

United Choice Portfolios II

➤ United SGD Fund

Semi Annual Report

for the half year ended
30 June 2019

United Choice Portfolios II

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

MANAGER

UOB Asset Management Ltd

Registered Address:

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Singapore 048624

Company Registration No. : 198600120Z

Tel: 1800 22 22 228

DIRECTORS OF UOB ASSET MANAGEMENT

Lee Wai Fai

Eric Tham Kah Jin

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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

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Singapore 018936

United SGD Fund

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

A) Fund Performance

Class A (Acc) SGD

| 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 19 June 1998 Ann Comp Ret |
|--|----------------------|----------------------|---------------------|----------------------------|----------------------------|-----------------------------|---|
| United SGD Fund | 0.58 | 3.02 | 3.64 | 1.96 | 2.37 | 3.83 | 3.21 |
| Benchmark | 0.50 | 0.97 | 1.86 | 1.46 | 1.19 | 0.72 | 1.28 |

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: 6-month SIBID rate.

Class A (Dist) SGD

| 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 13 March 2014 Ann Comp Ret |
|--|----------------------|----------------------|---------------------|----------------------------|----------------------------|-----------------------------|--|
| United SGD Fund | 0.70 | 3.11 | 3.74 | 1.99 | 2.37 | N/A | 2.48 |
| Benchmark | 0.50 | 0.97 | 1.86 | 1.46 | 1.19 | N/A | 1.14 |

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: 6-month SIBID rate.

United SGD Fund

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

A) Fund Performance (continued)

Class A (Acc) USD (Hedged)

| | | | | | | | Since Inception 16 February 2016 |
|--|-------------------------------|-------------------------------|------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|---|
| 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 | Ann Comp Ret |
| United SGD Fund | 0.73 | 3.39 | 4.38 | 2.42 | N/A | N/A | 2.88 |
| Benchmark | 0.62 | 1.72 | 2.66 | 1.29 | N/A | N/A | 2.59 |

Source: Morningstar.

Note: The performance returns of the Fund are in United State Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.
The benchmark of the Fund: 6-month SIBID rate.

Class A (Dist) USD (Hedged)

| | | | | | | | Since Inception 16 February 2016 |
|--|-------------------------------|-------------------------------|------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|---|
| 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 | Ann Comp Ret |
| United SGD Fund | 1.19 | 3.94 | 4.88 | 2.36 | N/A | N/A | 2.88 |
| Benchmark | 0.62 | 1.72 | 2.66 | 1.29 | N/A | N/A | 2.59 |

Source: Morningstar.

Note: The performance returns of the Fund are in United State Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.
The benchmark of the Fund: 6-month SIBID rate.

United SGD Fund

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

A) Fund Performance (continued)

Class B (Acc) SGD

| 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 28 March 2013 Ann Comp Ret |
|--|----------------------|----------------------|---------------------|----------------------------|----------------------------|-----------------------------|--|
| United SGD Fund | 0.67 | 3.26 | 3.98 | 2.29 | 2.70 | N/A | 3.00 |
| Benchmark | 0.50 | 0.97 | 1.86 | 1.46 | 1.19 | N/A | 0.99 |

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: 6-month SIBID rate.

Class S (Dist) SGD

| 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 11 March 2019 Ann Comp Ret |
|--|----------------------|----------------------|---------------------|----------------------------|----------------------------|-----------------------------|--|
| United SGD Fund | 0.65 | N/A | N/A | N/A | N/A | N/A | 0.96 |
| Benchmark | 0.50 | N/A | N/A | N/A | N/A | N/A | 0.61 |

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: 6-month SIBID rate.

United SGD Fund

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

A) Fund Performance (continued)

Class S (Dist) USD (Hedged)

| 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 10 April 2019 Ann Comp Ret |
|--|----------------------|----------------------|---------------------|----------------------------|----------------------------|-----------------------------|---|
| United SGD Fund | N/A | N/A | N/A | N/A | N/A | N/A | 0.54 |
| Benchmark | N/A | N/A | N/A | N/A | N/A | N/A | 0.45 |

Source: Morningstar.

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

The benchmark of the Fund: 6-month SIBID rate.

For the half-year ended 30 June 2019, Class A (Acc) SGD, Class A (Dist) SGD and Class B (Acc) SGD of the Fund **returned 3.02%, 3.11% and 3.26%** respectively on a net-asset-value basis, outperforming its benchmark 6-month Singapore Interbank Bid Rate (SIBID) return of 0.97% in Singapore Dollar terms, while Class A (Acc) USD (Hedged) and Class A (Dist) USD (Hedged) of the Fund **returned 3.39% and 3.94%** respectively against its benchmark return of 1.72% in United States Dollar terms.

