



# UETF

➤ **United SSE 50 China ETF**

## **Annual Report**

**for the financial year ended  
30 June 2020**



## **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 LTD**

Lee Wai Fai

Eric Tham Kah Jin

Peh Kian Heng

Thio Boon Kiat

### **TRUSTEE**

State Street Trust (SG) Limited

168 Robinson Road

#33-01, Capital Tower

Singapore 068912

### **CUSTODIAN / ADMINISTRATOR / REGISTRAR**

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

168 Robinson Road

#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**  
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**A) Fund Performance**

	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 12 November 2009 Ann Comp Ret
Fund Performance/ Benchmark Returns							
United SSE 50 China ETF	7.33	-2.32	0.64	1.91	-3.69	2.86	-0.34
Benchmark	8.88	-0.60	3.19	6.88	1.32	7.29	3.84

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 2020, the net asset value (NAV) of the Fund **rose 0.64%** on a net asset value basis in Singapore Dollar terms, compared to the benchmark SSE 50 Index which gained 3.19% during the same period.

As at June 2020, the Fund had the following sector allocation: **Financials** (50.08%), **Consumer Staples** (16.57%), **Health Care** (8.86%), **Industrials** (7.63%), **Information Technology** (5.39%), **Consumer Discretionary** (4.91%), **Materials** (4.89%), **Energy** (2.48%), and others (2.67%).

**Economic and Market Review**

For the year ended 30 June 2020, the onshore **China** equities market posted gains although it underperformed the rest of global markets and Asia ex-Japan.

The six months till end 2019 were dominated by the US-China on and off trade talks and tit-for-tat tariff hikes, while economic data continued to slide on business uncertainties which also witnessed most major economies dragged down by weak global manufacturing data. Adding to the economic woes, was the social unrest in **Hong Kong** following the government's proposal of an extradition treaty with **China**.

With the uncertainties of US-China trade relations weighing on the global economy, the US Federal Reserve (Fed) turned increasingly dovish with rate cuts and accommodative guidance which saw other central banks following suit with accommodative or neutral monetary policy. Markets reacted positively but were hit again by a recession risk scare in August as bond yields collapsed and the US Treasury 10-year to 2-year yield curve inverted. Another round of US-China tariff hikes was effected in September while Brexit talks in Europe added to the backdrop of uncertainties.

By late October, clearer signals of a potential Phase 1 trade deal between the **US** and **China** emerged but there were still disagreements over the rolling back of tariffs while the **US** passed a bill supporting calls by protestors in **Hong Kong** for democratic reforms. But with news of close to the signing of the Phase 1 deal, the Chinese market posted strong gains December to finish 2019 on a positive note.

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## A) Fund Performance (continued)

The market strength spilled over at the start of 2020 as sentiments and economic activities picked up following the US-China Phase 1 deal, but was soon overtaken by news in late January of a virus outbreak in Wuhan. That soon escalated into the declaration of a global pandemic by the World Health Organisation (WHO) on 11 March 2020 which led to major economic disruptions across the globe with many economies forced into lockdown to contain the coronavirus (COVID-19) with industrial shutdowns wreaking havoc to supply chains while social distancing measures led to depressed public consumption with school closure and cancellation of sporting, religious, political, and cultural events.

The perfect storm caused major global stock markets to plunge into a meltdown mode in March after **US** stocks plummeted from new highs into a bear market. Reaction from the Fed and other global central banks were swift with the injection of massive liquidity from quantitative easing, slashing of interest rates and other monetary tools to restore confidence and stability to markets. Many governments also launched outsized fiscal stimulus to shore up their economies. Markets started to mount a comeback rally and were able to claw back a large portion of losses from the March lows on hopes of a V-shape economic recovery following the easing of lockdowns and optimism of a potential vaccine as well as treatments for hospitalised COVID-19 patients. That has since been tempered by continued rise in cases in the **US**, **India** and much of **Latin America** as well as pockets of resurgence in other parts of the world. The International Monetary Fund (IMF) in its June report estimates that the global economy will contract 4.9% in 2020 with advanced economies falling by 8.0%.

