

United Greater China Fund

Annual Report

for the financial year ended
31 December 2022



Right By You

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

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

Peh Kian Heng

Thio Boon Kiat

Lam Sai Yoke (Appointed 1 February 2022)

Edmund Leong Kok Mun (Appointed 1 February 2022)

Eric Tham Kah Jin (Resigned 31 January 2022)

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 Greater China Fund
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A) Fund Performance

	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 29 May 1997 Ann Comp Ret
Fund Performance/ Benchmark Returns							
United Greater China Fund	5.67	-11.53	-23.85	3.73	1.68	6.65	5.18
Benchmark	5.66	-12.61	-22.74	-3.49	-0.94	5.36	3.88

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: MSCI Golden Dragon.

For the twelve months ended 31 Dec 2022, the net asset value of the Fund **declined 23.85%** (in SGD terms) versus the benchmark MSCI Golden Dragon Index, which fell 22.74%.

As at 31 Dec 2022, the Fund had the following sector allocation: **Information Technology** (21.78%), **Communication Services** (13.44%), **Consumer Discretionary** (12.83%), **Financials** (10.86%), **Industrials** (9.09%), **Consumer Staples** (8.77%), **Materials** (6.80%), **Utilities** (6.26%) and Others (4.56%), with the remainder in cash (5.61%).

The Fund had the following country exposures: **China** (67.61%), **Taiwan** (16.22%), **Hong Kong** (9.49%), **Singapore** (1.07%), and the remainder in cash (5.61%).

On sector allocation, positive selection effect was partially offset by negative allocation and currency effects. Our stock picks in **Industrials**, **Communication Services** and **Real Estate** were the largest contributors to our relative return. On the other hand, our picks in **Materials** and **Utilities** dragged performance.

In terms of stocks, the top contributors to performance included **Bilibili Inc – Class Z**, **Shenzhen Yinghe Technology** and **New Oriental Education & Technology Group**. The key performance detractors were **VisEra Technologies**, **Hua Hong Semiconductor** and **Sino Wealth Electronic**.

Economic and Market Review

In the twelve-month period under review ended 31 December 2022, **China** markets were volatile and were dominated by renewed COVID woes, escalation of geopolitical tension with **US** and **Taiwan** as well as a troubled property market. Nevertheless, the avalanche of government support for **Real Estate** sector provided downside cushion and news of easing epidemic control measures and border reopening were cheered by investors. The Chinese equity markets bottomed out and staged a strong rebound since November.

A) Fund Performance (continued)

President Xi was elected for a third term as the Party leader at the 20th Party Congress, which signals core leadership strengthening and policy continuity. On monetary policy, the PBoC stated that the degree of monetary policy support should be at least on par with 2022 and will be strengthened if necessary. Unless economic growth and inflationary pressure exceeded expectations, we expect liquidity condition to remain accommodative. On fiscal policy, Ministry of Finance vowed proper expansion of fiscal spending and improving tax support policies to support firms in 2023. We see front-loading of infrastructure investments and direct transfers to spur household consumption.

Since mid-December, market turnover has reduced as positive news of **China/HK's** pivot from its 'Zero-COVID policy' to 'living with COVID' was tempered by concerns over the surge in COVID infections and near-term growth headwinds from virus fears. We expect market sentiment to gradually improve after infection cases peaked and consumption should rebound with reopening and the release of excess savings.

Hong Kong economy has been under pressure during the year on the back of weak tourism and moderated exports as it lagged regional counterparts in COVID reopening. Meanwhile, pegged currency regime meant that **Hong Kong's** monetary policy tightened with each **US** rate hike, which dampened domestic demand.

Taiwan's bellwether semiconductor sector has been in a downcycle with deteriorating fundamentals. Economy has slowed as waning global demand hurt exports.

Outlook and Fund Strategy

We are optimistic about the fundamentals and prospects of the Chinese markets and 'A' shares.

The risk/reward has turned more attractive as policy tone becomes more business-friendly and regulatory concerns appear overdone, with upside from a faster-than-expected reopening. Better-than-expected December economic data and Q4 GDP despite higher infection rate after reopening should provide investor confidence. We expect accommodative monetary policy and expansionary fiscal measures to support growth in 2023.

Key downside risks to our more constructive stance on **China** markets include a slower-than-expected recovery in **China's** economy, bigger-than-expected tail risk from the **Real Estate** sector, a drastic increase in debt risk from LGFV (Local Government Financing Vehicles) and a worsening geopolitical rivalry between **US/China**.