The Fund adopted key strategies: (1) investing in fixed rate bonds of up to three years in maturity profile for portfolio yield enhancement; (2) buying cheaper Eurodollar-denominated bonds while hedging foreign currency risk.

As at 30 June 2019, 95.49% of the Fund was invested in corporate bonds and balance in cash and others. The Fund had a yield-to-maturity of 1.73% and effective duration of 1.48 years.

Economic and Market Review

Policy support was the theme of the last six months as investors took the cue that the rate-hike cycle may be over and piled into attractive risk assets after the December 2018 correction.

The Federal Open Market Committee (FOMC) announced a stark policy stance reversal in January 2019 that “the Committee will be patient” and “all tools are on the table” to support economic growth. A re-escalation of US-China trade tensions in May only halted the risk rally temporarily before talk of easing by the US Federal Reserve (Fed) and the European Central Bank (ECB) drove risk assets even higher.

Confidence that the Chinese government will continue to support both the slowing economy and onshore corporate liquidity gave the market additional comfort.

These include measures such as reforming its state infrastructure bonds to stimulate both international demand and infrastructure investments, less restrictive offshore bond issuance quotas and improving onshore liquidity access to private sector companies.

United SGD Fund

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

A) Fund Performance (continued)

US\$187 billion of Asia ex-Japan G3 new bonds were issued in 1H19, an increase of 28.6% over the same period last year. Issuances from China continued to account for the largest share at 60%, followed by Hong Kong (9%) and South Korea (8%). 31% of these issuances were high yield (1H18: 20%) as issuers capitalised on increased investors' risk appetite.

10-year US Treasury (UST) yields and 2-year UST yields closed at 2.00% (Dec 18: 2.68%) and 1.75% (Dec 18: 1.92%) respectively. The JACI Investment Grade Corporate Blended Spread tightened 22 basis points (bps) to close at 207 bps.

Outlook and Fund Strategy

While the US and China may have reached a truce post the G20 meeting, money managers are caught between assets at war. Markets are pricing both the best- and worst-case market scenarios with rally in both risk-free and risk assets.

In the best-case scenario, a combination of dovish monetary policy and trade-war resolution will help extend the current business cycle. On the flip side, a prolonged trade war, faltering growth and central bank paralysis would lead to a sharp and protracted downturn.

Given the uncertain outlook, the Fund will remain defensive, increase allocation to Monetary Authority of Singapore Bills and wait for a better entry point for investments. We will continue to maintain our defensive positioning with a preference for quality credits with leading market share, those that are of systemic importance, in defensive sectors and which are professionally managed.

Disclosures

As the Fund is in SGD and invests in non-SGD denominated securities, the Fund uses financial derivatives such as FX Forward contracts for hedging purposes. The Fund uses Commitment Approach with Netting Arrangements in determining compliance with the CIS (in respect of clause 8.4 of Appendix 1) to calculate global exposure. This is done by adding the exposure of each financial derivative (for those with and without netting arrangement) and cash collateral values under certain cases.

United SGD Fund

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

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 |
|---|----------------------|---------------|
| Australia | 31,037,945 | 2.64 |
| China | 381,326,832 | 32.50 |
| Hong Kong | 46,920,154 | 4.00 |
| Indonesia | 68,195,217 | 5.81 |
| Japan | 19,596,360 | 1.67 |
| Malaysia | 65,671,423 | 5.60 |
| Qatar | 33,881,589 | 2.89 |
| Singapore | 201,658,568 | 17.19 |
| South Korea | 33,807,432 | 2.88 |
| Thailand | 34,881,400 | 2.97 |
| United Arab Emirates | 138,641,650 | 11.81 |
| United Kingdom | 34,937,923 | 2.98 |
| United States | 31,040,055 | 2.64 |
| Accrued interest receivable on quoted bonds | 8,545,654 | 0.73 |
| Portfolio of investments | 1,130,142,202 | 96.31 |
| Other net assets/(liabilities) | 43,287,356 | 3.69 |
| Total | 1,173,429,558 | 100.00 |

ii) Industry

| | Fair Value (S\$) | % of NAV |
|------------------------|---------------------|----------|
| Consumer Discretionary | 99,916,178 | 8.51 |
| Financials | 412,674,003 | 35.17 |
| Government | 36,882,683 | 3.14 |
| Industrials | 197,816,484 | 16.86 |
| Information Technology | 30,128,746 | 2.57 |
| Materials | 140,186,901 | 11.94 |
| Real Estate | 151,109,970 | 12.88 |
| Unit Trusts | 1,051,000 | 0.09 |
| Utilities | 51,830,583 | 4.42 |

