO LTD	12,000	49,829	0.17
GUOTAI JUNAN SECURITIES CO LTD	118,700	429,061	1.46
HAITONG SECURITIES CO LTD	217,400	607,679	2.07
HUATAI SECURITIES CO LTD	93,000	408,893	1.39
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	567,800	658,784	2.24
INDUSTRIAL BANK CO LTD	382,900	1,379,531	4.69
NEW CHINA LIFE INSURANCE CO LTD	22,000	238,481	0.81
PEOPLE'S INSURANCE CO GROUP OF CHINA LTD	28,700	53,651	0.18
PING AN INSURANCE GROUP CO OF CHINA LTD	286,300	4,997,313	16.99
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD	309,100	711,171	2.42
<b>TOTAL FINANCIALS</b>		<b>16,993,614</b>	<b>57.77</b>

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 2019

### United SSE 50 China ETF

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>HEALTH CARE</b>			
JIANGSU HENGRUI MEDICINE CO LTD	81,500	1,059,581	3.60
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD	27,100	135,059	0.46
WUXI APPTec CO LTD	2,800	<u>47,809</u>	<u>0.16</u>
<b>TOTAL HEALTH CARE</b>		<u><b>1,242,449</b></u>	<u><b>4.22</b></u>
<b>INDUSTRIALS</b>			
AIR CHINA LTD	80,300	151,377	0.51
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	63,200	140,928	0.48
CHINA RAILWAY CONSTRUCTION CORP LTD	123,700	242,452	0.82
CHINA RAILWAY GROUP LTD	196,300	252,116	0.86
CHINA SHIPBUILDING INDUSTRY CO LTD	240,800	263,733	0.89
CHINA SOUTHERN AIRLINES CO LTD	90,600	137,777	0.47
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD	552,500	625,796	2.13
CRRC CORP LTD	256,100	408,122	1.39
SANY HEAVY INDUSTRY CO LTD	157,600	<u>406,066</u>	<u>1.38</u>
<b>TOTAL INDUSTRIALS</b>		<u><b>2,628,367</b></u>	<u><b>8.93</b></u>
<b>INFORMATION TECHNOLOGY</b>			
FOXCONN INDUSTRIAL INTERNET CO LTD	31,800	75,483	0.25

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 2019

### United SSE 50 China ETF

	Holdings at 30 June 2019	Fair value at 30 June 2019 \$	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>INFORMATION TECHNOLOGY (continued)</b>			
SANAN OPTOELECTRONICS CO LTD	65,800	<u>146,207</u>	<u>0.50</u>
<b>TOTAL INFORMATION TECHNOLOGY</b>		<u><b>221,690</b></u>	<u><b>0.75</b></u>
<b>MATERIALS</b>			
ANHUI CONCH CEMENT CO LTD	52,600	429,998	1.46
BAOSHAN IRON & STEEL CO LTD	239,300	306,400	1.04
CHINA MOLYBDENUM CO LTD	186,000	145,091	0.49
WANHUA CHEMICAL GROUP CO LTD	41,300	<u>348,117</u>	<u>1.19</u>
<b>TOTAL MATERIALS</b>		<u><b>1,229,606</b></u>	<u><b>4.18</b></u>
<b>REAL ESTATE</b>			
CHINA FORTUNE LAND DEVELOPMENT CO LTD	48,500	311,166	1.06
POLY DEVELOPMENTS AND HOLDINGS GROUP CO LTD	187,800	<u>472,040</u>	<u>1.60</u>
<b>TOTAL REAL ESTATE</b>		<u><b>783,206</b></u>	<u><b>2.66</b></u>
<b>Portfolio of investments</b>		<b>29,288,723</b>	<b>99.56</b>
<b>Other net assets/(liabilities)</b>		<u><b>128,251</b></u>	<u><b>0.44</b></u>
<b>Net assets attributable to unitholders</b>		<u><b>29,416,974</b></u>	<u><b>100.00</b></u>

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

# UETF

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

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## STATEMENT OF PORTFOLIO

As at 30 June 2019

	<b>United SSE 50 China ETF Percentage of total net assets attributable to unitholders at 30 June 2019 %</b>
<b>By Industry - Primary (Summary)</b>	
<b>Quoted equities</b>	
Communication Services	1.03
Consumer Discretionary	4.22
Consumer Staples	12.33
Energy	3.47
Financials	57.77
Health Care	4.22
Industrials	8.93
Information Technology	0.75
Materials	4.18
Real Estate	<u>2.66</u>
<b>Portfolio of investments</b>	<b>99.56</b>
<b>Other net assets/(liabilities)</b>	<u><b>0.44</b></u>
<b>Net assets attributable to unitholders</b>	<u><b>100.00</b></u>

As the Sub-Fund invested only into one participatory note as at 30 June 2018, no comparative representation is considered necessary.

### **By Geography - Secondary Quoted equities**

The Sub-Fund invests wholly in China as at 30 June 2019 and 30 June 2018.

# UETF

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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 Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

#### (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

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



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2019

**2 Significant accounting policies** (continued)**(c) Investments** (continued)*(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 Sub-Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in the Singapore Dollar.

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 operate. The financial statements are presented in the Singapore Dollar, which is the Sub-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 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".

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2019

**2 Significant accounting policies (continued)****(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.

**(j) Expenses charged to the Sub-Fund**

All direct expenses relating to the Sub-Fund are charged directly to the Statement of Total Return against the values of the Sub-Fund.

**(k) 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.

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 2 Significant accounting policies (continued)

#### (l) 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.

### 3 Income tax

	United SSE 50 China ETF	
	2019	2018
	\$	\$
Singapore income tax	28,226	-
Overseas income tax	42,452	-
Total income tax	70,678	-

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.

