



# United Global Financials Fund

## Annual Report

for the financial year ended  
30 June 2020



## **United Global Financials Fund**

(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 Global Financials Fund

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

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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 12 July 1996 Ann Comp Ret
United Global Financials Fund	11.03	-25.07	-20.89	-5.11	-0.15	4.28	3.73
Benchmark	10.62	-20.14	-13.43	-3.27	1.60	5.80	3.46

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: Jul 96 – May 20: MSCI World Financials Index; Jun 20 - Present: MSCI AC World Financials Index.

For the 12 months ended 30 June 2020, the Fund **fell by 20.89%**, while the benchmark MSCI AC World Financials Index declined by 13.43% in Singapore Dollar terms.

The underperformance against the benchmark was mainly due to weak security selection within the **Financials** sector, while the off-benchmark allocation to **Information Technology** sector contributed positively to performance.

Top positive relative contributors to returns were **Robeco New World Financials I USD Fund**, **Mastercard Inc**, **Visa Inc**, **State Street Corp** and **T. Rowe Price Group Inc**.

Key detractors were **Bank of Ireland Group Plc**, **PT Bank Negara Indonesia (Persero)**, **Banco Santander SA**, **Banco Bilbao Vizcaya Argentaria, SA** and **PT Bank Rakyat Indonesia (Persero)**.

The Investee Fund's geographical allocation as at end June 2020: **United States** (40.21%), **Netherlands** (7.77%), **Germany** (5.69%), **United Kingdom** (5.67%), **India** (3.74%), **China** (2.89%), **Switzerland** (2.86%), **Russia** (2.21%), others (27.42%) and in cash (1.54%).

## Economic and Market Review

For the one-year period ended 30 June 2020, the MSCI AC World Finance Index returned -13.43%, underperforming the broader MSCI AC World Index which rose 5.29% in Singapore Dollar terms.

The third quarter of 2019 saw the **US** Federal Reserve (Fed) cut interest rates in July, September and October to extend the **US** economic expansion amid a slowdown in growth and global trade uncertainties. The European Central Bank (ECB) also followed suit with the unveiling of an economic stimulus package to bolster the Eurozone economy which included an open-ended asset purchase program and more favourable bank lending conditions.

## **A) Fund Performance** (continued)

By the next quarter, waning fears of a recession and forecast of improving global growth for 2020 helped to bolster risk sentiment amid bouts of volatility brought on by geopolitics and trade disputes. However, the **US** cancelled tariffs imposed on **China** that were scheduled to take effect on December 15 in efforts to secure a Phase 1 trade deal which **US** President Donald Trump announced would be signed on 15 January. That helped to lift the mood in global equities markets. **UK** equities also rose after the Conservative Party won the general election which also lifted the gloom over the long drawn uncertainties over the country's departure from the European Union (EU) as well as eliminated concerns over the opposition Labour Party's plans to nationalise large swaths of the economy if it had won.

The first quarter of 2020 saw global equities falling sharply in the wake of the coronavirus (COVID-19) pandemic which caused unprecedented disruption to financial markets and economies overshadowing earlier optimism over a Phase 1 trade deal between the **US** and **China**. Market volatility shot up to extreme levels as liquidity plunged to record lows. In response, global central banks spearheaded by the **US** Federal Reserve (Fed) unveiled massive monetary policies while many governments launched fiscal packages in efforts to mitigate the financial stress and economic fallout from the pandemic. The European Union (EU) suspended budget and borrowing rules to give members more fiscal flexibility to deal with the crisis. The price of oil had meanwhile plunged to its lowest level since 2002, as the world's largest oil producers failed to agree on cutting output as demand collapsed. The **United Kingdom** officially departed the EU on January 31, and discussions about a new UK-EU trade agreement was delayed as pandemic situations worsened.