We turned positive on **Taiwan** as its relative valuation is compelling whilst growth drag from global semis/hardware downcycle appears largely discounted by the market. In addition, **Taiwan** economy is well-positioned to benefit from **China** reopening.

We upgraded **Hong Kong** from *underweight* to neutral as its lacklustre economic growth looks priced in and the border reopening with **China** should see positive spillover effect benefiting its export and tourism sectors.

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A) Fund Performance (continued)

Key downside risks to our positioning in the **Greater China** markets include escalating geopolitical tension between **China** and **Taiwan**, accelerating semiconductor supply chain relocation, and a severe global recession.

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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2022 under review classified by

i) Country

	Fair Value (S\$)	% of NAV
China	31,821,369	67.61
Hong Kong	4,468,196	9.49
Singapore	504,153	1.07
Taiwan	7,635,068	16.22
Portfolio of investments	44,428,786	94.39
Other net assets/(liabilities)	2,641,223	5.61
Total	47,070,009	100.00

ii) Industry

	Fair Value (S\$)	% of NAV
Communication Services	6,324,906	13.44
Consumer Discretionary	6,038,322	12.83
Consumer Staples	4,127,169	8.77
Financials	5,113,090	10.86
Health Care	1,374,361	2.92
Industrials	4,279,638	9.09
Information Technology	10,254,119	21.78
Materials	3,200,379	6.80
Real Estate	770,251	1.64
Utilities	2,946,551	6.26
Portfolio of investments	44,428,786	94.39
Other net assets/(liabilities)	2,641,223	5.61
Total	47,070,009	100.00

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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2022 under review classified by (continued)

iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted equities	44,428,786	94.39
Other net assets/(liabilities)	2,641,223	5.61
Total	47,070,009	100.00

iv) Credit rating of quoted bonds

N/A

C) Top Ten Holdings

10 largest holdings as at 31 December 2022

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
NEW ORIENTAL EDUCATION & TECHNOLOGY CORP	1,830,659	3.89
BILIBILI INC - CLASS Z	1,594,069	3.39
TOWNGAS SMART ENERGY CO LTD	1,536,508	3.26
DONGFANG ELECTRIC CORP LTD	1,501,112	3.19
HONG KONG EXCHANGES & CLEARING LTD	1,465,992	3.11
YANGTZE OPTICAL FIBRE AND CABLE CO - H	1,443,891	3.07
JOINTO ENERGY INVESTMENT CO LTD	1,410,043	3.00
GEM CO LTD	1,388,038	2.95
SHENZHEN EVERWIN PRECISION TECHNOLOGY CO LTD	1,373,811	2.92
GUANGZHOU GREAT POWER ENERGY AND TECHNOLOGY CO LTD	1,373,764	2.92

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C) Top Ten Holdings (continued)

10 largest holdings as at 31 December 2021

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
HUADIAN POWER INTERNATIONAL CORP LTD - H	2,178,883	3.80
XTEP INTERNATIONAL HOLDINGS LTD	1,986,093	3.47
CHROMA ATE INC	1,802,926	3.15
CTBC FINANCIAL HOLDING CO LTD	1,777,865	3.10
TECO ELECTRIC AND MACHINERY CO LTD	1,775,110	3.10
BANK OF CHINA LTD - H	1,772,600	3.09
CHIPBOND TECHNOLOGY CORP	1,755,075	3.06
COSCO SHIPPING PORTS LTD	1,751,338	3.06
YUANTA FINANCIAL HOLDING CO LTD	1,733,333	3.02
ZHEN DING TECHNOLOGY HOLDING LTD	1,728,689	3.02

D) Exposure to derivatives

The global exposure relating to derivative instruments is calculated using the commitment approach:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received under certain cases.

i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2022

N/A

ii) There was a net realised loss of SGD 1,393,947 on derivative contracts during the financial year ended 31 December 2022.

iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2022

N/A

E) Amount and percentage of NAV invested in other schemes as at 31 December 2022

N/A

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F) Amount and percentage of borrowings to NAV as at 31 December 2022

N/A

G) Amount of redemptions and subscriptions for the financial year ended 31 December 2022

Total amount of redemptions	SGD	3,046,228
Total amount of subscriptions	SGD	6,874,850

