

United Global Durable Equities Fund

Annual Report

for the financial year ended
31 December 2022



Right By You

United Global Durable Equities 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

SUB-MANAGER

Wellington Management Singapore Pte. Ltd.

8 Marina Boulevard

#03-01, Tower 1, Marina Bay Financial Centre

Singapore 018981

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance

Class SGD Acc

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 5 August 2015 Ann Comp Ret
United Global Durable Equities Fund	5.70	4.89	-6.51	3.27	6.25	N/A	7.03
Benchmark	2.60	-1.43	-18.78	3.91	5.30	N/A	6.35

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 AC World Index.

Class SGD Dist

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 5 August 2015 Ann Comp Ret
United Global Durable Equities Fund	5.65	4.85	-6.58	3.24	6.22	N/A	6.98
Benchmark	2.60	-1.43	-18.78	3.91	5.30	N/A	6.35

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 AC World Index.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance (continued)

Class USD Acc

	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 5 August 2015 Ann Comp Ret
Fund Performance/ Benchmark Returns							
United Global Durable Equities Fund	13.09	8.87	-6.05	3.34	6.17	N/A	7.50
Benchmark	9.76	2.28	-18.36	4.00	5.23	N/A	6.82

Source: Morningstar.

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

Class USD Dist

	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 5 August 2015 Ann Comp Ret
Fund Performance/ Benchmark Returns							
United Global Durable Equities Fund	13.12	8.80	-6.05	3.35	6.16	N/A	7.51
Benchmark	9.76	2.28	-18.36	4.00	5.23	N/A	6.91

Source: Morningstar.

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

For the year ended 31 December 2022, the net asset value of Class SGD Acc and Class SGD Dist of the Fund **fell by 6.51%** and **6.58%** respectively against a greater loss of 18.78% for the benchmark MSCI All Country World Index (in Singapore Dollar terms), while both Class USD Acc and Class USD Dist of the Fund **fell by 6.05%** against a greater loss of 18.36% for the benchmark MSCI AC World Index (in United States Dollar terms).

United Global Durable Equities Fund

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A) Fund Performance (continued)

The Fund's relative outperformance can be attributed to strong stock selection, primarily within the **Financials, Information Technology and Industrials** sectors. In terms of country exposure, investments in the **United States** and **Canada** contributed to the Fund's performance but were partially offset by holdings in the **United Kingdom** and **Germany**. Allocation effect was positive, due primarily to the Fund's *underweight* to **Consumer Discretionary**, lack of exposure to **Communication Services**, and *overweight* to **Industrials**. These effects were partially offset by the Fund's lack of exposure to **Energy** and **Utilities**, which detracted.

The top absolute contributors to returns for the period were **Global Life, Intact Financial Corp, Science Applications Corp, Performance Food Group Co** and **Humana Inc**.

The top absolute detractors from returns were **Medical Properties Trust Inc, Brenntag SE, Fidelity National Information Services Inc, ICU Medical Inc** and **Nomad Foods Ltd**.

As of end December 2022, the Fund had the following country asset allocation: **United States** (53.39%), **Canada** (16.38%), **France** (4.58%), **Hong Kong** (4.31%), **Switzerland** (3.84%), **Netherlands** (3.69%), **Japan** (3.07%), **Germany** (2.86%), others (4.48%) and cash (3.40%).