United SGD Fund

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

B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2019 under review classified by (continued)

ii) Industry (continued)

| | Fair Value (S\$) | % of NAV |
|---|----------------------|---------------|
| Accrued interest receivable on quoted bonds | 8,545,654 | 0.73 |
| Portfolio of investments | 1,130,142,202 | 96.31 |
| Other net assets/(liabilities) | 43,287,356 | 3.69 |
| Total | 1,173,429,558 | 100.00 |

iii) Asset Class

| | Fair Value (S\$) | % of NAV |
|---|----------------------|---------------|
| Quoted bonds | 1,120,545,548 | 95.49 |
| Quoted unit trusts | 1,051,000 | 0.09 |
| Accrued interest receivable on quoted bonds | 8,545,654 | 0.73 |
| Other net assets/(liabilities) | 43,287,356 | 3.69 |
| Total | 1,173,429,558 | 100.00 |

iv) Credit rating of quoted bonds by Standard & Poor's

| | Fair Value (S\$) | % of NAV |
|--------------|----------------------|--------------|
| A- | 55,139,037 | 4.70 |
| AA- | 17,698,076 | 1.51 |
| AAA | 36,882,683 | 3.14 |
| BBB- | 45,654,217 | 3.89 |
| BBB+ | 195,214,501 | 16.64 |
| Non-rated | 769,957,034 | 65.61 |
| Total | 1,120,545,548 | 95.49 |

United SGD Fund

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

B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2019 under review classified by (continued)

v) Credit rating of quoted bonds by Moody’s

| | Fair Value (S\$) | % of NAV |
|--------------|-----------------------------|---------------------|
| A2 | 81,092,063 | 6.91 |
| A3 | 127,470,114 | 10.86 |
| Aa3 | 51,579,665 | 4.40 |
| Aaa | 36,882,683 | 3.14 |
| Ba2 | 8,657,152 | 0.74 |
| Baa1 | 244,082,086 | 20.80 |
| Baa2 | 175,257,578 | 14.93 |
| Baa3 | 13,602,509 | 1.16 |
| Non-rated | <u>381,921,698</u> | <u>32.55</u> |
| Total | <u>1,120,545,548</u> | <u>95.49</u> |

United SGD Fund

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C) Top Ten Holdings

10 largest holdings as at 30 June 2019

| | Fair Value (S\$) | Percentage of total net assets attributable to unitholders % |
|--|---------------------|--|
| MAS BILL BILLS 08/19 0.00000 | 36,882,683 | 3.15 |
| SSG RESOURCES LTD SR SECURED REGS 10/22 4.25 | 35,542,677 | 3.03 |
| DIB SUKUK LTD SR UNSECURED REGS 06/20 2.921 | 35,220,671 | 3.00 |
| STANDARD CHARTERED PLC SR UNSECURED REGS 01/23 VAR | 34,937,923 | 2.98 |
| MINOR INTERNATIONAL PCL BANK GUARANT REGS 12/99 VAR | 34,881,400 | 2.97 |
| FEDERAL INTERNATIONAL FINANCE SR UNSECURED REGS 05/21 4.125 | 34,380,131 | 2.93 |
| CBD CAYMAN LTD COMPANY GUARANT REGS 11/20 4 | 34,265,793 | 2.92 |
| CHINA MINMETALS CORP SR UNSECURED REGS 12/99 VAR | 34,262,400 | 2.92 |
| QNB FINANCE LTD COMPANY GUARANT REGS 04/20 2.875 | 33,881,589 | 2.89 |
| INDONESIA ASAHAN ALUMINIUM PER SR UNSECURED REGS 11/21 5.23 | 33,815,086 | 2.88 |

United SGD Fund

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

C) Top Ten Holdings (continued)

10 largest holdings as at 30 June 2018

| | Fair Value (S\$) | Percentage of total net assets attributable to unitholders % |
|--|---------------------|--|
| CHINA MINMETALS CORP SR UNSECURED REGS 12/99 VAR | 40,251,158 | 2.97 |
| HYUNDAI CAPITAL SERVICES INC SR UNSECURED REGS 09/20 2.625 | 39,554,970 | 2.92 |
| FEDERAL INTERNATIONAL FINANCE SR UNSECURED REGS 05/21 4.125 | 39,438,878 | 2.91 |
| RHB BANK BHD SR UNSECURED REGS 10/21 2.503 | 39,350,067 | 2.90 |
| KOREA HOUSING FINANCE CORP COVERED REGS 10/21 2 | 38,918,940 | 2.87 |
| SHOUGANG GROUP CO LTD SR UNSECURED REGS 08/20 1.35 | 36,709,212 | 2.71 |
| AXIATA SPV2 BHD SR UNSECURED REGS 11/20 3.466 | 36,656,198 | 2.71 |
| DOOSAN INFRACORE CO LTD BANK GUARANT REGS 07/20 2.5 | 36,166,673 | 2.67 |
| DIB SUKUK LTD SR UNSECURED REGS 06/20 2.921 | 35,025,588 | 2.59 |
| INCITEC PIVOT FINANCE LLC COMPANY GUARANT REGS 12/19 6 | 34,959,497 | 2.58 |