Buoyed by the liquidity injected into the global financial system, global equities began to rally during the second quarter of 2020 with optimism also fuelled by promise of a potential coronavirus vaccine and signs of economic activities rebounding as pandemic lockdowns were eased in phases. That was however tempered by rising cases in the US, while India and much of Latin America struggled to bring the virus under control. The European Commission (EC) announced a proposed €750 billion recovery fund to provide grants and loans to Eurozone economies devastated by the coronavirus pandemic. Tensions between the **US** and **China** escalated during the quarter after **China's** decision to impose a national security law in **Hong Kong** which led to retaliatory responses from the **US** and raised concerns over the city's status as a global financial centre. Oil prices which had plummeted to historic lows in April due to a pandemic-induced collapse in demand rebounded later in the quarter as the global economy showed signs of recovery.

## **Outlook and Fund Strategy**

After the sell-off in March and rebound from April to June, we saw on average relatively attractive valuations which presented many interesting investment opportunities. The economic outlook remains uncertain due to the different paths to economic recovery among various countries and economies amid the prospects of significantly higher debt levels. The trend towards deglobalisation including moves to locate more supplies, inventories and manufacturing closer to home may will lead to higher inflation. There are also questions as to whether global central banks can keep on expanding their balance sheets or if long-term interest rates will have to go up at some point. All these uncertainties and the need to rebalance investments can only lead to increased volatility. We can only hope those forces will find new equilibriums in a gradual and controlled manner.

**A) Fund Performance** (continued)

We do firmly believe that the recessionary conditions will pass and growth will return with longer-term fundamentals intact. Looking at global financials and fintech, we believe that the three main trends, digital finance, emerging finance and aging finance are firmly in place. Our investment process focuses on long-term growth and companies which can capitalise on these trends. While it is difficult to call the exact bottom right now as that will depend on multiple factors, we will continue to invest the money which is entrusted with us in the same way as we have always done, fully invested and with no material changes to beta over time.

**United Global Financials Fund**  
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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	13,678,349	99.32
Portfolio of investments	13,678,349	99.32
Other net assets/(liabilities)	93,576	0.68
<b>Total</b>	<b>13,771,925</b>	<b>100.00</b>

**ii) Industry**

N/A

**iii) Asset Class**

	Fair Value (S\$)	% of NAV
Quoted unit trusts	13,678,349	99.32
Other net assets/(liabilities)	93,576	0.68
<b>Total</b>	<b>13,771,925</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 %
ROBECO NEW WORLD FINANCIALS I USD	13,678,349	99.32

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 %
BANK OF IRELAND GROUP PLC	1,256,920	5.08
BANCO SANTANDER SA	1,241,680	5.02
UBS GROUP AG	1,239,441	5.01
MASTERCARD INC	1,234,741	4.99
BANCO BILBAO VIZCAYA ARGENTARIA SA	1,231,071	4.98
VISA INC	1,214,722	4.91
PNC FINANCIAL SERVICES GROUP INC	1,002,958	4.05
US BANCORP	992,524	4.01
WELLS FARGO & CO	896,302	3.62
BANK OF AMERICA CORP	882,800	3.57

**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 23,359 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**

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 year ended 30 June 2020**

Total amount of redemptions	SGD	9,224,420
Total amount of subscriptions	SGD	1,488,317

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

Please refer to Note 10 of the Notes to the Financial Statements.

**I) Expense ratios**

Please refer to Note 11 of the Notes to the Financial Statements.

**J) Turnover ratios**

Please refer to Note 11 of the Notes to the Financial Statements.

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

N/A

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

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

	<b>Robeco New World Financials I USD</b>	
	<b>Fair Value (EUR)</b>	<b>Percentage of total net assets attributable to unitholders %</b>
ROBECO FINTECH - Z EUR	29,321,041	4.24
CITIGROUP INC	25,023,372	3.61
ALLIANZ SE	20,902,400	3.02
PING AN INSURANCE GROUP CO OF CHINA LTD	20,031,780	2.89
DEUTSCHE BOERSE AG	18,520,750	2.67
PRUDENTIAL PLC	18,431,826	2.66
INTERCONTINENTAL EXCHANGE INC	18,350,176	2.65
MORGAN STANLEY	16,126,519	2.33
PAYPAL HOLDINGS INC	15,512,621	2.24
SBERBANK OF RUSSIA PJSC PREFERENCE	15,340,051	2.21

There were no investments of another scheme held by the Fund that are more than 30% of its NAV as at 30 June 2019.