**China** was the first country to be hit by the virus, but has through strict measures been able to contain it and revived its economy. Macro data including Purchasing Managers' Index (PMI) in the 2nd quarter confirmed that the economy is on the path to recovery with production activities largely normalised with domestic demand led by **Infrastructure** and **Real Estate** spurring a broadening recovery in consumer spending.

The top outperforming sectors were **Information Technology**, **Health Care** and **Consumer Staples**. The underperformers were **Energy**, **Financials**, **Utilities** and **Industrials**.

On 16 December 2019, four constituents changed during the index review and the SSE50 Index was rebalanced with effect from 16 December 2019 till 15 June 2020. **Baoshan Iron & Steel Co Ltd (Materials)**, **China Southern Airlines Co Ltd (Industrials)**, **Bank of Shanghai Co Ltd (Financials)**, and **China Communications Construction Co Limited (Industrials)** were removed from the index and replaced by **Shanghai International Airport Co Ltd (Industrials)**, **Shandong Gold-Mining Co Ltd (Materials)**, **Longi Green Energy Technology Co Ltd (Information Technology)** and **Hongta Securities Co Ltd (Financials)**.

As of 15 June 2020, five constituents changed during the index review and the SSE50 Index was rebalanced with effect from 15 June 2020 till 16 December 2020. **China Fortune Land Development Co. Ltd (Financials)**, **Air China Ltd (Industrials)**, **China Railway Group Limited (Industrials)**, **CCRC Corporation Limited (Industrials)** and **China Construction Bank (Financials)**, were removed from the index and replaced by **Yonyou Network Technology Co Ltd (Information Technology)**, **Wingtech Technology Co Ltd (Information Technology)**, **Postal Savings Bank of China Co Ltd (Financials)**, **Beijing-Shanghai High Speed Railway Co Ltd (Industrials)** and **Shenzhen Huiding Technology Co Ltd (Information Technology)**.

**A) Fund Performance** (continued)

**Outlook and Fund Strategy**

The **China** equity markets have recovered strongly in the second quarter of 2020 after the COVID-19 lockdowns and global sell off in March following the supportive measures from unprecedented global stimulus. However, it is still far from certain that the global spread of COVID-19 has been arrested. While it has levelled off in Europe and North Asia, cases are still rising in the **US, India, Brazil, Russia** and other countries such as **South Africa**.

We remain positive on the outlook for mainland China on the evidence solid recovery from strong PMI numbers. The country has a large domestic market to cushion a fall in external demand. Selected areas of consumption and property sales are doing well. Mainland China also has significant policy ammunition to tackle future crises, having positive real interest rates, strong reserves and modest fiscal deficit compared to other major economies. In particular, we are positive on China 'A' shares, which are more sensitive to **China** easing policy and enjoy structure tailwinds such as index representation increase over the coming years. We are also seeing accelerated capital market reforms that will enhance access and hence attractiveness of 'A' shares for local and foreign investors.

Key downside risks to our continued constructive stance on the Greater China markets includes sluggish external demand due to failure to curb outbreaks in the **US** and other parts of the world prompting the need to roll back re-openings and hence delaying economic recovery. Rising US-China tensions that could lead to technology supply chain disruptions are another key tail risk.