### 4 Receivables

	United SSE 50 China ETF	
	2019	2018
	\$	\$
Other receivables	48,233	-

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 5 Payables

	United SSE 50 China ETF	
	2019	2018
	\$	\$
Amount due to the Manager	34,911	66,487
Amount due to Trustee	2,715	3,069
Other creditors and accrued expenses	91,139	400,659
	<u>128,765</u>	<u>470,215</u>

### 6 Units in issue

During the financial year ended 30 June 2019 and 2018, the numbers of units issued, redeemed and outstanding were as follows:

	United SSE 50 China ETF	
	2019	2018
Units at the beginning of the financial year	14,852,000	14,852,000
Units created	1,200,000	-
Units cancelled	(3,500,000)	-
Units at the end of the financial year	<u>12,552,000</u>	<u>14,852,000</u>
	\$	\$
Net assets attributable to unitholders	29,416,974	31,810,373
Net assets value per unit	2.343	2.141

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	
	2019	2018
	\$	\$
Net assets attributable to unitholders per financial statements per unit	2.343	2.141
Under accrual for collateral fee	-	0.001
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.343</u>	<u>2.142</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2019

**7 Financial risk management**

The Sub-Fund's activities expose it to a variety of market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity 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.

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 7 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 2019

	CNH \$	SGD \$	USD \$	Total \$
<b>Assets</b>				
Portfolio of investments	29,288,723	-	-	29,288,723
Receivables	-	48,233	-	48,233
Cash and bank balances	165,559	2,428	-	167,987
Margin accounts	-	-	40,796	40,796
<b>Total Assets</b>	<b>29,454,282</b>	<b>50,661</b>	<b>40,796</b>	<b>29,545,739</b>
<b>Liabilities</b>				
Payables	-	128,765	-	128,765
<b>Total Liabilities</b>	<b>-</b>	<b>128,765</b>	<b>-</b>	<b>128,765</b>
<b>Net currency exposure</b>	<b>29,454,282</b>	<b>(78,104)</b>	<b>40,796</b>	

As at 30 June 2018, the majority of the Sub-Fund's financial assets and liabilities were denominated in the Singapore Dollar. Consequently, the Sub-Fund was not subject to significant amounts of risk due to fluctuations in the prevailing levels of foreign currency rates. Hence, no comparative representation is provided here.

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 non-monetary investments, hence foreign exchange risk sensitivity analysis has not been presented on the remaining financial assets.

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 7 Financial risk management (continued)

#### (a) Market risk (continued)

##### (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 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	2019		2018	
	Volatility %	Net impact to net assets attributable to unitholders \$	Volatility %	Net impact to net assets attributable to unitholders \$
<b>United SSE 50 China ETF</b>				
SSE 50 A-share Index	20	5,884,229	20	6,359,475

##### (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 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.

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 7 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 listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

The table below analyses 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 table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	United SSE 50 China ETF		
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
<b>As at 30 June 2019</b>			
Payables	128,765	-	-
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
<b>As at 30 June 2018</b>			
Payables	470,215	-	-

#### (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 are regularly assessed and updated by the Manager.



# UETF

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 7 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 2019 and 2018.

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

#### United SSE 50 China ETF

	Credit rating as at 30 June 2019	Credit rating as at 30 June 2018
<b>Bank and custodian</b>		
State Street Bank and Trust Company	aa-	aa-
<b>Margin accounts</b>		
United Overseas Bank Limited	aa-	n/a

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

#### (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.

#### (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).

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 7 Financial risk management (continued)

#### (e) Fair value estimation (continued)

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 2019 and 2018:

	United SSE 50 China ETF			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at 30 June 2019</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted equities	<u>29,288,723</u>	<u>-</u>	<u>-</u>	<u>29,288,723</u>
<b>Total</b>	<u>29,288,723</u>	<u>-</u>	<u>-</u>	<u>29,288,723</u>
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at 30 June 2018</b>				
<b>Assets</b>				
Portfolio of investments				
- Participatory notes	<u>-</u>	<u>32,101,740</u>	<u>-</u>	<u>32,101,740</u>
<b>Total</b>	<u>-</u>	<u>32,101,740</u>	<u>-</u>	<u>32,101,740</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise 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. As at 30 June 2018, these comprised the P-Notes.

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 2019 and 2018 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.

# UETF

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 8 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 and maintenance fee are 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:

	<b>United SSE 50 China ETF</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Cash and bank balances	<b>167,987</b>	178,848
<b>United Overseas Bank Limited</b>		
Margin accounts	<b>40,796</b>	-

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

	<b>United SSE 50 China ETF</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Interest income	<b>550</b>	3
<b>United Overseas Bank Limited</b>		
Bank charges	<b>293</b>	-
Brokerage charges	<b>11,887</b>	-

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

### 9 Financial ratios

	United SSE 50 China ETF	
	2019	2018
	\$	\$
Total operating expenses (excluding collateral fee)	<b>461,956</b>	792,991
Total operating expenses (including collateral fee)	<b>671,825</b>	1,329,240
Average daily net asset value	<b>29,419,487</b>	36,068,544
Expense ratio (excluding collateral fee) <sup>1</sup>	<b>1.57%</b>	2.20%
Expense ratio (including collateral fee) <sup>1</sup>	<b>2.28%</b>	3.69%
Lower of total value of purchases or sales	<b>37,712,731</b>	36,336,526
Average daily net assets value	<b>29,419,487</b>	36,068,544
Turnover ratio <sup>2</sup>	<b>128.19%</b>	100.74%

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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