



# United Global Technology Fund

## Semi Annual Report

for the half year ended  
30 June 2020



**United Global Technology Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**MANAGER**

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**DIRECTORS OF UOB ASSET MANAGEMENT LTD**

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**CUSTODIAN / ADMINISTRATOR / REGISTRAR**

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# United Global Technology Fund

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## A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 31 October 1997 Ann Comp Ret
United Global Technology Fund	30.46	26.99	35.31	17.11	16.45	11.83	5.20
Benchmark	27.38	16.41	35.95	22.79	21.21	17.89	8.17

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: Since Inception – Oct 98: 20% Dow Jones ex Japan, 80% NASDAQ Index; Nov 98 – Dec 03: 100% Dow Jones Technology Index; Jan 04 – Feb 17: MSCI World Information Technology Index; 27 Feb 17 - present : MSCI All Country World Information Technology Index.

For the six months ended 30 June 2020, the net asset value of the Fund **increased by 26.99%** against a gain of 16.41% for the benchmark MSCI All Country World Information Technology Index in Singapore Dollar terms. Subsector allocation drove this outperformance though stock selection also added value.

Stock selection in software added value, as did the portfolio's *overweight* position in this subsector, albeit to a lesser extent. In the first quarter, we took advantage of weakness to initiate a position in **CrowdStrike Holdings**. The company has developed a cloud-based security platform that collects and analyses massive amounts of data to rapidly identify and respond to potential attacks. The stock surged after **CrowdStrike Holdings** reported strong quarterly results and rallied further on expectations that demand for end-point security solutions would accelerate as the rise in remote work increases the number of vulnerable devices outside an enterprise's protective firewall. We value **CrowdStrike Holdings'** potential to take share from legacy vendors and with its scale advantages should accrue as more data flows into its artificial-intelligence (AI) models and its efforts to expand into adjacent security and IT markets.

Another of our holdings, **DocuSign** saw its shares rally sharply on expectations that demand for its e-signing solutions would receive a boost as enterprises seek to minimise in-person interactions and limit disruptions following the coronavirus (COVID-19) outbreak. The stock's upward momentum continued after the company reported strong results for its fiscal first quarter ended April 30, 2020, headlined by robust billings growth and customer additions. **DocuSign's** revenue growth in international markets also accelerated. We believe that **DocuSign** stands to benefit from its strong partner relationships and sizable, addressable market as enterprises pursue digital transformations and migrate to cloud-based applications.

**Shopify** has developed a robust e-commerce platform for small to mid-size businesses. The stock surged on mounting evidence that the growth in e-commerce and the urgent need for many businesses to establish an online presence quickly could help to offset some of the headwinds stemming from the coronavirus pandemic. The announcement of a partnership with **Facebook** to support e-commerce on the latter's popular social networks also gave **Shopify's** stock a boost. We believe that a vibrant ecosystem of small to mid-size businesses should remain an important part of the economy on the other side of this crisis and that these companies increasingly will want to sell their goods and services online.

**A) Fund Performance** (continued)

Another selection, **Zoom Video Communications'** stock soared on expectations that adoption and usage of its services would surge as the pandemic prompts people to turn to videoconferencing as an alternative to face-to-face interactions. The upside continued after the company reported strong quarterly results in June, headlined by robust revenue and billings growth as well as expanded free cash flow margins. Management also almost doubled its guidance for full-year revenue. We like the company's medium-term growth prospects and self-service distribution model which helps to control marketing expenses while shortening the sales cycle.

Internet selections also contribute in the portfolio's above-benchmark allocation to this subsector more than offset the drag from stock selection. Shares of **Tencent Holdings** gained ground, lifted by expectations that the virus outbreaks would drive a spike in mobile gaming and consumption of online content as more people stay at home. The company also posted strong first-quarter results, with revenue in gaming and online advertising surprising to the upside. We believe **Tencent Holdings** is one of China's best-positioned mobile internet companies and that its popular social and gaming platforms have significant potential for further monetization. We also like the optionality embedded in **Tencent Holdings'** ancillary business lines which include online payments, internet finance, and cloud services. We acknowledge that increasing tensions between the U.S. and China could lead to volatility in the stock.

In March 2020, we initiated a position in **Sea** on weakness. The stock surged after the Singapore-based company reported encouraging first-quarter results. Highlights included an acceleration in gross merchandise volumes on **Sea's** e-commerce platform and strong top-line growth in its digital entertainment segment, fueled by the ongoing success of Free Fire, a popular mobile video game that the company developed in house. The stock also benefited from investors' enthusiasm for **Sea's** emerging payments platform, a development that could enhance its growth story. We value **Sea's** leverage to its growing internet penetration in emerging markets and believe that the company has the potential to become much larger over time.