H) The amount and terms of related-party transactions for the financial year ended 31 December 2022

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

I) Expense ratios

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

J) Turnover ratios

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

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

N/A

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

i) Top 10 holdings at fair value and as percentage of NAV as at 31 December 2022 and 31 December 2021

N/A

ii) Expense ratios for the financial year ended 31 December 2022 and 31 December 2021

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 (continued)

iii) Turnover ratios for the financial year ended 31 December 2022 and 31 December 2021

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

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REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of United Greater China Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act 2001, 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 43, 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
24 March 2023

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

STATEMENT BY THE MANAGER

In the opinion of UOB Asset Management Ltd, the accompanying financial statements set out on pages 15 to 43, 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 Greater China Fund (the "Fund") as at 31 December 2022, 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 Investment Funds" 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
24 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GREATER CHINA FUND

Our Opinion

In our opinion, the accompanying financial statements of United Greater China Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" 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 31 December 2022, 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 31 December 2022;
- the Statement of Financial Position as at 31 December 2022;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2022;
- the Statement of Portfolio as at 31 December 2022; 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 GREATER CHINA 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 Investment Funds" 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 GREATER CHINA 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, 24 March 2023

United Greater China Fund
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STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Income			
Dividends		2,100,253	1,721,923
Interest		7,071	-
Other income		-	24
Total		<u>2,107,324</u>	<u>1,721,947</u>
Less: Expenses			
Management fee	9	738,908	846,479
Less: Management fee rebate	9	(61)	-
Trustee fee	9	17,062	19,769
Audit fee		16,327	16,314
Registrar fee	9	15,000	14,979
Valuation fee	9	61,576	70,540
Custody fee	9	34,586	38,208
Transaction costs		436,453	640,003
Interest expenses		2,774	-
Other expenses		57,294	42,586
Total		<u>1,379,919</u>	<u>1,688,878</u>
Net income/(losses)		<u>727,405</u>	<u>33,069</u>
Net gains/(losses) on value of investments and financial derivatives			
Net gains/(losses) on investments		(13,182,510)	3,203,376
Net gains/(losses) on financial derivatives		(1,393,947)	(226,358)
Net foreign exchange gains/(losses)		(8,297)	(7,033)
		<u>(14,584,754)</u>	<u>2,969,985</u>
Total return/(deficit) for the financial year before income tax		<u>(13,857,349)</u>	3,003,054
Less: Income tax	3	(221,944)	(211,714)
Total return/(deficit) for the financial year		<u>(14,079,293)</u>	<u>2,791,340</u>

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

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 \$	2021 \$
Assets			
Portfolio of investments		44,428,786	54,933,131
Sales awaiting settlement		-	2,691,431
Receivables	4	354,317	176,107
Cash and bank balances		1,570,880	6,166,254
Margin accounts		952,763	1,757,468
Financial derivatives at fair value	6	-	4,551
Total assets		<u>47,306,746</u>	<u>65,728,942</u>
Liabilities			
Purchases awaiting settlement		-	7,806,206
Payables	5	236,737	562,443
Financial derivatives at fair value	6	-	39,613
Total liabilities		<u>236,737</u>	<u>8,408,262</u>
Equity			
Net assets attributable to unitholders	7	<u>47,070,009</u>	<u>57,320,680</u>

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

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STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Net assets attributable to unitholders at the beginning of the financial year		57,320,680	52,772,173
Operations			
Change in net assets attributable to unitholders resulting from operations		(14,079,293)	2,791,340
Unitholders' contributions/(withdrawals)			
Creation of units		6,874,850	15,357,495
Cancellation of units		(3,046,228)	(13,600,328)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		3,828,622	1,757,167
Total increase/(decrease) in net assets attributable to unitholders		(10,250,671)	4,548,507
Net assets attributable to unitholders at the end of the financial year	7	47,070,009	57,320,680