## 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 2020 under review classified by

#### i) Country

	Fair Value (S\$)	% of NAV
China	24,769,379	103.48
Portfolio of investments	24,769,379	103.48
Other net assets/(liabilities)	(832,104)	(3.48)
<b>Total</b>	<b>23,937,275</b>	<b>100.00</b>

#### ii) Industry

	Fair Value (S\$)	% of NAV
Communication Services	192,804	0.81
Consumer Discretionary	1,176,168	4.91
Consumer Staples	3,965,665	16.57
Energy	593,821	2.48
Financials	11,987,410	50.08
Health Care	2,119,814	8.86
Industrials	1,825,723	7.63
Information Technology	1,291,337	5.39
Materials	1,170,689	4.89
Real Estate	445,948	1.86
Portfolio of investments	24,769,379	103.48
Other net assets/(liabilities)	(832,104)	(3.48)
<b>Total</b>	<b>23,937,275</b>	<b>100.00</b>

#### iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted equities	24,769,379	103.48
Other net assets/(liabilities)	(832,104)	(3.48)
<b>Total</b>	<b>23,937,275</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 2020 under review classified by (continued)

#### iv) Credit rating of quoted bonds

N/A

### C) Top Ten Holdings

10 largest holdings as at 30 June 2020

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



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**C) Top Ten Holdings** (continued)

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

**D) Exposure to derivatives**

i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2020

N/A

ii) There was a net realised loss of SGD 4,800 on derivative contracts during the financial year ended 30 June 2020.

iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 30 June 2020

N/A

**E) Amount and percentage of NAV invested in other schemes as at 30 June 2020**

N/A

**F) Amount and percentage of borrowings to NAV as at 30 June 2020**

N/A

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**G) Amount of redemptions and subscriptions for the financial year ended 30 June 2020**

Total amount of redemptions	SGD	5,759,300
Total amount of subscriptions	SGD	-

**H) The amount and terms of related-party transactions for the financial year ended 30 June 2020**

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

**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 2020 and 30 June 2019

N/A

ii) Expense ratios for the financial year ended 30 June 2020 and 30 June 2019

N/A

iii) Turnover ratios for the financial year ended 30 June 2020 and 30 June 2019

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.*

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### **M) Soft dollar commissions/arrangements**

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The products and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management's duties to clients. As such services generally benefit all of UOB Asset Management's clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

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

N/A

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### **REPORT OF THE TRUSTEE**

The Trustee is under a duty to take into custody and hold the assets of the sub-fund of UETF, namely United SSE 50 China ETF (the "Sub-Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Sub-Fund during the financial year covered by these financial statements, set out on pages 16 to 40, 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  
23 September 2020

# UETF

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## STATEMENT BY THE MANAGER

In the opinion of UOB Asset Management Ltd, the accompanying financial statements set out on pages 16 to 40, 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 2020, 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  
23 September 2020

## **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 2020, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

### ***What we have audited***

The financial statements of the Sub-Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2020;
- the Statement of Financial Position as at 30 June 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2020;
- the Statement of Portfolio as at 30 June 2020; 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, 23 September 2020

# UETF

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## STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2020

	Note	United SSE 50 China ETF	
		2020	2019
		\$	\$
<b>Income</b>			
Dividends		702,524	1,166,865
Interest		11	550
Other income		1,284	-
<b>Total</b>		<u>703,819</u>	<u>1,167,415</u>
<b>Less: Expenses</b>			
Management fee	8	120,678	132,393
Trustee fee	8	9,194	10,060
Audit fee		24,478	24,434
Custody fee	8	31,198	57,619
Maintenance fee	8	-	31,274
Collateral fee		-	209,869
Transaction costs		21,076	92,778
Other expenses		40,037	206,176
<b>Total</b>		<u>246,661</u>	<u>764,603</u>
<b>Net income/(losses)</b>		<u>457,158</u>	<u>402,812</u>
<b>Net gains/(losses) on value of investments and financial derivatives</b>			
Net gains/(losses) on investments		(109,688)	2,556,211
Net gains/(losses) on financial derivatives		(4,800)	(491,659)
Net foreign exchange gains/(losses)		7,463	30,515
		<u>(107,025)</u>	<u>2,095,067</u>
<b>Total return/(deficit) for the financial year before income tax</b>		<b>350,133</b>	<b>2,497,879</b>
Less: Income tax	3	<u>(70,532)</u>	<u>(70,678)</u>
<b>Total return/(deficit) for the financial year</b>		<u>279,601</u>	<u>2,427,201</u>