Shares of **Amazon.com** rallied on news stories highlighting the pandemic-driven surge in demand for essential products on its e-commerce platform. At the end of April, the company reported strong growth in its first-quarter retail revenue, though heavy investments in its fulfilment and delivery operations weighed on operating profits. In our view, some of these costs should abate as the pandemic subsides and the company wrings out additional efficiencies from its expanded operations. Some of the benefits, however, should persist. We believe the scale and strength of **Amazon.com's** retail and public cloud businesses, coupled with its strong balance sheet and forward-looking management team, give the tech giant the necessary resources to drive innovation and disruption. These core businesses offer leverage to powerful secular growth trends that could accelerate as customers become more comfortable relying on **Amazon.com's** retail site for a wider range of products and enterprises embrace the cloud for business continuity and efficiencies. We continue to monitor regulatory developments as part of our holistic assessment of the stock's risk/reward profile.

Not owning any IT services stocks lifted the portfolio's relative performance. In our view, IT services contains many traditional businesses that could face pressure as enterprises embrace cloud infrastructure and software.

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### A) Fund Performance (continued)

Conversely, hardware detracted the most from relative results, driven by the portfolio's *underweight* position in this subsector. Not owning **Apple** was a source of weakness. In the second quarter, the stock rallied as the market favoured momentum-driven names and looked beyond the difficult economic environment to the potential earnings upside that could occur when the company launches its 5G-enabled smartphones. Our decision to stand aside on **Apple** reflected what we regard as a demanding valuation and our preference for businesses that we believe can sustain higher levels of growth in the coming years. **Pure Storage's** stock plunged in March on concerns that the virus outbreak could lead to significant disruptions because of the company's focus on storage hardware and its high-touch sales model. While we appreciate **Pure Storage's** technology leadership in flash storage and potential to take share from legacy players, we exited this position in favor of other investment ideas.

As at end June 2020, the Fund was positioned as follows:

#### By Sector

**Information Technology** (62.94%), **Communication Services** (17.05%), **Consumer Discretionary** (16.06%) and **Industrials & Business Services** (1.74%), with the remainder held in cash (2.21%).

#### By Country

**United States** (71.04%), **China** (8.25%), **Netherlands** (3.62%), **Canada** (3.20%), **Singapore** (3.20%), **Germany** (2.71%), **South Korea** (2.48%), **Japan** (1.05%) and others (2.24%), with the remainder held in cash (2.21%).

### Economic and Market Review

Global equities lost ground over the six months ended June 30, 2020. While markets broadly began to gain strength towards the end of 2019 before reaching new highs in February; the momentum dived sharply with the onset of the novel coronavirus (COVID-19) pandemic, initially with major outbreaks in **China, South Korea, Italy**, and **Iran** before spreading to other countries. The sell-off intensified in March amid fears that panic, shelter-in-place orders and restrictions to travel would see economic activities grind to a standstill sparking a global recession.

Equities were able to stage a roaring comeback in April, May and June, as extraordinary stimulus measures enacted by central banks and governments, initial success in slowing the virus spread in many countries and optimism over potential vaccines. Nevertheless, volatility increased toward the end of the period as cases continued to rise in some US states and the southern hemisphere which cast doubts on the strength and resilience of the economic recovery.

Nearly all developed markets lost ground over the period, with the exceptions of **Denmark** and **New Zealand**. US equities held up better than stocks in Europe and Asia but still ended the period lower despite clawing back losses sustained during the March sell-offs. Emerging markets underperformed developed markets, with the greatest losses concentrated in **Latin America**. In emerging Asia, **China** was the sole country to turn in positive returns due to its success in containing the virus outbreak. Sector performance in the MSCI World Index was mostly negative. **Energy, Financials**, and **Real Estate** were the worst performers while **Information Technology** posted the strongest returns.

**A) Fund Performance** (continued)

**Outlook and Fund Strategy**

Given the current uncertainties due to the unpredictable nature of the virus, we do not have an edge in predicting the timing or shape of an economic recovery. Instead, we continue to lean on our extensive global research platform to identify investment ideas we believe stand to benefit from key secular trends and offer what we regard as compelling risk/reward profiles over a two- to three-year horizon. To this end, we have focused on tech companies we believe have the potential to do well in the current environment and enjoy sustainable tailwinds on the other side of the cycle.

The portfolio is not without exposure to potential cyclical upside, primarily in semiconductors. However, we remain selective in this subsector, focusing on names that have strong balance sheets and enough liquidity to limit the risk of dilutive capital raises. Here, we take comfort in investing in companies that we expect to be on the right side of change as demand for semiconductors increases and broadens.