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STATEMENT OF PORTFOLIO

As at 31 December 2022

	Holdings at 31 December 2022	Fair value at 31 December 2022 \$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
By Geography - Primary			
Quoted equities			
CHINA			
AIR CHINA LTD	214,400	438,463	0.93
ALIBABA GROUP HOLDING LTD	86,400	1,280,549	2.72
ANHUI EXPRESSWAY CO LTD - H	894,000	966,299	2.05
ANHUI KOUZI DISTILLERY CO	91,978	1,023,379	2.17
ASYMCHEM LABORATORIES TIANJIN CO LTD	15,420	440,300	0.93
BANK OF CHINA LTD - H	1,756,000	856,971	1.82
BILIBILI INC - CLASS Z	49,660	1,594,069	3.39
CHINA CONSTRUCTION BANK CORP - H	1,025,000	861,303	1.83
CHINA MENGNIU DAIRY CO LTD	74,000	450,151	0.96
CHINA MERCHANTS BANK CO LTD - H	77,500	581,312	1.23
CHINESE UNIVERSE PUBLISHING AND MEDIA GROUP CO LTD	264,300	487,991	1.04
DONGFANG ELECTRIC CORP LTD	370,150	1,501,112	3.19
FLAT GLASS GROUP CO LTD	158,956	1,021,537	2.17
FUYAO GLASS INDUSTRY GROUP CO LTD	98,600	667,137	1.42
GANFENG LITHIUM GROUP CO LTD - H	42,600	426,778	0.91
GEM CO LTD	968,300	1,388,038	2.95
GUANGZHOU GREAT POWER ENERGY AND TECHNOLOGY CO LTD	91,300	1,373,764	2.92
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD - H	690,000	476,649	1.01
JD.COM INC - CLASS A	29,847	1,129,383	2.40
JOINTO ENERGY INVESTMENT CO LTD	1,392,100	1,410,043	3.00
KWEICHOW MOUTAI CO LTD	1,500	499,788	1.06
MEITUAN - CLASS B	15,400	462,314	0.98
NETEASE INC	58,400	1,149,057	2.44

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	Holdings at 31 December 2022	Fair value at 31 December 2022 \$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
By Geography - Primary (continued)			
Quoted equities			
CHINA (continued)			
NEW ORIENTAL EDUCATION & TECHNOLOGY CORP	373,800	1,830,659	3.89
PHARMARON BEIJING CO LTD - H	57,800	537,836	1.14
PINDUODUO INC - ADR	6,110	668,280	1.42
RLX TECHNOLOGY INC - ADR	417,894	1,289,103	2.74
SG MICRO CORP	15,941	530,834	1.13
SHANGHAI PUTAILAI NEW ENERGY TECHNOLOGY CO LTD	93,000	931,042	1.98
SHENZHEN EVERWIN PRECISION TECHNOLOGY CO LTD	689,325	1,373,811	2.92
TENCENT HOLDINGS LTD	7,600	436,198	0.93
TOWNGAS SMART ENERGY CO LTD	2,281,000	1,536,508	3.26
WALVAX BIOTECHNOLOGY CO LTD	51,100	396,225	0.84
WANT WANT CHINA HOLDINGS LTD	402,000	360,595	0.77
YANGTZE OPTICAL FIBRE AND CABLE CO - H	604,500	<u>1,443,891</u>	<u>3.07</u>
TOTAL CHINA		<u>31,821,369</u>	<u>67.61</u>
HONG KONG			
FORTUNE REIT	707,000	770,251	1.64
HKT TRUST AND HKT LTD SS STAPLED SECURITY	530,000	871,588	1.85
HONG KONG EXCHANGES & CLEARING LTD	25,300	1,465,992	3.11
PCCW LTD	2,249,000	<u>1,360,365</u>	<u>2.89</u>
TOTAL HONG KONG		<u>4,468,196</u>	<u>9.49</u>

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STATEMENT OF PORTFOLIO

As at 31 December 2022

	Holdings at 31 December 2022	Fair value at 31 December 2022 \$	Percentage of total net assets attributable to unitholders at 31 December 2022 %
By Geography - Primary (continued)			
Quoted equities			
SINGAPORE			
WILMAR INTERNATIONAL LTD	120,900	504,153	1.07
TAIWAN			
ADVANTECH CO LTD	33,000	476,645	1.01
CHICONY ELECTRONICS CO LTD	287,000	1,080,802	2.30
COMPAL ELECTRONICS	458,000	460,670	0.98
FORMOSA PLASTICS CORP	120,000	454,521	0.97
KINSUS INTERCONNECT TECHNOLOGY CORP	100,000	456,005	0.97
NUVOTON TECHNOLOGY CORP	177,000	888,228	1.89
POWERCHIP SEMICONDUCTOR MANUFACTURING CORP	885,000	1,230,002	2.61
TAIWAN MOBILE CO LTD	103,000	425,638	0.90
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	66,000	1,291,694	2.74
YUANTA FINANCIAL HOLDING CO LTD	919,680	<u>870,863</u>	<u>1.85</u>
TOTAL TAIWAN		<u>7,635,068</u>	<u>16.22</u>
Total Equities		<u>44,428,786</u>	<u>94.39</u>
Portfolio of investments		<u>44,428,786</u>	<u>94.39</u>
Other net assets/(liabilities)		<u>2,641,223</u>	<u>5.61</u>
Net assets attributable to unitholders		<u>47,070,009</u>	<u>100.00</u>