Economic and Market Review

For the one-year period ended 31 December 2022, global equities fell 18.8% as measured by the MSCI ACWI Index. Global equities declined in 2022 as markets were rattled by slowing global economic growth, increased inflation, rising interest rates, and COVID-19 resurgences in some countries. Equities opened the year lower as volatility spiked sharply driven by rising geopolitical instability and tighter monetary policy to address accelerating inflation. **Russia's** large-scale military attack on **Ukraine** forced over four million people to flee **Ukraine** as fighting intensified and living conditions deteriorated rapidly in many cities. **US** and NATO allies imposed severe economic sanctions on **Russia**, largely cutting off the Russian economy from global financial markets and limiting the ability of the Russian central bank to take counteractive measures. Global equities fell sharply in the second quarter, with continued elevated volatility as investors grew increasingly concerned about the economic toll of persistent geopolitical instability, soaring inflation, and constrained supply chains. Energy prices continued to rise as the ongoing crisis in **Ukraine** severely pressured oil and natural gas supplies. Global equities fell in the third quarter as risk-off sentiment was driven by higher inflation, rising interest rates, geopolitical turmoil, and growing signs of a global economic slowdown. The US Federal Reserve (Fed) hiked its target interest rate by 150 basis points over the quarter in an effort to rein in decades-high inflation. The European Central Bank ended its negative interest-rate policy, raising rates by 125 bps over the quarter. Stocks rallied in the fourth quarter as investors were encouraged by milder inflation, which provided greater scope for some major central banks to slow their pace of interest rate hikes. In contrast, market sentiment was dented by anxiety about tighter central bank policy amid weakening global economic growth and cautious corporate commentary that added to signs of recession. Chinese equities soared after investors grew bullish on **China's** economic outlook in 2023 following the government's abrupt COVID pivot that ended mass testing, lockdowns, and quarantine for international travellers.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance (continued)

Outlook and Fund Strategy

We remain confident that the businesses held in the portfolio can grow cash flow and/or dividends per share at an attractive rate over time. This value creation can be the result of stable underlying business results and value enhancing capital allocation decisions by management. The valuation of the portfolio (~8% future free cash flow yield) and expected annualised return (~12.5%) is above the high-end of our long-term average, assuming our inputs are correct.

We determine our view of “intrinsic” or “long-term expected return” from owning a stock by adding a) the near-term cash earnings yield and b) the net present value of future growth based on a company’s long-term growth rate, the incremental returns on equity needed to achieve that growth rate and cost of equity charge between 8% and 10%. For each company we hold in our portfolio, we continuously evaluate whether the inputs to either the near-term cash earnings yield or the net present value of future growth have changed.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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

i) Country

	Fair Value (S\$)	% of NAV
Canada	49,803,481	16.38
France	13,939,359	4.58
Germany	8,688,996	2.86
Hong Kong	13,090,794	4.31
Italy	7,704,760	2.53
Japan	9,321,081	3.07
Netherlands	11,215,018	3.69
Switzerland	11,665,496	3.84
United Kingdom	5,918,589	1.95
United States	<u>162,280,928</u>	<u>53.39</u>
Portfolio of investments	293,628,502	96.60
Other net assets/(liabilities)	<u>10,341,660</u>	<u>3.40</u>
Total	<u><u>303,970,162</u></u>	<u><u>100.00</u></u>

ii) Industry

	Fair Value (S\$)	% of NAV
Consumer Discretionary	7,061,200	2.32
Consumer Staples	15,001,527	4.94
Financials	90,893,222	29.90
Health Care	51,297,392	16.88
Industrials	75,329,490	24.78
Information Technology	<u>54,045,671</u>	<u>17.78</u>
Portfolio of investments	293,628,502	96.60
Other net assets/(liabilities)	<u>10,341,660</u>	<u>3.40</u>
Total	<u><u>303,970,162</u></u>	<u><u>100.00</u></u>

United Global Durable Equities Fund
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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	293,628,502	96.60
Other net assets/(liabilities)	10,341,660	3.40
Total	<u>303,970,162</u>	<u>100.00</u>

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 %
INTACT FINANCIAL CORP	20,953,386	6.89
THE CHARLES SCHWAB CORP	13,670,323	4.50
AIA GROUP LTD	13,090,794	4.31
NOVARTIS AG-REG	11,665,496	3.84
HCA HEALTHCARE INC	11,022,827	3.63
GLOBE LIFE INC	10,943,423	3.60
HUMANA INC	9,920,921	3.26
CONSTELLATION SOFTWARE INC/CANADA	9,673,663	3.18
MOTOROLA SOLUTIONS INC	9,616,069	3.16
ARTHUR J GALLAGHER & CO	9,579,721	3.15

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

C) Top Ten Holdings (continued)