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

**Robeco New World Financials I USD**

30 June 2020 0.90%

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

**Robeco New World Financials I USD**

30 June 2020 44.95%

<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

## **REPORT OF THE TRUSTEE**

The Trustee is under a duty to take into custody and hold the assets of United Global Financials Fund (the "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 Fund during the financial year covered by these financial statements, set out on pages 15 to 42, 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

**United Global Financials Fund**  
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**STATEMENT BY THE MANAGER**

In the opinion of UOB Asset Management Ltd, the accompanying financial statements set out on pages 15 to 42, 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 United Global Financials Fund (the "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 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 UNITED GLOBAL FINANCIALS FUND**

### ***Our Opinion***

In our opinion, the accompanying financial statements of United Global Financials Fund (the "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 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 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 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.

### ***Other Information***

The 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL FINANCIALS FUND**

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 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 Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

### ***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.

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL FINANCIALS FUND**

- 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 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 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 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.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 23 September 2020



**United Global Financials Fund**  
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**STATEMENT OF TOTAL RETURN**

For the financial year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Income</b>			
Dividends		482,138	753,192
Interest		<u>108</u>	<u>149</u>
<b>Total</b>		<u>482,246</u>	<u>753,341</u>
<b>Less: Expenses</b>			
Management fee	10	280,269	426,876
Less: Management fee rebate		(2,206)	-
Trustee fee	10	6,542	9,797
Audit fee		13,226	13,236
Registrar fee	10	15,000	15,000
Valuation fee	10	23,356	35,573
Custody fee	10	23,883	33,473
Transaction costs		33,436	53,825
Other expenses		<u>70,056</u>	<u>10,884</u>
<b>Total</b>		<u>463,562</u>	<u>598,664</u>
<b>Net income/(losses)</b>		<u>18,684</u>	<u>154,677</u>
<b>Net gains/(losses) on value of investments and financial derivatives</b>			
Net gains/(losses) on investments		(3,107,595)	476,893
Net gains/(losses) on financial derivatives		(23,359)	(17,269)
Net foreign exchange gains/(losses)		<u>(12,512)</u>	<u>(6,678)</u>
		<u>(3,143,466)</u>	<u>452,946</u>
<b>Total return/(deficit) for the financial year before income tax</b>		<b>(3,124,782)</b>	607,623
Less: Income tax	3	(104,957)	(157,537)
Less: Capital gains tax refund	3	<u>2,488</u>	<u>1,160</u>
<b>Total return/(deficit) for the financial year</b>		<u><b>(3,227,251)</b></u>	<u>451,246</u>

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

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

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**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>Assets</b>			
Portfolio of investments		<b>13,678,349</b>	24,604,829
Sales awaiting settlement		<b>138,140</b>	20,821
Receivables	4	<b>48,269</b>	116,437
Cash and bank balances		<u><b>133,134</b></u>	<u>408,365</u>
<b>Total assets</b>		<u><b>13,997,892</b></u>	<u>25,150,452</u>
<b>Liabilities</b>			
Payables	5	<b>225,967</b>	415,139
Financial derivatives at fair value	6	<u>-</u>	<u>34</u>
<b>Total liabilities</b>		<u><b>225,967</b></u>	<u>415,173</u>
<b>Equity</b>			
<b>Net assets attributable to unitholders</b>	7	<u><b>13,771,925</b></u>	<u>24,735,279</u>

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

**United Global Financials Fund**  
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**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS**

For the financial year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>24,735,279</b>	33,423,223
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>(3,227,251)</b>	451,246
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>1,488,317</b>	2,684,204
Cancellation of units		<b>(9,224,420)</b>	(11,823,394)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(7,736,103)</b>	(9,139,190)
Total increase/(decrease) in net assets attributable to unitholders		<b>(10,963,354)</b>	(8,687,944)
<b>Net assets attributable to unitholders at the end of the financial year</b>	7	<b>13,771,925</b>	24,735,279

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

**United Global Financials Fund**  
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**STATEMENT OF PORTFOLIO**

As at 30 June 2020

	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>			
ROBECO NEW WORLD FINANCIALS I USD	70,605	<u>13,678,349</u>	<u>99.32</u>
<b>Portfolio of investments</b>		<b>13,678,349</b>	<b>99.32</b>
<b>Other net assets/(liabilities)</b>		<u><b>93,576</b></u>	<u><b>0.68</b></u>
<b>Net assets attributable to unitholders</b>		<u><b>13,771,925</b></u>	<u><b>100.00</b></u>