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

# UETF

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## STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		United SSE 50 China ETF	
		2020	2019
	Note	\$	\$
<b>Assets</b>			
Portfolio of investments		<b>24,769,379</b>	29,288,723
Receivables	4	<b>22,227</b>	48,233
Cash and bank balances		<b>125,841</b>	167,987
Margin accounts		<b>42,076</b>	40,796
<b>Total assets</b>		<b><u>24,959,523</u></b>	<u>29,545,739</u>
<b>Liabilities</b>			
Payables	5	<b><u>1,022,248</u></b>	<u>128,765</u>
<b>Total liabilities</b>		<b><u>1,022,248</u></b>	<u>128,765</u>
<b>Equity</b>			
<b>Net assets attributable to unitholders</b>	6	<b><u>23,937,275</u></b>	<u>29,416,974</u>

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

# UETF

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## STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2020

		United SSE 50 China ETF	
		2020	2019
	Note	\$	\$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>29,416,974</b>	31,810,373
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>279,601</b>	2,427,201
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		-	2,344,400
Cancellation of units		<u>(5,759,300)</u>	<u>(7,165,000)</u>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(5,759,300)</b>	(4,820,600)
Total increase/(decrease) in net assets attributable to unitholders		<u><b>(5,479,699)</b></u>	<u>(2,393,399)</u>
<b>Net assets attributable to unitholders at the end of the financial year</b>	6	<u><b>23,937,275</b></u>	<u>29,416,974</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 PORTFOLIO

As at 30 June 2020

### United SSE 50 China ETF

	Holdings at 30 June 2020	Fair value at 30 June 2020 \$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
<b>By Industry - Primary</b>			
<b>Quoted equities</b>			
<b>COMMUNICATION SERVICES</b>			
CHINA UNITED NETWORK COMMUNICATIONS LTD	202,000	192,804	0.81
<b>CONSUMER DISCRETIONARY</b>			
CHINA TOURISM GROUP DUTY FREE CORP LTD	21,200	643,961	2.69
HAIER SMART HOME CO LTD	80,000	279,243	1.16
SAIC MOTOR CORP LTD	75,500	<u>252,964</u>	<u>1.06</u>
<b>TOTAL CONSUMER DISCRETIONARY</b>		<b><u>1,176,168</u></b>	<b><u>4.91</u></b>
<b>CONSUMER STAPLES</b>			
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD	130,000	798,070	3.34
KWEICHOW MOUTAI CO LTD	10,980	<u>3,167,595</u>	<u>13.23</u>
<b>TOTAL CONSUMER STAPLES</b>		<b><u>3,965,665</u></b>	<b><u>16.57</u></b>
<b>ENERGY</b>			
CHINA PETROLEUM & CHEMICAL CORP	288,000	222,069	0.93
CHINA SHENHUA ENERGY CO LTD	70,000	198,231	0.83
PETROCHINA CO LTD	210,000	<u>173,521</u>	<u>0.72</u>
<b>TOTAL ENERGY</b>		<b><u>593,821</u></b>	<b><u>2.48</u></b>
<b>FINANCIALS</b>			
AGRICULTURAL BANK OF CHINA LTD	618,000	411,930	1.72