10 largest holdings as at 31 December 2021

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
INTACT FINANCIAL CORP	17,318,006	6.06
MOTOROLA SOLUTIONS INC	16,087,927	5.63
THE CHARLES SCHWAB CORP	12,655,750	4.43
MEDICAL PROPERTIES TRUST INC	12,285,378	4.30
BRENNTAG SE	11,895,035	4.16
HCA HEALTHCARE INC	10,717,971	3.75
NOVARTIS AG	10,049,550	3.52
BUREAU VERITAS SA	8,639,031	3.02
ARTHUR J GALLAGHER & CO	8,512,582	2.98
AIA GROUP LTD	8,425,002	2.95

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

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Foreign currency contracts	32,284	431	-*	-	-

* denotes amount less than 0.01%

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

D) Exposure to derivatives (continued)

- ii) There was a net realised gain of SGD 222,965 on derivative contracts during the financial year ended 31 December 2022.
- iii) There was a net unrealised gain of SGD 431 on outstanding derivative contracts marked to market as at 31 December 2022.

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

N/A

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	61,853,460
Total amount of subscriptions	SGD	112,472,215

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

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

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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

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.

The Sub-Manager, Wellington Management Singapore Pte Ltd and their affiliates (collectively, the “Wellington Management group”) may utilise external research provided by broker/dealers and independent, or third-party research firms in their investment decision-making process (“Research Services”). These Research Services include written research material, conversations with analysts at the research firms, meetings with corporate management and access to experts in a variety of fields, such as government officials, doctors, researchers, lawyers and scientists.

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

REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of United Global Durable Equities 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 16 to 49, 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 Global Durable Equities 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 16 to 49, 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 Durable Equities 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 GLOBAL DURABLE EQUITIES FUND

Our Opinion

In our opinion, the accompanying financial statements of United Global Durable Equities 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 GLOBAL DURABLE EQUITIES 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 GLOBAL DURABLE EQUITIES 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 Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Income			
Dividends		3,613,231	3,731,310
Interest		47,329	-
Other income		455	771
Total		<u>3,661,015</u>	<u>3,732,081</u>
Less: Expenses			
Management fee	10	4,965,009	4,800,608
Trustee fee	10	98,548	95,503
Audit fee		15,970	15,920
Registrar fee	10	25,000	24,966
Valuation fee	10	354,644	342,901
Administration fee	10	212,786	205,740
Custody fee	10	73,686	88,060
Transaction costs		71,706	60,344
Interest expenses		-	89
Other expenses		81,125	140,102
Total		<u>5,898,474</u>	<u>5,774,233</u>
Net income/(losses)		<u>(2,237,459)</u>	<u>(2,042,152)</u>
Net gains/(losses) on value of investments and financial derivatives			
Net gains/(losses) on investments		(17,827,924)	34,097,917
Net gains/(losses) on financial derivatives		223,396	(76,673)
Net foreign exchange gains/(losses)		54,606	165,884
		<u>(17,549,922)</u>	<u>34,187,128</u>
Total return/(deficit) for the financial year before income tax		<u>(19,787,381)</u>	32,144,976
Less: Income tax	3	(893,647)	(937,824)
Total return/(deficit) for the financial year		<u>(20,681,028)</u>	<u>31,207,152</u>

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

United Global Durable Equities Fund
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STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	2022	2021
Note	\$	\$
Assets		
Portfolio of investments	293,628,502	277,293,527
Sales awaiting settlement	-	266,524
Receivables	5 2,039,306	1,009,036
Cash and bank balances	10,886,095	10,154,397
Financial derivatives at fair value	7 431	-
Total assets	<u>306,554,334</u>	<u>288,723,484</u>
Liabilities		
Purchases awaiting settlement	32,651	418,296
Payables	6 1,601,342	1,662,081
Distribution payable	4 950,179	1,003,050
Financial derivatives at fair value	7 -	173
Total liabilities	<u>2,584,172</u>	<u>3,083,600</u>
Equity		
Net assets attributable to unitholders	8 <u>303,970,162</u>	<u>285,639,884</u>