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

**United Global Financials Fund**  
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**STATEMENT OF PORTFOLIO**

As at 30 June 2020

	<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 Geography - Primary (Summary)</b>		
<b>Quoted equities and unit trusts</b>		
Australia	-	1.30
Brazil	-	1.02
Canada	-	3.19
Colombia	-	1.95
Czech Republic	-	1.00
India	-	3.02
Indonesia	-	5.88
Ireland	-	5.08
Luxembourg	<b>99.32</b>	-
Mexico	-	1.98
Peru	-	2.00
Poland	-	1.01
Spain	-	10.90
Switzerland	-	10.17
Thailand	-	1.63
United Kingdom	-	2.45
United States	-	46.89
<b>Portfolio of investments</b>	<b>99.32</b>	99.47
<b>Other net assets/(liabilities)</b>	<b>0.68</b>	0.53
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

**United Global Financials Fund**  
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**STATEMENT OF PORTFOLIO**

As at 30 June 2020

	Fair value at 30 June 2020 \$	Percentage of total net assets attributable to unitholders at 30 June 2020 %	Percentage of total net assets attributable to unitholders at 30 June 2019 %
<b>By Industry - Secondary</b>			
<b>Quoted equities and unit trusts</b>			
Financials	-	-	89.19
Information Technology	-	-	10.28
Unit Trusts*	<u>13,678,349</u>	<u>99.32</u>	<u>-</u>
<b>Portfolio of investments</b>	<u>13,678,349</u>	<u>99.32</u>	99.47
<b>Other net assets/(liabilities)</b>	<u>93,576</u>	<u>0.68</u>	0.53
<b>Net assets attributable to unitholders</b>	<u>13,771,925</u>	<u>100.00</u>	100.00

\* As the Fund is invested wholly into quoted unit trusts as of 30 June 2020, it is not meaningful to classify the investments into industry segment.

## **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**

United Global Financials Fund (the “Fund”) is a Singapore-registered trust fund constituted under a Trust Deed 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 Fund is included by the Central Provident Fund (“CPF”) Board under the CPF Investment Scheme (“CPFIS”) - Ordinary account for subscription by unitholders using their CPF monies. However, unitholders should note that the Fund is included under List B of the CPFIS funds. Funds included in List B of CPFIS are not allowed to accept new CPF monies.

The primary activity of the Fund is that of investment trading. The Fund's investment objective is to achieve long-term capital appreciation by investing, primarily, in securities issued by banks, finance companies, insurers and other corporations which carry on the business of financial services or which derive their revenues from subsidiaries carrying on the business of banking and/or financial services. With effect from 1 June 2020, the Fund changed its investment focus and approach to investing all or substantially all of the Fund's assets into Class I USD Shares of Robeco New World Financials (the “Investee Fund”), a sub-fund of Robeco Capital Growth Funds.

The management company of the Investee Fund is Robeco Luxembourg S.A. (the “Management Company”). The Management Company is part of ORIX Corporation Europe N.V.. The Management Company has delegated its investment management services to Robeco Institutional Asset Management B.V. (the ‘Investment Adviser’).

Subscriptions and redemptions of the units are denominated in the Singapore Dollar and the United States Dollar. Investors may subscribe in the United States Dollar at the applicable rate of exchange from 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

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

#### **(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.

##### *(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 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.

The fair value of investments held in Investee Funds is the quoted net asset value of the Investee Funds as determined by the Investee Funds' administrator. Net changes in fair value of investments are included in the Statement of Total Return in the year in which they arise.



## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

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

#### **(e) Foreign currency translation**

##### *(i) Functional and presentation currency*

The performance of the 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 Fund operates. The financial statements are presented in the Singapore Dollar, which is the 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".

#### **(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.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

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

#### **(j) Expenses charged to the Fund**

All direct expenses relating to the Fund are charged directly to the Statement of Total Return.