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 2020

### United SSE 50 China ETF

	Holdings at 30 June 2020	Fair value at 30 June 2020 \$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>FINANCIALS (continued)</b>			
BANK OF CHINA LTD	455,000	312,255	1.30
BANK OF COMMUNICATIONS CO LTD	593,000	599,916	2.51
CHINA EVERBRIGHT BANK CO LTD	345,000	243,568	1.02
CHINA LIFE INSURANCE CO LTD	35,500	190,491	0.80
CHINA MERCHANTS BANK CO LTD	223,000	1,482,897	6.19
CHINA MINSHENG BANKING CORP LTD	460,000	514,351	2.15
CHINA PACIFIC INSURANCE GROUP	58,000	311,683	1.30
CITIC SECURITIES CO LTD	185,000	879,605	3.67
CSC FINANCIAL CO LTD	11,000	85,425	0.36
GUOTAI JUNAN SECURITIES CO LTD	97,000	330,165	1.38
HAITONG SECURITIES CO LTD	174,000	431,667	1.80
HONGTA SECURITIES CO LTD	8,500	32,519	0.14
HUATAI SECURITIES CO LTD	127,000	470,847	1.97
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	755,000	741,472	3.10
INDUSTRIAL BANK CO LTD	269,000	837,101	3.50
NEW CHINA LIFE INSURANCE CO LTD	18,000	157,181	0.66
PEOPLE'S INSURANCE CO GROUP OF CHINA LTD	44,000	55,880	0.23
PING AN INSURANCE GROUP CO OF CHINA LTD	235,500	3,315,948	13.85
POSTAL SAVINGS BANK OF CHINA CO LTD	56,000	50,469	0.21
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD	255,000	532,040	2.22
<b>TOTAL FINANCIALS</b>		<b>11,987,410</b>	<b>50.08</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 2020

### United SSE 50 China ETF

	Holdings at 30 June 2020	Fair value at 30 June 2020 \$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>HEALTH CARE</b>			
JIANGSU HENGRUI MEDICINE CO LTD	83,000	1,510,770	6.31
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD	26,000	173,560	0.73
WUXI APTEC CO LTD	22,860	<u>435,484</u>	<u>1.82</u>
<b>TOTAL HEALTH CARE</b>		<u><b>2,119,814</b></u>	<u><b>8.86</b></u>
<b>INDUSTRIALS</b>			
BEIJING SHANGHAI HIGH SPEED RAILWAY CO LTD	63,000	77,401	0.32
CHINA RAILWAY CONSTRUCTION CORP LTD	100,000	165,258	0.69
CHINA SHIPBUILDING INDUSTRY CO LTD	194,000	153,031	0.64
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD	452,000	425,183	1.78
SANY HEAVY INDUSTRY CO LTD	128,000	473,545	1.98
SHANGHAI INTERNATIONAL AIRPORT CO LTD	20,700	294,201	1.23
WINGTECH TECHNOLOGY CO LTD	9,546	<u>237,104</u>	<u>0.99</u>
<b>TOTAL INDUSTRIALS</b>		<u><b>1,825,723</b></u>	<u><b>7.63</b></u>
<b>INFORMATION TECHNOLOGY</b>			
FOXCONN INDUSTRIAL INTERNET CO LTD	40,000	119,506	0.50
LONGI GREEN ENERGY TECHNOLOGY CO LTD	55,000	441,770	1.84
SANAN OPTOELECTRONICS CO LTD	53,000	261,297	1.09

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 2020

### United SSE 50 China ETF

	Holdings at 30 June 2020	Fair value at 30 June 2020 \$	Percentage of total net assets attributable to unitholders at 30 June 2020 %
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>INFORMATION TECHNOLOGY (continued)</b>			
SHENZHEN GOODIX TECHNOLOGY CO LTD	3,750	164,839	0.69
YONYOU NETWORK TECHNOLOGY CO LTD	34,947	<u>303,925</u>	<u>1.27</u>
<b>TOTAL INFORMATION TECHNOLOGY</b>		<u><b>1,291,337</b></u>	<u><b>5.39</b></u>
<b>MATERIALS</b>			
ANHUI CONCH CEMENT CO LTD	51,800	540,488	2.26
CHINA MOLYBDENUM CO LTD	149,000	107,838	0.45
SHANDONG GOLD MINING CO LTD	27,967	201,968	0.84
WANHUA CHEMICAL GROUP CO LTD	32,500	<u>320,395</u>	<u>1.34</u>
<b>TOTAL MATERIALS</b>		<u><b>1,170,689</b></u>	<u><b>4.89</b></u>
<b>REAL ESTATE</b>			
POLY DEVELOPMENTS AND HOLDINGS GROUP CO LTD	153,000	<u>445,948</u>	<u>1.86</u>
<b>Portfolio of investments</b>		<b>24,769,379</b>	<b>103.48</b>
<b>Other net assets/(liabilities)</b>		<u><b>(832,104)</b></u>	<u><b>(3.48)</b></u>
<b>Net assets attributable to unitholders</b>		<u><b>23,937,275</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)