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

United Global Durable Equities Fund
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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		285,639,884	231,349,897
Operations			
Change in net assets attributable to unitholders resulting from operations		(20,681,028)	31,207,152
Unitholders' contributions/(withdrawals)			
Creation of units		112,472,215	159,412,155
Cancellation of units		(61,853,460)	(125,219,099)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		50,618,755	34,193,056
Distributions	4	(11,607,449)	(11,110,221)
Total increase/(decrease) in net assets attributable to unitholders		<u>18,330,278</u>	<u>54,289,987</u>
Net assets attributable to unitholders at the end of the financial year	8	<u>303,970,162</u>	<u>285,639,884</u>

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

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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			
CANADA			
CAE INC	131,054	3,397,473	1.12
CANADIAN NATIONAL RAILWAY CO	44,627	7,104,966	2.34
CONSTELLATION SOFTWARE INC/CANADA	4,623	9,673,663	3.18
INTACT FINANCIAL CORP	108,605	20,953,386	6.89
WASTE CONNECTIONS INC	48,788	<u>8,673,993</u>	<u>2.85</u>
TOTAL CANADA		<u>49,803,481</u>	<u>16.38</u>
FRANCE			
BUREAU VERITAS SA	208,702	7,351,869	2.42
EDENRED	90,451	<u>6,587,490</u>	<u>2.16</u>
TOTAL FRANCE		<u>13,939,359</u>	<u>4.58</u>
GERMANY			
BRENNTAG SE	101,646	8,688,996	2.86
HONG KONG			
AIA GROUP LTD	877,653	13,090,794	4.31
ITALY			
FINECOBANK SPA	346,823	7,704,760	2.53
JAPAN			
T&D HOLDINGS INC	482,120	9,321,081	3.07

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United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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			
NETHERLANDS			
AERCAP HOLDINGS NV	72,704	5,686,818	1.87
WOLTERS KLUWER NV	39,506	<u>5,528,200</u>	<u>1.82</u>
TOTAL NETHERLANDS		<u>11,215,018</u>	<u>3.69</u>
SWITZERLAND			
NOVARTIS AG-REG	96,270	11,665,496	3.84
UNITED KINGDOM			
NOMAD FOODS LTD	255,969	5,918,589	1.95
UNITED STATES			
ARTHUR J GALLAGHER & CO	37,884	9,579,721	3.15
BLACK KNIGHT INC	81,817	6,776,010	2.23
BWX TECHNOLOGIES INC	110,617	8,616,721	2.84
CHEMED CORP	10,686	7,315,515	2.41
CLEAN HARBORS INC	59,064	9,040,203	2.97
COPART INC	47,890	3,910,969	1.29
DANAHER CORP	15,886	5,655,119	1.86
ENSTAR GROUP LTD	18,168	5,629,734	1.85
FIDELITY NATIONAL INFORMATION SERVICES INC	45,066	4,101,025	1.35
FORTIVE CORP	85,054	7,329,282	2.41
GLOBE LIFE INC	67,685	10,943,423	3.60
GODADDY INC - CLASS A	79,771	8,004,907	2.63
HCA HEALTHCARE INC	34,250	11,022,827	3.63
HUMANA INC	14,442	9,920,921	3.26

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

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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			
UNITED STATES (continued)			
ICU MEDICAL INC	27,070	5,717,514	1.88
LKQ CORP	98,574	7,061,200	2.32
MOTOROLA SOLUTIONS INC	27,821	9,616,069	3.16
PERFORMANCE FOOD GROUP CO	115,983	9,082,938	2.99
SCIENCE APPLICATIONS INTERNATIONAL CORP	62,418	9,286,507	3.06
THE CHARLES SCHWAB CORP	122,419	<u>13,670,323</u>	<u>4.50</u>
TOTAL UNITED STATES		<u>162,280,928</u>	<u>53.39</u>
Total Equities		<u>293,628,502</u>	<u>96.60</u>
Portfolio of investments		293,628,502	96.60
Other net assets/(liabilities)		<u>10,341,660</u>	<u>3.40</u>
Net assets attributable to unitholders		<u>303,970,162</u>	<u>100.00</u>