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

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

STATEMENT OF PORTFOLIO

As at 31 December 2022

	Percentage of total net assets attributable to unitholders at 31 December 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Geography - Primary (Summary)		
Quoted equities		
China	67.61	48.87
Hong Kong	9.49	6.67
Singapore	1.07	1.03
Taiwan	16.22	39.26
Portfolio of investments	94.39	95.83
Other net assets/(liabilities)	5.61	4.17
Net assets attributable to unitholders	100.00	100.00

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

United Greater China Fund
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STATEMENT OF PORTFOLIO

As at 31 December 2022

	Fair value at 31 December 2022 \$	Percentage of total net assets attributable to unitholders at 31 December 2022 %	Percentage of total net assets attributable to unitholders at 31 December 2021 %
By Industry - Secondary			
Quoted equities			
Communication Services	6,324,906	13.44	1.58
Consumer Discretionary	6,038,322	12.83	9.18
Consumer Staples	4,127,169	8.77	2.04
Energy	-	-	2.39
Financials	5,113,090	10.86	21.26
Health Care	1,374,361	2.92	2.69
Industrials	4,279,638	9.09	11.74
Information Technology	10,254,119	21.78	27.65
Materials	3,200,379	6.80	5.36
Real Estate	770,251	1.64	4.52
Utilities	2,946,551	6.26	7.42
Portfolio of investments	44,428,786	94.39	95.83
Other net assets/(liabilities)	2,641,223	5.61	4.17
Net assets attributable to unitholders	47,070,009	100.00	100.00

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

United Greater China 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 investment objective of the Fund is to achieve long-term capital growth primarily through investment in companies with assets or revenues being in or derived from the People’s Republic of China, Hong Kong SAR and Taiwan.

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 instruments at fair value, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” (“RAP7”) issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(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 bank balances

Cash and bank balances comprise cash at banks which are subject to an insignificant risk of changes in value.

(i) Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(j) Management fee rebates

The management fees charged on investments in the Investee Fund managed by the Manager are rebated to the Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (continued)

(k) Financial derivatives

Financial derivatives including forwards and swaps may be entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provision of the Trust Deed and the Code on Collective Investment Schemes.

Financial derivatives outstanding on the financial year end date are valued at the forward rate or at the current market prices using the “mark-to-market” method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

(l) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account, to be paid out on the distribution date. The amount shall not be treated as part of the property of the 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.

(m) 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.

Cash collateral provided by the Fund is identified in the Statement of Financial Position as margin cash and is not included as a component of cash and bank balances.

3 Income tax

	2022	2021
	\$	\$
Overseas income tax	221,944	211,714

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3 Income tax (continued)

The Trustee of the Fund has assessed and is satisfied that the Fund has met the requisite conditions under the Designated Unit Trust (“DUT”) Scheme for the current financial year. The Trustee of the Fund will ensure that the Fund fulfills its reporting obligations under the DUT Scheme.

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 1947. 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 1947);
- (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.

4 Receivables

	2022	2021
	\$	\$
Amounts receivable for creation of units	303,888	62,254
Dividends receivable	20,435	37,784
Management fee rebate receivable	61	-
Other receivables	<u>29,933</u>	<u>76,069</u>
	<u>354,317</u>	<u>176,107</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5 Payables

	2022	2021
	\$	\$
Amounts payable for cancellation of units	13,113	270,535
Amount due to the Manager	178,120	227,774
Amount due to Trustee	3,836	4,906
Tax payables	2,316	794
Other creditors and accrued expenses	<u>39,352</u>	<u>58,434</u>
	<u>236,737</u>	<u>562,443</u>

6 Financial derivatives at fair value

Financial derivatives contracts comprise of foreign currency contracts for the sale and purchase of foreign currencies and futures. 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.