## STATEMENT OF PORTFOLIO

As at 30 June 2020

	<b>United SSE 50 China ETF</b>	
	<b>Percentage of total net assets attributable to unitholders at 30 June 2020 %</b>	<b>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	<b>0.81</b>	1.03
Consumer Discretionary	<b>4.91</b>	4.22
Consumer Staples	<b>16.57</b>	12.33
Energy	<b>2.48</b>	3.47
Financials	<b>50.08</b>	57.77
Health Care	<b>8.86</b>	4.22
Industrials	<b>7.63</b>	8.93
Information Technology	<b>5.39</b>	0.75
Materials	<b>4.89</b>	4.18
Real Estate	<b>1.86</b>	2.66
<b>Portfolio of investments</b>	<b>103.48</b>	99.56
<b>Other net assets/(liabilities)</b>	<b>(3.48)</b>	0.44
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

## **By Geography - Secondary**

### **Quoted equities**

The Sub-Fund invests wholly in China as at 30 June 2020 and 30 June 2019.

# 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 2020

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 2020

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

*(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 2020

**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)

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 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	
	2020	2019
	\$	\$
Singapore income tax	-	28,226
Overseas income tax	<u>70,532</u>	<u>42,452</u>
Total income tax	<u>70,532</u>	<u>70,678</u>

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

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

The Singapore income tax represents tax deducted at source for Singapore sourced dividends.

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

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 3 Income tax (continued)

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

As at 30 June 2020 and 2019, the Sub-Fund has uncertain taxes exposure with respect to gains on investment of which the tax liability is estimated to be insignificant. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

### 4 Receivables

	United SSE 50 China ETF	
	2020	2019
	\$	\$
Other receivables	22,227	48,233

### 5 Payables

	United SSE 50 China ETF	
	2020	2019
	\$	\$
Amount payable for cancellation of units	943,200	-
Amount due to the Manager	27,056	34,911
Amount due to Trustee	4,441	2,715
Other creditors and accrued expenses	47,551	91,139
	<u>1,022,248</u>	<u>128,765</u>

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 6 Units in issue

During the financial year ended 30 June 2020 and 2019, the numbers of units issued, redeemed and outstanding were as follows:

	United SSE 50 China ETF	
	2020	2019
Units at the beginning of the financial year	12,552,000	14,852,000
Units created	-	1,200,000
Units cancelled	<u>(2,500,000)</u>	<u>(3,500,000)</u>
Units at the end of the financial year	<u>10,052,000</u>	<u>12,552,000</u>
	\$	\$
Net assets attributable to unitholders	23,937,275	29,416,974
Net assets value per unit	2.381	2.343

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	
	2020	2019
	\$	\$
Net assets attributable to unitholders per financial statements per unit	2.381	2.343
Effect of movement in the net asset value between the last dealing date and the end of the reporting period*	<u>(0.023)</u>	<u>-</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.358</u>	<u>2.343</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

**7 Financial risk management**

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

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

**(a) Market risk**

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

*(i) Foreign exchange risk*

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



# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 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 2020

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

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 7 Financial risk management (continued)