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

United Global Durable Equities 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		
Canada	16.38	15.53
France	4.58	5.16
Germany	2.86	4.16
Hong Kong	4.31	2.95
Italy	2.53	-
Japan	3.07	-
Netherlands	3.69	3.93
Spain	-	1.32
Switzerland	3.84	3.52
United Kingdom	1.95	1.98
United States	53.39	58.53
Portfolio of investments	96.60	97.08
Other net assets/(liabilities)	3.40	2.92
Net assets attributable to unitholders	100.00	100.00

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

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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			
Consumer Discretionary	7,061,200	2.32	-
Consumer Staples	15,001,527	4.94	5.37
Financials	90,893,222	29.90	21.22
Health Care	51,297,392	16.88	17.60
Industrials	75,329,490	24.78	27.31
Information Technology	54,045,671	17.78	20.16
Real Estate	-	-	5.42
Portfolio of investments	293,628,502	96.60	97.08
Other net assets/(liabilities)	10,341,660	3.40	2.92
Net assets attributable to unitholders	303,970,162	100.00	100.00

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

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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 Global Durable Equities 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 seek total return consisting of capital appreciation and income over the long term by investing primarily in equity and equity-related securities of companies listed and traded on stock exchanges globally.

The Fund offers five classes of units for subscription, namely Class SGD Acc, Class SGD Dist, Class USD Acc, Class USD Dist and Class Z USD Acc.

“Acc” refers to accumulation classes which do not declare or pay distributions but accumulate investment gains and income in their net asset values (“NAV”).

“Dist” refers to distribution classes which declare and pay distributions in accordance with the applicable distribution policies of the Fund.

Subscriptions and redemptions of the units are denominated in the Singapore Dollar and the United States Dollar.

As at 31 December 2022, the Fund has issued Class SGD Acc, Class SGD Dist, Class USD Acc and Class USD Dist units.

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.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (continued)

(j) 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.

(k) 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.

(l) 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.

3 Income tax

	2022	2021
	\$	\$
Singapore income tax refund	(37,413)	-
Overseas income tax	<u>931,060</u>	<u>937,824</u>
Total income tax	<u>893,647</u>	<u>937,824</u>

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

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

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4 Distributions

	2022			2021		
	Per 100 units Class currency	Amount Class currency	Amount \$	Per 100 units Class currency	Amount Class currency	Amount \$
Class SGD Dist						
January interim distribution on units outstanding as at 3 February 2022 (2021: 1 February 2021)	0.546	263,953	263,953	0.524	180,406	180,406
February interim distribution on units outstanding as at 1 March 2022 (2021: 1 March 2021)	0.547	266,889	266,889	0.534	179,874	179,874
March interim distribution on units outstanding as at 1 April 2022 (2021: 1 April 2021)	0.552	278,482	278,482	0.560	194,410	194,410
April interim distribution on units outstanding as at 4 May 2022 (2021: 3 May 2021)	0.527	269,124	269,124	0.576	189,746	189,746
May interim distribution on units outstanding as at 1 June 2022 (2021: 1 June 2021)	0.519	274,725	274,725	0.576	161,021	161,021
June interim distribution on units outstanding as at 1 July 2022 (2021: 1 July 2021)	0.501	266,387	266,387	0.576	170,320	170,320
July interim distribution on units outstanding as at 1 August 2022 (2021: 2 August 2021)	0.527	300,812	300,812	0.590	184,793	184,793
August interim distribution on units outstanding as at 1 September 2022 (2021: 1 September 2021)	0.511	292,220	292,220	0.585	202,026	202,026
September interim distribution on units outstanding as at 3 October 2022 (2021: 1 October 2021)	0.490	278,239	278,239	0.566	214,469	214,469
October interim distribution on units outstanding as at 1 November 2022 (2021: 1 November 2021)	0.520	291,337	291,337	0.579	225,696	225,696
November interim distribution on units outstanding as at 1 December 2022 (2021: 1 December 2021)	0.532	298,220	298,220	0.553	217,211	217,211

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4 Distributions (continued)

	2022			2021		
	Per 100 units Class currency	Amount Class currency	Amount \$	Per 100 units Class currency	Amount Class currency	Amount \$
December final distribution on units outstanding as at 3 January 2023 (2021: 3 January 2022)	0.511	287,120	<u>287,120</u>	0.578	247,150	<u>247,150</u>
			<u>3,367,508</u>			<u>2,367,122</u>