		2021	
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Futures	10,686,566	-	35,016
Foreign currency contracts	5,419,298	<u>4,551</u>	<u>4,597</u>
		<u>4,551</u>	<u>39,613</u>

There were no outstanding financial derivatives as at 31 December 2022.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7 Units in issue

During the financial years ended 31 December 2022 and 2021, the numbers of units issued, redeemed and outstanding were as follows:

	2022	2021
Units at the beginning of the financial year	12,538,818	12,151,050
Units created	1,772,353	3,392,484
Units cancelled	<u>(797,401)</u>	<u>(3,004,716)</u>
Units at the end of the financial year*	<u>13,513,770</u>	<u>12,538,818</u>
*Included above are units denominated in USD	648,362	626,605
	\$	\$
Net assets attributable to unitholders	47,070,009	57,320,680
Net assets value per unit	3.483	4.571

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:

	2022	2021
	\$	\$
Net assets attributable to unitholders per financial statements per unit	3.483	4.571
Effect of valuation adjustments on futures	<u>-</u>	<u>0.003</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>3.483</u>	<u>4.574</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

The Fund's assets principally consist of financial instruments such as equity investments, investments in open-ended collective investment schemes which are also managed by the Manager 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.

(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 and industries, 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.

United Greater China Fund
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 31 December 2022

	SGD \$	HKD \$	TWD \$	USD \$	RMB \$	Total \$
Assets						
Portfolio of investments	504,153	20,848,719	7,635,068	1,957,383	13,483,463	44,428,786
Receivables	332,742	6,155	7,938	1,140	6,342	354,317
Cash and bank balances	1,235,467	228,177	1,625	111,147	(5,536)	1,570,880
Margin accounts	-	878,868	-	73,895	-	952,763
Total Assets	<u>2,072,362</u>	<u>21,961,919</u>	<u>7,644,631</u>	<u>2,143,565</u>	<u>13,484,269</u>	<u>47,306,746</u>
Liabilities						
Payables	<u>234,421</u>	-	1,681	-	635	236,737
Total Liabilities	<u>234,421</u>	-	1,681	-	635	236,737
Net currency exposure	<u>1,837,941</u>	<u>21,961,919</u>	<u>7,642,950</u>	<u>2,143,565</u>	<u>13,483,634</u>	

United Greater China Fund
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2021

	SGD \$	HKD \$	TWD \$	USD \$	RMB \$	Total \$
Assets						
Portfolio of investments	592,020	21,806,167	23,234,818	-	9,300,126	54,933,131
Sales awaiting settlement	-	2,691,431	-	-	-	2,691,431
Receivables	138,322	34,027	3,758	-	-	176,107
Cash and bank balances	2,023,947	277,740	3,827,786	36,594	187	6,166,254
Margin accounts	-	1,683,536	-	73,932	-	1,757,468
Total Assets	<u>2,754,289</u>	<u>26,492,901</u>	<u>27,066,362</u>	<u>110,526</u>	<u>9,300,313</u>	<u>65,724,391</u>
Liabilities						
Purchases awaiting settlement	-	2,718,719	5,087,487	-	-	7,806,206
Payables	561,649	-	794	-	-	562,443
Financial derivatives at fair value (excluding foreign currency contracts)	-	35,016	-	-	-	35,016
Total Liabilities	<u>561,649</u>	<u>2,753,735</u>	<u>5,088,281</u>	<u>-</u>	<u>-</u>	<u>8,403,665</u>
Net Assets	2,192,640	23,739,166	21,978,081	110,526	9,300,313	
Foreign currency contracts (notional value)	<u>(27,333)</u>	<u>27,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net currency exposure	<u>2,165,307</u>	<u>23,766,499</u>	<u>21,978,081</u>	<u>110,526</u>	<u>9,300,313</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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, except for the following:

Currency	2022		2021	
	Volatility %	Net impact to net assets attributable to unitholders \$	Volatility %	Net impact to net assets attributable to unitholders \$
HKD	5	55,660	4	78,413

(ii) Price risk

The COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, 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 pandemic 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The table below summarises the impact of increases/decreases from the Fund's investments in equities on the Fund's net assets attributable to unitholders at 31 December 2022 and 2021. The analysis is based on the assumption that the index components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the prices of the Fund's investments moved according to the historical correlation with the index.