We believe that the powerful, secular growth trends that we favour remains in place. We will continue to invest opportunistically, using our rigorous, bottom-up research to identify and take advantage of stocks with compelling risk/rewards.

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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
Luxembourg	9,725,086	99.06
Portfolio of investments	9,725,086	99.06
Other net assets/(liabilities)	92,261	0.94
<b>Total</b>	<b>9,817,347</b>	<b>100.00</b>

**ii) Industry**

N/A

**iii) Asset Class**

	Fair Value (S\$)	% of NAV
Quoted unit trusts	9,725,086	99.06
Other net assets/(liabilities)	92,261	0.94
<b>Total</b>	<b>9,817,347</b>	<b>100.00</b>

**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 %
T. ROWE PRICE FUNDS SICAV - GLOBAL TECHNOLOGY EQUITY FUND	9,725,086	99.06

There was only 1 holding as at 30 June 2020.



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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 %
T. ROWE PRICE FUNDS SICAV - GLOBAL TECHNOLOGY EQUITY FUND	10,524,117	99.42

There was only 1 holding as at 30 June 2019.

**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 21,281 on derivative contracts during the financial period from 1 January 2020 to 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**

Please refer to the Statement of Portfolio.

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

N/A

**G) Amount of redemptions and subscriptions for the financial period from 1 January 2020 to 30 June 2020**

Total amount of redemptions	SGD	4,822,104
Total amount of subscriptions	SGD	3,557,142

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**H) The amount and terms of related-party transactions for the financial period from 1 January 2020 to 30 June 2020**

i) As at 30 June 2020, the Fund maintained current accounts with its related party as follows:

**State Street Bank and Trust Company, Singapore Branch**

Cash and bank balances	SGD	203,343
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ii) Investment in Initial Public Offerings managed by UOB Group

N/A

iii) As at 30 June 2020, there was no brokerage income earned by UOB Kay Hian Pte Ltd.

**I) Expense ratios**

	2020	2019
	\$	\$
Total operating expenses	<b>256,397</b>	328,789
Average daily net asset value	<b>9,076,042</b>	12,690,318
Investee Fund's expense ratio	<u><b>0.09%</b></u>	<u>0.07%</u>
Expense ratio	<u><b>2.91%</b></u>	<u>2.66%</u>

*Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). This is the sum of the Fund's expense ratio and the Investee Fund's unaudited expense ratio. The unaudited expense ratio of the Investee Fund is obtained from Investee Fund's Manager. The calculation of the Fund's expense ratio at 30 June 2020 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 Fund does not pay any performance fee. The average net asset value is based on the daily balances.*

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**J) Turnover ratios**

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Lower of total value of purchases or sales <sup>#</sup>	<b>397,887</b>	4,237,979
Average daily net assets value	<b><u>8,779,704</u></b>	<u>12,334,706</u>
Turnover ratio	<b><u>4.53%</u></b>	<u>34.36%</u>

<sup>#</sup> There were no purchases during the financial period ended 30 June 2019. Therefore, the total value of sales is used in the calculation of portfolio turnover ratio.

*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")<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

10 largest holdings as at 30 June 2020

	<b>T. Rowe Price Funds SICAV - Global Technology Equity Fund</b>	
	<b>Percentage of total net assets attributable to unitholders</b>	
	<b>Fair Value (US\$)</b>	<b>%</b>
AMAZON.COM INC	62,480,884	6.11
ALIBABA GROUP HOLDING LTD ADR	60,749,385	5.94
NETFLIX INC	45,114,340	4.41
FACEBOOK INC	37,227,934	3.64
SALESFORCE.COM INC	37,134,356	3.63
SHOPIFY INC	32,977,526	3.23
SEA LTD	32,933,212	3.22
WORKDAY INC	31,992,645	3.13
ATLASSIAN CORP PLC	30,592,420	2.99
SERVICENOW INC	30,064,839	2.94

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

i) Top 10 holdings at fair value and as percentage of NAV as at 30 June 2020 and 30 June 2019 (continued)

10 largest holdings as at 30 June 2019

	T. Rowe Price Funds SICAV - Global Technology Equity Fund	
	Fair Value (US\$)	Percentage of total net assets attributable to unitholders %
FACEBOOK INC	103,707,416	10.46
ALIBABA GROUP HOLDING LTD ADR	100,256,068	10.11
INTUIT INC	58,925,029	5.94
TENCENT HOLDINGS LTD	54,725,845	5.52
MICROCHIP TECHNOLOGY INC	48,374,198	4.88
AMAZON.COM INC	47,675,866	4.81
NETFLIX INC	46,673,288	4.71
SALESFORCE.COM INC	46,355,747	4.68
WORKDAY INC	45,460,815	4.58
ASML HOLDING NV	42,076,592	4.24