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4 Distributions (continued)

	2022			2021		
	Per 100 units Class currency	Amount Class currency	Amount \$	Per 100 units Class currency	Amount Class currency	Amount \$
Class USD Dist						
January interim distribution on units outstanding as at 3 February 2022 (2021: 1 February 2021)	0.562	535,786	724,463	0.549	479,782	636,719
February interim distribution on units outstanding as at 1 March 2022 (2021: 1 March 2021)	0.560	530,571	720,224	0.559	476,970	634,226
March interim distribution on units outstanding as at 1 April 2022 (2021: 1 April 2021)	0.567	532,218	720,277	0.580	490,658	659,248
April interim distribution on units outstanding as at 4 May 2022 (2021: 3 May 2021)	0.531	507,413	700,687	0.602	527,552	701,855
May interim distribution on units outstanding as at 1 June 2022 (2021: 1 June 2021)	0.526	487,836	668,775	0.606	562,105	743,777
June interim distribution on units outstanding as at 1 July 2022 (2021: 1 July 2021)	0.501	470,344	654,578	0.596	567,432	762,742
July interim distribution on units outstanding as at 1 August 2022 (2021: 2 August 2021)	0.530	503,132	695,781	0.606	596,095	807,173
August interim distribution on units outstanding as at 1 September 2022 (2021: 1 September 2021)	0.509	482,170	672,676	0.605	600,546	807,795
September interim distribution on units outstanding as at 3 October 2022 (2021: 1 October 2021)	0.475	448,926	644,164	0.579	552,562	750,158
October interim distribution on units outstanding as at 1 November 2022 (2021: 1 November 2021)	0.512	481,657	681,593	0.597	566,635	764,108
November interim distribution on units outstanding as at 1 December 2022 (2021: 1 December 2021)	0.540	506,213	693,664	0.562	524,667	719,398

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4 Distributions (continued)

	2022			2021		
	Per 100 units Class currency	Amount Class currency	Amount \$	Per 100 units Class currency	Amount Class currency	Amount \$
December final distribution on units outstanding as at 3 January 2023 (2021: 3 January 2022)	0.530	494,377	<u>663,059</u>	0.596	560,694	<u>755,900</u>
			<u>8,239,941</u>			<u>8,743,099</u>
			<u>11,607,449</u>			<u>11,110,221</u>

5 Receivables

	2022 \$	2021 \$
Amounts receivable for creation of units	1,782,519	270,725
Dividends receivable	92,436	229,813
Other receivables	<u>164,351</u>	<u>508,498</u>
	<u>2,039,306</u>	<u>1,009,036</u>

6 Payables

	2022 \$	2021 \$
Amounts payable for cancellation of units	5,246	72,850
Amount due to the Manager	1,406,260	1,331,104
Amount due to Trustee	25,951	24,648
Tax payables	27,589	69,324
Other creditors and accrued expenses	<u>136,296</u>	<u>164,155</u>
	<u>1,601,342</u>	<u>1,662,081</u>

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7 Financial derivatives at fair value

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.

	2022		
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	32,284	431	-
		2021	
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	34,081	-	173

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Units in issue

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

	Class SGD Acc		Class SGD Dist	
	2022	2021	2022	2021
Units at the beginning of the financial year	4,759,562	6,671,145	42,790,173	32,268,919
Units created	1,356,473	2,028,553	22,703,785	30,475,761
Units cancelled	<u>(1,778,805)</u>	<u>(3,940,136)</u>	<u>(9,268,334)</u>	<u>(19,954,507)</u>
Units at the end of the financial year	<u>4,337,230</u>	<u>4,759,562</u>	<u>56,225,624</u>	<u>42,790,173</u>
	\$	\$	\$	\$
Net assets attributable to unitholders (SGD equivalent)	7,161,684	8,409,468	62,397,390	53,697,254
Net assets value per unit (SGD equivalent)	1.651	1.766	1.109	1.254
Net assets attributable to unitholders (Class Currency)	7,161,684	8,409,468	62,397,390	53,697,254
Net assets value per unit (Class Currency)	1.651	1.766	1.109	1.254