D) Exposure to derivatives

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

| | Contract or underlying principal amount \$ | Positive fair value \$ | % of NAV | Negative fair value \$ | % of NAV |
|----------------------------|--|------------------------------|----------|------------------------------|----------|
| Foreign currency contracts | 1,022,097,469 | 6,602,517 | 0.56 | 812,018 | 0.07 |

United SGD Fund

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D) Exposure to derivatives (continued)

- ii) There was a net realised loss of SGD 1,678,307 on derivative contracts during the financial period from 1 January 2019 to 30 June 2019.
- iii) There was a net unrealised gain of SGD 5,790,499 on outstanding derivative contracts marked to market as at 30 June 2019.

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

Please refer to the Statement of Portfolio.

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

N/A

G) Amount of redemptions and subscriptions for the financial period from 1 January 2019 to 30 June 2019

| | | |
|-------------------------------|-----|-------------|
| Total amount of redemptions | SGD | 315,416,744 |
| Total amount of subscriptions | SGD | 200,650,365 |

H) The amount and terms of related-party transactions for the financial period from 1 January 2019 to 30 June 2019

- i) As at 30 June 2019, the Sub-Fund maintained current accounts with its related party as follows:

State Street Bank and Trust Company, Singapore Branch

| | | |
|------------------------|-----|------------|
| Cash and bank balances | SGD | 22,823,375 |
|------------------------|-----|------------|

- ii) Investment in Initial Public Offerings managed by UOB Group

N/A

- iii) As at 30 June 2019, there was no brokerage income earned by UOB Kay Hian Pte Ltd.

United SGD Fund

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

I) Expense ratios

| | 2019 \$ | 2018 \$ |
|------------------------------------|--------------------|----------------------|
| Class A (Acc) SGD | | |
| Total operating expenses | 5,340,329 | 7,145,400 |
| Average daily net asset value | <u>866,729,070</u> | <u>1,031,461,160</u> |
| Expense ratio | <u>0.62%</u> | <u>0.69%</u> |
| Class A (Dist) SGD | | |
| Total operating expenses | 1,359,676 | 1,452,225 |
| Average daily net asset value | <u>222,441,822</u> | <u>210,937,471</u> |
| Expense ratio | <u>0.61%</u> | <u>0.69%</u> |
| Class A (Acc) USD (Hedged) | | |
| Total operating expenses | 143,527 | 169,496 |
| Average daily net asset value | <u>23,297,572</u> | <u>24,616,194</u> |
| Expense ratio | <u>0.62%</u> | <u>0.69%</u> |
| Class A (Dist) USD (Hedged) | | |
| Total operating expenses | 190,550 | 197,101 |
| Average daily net asset value | <u>30,762,009</u> | <u>28,875,890</u> |
| Expense ratio | <u>0.62%</u> | <u>0.68%</u> |
| Class B (Acc) SGD | | |
| Total operating expenses | 389,271 | 788,471 |
| Average daily net asset value | <u>132,238,370</u> | <u>217,514,765</u> |
| Expense ratio | <u>0.29%</u> | <u>0.36%</u> |
| Class S (Dist) SGD* | | |
| Total operating expenses | 28,372 | - |
| Average daily net asset value | <u>15,269,734</u> | - |
| Expense ratio (annualised) | <u>0.61%</u> | - |

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

I) Expense ratios (continued)

| | 2019 \$ | 2018 \$ |
|-------------------------------------|----------------|------------|
| Class S (Dist) USD (Hedged)* | | |
| Total operating expenses | 284 | - |
| Average daily net asset value | <u>221,039</u> | - |
| Expense ratio (annualised) | <u>0.57%</u> | - |

* Current year disclosure for Class S (Dist) SGD is covering the period from 11 March 2019 (date of inception) to 30 June 2019, and for Class S (Dist) USD (Hedged) is covering the period from 10 April 2019 (date of inception) to 30 June 2019

Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratio at 30 June 2019 was based on total operating expenses divided by the average net asset value respectively for the financial period. The total operating expenses do not include (where applicable) brokerage and other transaction 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.