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

##### (i) Foreign exchange risk (continued)

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>	<u>29,454,282</u>	<u>50,661</u>	<u>40,796</u>	<u>29,545,739</u>
<b>Liabilities</b>				
Payables	-	128,765	-	128,765
<b>Total Liabilities</b>	<u>-</u>	<u>128,765</u>	<u>-</u>	<u>128,765</u>
<b>Net currency exposure</b>	<u>29,454,282</u>	<u>(78,104)</u>	<u>40,796</u>	

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

##### (ii) Price risk

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

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 7 Financial risk management (continued)

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

##### (ii) Price risk (continued)

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices. The Sub-Fund is designated to track the performance of the SSE 50 Index, therefore the exposure to price risk in the Sub-Fund will be substantially the same as the SSE 50 Index. As an exchange traded fund, the Manager manages the Sub-Fund's exposure to price risk by ensuring the key characteristics of the portfolio, such as security weight and industry weight, is closely aligned to the SSE 50 Index characteristics.

Benchmark component	2020		2019	
	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 Index	<b>20</b>	<b>4,881,539</b>	20	5,884,229

##### (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 2020

### 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 quoted securities are considered to be readily realisable as they are quoted 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 2020</b>			
Payables	1,022,248	-	-
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
<b>As at 30 June 2019</b>			
Payables	128,765	-	-

#### (c) Credit risk

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

# 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 2020

### 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 2020 and 2019.

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

#### United SSE 50 China ETF

	<b>Credit rating as at 30 June 2020</b>	Credit rating as at 30 June 2019
<b>Bank and custodian</b>		
State Street Bank and Trust Company	<b>aa-</b>	aa-
<b>Margin accounts</b>		
United Overseas Bank Limited	<b>n/a*</b>	aa-
INTL FCStone Pte. Ltd	<b>non-rated</b>	n/a*

\* *The Fund has no exposure to the counterparties as at 30 June 2020 or 2019*

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.

# UETF

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 7 Financial risk management (continued)

#### (e) Fair value estimation

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

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

The following table analyses within the fair value hierarchy, the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2020 and 2019:

	United SSE 50 China ETF			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>As at 30 June 2020</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted equities	<u>24,769,379</u>	-	-	<u>24,769,379</u>
<b>Total</b>	<u>24,769,379</u>	-	-	<u>24,769,379</u>
	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>29,288,723</u>
<b>Total</b>	<u>29,288,723</u>	-	-	<u>29,288,723</u>

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 7 Financial risk management (continued)

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

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 2020 and 2019 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.

### 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>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Cash and bank balances	<b>125,841</b>	167,987
<b>United Overseas Bank Limited</b>		
Margin accounts	-	40,796

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 8 Related party transactions (continued)

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

	United SSE 50 China ETF	
	2020	2019
	\$	\$
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Interest income	11	550
<b>United Overseas Bank Limited</b>		
Bank charges	72	293
Brokerage charges	-	11,887



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For the financial year ended 30 June 2020

### 9 Financial ratios

	United SSE 50 China ETF	
	2020	2019
	\$	\$
Total operating expenses (excluding collateral fee)	<b>225,585</b>	461,956
Total operating expenses (including collateral fee)	<b>225,585</b>	671,825
Average daily net asset value	<b>26,919,685</b>	29,419,487
Expense ratio (excluding collateral fee) <sup>1</sup>	<b>0.84%</b>	1.57%
Expense ratio (including collateral fee) <sup>1</sup>	<b>0.84%</b>	2.28%
Lower of total value of purchases or sales	<b>3,015,778</b>	37,712,731
Average daily net assets value	<b>26,919,685</b>	29,419,487
Turnover ratio <sup>2</sup>	<b>11.20%</b>	128.19%

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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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 10 Comparative

Certain comparative figures have been revised to conform to the current year's presentation. These revisions have no impact on the Sub-Fund's net assets attributable to unitholders as at 30 June 2020 and 2019.

Market valuation fee was restated from maintenance fee to other expenses in the Statement of Total Return for the financial year ended 30 June 2019.