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Units in issue (continued)

	Class USD Acc		Class USD Dist	
	2022	2021	2022	2021
Units at the beginning of the financial year	24,406,092	17,588,926	94,088,878	88,170,689
Units created	27,489,356	32,275,503	13,011,247	25,865,245
Units cancelled	(12,088,236)	(25,458,337)	(13,805,573)	(19,947,056)
Units at the end of the financial year	<u>39,807,212</u>	<u>24,406,092</u>	<u>93,294,552</u>	<u>94,088,878</u>
	\$	\$	\$	\$
Net assets attributable to unitholders (SGD equivalent)	90,390,658	59,310,950	144,020,430	164,222,212
Net assets value per unit (SGD equivalent)	2.270	2.430	1.543	1.745
Net assets attributable to unitholders (Class Currency)	67,395,361	43,994,326	107,381,770	121,813,012
Net assets value per unit (Class Currency)	1.693	1.802	1.150	1.294

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, for the purpose of determining the accounting net asset values in the financial statements.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 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:

	Class SGD Acc		Class SGD Dist	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net assets attributable to unitholders per financial statements per unit	1.651	1.766	1.109	1.254
Effect of distribution payable	<u>-</u>	<u>-</u>	<u>0.005</u>	<u>0.006</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.651</u>	<u>1.766</u>	<u>1.114</u>	<u>1.260</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u>1.651</u>	<u>1.766</u>	<u>1.114</u>	<u>1.260</u>

	Class USD Acc		Class USD Dist	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net assets attributable to unitholders per financial statements per unit	2.270	2.430	1.543	1.745
Effect of distribution payable	<u>-</u>	<u>-</u>	<u>0.007</u>	<u>0.008</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>2.270</u>	<u>2.430</u>	<u>1.550</u>	<u>1.753</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u>1.693</u>	<u>1.802</u>	<u>1.156</u>	<u>1.300</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 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 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 Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 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 \$	USD \$	EUR \$	CAD \$	Others \$	Total \$
Assets						
Portfolio of investments	-	182,560,327	35,861,316	41,129,489	34,077,370	293,628,502
Receivables	182,178	1,857,128	-	-	-	2,039,306
Cash and bank balances	1,288,466	9,491,351	1,140	105,136	2	10,886,095
Total Assets	<u>1,470,644</u>	<u>193,908,806</u>	<u>35,862,456</u>	<u>41,234,625</u>	<u>34,077,372</u>	<u>306,553,903</u>
Liabilities						
Purchases awaiting settlement	-	-	-	-	32,651	32,651
Payables	1,570,875	30,467	-	-	-	1,601,342
Distribution payable	287,120	663,059	-	-	-	950,179
Total Liabilities	<u>1,857,995</u>	<u>693,526</u>	<u>-</u>	<u>-</u>	<u>32,651</u>	<u>2,584,172</u>
Net Assets	(387,351)	193,215,280	35,862,456	41,234,625	34,044,721	
Foreign currency contracts (notional value)	-	(32,284)	-	-	32,284	
Net currency exposure	<u>(387,351)</u>	<u>193,182,996</u>	<u>35,862,456</u>	<u>41,234,625</u>	<u>34,077,005</u>	

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2021

	SGD \$	USD \$	EUR \$	CAD \$	Others \$	Total \$
Assets						
Portfolio of investments	-	186,444,546	35,909,354	36,465,075	18,474,552	277,293,527
Sales awaiting settlement	-	232,372	34,152	-	-	266,524
Receivables	779,223	229,813	-	-	-	1,009,036
Cash and bank balances	<u>2,126,915</u>	<u>7,933,281</u>	<u>743</u>	<u>93,456</u>	<u>2</u>	<u>10,154,397</u>
Total Assets	<u>2,906,138</u>	<u>194,840,012</u>	<u>35,944,249</u>	<u>36,558,531</u>	<u>18,474,554</u>	<u>288,723,484</u>
Liabilities						
Purchases awaiting settlement	-	418,296	-	-	-	418,296
Payables	1,525,532	136,549	-	-	-	1,662,081
Distribution payable	<u>247,150</u>	<u>755,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003,050</u>
Total Liabilities	<u>1,772,682</u>	<u>1,310,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,083,427</u>
Net Assets	1,133,456	193,529,267	35,944,249	36,558,531	18,474,554	
Foreign currency contracts (notional value)	<u>-</u>	<u>34,081</u>	<u>(34,081)</u>	<u>-</u>	<u>-</u>	
Net currency exposure	<u>1,133,456</u>	<u>193,563,348</u>	<u>35,910,168</u>	<u>36,558,531</u>	<u>18,474,554</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, 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 \$
USD	5	531,133	4	284,752