J) Turnover ratios

| | 2019 \$ | 2018 \$ |
|--|----------------------|----------------------|
| Lower of total value of purchases or sales | 878,738,572 | 868,490,042 |
| Average daily net assets value | <u>1,234,717,008</u> | <u>1,495,847,786</u> |
| Turnover ratio | <u>71.17%</u> | <u>58.06%</u> |

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

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

N/A

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

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

N/A

United SGD Fund

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

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

N/A

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

N/A

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

M) Soft dollar commissions/arrangements

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

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

N/A

United Choice Portfolios II

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

STATEMENT OF TOTAL RETURN

For the half year ended 30 June 2019 (Un-audited)

| | United SGD Fund | |
|---|------------------------|--------------------|
| | 30 June | 30 June |
| | 2019 | 2018 |
| | \$ | \$ |
| Income | | |
| Interest | <u>47,404</u> | <u>19,965</u> |
| Total | <u>47,404</u> | <u>19,965</u> |
| Less: Expenses | | |
| Management fee | 3,659,956 | 4,338,266 |
| Less: Management fee rebate | (4,682) | - |
| Audit fee | 12,181 | 12,100 |
| Registrar fee | 27,796 | 29,589 |
| Valuation fee | 5,455 | 5,454 |
| Custody fee | 70,008 | 98,963 |
| Other expenses | <u>124,324</u> | <u>168,334</u> |
| Total | <u>3,895,038</u> | <u>4,652,706</u> |
| Net income/(losses) | <u>(3,847,634)</u> | <u>(4,632,741)</u> |
| Net gains/(losses) on value of investments and financial derivatives | | |
| Net gains/(losses) on investments | 37,733,018 | 24,604,615 |
| Net gains/(losses) on financial derivatives | 4,112,192 | (26,138,542) |
| Net foreign exchange gains/(losses) | <u>(468,198)</u> | <u>(558,476)</u> |
| | <u>41,377,012</u> | <u>(2,092,403)</u> |
| Total return/(deficit) for the period before income tax | 37,529,378 | (6,725,144) |
| Less: Income tax refund | <u>12,939</u> | <u>-</u> |
| Total return/(deficit) for the period | <u>37,542,317</u> | <u>(6,725,144)</u> |

United Choice Portfolios II

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (Un-audited)

| | United SGD Fund | |
|---|-----------------------------|----------------------|
| | 30 June | 31 December |
| | 2019 | 2018 |
| | \$ | \$ |
| Assets | | |
| Portfolio of investments | 1,130,142,202 | 1,238,089,963 |
| Sales awaiting settlement | 24,515,259 | - |
| Receivables | 9,016,161 | 3,712,541 |
| Cash and bank balances | 22,823,375 | 12,033,648 |
| Financial derivatives at fair value | 6,602,517 | 6,547,004 |
| Total assets | <u>1,193,099,514</u> | <u>1,260,383,156</u> |
| Liabilities | | |
| Purchases awaiting settlement | 10,965,666 | - |
| Payables | 6,326,156 | 4,889,700 |
| Distribution payable | 1,566,116 | 1,381,177 |
| Financial derivatives at fair value | 812,018 | 601,184 |
| Total liabilities | <u>19,669,956</u> | <u>6,872,061</u> |
| Equity | | |
| Net assets attributable to unitholders | <u>1,173,429,558</u> | <u>1,253,511,095</u> |

United Choice Portfolios II

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

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the half year ended 30 June 2019 (Un-audited)

| | United SGD Fund | |
|--|-----------------------------|-----------------------------|
| | 30 June | 31 December |
| | 2019 | 2018 |
| | \$ | \$ |
| Net assets attributable to unitholders at the beginning of the financial period/year | 1,253,511,095 | 1,587,352,599 |
| Operations | | |
| Change in net assets attributable to unitholders resulting from operations | 37,542,317 | 1,135,398 |
| Unitholders' contributions/(withdrawals) | | |
| Creation of units | 200,650,365 | 367,633,949 |
| Cancellation of units | <u>(315,416,744)</u> | <u>(697,252,799)</u> |
| Change in net assets attributable to unitholders resulting from net creation and cancellation of units | (114,766,379) | (329,618,850) |
| Distributions | (2,857,475) | (5,358,052) |
| Total increase/(decrease) in net assets attributable to unitholders | <u>(80,081,537)</u> | <u>(333,841,504)</u> |
| Net assets attributable to unitholders at the end of the financial period/year | <u>1,173,429,558</u> | <u>1,253,511,095</u> |