#### **(k) Management fee rebates**

The management fees charged on investments in Investee Funds managed by Robeco Institutional Asset Management are rebated to the Fund.

#### **(l) 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.

#### **(m) 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 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.

#### **(n) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 2 Significant accounting policies (continued)

#### (o) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Fund considers all of its investments in another fund ("Investee Fund") to be investments in unconsolidated structured entities. The Fund invests in an Investee Fund whose objective is to achieve long-term capital appreciation by investing in companies that are believed to be innovative and beneficiaries of innovation and trend. The Investee Fund is managed by unrelated asset managers and the Investee Fund applies various investment strategies to accomplish its investment objective. The Investee Fund finances its operations by issuing redeemable shares which are puttable at the holder's option and entitles the holder to a proportional stake in the respective fund's net assets. The Fund holds redeemable shares in the Investee Fund.

The change in fair value of the Investee Fund is included in the Statement of Total Return within "Net gains/losses on investments".

### 3 Income tax

	2020 \$	2019 \$
Overseas income tax	104,957	157,537
Capital gains tax refund	(2,488)	(1,160)

The Fund was granted the status of Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfills its reporting obligations under the DUT Scheme.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 3 Income tax (continued)

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

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

Capital gains tax represents tax on capital gains sourced from India.

The 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 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 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 4 Receivables

	2020	2019
	\$	\$
Amounts receivable for creation of units	12,170	6,816
Dividends receivable	-	36,881
Management fee rebate receivable	2,206	-
Other receivables	<u>33,893</u>	<u>72,740</u>
	<u>48,269</u>	<u>116,437</u>

### 5 Payables

	2020	2019
	\$	\$
Amount payable for cancellation of units	137,443	270,887
Amount due to the Manager	52,999	105,664
Amount due to Trustee	2,804	2,276
Tax payables	-	11,841
Other creditors and accrued expenses	<u>32,721</u>	<u>24,471</u>
	<u>225,967</u>	<u>415,139</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 6 Fair value of financial derivatives

Financial derivatives contracts comprise of foreign currency contracts for the sale and purchase of foreign currencies. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at the financial year end date are analysed below.

		2019	
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	151,815	-	34

There was no derivative outstanding as at 30 June 2020.

### 7 Units in issue

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

	2020	2019
Units at the beginning of the financial year	<b>8,958,463</b>	12,405,086
Units created	<b>646,433</b>	993,067
Units cancelled	<b>(3,362,495)</b>	(4,439,690)
Units at the end of the financial year*	<b>6,242,401</b>	8,958,463
 *Included above are units denominated in USD	 <b>947,597</b>	 2,060,512
	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders	<b>13,771,925</b>	24,735,279
Net assets value per unit	<b>2.206</b>	2.761

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 7 Units in issue (continued)

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:

	2020 \$	2019 \$
Net assets attributable to unitholders per financial statements per unit	2.206	2.761
Effect of valuation adjustment*	(0.021)	-
Effect of bid/ask price adjustment	-	0.001
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.185</u>	<u>2.762</u>

\* The valuation adjustment was due to the Investee Fund's price as of 30 June 2020 was available at a later date.

### 8 Financial risk management

The 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 Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The 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 Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments, investments into other funds and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve its investment objectives.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### **8 Financial risk management** (continued)

#### **(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 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 Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

##### *(i) Foreign exchange risk*

The 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 Fund.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 8 Financial risk management (continued)

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

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

The tables below summarise the Fund's exposure to foreign currencies at the end of the financial year.

#### As at 30 June 2020

	USD \$	SGD \$	Others \$	Total \$
<b>Assets</b>				
Portfolio of investments	13,678,349	-	-	13,678,349
Sales awaiting settlement	138,140	-	-	138,140
Receivables	8,518	39,751	-	48,269
Cash and bank balances	12,399	120,729	6	133,134
<b>Total Assets</b>	<b>13,837,406</b>	<b>160,480</b>	<b>6</b>	<b>13,997,892</b>
<b>Liabilities</b>				
Payables	9,072	216,895	-	225,967
<b>Total Liabilities</b>	<b>9,072</b>	<b>216,895</b>	<b>-</b>	<b>225,967</b>
<b>Net currency exposure</b>	<b>13,828,334</b>	<b>(56,415)</b>	<b>6</b>	