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

**T. Rowe Price Funds SICAV - Global Technology Equity Fund**

30 June 2020	0.09%
30 June 2019	0.07%

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

**T. Rowe Price Funds SICAV - Global Technology Equity Fund**

30 June 2020	82.83%
30 June 2019	334.96%

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

**M) Soft dollar commissions/arrangements**

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

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

N/A

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**STATEMENT OF TOTAL RETURN**

For the half year ended 30 June 2020 (Un-audited)

	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>
<b>Income</b>		
Interest	<u>27</u>	<u>276</u>
<b>Total</b>	<u>27</u>	<u>276</u>
<b>Less: Expenses</b>		
Management fee	<b>76,366</b>	107,053
Trustee fee	<b>2,476</b>	2,486
Audit fee	<b>6,984</b>	6,961
Registrar fee	<b>7,458</b>	7,572
Valuation fee	<b>5,455</b>	7,647
Custody fee	<b>7,147</b>	1,805
Other expenses	<u><b>20,638</b></u>	<u>22,361</u>
<b>Total</b>	<u><b>126,524</b></u>	<u>155,885</u>
<b>Net income/(losses)</b>	<u><b>(126,497)</b></u>	<u>(155,609)</u>
<b>Net gains/(losses) on value of investments and financial derivatives</b>		
Net gains/(losses) on investments	<b>2,084,684</b>	2,647,167
Net gains/(losses) on financial derivatives	<b>(21,281)</b>	747
Net foreign exchange gains/(losses)	<u><b>29,552</b></u>	<u>(2,556)</u>
	<u><b>2,092,955</b></u>	<u>2,645,358</u>
<b>Total return/(deficit) for the financial period</b>	<u><b>1,966,458</b></u>	<u>2,489,749</u>

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**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020 (Un-audited)

	<b>30 June 2020 \$</b>	31 December 2019 \$
<b>Assets</b>		
Portfolio of investments	<b>9,725,086</b>	9,079,527
Receivables	<b>83,457</b>	25,138
Cash and bank balances	<u><b>203,343</b></u>	<u>170,117</u>
<b>Total assets</b>	<u><b>10,011,886</b></u>	<u>9,274,782</u>
<b>Liabilities</b>		
Payables	<u><b>194,539</b></u>	<u>158,931</u>
<b>Total liabilities</b>	<u><b>194,539</b></u>	<u>158,931</u>
<b>Equity</b>		
<b>Net assets attributable to unitholders</b>	<u><b>9,817,347</b></u>	<u>9,115,851</u>

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**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS**

For the half year ended 30 June 2020 (Un-audited)

	<b>30 June 2020 \$</b>	31 December 2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>9,115,851</b>	11,996,626
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>1,966,458</b>	3,118,987
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>3,557,142</b>	2,096,988
Cancellation of units	<u><b>(4,822,104)</b></u>	<u>(8,096,750)</u>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(1,264,962)</b>	(5,999,762)
Total increase/(decrease) in net assets attributable to unitholders	<u><b>701,496</b></u>	<u>(2,880,775)</u>
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<u><b>9,817,347</b></u>	<u>9,115,851</u>



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**STATEMENT OF PORTFOLIO**

As at 30 June 2020 (Un-audited)

	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 Geography - Primary</b>			
<b>Quoted unit trusts</b>			
<b>LUXEMBOURG</b>			
T. ROWE PRICE FUNDS SICAV - GLOBAL TECHNOLOGY EQUITY FUND	356,034	<u>9,725,086</u>	<u>99.06</u>
<b>Portfolio of investments</b>		<b>9,725,086</b>	<b>99.06</b>
<b>Other net assets/(liabilities)</b>		<u><b>92,261</b></u>	<u><b>0.94</b></u>
<b>Net assets attributable to unitholders</b>		<u><b>9,817,347</b></u>	<u><b>100.00</b></u>

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**STATEMENT OF PORTFOLIO**

As at 30 June 2020 (Un-audited)

	<b>Percentage of total net assets attributable to unitholders at 30 June 2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2019 %</b>
<b>By Geography - Primary (Summary)</b>		
<b>Quoted unit trusts</b>		
Luxembourg	<u>99.06</u>	<u>99.60</u>
<b>Portfolio of investments</b>	<b>99.06</b>	99.60
<b>Other net assets/(liabilities)</b>	<u>0.94</u>	<u>0.40</u>
<b>Net assets attributable to unitholders</b>	<u><b>100.00</b></u>	<u>100.00</u>

As the Fund is invested wholly into quoted unit trusts, it is not meaningful to classify the investments into industry segment.