United Choice Portfolios II

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

STATEMENT OF PORTFOLIO

As at 30 June 2019 (Un-audited)

| | United SGD Fund | | |
|------------------------------------|-----------------|---------------|------------------|
| | Holdings at | Fair value at | Percentage of |
| | 30 June | 30 June | total net assets |
| | 2019 | 2019 | attributable to |
| | | \$ | unitholders at |
| | | | 30 June |
| | | | 2019 |
| | | | % |
| By Geography - Primary | | | |
| Quoted bonds | | | |
| AUSTRALIA | | | |
| BHP BILLITON FINANCE USA LTD | | | |
| COMPANY GUARANT REGS 10/75 VAR | 22,000,000 | 31,037,945 | 2.64 |
| CHINA | | | |
| BEIJING ENVIRONMENT BVI CO LTD | | | |
| COMPANY GUARANT REGS 10/21 5.3 | 21,900,000 | 30,263,335 | 2.58 |
| CHINA MINMETALS CORP SR UNSECURED | | | |
| REGS 12/99 VAR | 25,000,000 | 34,262,400 | 2.92 |
| CHINA OVERSEAS GRAND OCEANS | | | |
| FINANCE COMPANY GUARANT REGS | | | |
| 06/21 4.875 | 23,000,000 | 32,051,708 | 2.73 |
| DIANJIAN HAIYU LTD COMPANY GUARANT | | | |
| REGS 12/99 VAR | 23,100,000 | 30,918,643 | 2.63 |
| ENVISION ENERGY OVERSEAS CAPITAL | | | |
| COMPANY GUARANT REGS 04/21 7.5 | 20,000,000 | 22,588,978 | 1.93 |
| GUANGZHOU METRO INVESTMENT | | | |
| FINANCE COMPANY GUARANT REGS | | | |
| 12/20 3.375 | 19,500,000 | 26,557,780 | 2.26 |
| HUARONG FINANCE 2017 CO LTD | | | |
| COMPANY GUARANT REGS 04/21 3.2 | 33,000,000 | 32,869,719 | 2.80 |
| SHOUGANG GROUP CO LTD SR | | | |
| UNSECURED REGS 08/20 1.35 | 20,900,000 | 32,414,318 | 2.76 |
| SICHUAN RAILWAY INVESTMENT GROUP | | | |
| SR UNSECURED REGS 06/22 3.8 | 10,400,000 | 14,142,100 | 1.21 |
| SINO-OCEAN LAND TREASURE FINANCE | | | |
| COMPANY GUARANT REGS 02/20 4.45 | 10,000,000 | 13,602,509 | 1.16 |
| TEWOO GROUP NO 5 LTD COMPANY | | | |
| GUARANT REGS 12/99 VAR | 22,000,000 | 16,058,446 | 1.37 |
| TIANQI FINCO CO LTD COMPANY | | | |
| GUARANT REGS 11/22 3.75 | 7,000,000 | 8,657,152 | 0.74 |

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STATEMENT OF PORTFOLIO

As at 30 June 2019 (Un-audited)

| | United SGD Fund | | |
|---|--------------------------------|--|--|
| | Holdings at 30 June 2019 | Fair value at 30 June 2019 \$ | Percentage of total net assets attributable to unitholders at 30 June 2019 % |
| By Geography - Primary (continued) | | | |
| Quoted bonds | | | |
| CHINA (continued) | | | |
| WUHAN METRO GROUP CO LTD SR UNSECURED REGS 11/19 2.375 | 19,000,000 | 25,641,785 | 2.19 |
| XI'AN MUNICIPAL INFRASTRUCTURE INVESTMENT SR UNSECURED REGS 06/22 4 | 4,200,000 | 5,678,418 | 0.48 |
| XINGSHENG BVI CO LTD COMPANY GUARANT REGS 09/21 4.5 | 23,200,000 | 32,056,354 | 2.73 |
| YUNNAN ENERGY INVESTMENT OVERSEAS COMPANY GUARANT REGS 11/21 6.25 | 17,000,000 | <u>23,563,187</u> | <u>2.01</u> |
| TOTAL CHINA | | <u>381,326,832</u> | <u>32.50</u> |
| HONG KONG | | | |
| ANHUI TRANSPORTATION HOLDING HONG KONG COMPANY GUARANT REGS 09/21 4.875 | 18,000,000 | 24,905,597 | 2.12 |
| MCC HOLDING HONG KONG CORP LTD COMPANY GUARANT REGS 12/99 VAR | 16,000,000 | <u>22,014,557</u> | <u>1.88</u> |
| TOTAL HONG KONG | | <u>46,920,154</u> | <u>4.00</u> |
| INDONESIA | | | |
| FEDERAL INTERNATIONAL FINANCE SR UNSECURED REGS 05/21 4.125 | 25,000,000 | 34,380,131 | 2.93 |