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

**8 Financial risk management** (continued)

**(a) Market risk** (continued)

*(i) Foreign exchange risk (continued)*

As at 30 June 2019

	USD \$	CHF \$	EUR \$	IDR \$	SGD \$	Others \$	Total \$
<b>Assets</b>							
Portfolio of investments	13,688,820	2,037,681	3,953,682	1,454,128	-	3,470,518	24,604,829
Sales awaiting settlement	-	-	-	20,821	-	-	20,821
Receivables	30,261	-	-	-	74,152	12,024	116,437
Cash and bank balances	13,634	-	4	-	289,120	105,607	408,365
<b>Total Assets</b>	<u>13,732,715</u>	<u>2,037,681</u>	<u>3,953,686</u>	<u>1,474,949</u>	<u>363,272</u>	<u>3,588,149</u>	<u>25,150,452</u>
<b>Liabilities</b>							
Payables	139,344	-	-	-	269,650	6,145	415,139
<b>Total Liabilities</b>	<u>139,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269,650</u>	<u>6,145</u>	<u>415,139</u>
<b>Net Assets</b>	13,593,371	2,037,681	3,953,686	1,474,949	93,622	3,582,004	
Foreign currency contracts (notional value)	130,000	-	-	(20,805)	(108,185)	(1,010)	
<b>Net currency exposure</b>	<u>13,723,371</u>	<u>2,037,681</u>	<u>3,953,686</u>	<u>1,454,144</u>	<u>(14,563)</u>	<u>3,580,994</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 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 8 Financial risk management (continued)

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

##### (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 Fund. The Manager is closely monitoring the development of the COVID-19 outbreak and its related impact.

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 table below summarises the impact of increases/decreases from the Fund's investments in equities and Investee Fund on the Fund's net assets attributable to unitholders at 30 June 2020 and 2019. The analysis is based on the assumption that the index components within the benchmark and the price of the Investee Fund increased/decreased by a reasonable possible shift, with all other variables held constant and that the prices of the Fund's investments and the Investee Fund moved according to the historical correlation with the index.

Benchmark component	Volatility %	2020	Volatility %	2019
		Net impact to net assets attributable to unitholders \$		Net impact to net assets attributable to unitholders \$
MSCI AC World Financials Index (2019: MSCI World Financials Index)	20	2,951,555	20	4,393,535

##### (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 Fund's portfolio investments accordingly. However, the effects of changes in interest rates in the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

### **8 Financial risk management** (continued)

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

##### *(iii) Interest rate risk (continued)*

Other than cash and bank balances which are at short term market interest rates, and therefore subject to insignificant interest rate risk, the Fund's financial assets and liabilities are largely non-interest bearing.

Hence, no sensitivity analysis has been presented separately.

#### **(b) Liquidity risk**

The Fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the 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 Fund's investments in quoted securities are considered to be readily realisable as they are quoted on established regional stock exchanges. The Fund's investments in the Investee Fund are considered to be readily realisable as the net asset value is struck daily, and units are redeemable on demand at the published price.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 8 Financial risk management (continued)

#### (b) Liquidity risk (continued)

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

	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
<b>As at 30 June 2020</b>			
Payables	225,967	-	-

	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 30 June 2019			
Payables	410,511	-	-
Financial derivatives at fair value			
- Foreign currency contracts	34	-	-

The table below analyses the Fund's derivatives financial instruments in a loss position that will be settled on a gross basis into relevant maturity groups based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 30 June 2019			
Financial derivatives at fair value			
- Foreign currency contracts			
- inflow	151,815	-	-
- outflow	(151,849)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 8 Financial risk management (continued)

#### (c) Credit risk

The 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 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.

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 30 June 2020 and 2019.

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

	<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	aa-	aa-
<b>Counterparty of foreign currency contracts</b>		
State Street Bank and Trust Company	n/a*	aa-

\* *The Fund has no exposure to the counterparty as at 30 June 2020*

The custodian of the Investee Fund is J.P. Morgan Bank Luxembourg S.A.. As at 30 June 2020, J.P. Morgan Bank Luxembourg S.A. is rated aa- (30 June 2019: n/a\*) based on the Viability ratings by Fitch.