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 Financial risk management (continued)

(a) Market risk (continued)

(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.

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 AC World Index	20	47,166,647	20	46,984,436

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

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 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.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 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
	\$	\$	\$
As at 31 December 2022			
Purchases awaiting settlement	32,651	-	-
Payables	1,601,342	-	-
Distribution payable	950,179	-	-
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
As at 31 December 2021			
Purchases awaiting settlement	418,296	-	-
Payables	1,662,081	-	-
Distribution payable	1,003,050	-	-
Financial derivatives at fair value			
- Foreign currency contracts	173	-	-

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 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			
- Foreign currency contracts			
- inflow	34,081	-	-
- outflow	(34,254)	-	-

(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.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 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.

	Credit rating as at 31 December 2022	Credit rating as at 31 December 2021
Bank and custodian		
State Street Bank and Trust Company	aa-	aa-
Counterparties of foreign currency contracts		
BNP Paribas	a+	n/a*
JP Morgan Chase Bank NA	n/a*	aa-

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

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.

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.

(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.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 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 31 December 2022 and 2021:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 31 December 2022				
Assets				
Portfolio of investments				
- Quoted equities	293,628,502	-	-	293,628,502
Financial derivatives at fair value	-	431	-	431
Total	293,628,502	431	-	293,628,933

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 31 December 2021				
Assets				
Portfolio of investments				
- Quoted equities	277,293,527	-	-	277,293,527
Total	277,293,527	-	-	277,293,527
Liabilities				
Financial derivatives at fair value	-	173	-	173
Total	-	173	-	173

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.

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 Financial risk management (continued)

(e) Fair value estimation (continued)

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 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.

(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	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	431	-	431	-	-	431
Total	431	-	431	-	-	431
31 December 2021						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 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	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
	\$	\$	\$	\$	\$	\$
31 December 2022						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-
31 December 2021						
Derivative financial instruments	173	-	173	-	-	173
Total	173	-	173	-	-	173

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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, valuation fee and administration 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:

	2022	2021
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Cash and bank balances	10,886,095	10,154,397

(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	47,329	-
Interest expense	-	89
United Overseas Bank Limited		
Bank charges	10,822	16,999

United Global Durable Equities Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11 Financial ratios

	2022	2021
	\$	\$
Class SGD Acc		
Total operating expenses	151,981	197,341
Average daily net assets value	<u>7,376,517</u>	<u>9,408,925</u>
Expense ratio ¹	<u>2.06%</u>	<u>2.10%</u>
Class SGD Dist		
Total operating expenses	1,240,455	884,740
Average daily net assets value	<u>60,470,213</u>	<u>42,807,450</u>
Expense ratio ¹	<u>2.05%</u>	<u>2.07%</u>
Class USD Acc		
Total operating expenses	1,350,426	1,316,724
Average daily net assets value	<u>66,604,363</u>	<u>63,161,579</u>
Expense ratio ¹	<u>2.03%</u>	<u>2.08%</u>
Class USD Dist		
Total operating expenses	3,083,906	3,314,995
Average daily net assets value	<u>149,601,667</u>	<u>159,301,049</u>
Expense ratio ¹	<u>2.06%</u>	<u>2.08%</u>
Lower of total value of purchases or sales	62,227,306	81,433,743
Average daily net assets value	<u>284,052,760</u>	<u>274,679,003</u>
Turnover ratio ²	<u>21.91%</u>	<u>29.65%</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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