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As at 30 June 2019 (Un-audited)

| | United SGD Fund | | |
|---|--------------------------------|--|--|
| | Holdings at 30 June 2019 | Fair value at 30 June 2019 \$ | Percentage of total net assets attributable to unitholders at 30 June 2019 % |
| By Geography - Primary (continued) | | | |
| Quoted bonds | | | |
| INDONESIA (continued) | | | |
| INDONESIA ASAHAN ALUMINIUM PER SR UNSECURED REGS 11/21 5.23 | 23,700,000 | <u>33,815,086</u> | <u>2.88</u> |
| TOTAL INDONESIA | | <u>68,195,217</u> | <u>5.81</u> |
| JAPAN | | | |
| MIZUHO FINANCIAL GROUP CAYMAN 2 COMPANY GUARANT REGS 07/22 4.2 | 14,029,000 | 19,596,360 | 1.67 |
| MALAYSIA | | | |
| AXIATA SPV2 BHD SR UNSECURED REGS 11/20 3.466 | 22,000,000 | 30,128,746 | 2.57 |
| SSG RESOURCES LTD SR SECURED REGS 10/22 4.25 | 25,300,000 | <u>35,542,677</u> | <u>3.03</u> |
| TOTAL MALAYSIA | | <u>65,671,423</u> | <u>5.60</u> |
| QATAR | | | |
| QNB FINANCE LTD COMPANY GUARANT REGS 04/20 2.875 | 25,000,000 | 33,881,589 | 2.89 |
| SINGAPORE | | | |
| ASCENDAS PTE LTD SR UNSECURED REGS 03/21 2.965 | 10,000,000 | 10,049,591 | 0.86 |
| CAPITALAND TREASURY LTD COMPANY GUARANT REGS 09/22 4.076 | 12,455,000 | 17,468,157 | 1.49 |
| CITIC ENVIROTECH LTD SR UNSECURED REGS 12/99 VAR | 23,750,000 | 23,372,687 | 1.99 |

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As at 30 June 2019 (Un-audited)

| | United SGD Fund | | |
|---|--------------------------------|--|--|
| | Holdings at 30 June 2019 | Fair value at 30 June 2019 \$ | Percentage of total net assets attributable to unitholders at 30 June 2019 % |
| By Geography - Primary (continued) | | | |
| Quoted bonds | | | |
| SINGAPORE (continued) | | | |
| FCOT TREASURY PTE LTD COMPANY GUARANT REGS 02/20 2.625 | 10,000,000 | 10,000,507 | 0.85 |
| FRASERS PROPERTY TREASURY PTE COMPANY GUARANT REGS 07/21 2.5 | 20,000,000 | 25,848,937 | 2.21 |
| KEPPEL LAND FINANCIAL SERVICES COMPANY GUARANT REGS 12/19 3.259 | 15,000,000 | 20,333,276 | 1.73 |
| MAPLETREE TREASURY SERVICES LTD COMPANY GUARANT REGS 06/21 2.888 | 19,500,000 | 19,727,545 | 1.68 |
| MAS BILL BILLS 08/19 0.00000 | 37,000,000 | 36,882,683 | 3.15 |
| METRO HOLDINGS LTD/SINGAPORE SR UNSECURED REGS 10/21 4 | 15,000,000 | 15,168,900 | 1.29 |
| QUE CT TREASURY PTE LTD COMPANY GUARANT REGS 09/20 3.03 | 10,250,000 | 10,223,348 | 0.87 |
| SOUTH BEACH CONSORTIUM PTE LTD SR SECURED REGS 03/21 2.83 | 11,500,000 | 11,531,937 | 0.98 |
| TOTAL SINGAPORE | | 200,607,568 | 17.10 |
| SOUTH KOREA | | | |
| HYUNDAI CAPITAL SERVICES INC SR UNSECURED REGS 09/20 2.625 | 25,000,000 | 33,807,432 | 2.88 |
| THAILAND | | | |
| MINOR INTERNATIONAL PCL BANK GUARANT REGS 12/99 VAR | 25,000,000 | 34,881,400 | 2.97 |