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 Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

**8 Financial risk management** (continued)

**(e) Fair value estimation**

The 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 tables analyse within the fair value hierarchy, the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2020 and 2019:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 30 June 2020</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted unit trusts	<u>13,678,349</u>	<u>-</u>	<u>-</u>	<u>13,678,349</u>
<b>Total</b>	<u>13,678,349</u>	<u>-</u>	<u>-</u>	<u>13,678,349</u>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 30 June 2019</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted equities	<u>24,604,829</u>	<u>-</u>	<u>-</u>	<u>24,604,829</u>
<b>Total</b>	<u>24,604,829</u>	<u>-</u>	<u>-</u>	<u>24,604,829</u>
<b>Liabilities</b>				
Financial derivatives at fair value	<u>-</u>	<u>34</u>	<u>-</u>	<u>34</u>
<b>Total</b>	<u>-</u>	<u>34</u>	<u>-</u>	<u>34</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

### **8 Financial risk management** (continued)

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

Investments in open-ended investment funds whose net asset values are struck daily, price information is published and readily available and units are subscribed and redeemable on demand at the published price, are classified within Level 1. The quoted price for these financial instruments is not adjusted.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Except for cash and bank balances which are classified as Level 1, the 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 8 Financial risk management (continued)

#### (f) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts of financial liabilities	Gross amounts set off in the Statement of Financial Position	Net amount of financial liabilities presented in the Statement of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
<b>30 June 2020</b>						
Derivative financial instruments	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>30 June 2019</b>						
Derivative financial instruments	34	-	34	-	-	34
<b>Total</b>	34	-	34	-	-	34

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2020

### **9 Structured entities**

The Fund's investments in the Investee Fund are subject to the terms and conditions of the Investee Fund's offering documentation and is susceptible to market price risk arising from uncertainties about the future value of the Investee Fund. The Manager makes investment decisions after extensive due diligence of the Investee Fund, its strategy and the overall quality of the Investee Fund's manager. The Investee Fund's portfolio manager is compensated by the Investee Fund for their services. Such compensation generally consists of an asset based fee and is reflected in the valuation of the Fund's investments in the Investee Fund.

The Fund has the right to request redemption of its investments in the Investee Fund on a daily basis.

The exposure to investments in the Investee Fund at fair value is disclosed under the Statement of Portfolio. The investments are included within "Portfolio of investments" in the Statement of Financial Position.

The Fund's holdings in an Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time, dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that the Fund may, at any point in time, hold a majority of an Investee Fund's total units in issue.

The Fund's maximum exposure to loss from its interests in the Investee Fund is equal to the total fair value of its investments in the Investee Fund.

Once the Fund has disposed of its shares in an Investee Fund, the Fund ceases to be exposed to any risk from it.

**United Global Financials Fund**  
(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

**10 Related party transactions**

(a) The Manager and the Trustee of the 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 valuation fee are paid to the Manager for the financial year. Trustee fee is paid to the Trustee while registrar fee and custody fee are paid to State Street Bank and Trust Company, Singapore Branch.

These fees paid or payable by the 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 Fund maintained the following accounts with the related parties:

	<b>2020</b>	2019
	<b>\$</b>	\$
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Cash and bank balances	<b>133,134</b>	408,365

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

	<b>2020</b>	2019
	<b>\$</b>	\$
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Interest income	<b>108</b>	149
<b>United Overseas Bank Limited</b>		
Bank charges	<b>13,191</b>	15,426

# United Global Financials Fund

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

### 11 Financial ratios

	2020	2019
	\$	\$
Total operating expenses	<b>430,126</b>	544,839
Average daily net asset value	<b>18,627,256</b>	28,466,796
Investee Fund's expense ratio	<b>0.07%</b>	-
Expense ratio <sup>1</sup>	<b>2.38%</b>	1.91%
Lower of total value of purchases or sales	<b>16,265,928</b>	8,317,069
Average daily net assets value	<b>18,627,256</b>	28,466,796
Turnover ratio <sup>2</sup>	<b>87.32%</b>	29.22%

<sup>1</sup> 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 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 Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup> 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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