Benchmark component	2022		2021	
	Volatility %	Net impact to net assets attributable to unitholders \$	Volatility %	Net impact to net assets attributable to unitholders \$
MSCI Golden Dragon	20	7,124,914	20	9,824,731

(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.

Other than cash and bank balances and margin accounts 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.

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For the financial year ended 31 December 2022

8 Financial risk management (continued)

(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 bank balances 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 Manager may from time to time employ derivatives to implement a portfolio strategy to reduce risk or for the purpose of efficient portfolio management. Market liquidity of complex derivatives are significantly less than traditional investment instruments and such positions may therefore require a longer time to reverse than would typically be expected for traditional investment instruments.

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 \$
As at 31 December 2022			
Payables	236,737	-	-
	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 31 December 2021			
Purchases awaiting settlement	7,806,206	-	-
Payables	562,443	-	-
Financial derivatives at fair value			
- Futures	35,016	-	-
- Foreign currency contracts	4,597	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(b) Liquidity risk (continued)

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 31 December 2021			
Financial derivatives at fair value			
- Futures			
- inflow	10,686,566	-	-
- outflow	(10,721,582)	-	-
- Foreign currency contracts			
- inflow	2,723,316	-	-
- outflow	(2,727,913)	-	-

(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, margin accounts 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(c) Credit risk (continued)

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 31 December 2022 and 2021.

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

Bank and custodian	Credit rating as at 31 December 2022	Credit rating as at 31 December 2021
State Street Bank and Trust Company	aa-	aa-
Margin accounts		
Morgan Stanley & Co. International Plc	a+	n/a*
StoneX Financial Pte. Ltd.	n/a*	non-rated
Counterparty of foreign currency contracts		
State Street Bank and Trust Company	n/a*	aa-
Counterparty of futures		
StoneX Financial Pte. Ltd.	n/a*	non-rated

* *The Fund has no exposure to the counterparties as at 31 December 2022 or 2021.*

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

For purposes of impairment assessment, the Fund's assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(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.

(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).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(e) Fair value estimation (continued)

The following tables analyse within the fair value hierarchy, the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2022 and 2021:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 December 2022				
Assets				
Portfolio of investments				
- Quoted equities	44,428,786	-	-	44,428,786
Total	44,428,786	-	-	44,428,786

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 December 2021				
Assets				
Portfolio of investments				
- Quoted equities	54,933,131	-	-	54,933,131
Financial derivatives at fair value	-	4,551	-	4,551
Total	54,933,131	4,551	-	54,937,682

Liabilities

Financial derivatives at fair value	35,016	4,597	-	39,613
Total	35,016	4,597	-	39,613

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

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

Except for cash and bank balances and margin accounts which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 31 December 2022 and 2021 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.

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NOTES TO THE FINANCIAL STATEMENTS

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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 assets	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
31 December 2022						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-
31 December 2021						
Derivative financial instruments	4,551	-	4,551	(4,551)	-	-
Total	4,551	-	4,551	(4,551)	-	-

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For the financial year ended 31 December 2022

8 Financial risk management (continued)

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

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts of financial liabilities	Statement of Financial Position	Net amount of financial liabilities set off in the Statement of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
31 December 2022						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-
31 December 2021						
Derivative financial instruments	4,597	-	4,597	(4,551)	-	46
Total	4,597	-	4,597	(4,551)	-	46

9 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. Management fee rebates are received from the Manager in respect of Investee Fund that is managed by the Manager. 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 Related party transactions (continued)

(b) As at the end of the financial year, the Fund maintained the following accounts with the related parties:

	2022	2021
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Cash and bank balances	1,570,880	6,166,254

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

	2022	2021
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Interest income	363	-
United Overseas Bank Limited		
Bank charges	7,597	8,988

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10 Financial ratios

	2022	2021
	\$	\$
Total operating expenses	940,692	1,048,875
Average daily net assets value	<u>49,110,325</u>	<u>56,432,050</u>
Expense ratio ¹	<u>1.92%</u>	<u>1.86%</u>
Lower of total value of purchases or sales	99,771,811	137,463,897
Average daily net assets value	<u>49,110,325</u>	<u>56,432,050</u>
Turnover ratio ²	<u>203.16%</u>	<u>243.59%</u>

1 *The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Fund's expense ratio at financial year end was based on total operating expenses divided by the average net assets 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 assets value is based on the daily balances.*

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

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