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STATEMENT OF PORTFOLIO

As at 30 June 2019 (Un-audited)

| | United SGD Fund | | |
|--|--------------------------------|--|--|
| | Holdings at 30 June 2019 | Fair value at 30 June 2019 \$ | Percentage of total net assets attributable to unitholders at 30 June 2019 % |
| By Geography - Primary (continued) | | | |
| Quoted bonds | | | |
| UNITED ARAB EMIRATES | | | |
| BOS FUNDING LTD COMPANY GUARANT REGS 06/20 3.374 | 15,000,000 | 20,392,129 | 1.74 |
| CBD CAYMAN LTD COMPANY GUARANT REGS 11/20 4 | 25,000,000 | 34,265,793 | 2.92 |
| DIB SUKUK LTD SR UNSECURED REGS 06/20 2.921 | 26,000,000 | 35,220,671 | 3.00 |
| FIRST ABU DHABI BANK PJSC SR UNSECURED REGS 04/22 VAR | 13,000,000 | 17,698,076 | 1.51 |
| SIB SUKUK CO III LTD SR UNSECURED REGS 03/20 2.843 | 23,000,000 | <u>31,064,981</u> | <u>2.64</u> |
| TOTAL UNITED ARAB EMIRATES | | <u>138,641,650</u> | <u>11.81</u> |
| UNITED KINGDOM | | | |
| STANDARD CHARTERED PLC SR UNSECURED REGS 01/23 VAR | 25,000,000 | 34,937,923 | 2.98 |
| UNITED STATES | | | |
| JANY SUKUK CO LTD COMPANY GUARANT REGS 09/19 2.844 | 23,000,000 | <u>31,040,055</u> | <u>2.64</u> |
| Accrued interest receivable on quoted bonds | | <u>8,545,654</u> | <u>0.73</u> |
| Total Bonds | | <u>1,129,091,202</u> | <u>96.22</u> |

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As at 30 June 2019 (Un-audited)

| | United SGD Fund | | |
|---|--------------------------------|--|--|
| | Holdings at 30 June 2019 | Fair value at 30 June 2019 \$ | Percentage of total net assets attributable to unitholders at 30 June 2019 % |
| By Geography - Primary (continued) | | | |
| Quoted unit trusts | | | |
| SINGAPORE | | | |
| UNITED SGD PLUS FUND - CLASS A SGD ACC | 1,000,000 | 1,051,000 | 0.09 |
| Portfolio of investments | | 1,130,142,202 | 96.31 |
| Other net assets/(liabilities) | | 43,287,356 | 3.69 |
| Net assets attributable to unitholders | | 1,173,429,558 | 100.00 |

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STATEMENT OF PORTFOLIO

As at 30 June 2019 (Un-audited)

| | United SGD Fund | |
|---|---|---|
| | Percentage of total net assets attributable to unitholders at 30 June 2019 % | Percentage of total net assets attributable to unitholders at 31 December 2018 % |
| By Geography - Primary (Summary) | | |
| Quoted bonds and unit trusts | | |
| Australia | 2.64 | 2.45 |
| China | 32.50 | 32.63 |
| France | - | 0.68 |
| Hong Kong | 4.00 | 6.30 |
| Indonesia | 5.81 | 5.60 |
| Japan | 1.67 | - |
| Malaysia | 5.60 | 6.09 |
| Qatar | 2.89 | 2.69 |
| Singapore | 17.19 | 9.40 |
| South Korea | 2.88 | 5.36 |
| Sweden | - | 3.35 |
| Thailand | 2.97 | 2.94 |
| United Arab Emirates | 11.81 | 12.07 |
| United Kingdom | 2.98 | 3.23 |
| United States | 2.64 | 5.25 |
| Accrued interest receivable on quoted bonds | 0.73 | 0.73 |
| Portfolio of investments | 96.31 | 98.77 |
| Other net assets/(liabilities) | 3.69 | 1.23 |
| Net assets attributable to unitholders | 100.00 | 100.00 |

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As at 30 June 2019 (Un-audited)

| | United SGD Fund | | |
|---|--|--|--|
| | Fair value at 30 June 2019 \$ | Percentage of total net assets attributable to unitholders at 30 June 2019 % | Percentage of total net assets attributable to unitholders at 31 December 2018 % |
| By Industry - Secondary | | | |
| Quoted bonds and unit trusts | | | |
| Communication Services | - | - | 2.93 |
| Consumer Discretionary | 99,916,178 | 8.51 | 9.20 |
| Financials | 412,674,003 | 35.17 | 45.41 |
| Government | 36,882,683 | 3.14 | - |
| Industrials | 197,816,484 | 16.86 | 14.84 |
| Information Technology | 30,128,746 | 2.57 | - |
| Materials | 140,186,901 | 11.94 | 13.43 |
| Real Estate | 151,109,970 | 12.88 | 10.62 |
| Unit Trusts | 1,051,000 | 0.09 | 0.08 |
| Utilities | 51,830,583 | 4.42 | 1.53 |
| Accrued interest receivable on quoted bonds | 8,545,654 | 0.73 | 0.73 |
| Portfolio of investments | 1,130,142,202 | 96.31 | 98.77 |
| Other net assets/(liabilities) | 43,287,356 | 3.69 | 1.23 |
| Net assets attributable to unitholders | 1,173,429,558 | 100.00 | 100.00 |

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