

United Japan Small And Mid Cap Fund

Annual Report

for the financial year ended
31 December 2022



Right By You

United Japan Small And Mid Cap 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

Sumitomo Mitsui DS Asset Management Company, Limited

Toranomon Hills Business Tower 26F

1-17-1 Toranomon, Minato-ku

Tokyo 105-6426, Japan

United Japan Small And Mid Cap Fund
(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance

Class SGD

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 11 August 2014 Ann Comp Ret
United Japan Small And Mid Cap Fund	2.46	1.37	-21.09	-6.33	-3.26	N/A	5.84
Benchmark	4.63	1.71	-14.40	-3.38	-1.99	N/A	4.14

Source: Morningstar.

Note: The performance returns of the Fund are in Singapore Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.
The benchmark of the Fund: MSCI Japan SMID Cap Index.

Class SGD (Hedged)

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 11 August 2014 Ann Comp Ret
United Japan Small And Mid Cap Fund	1.18	3.99	-7.55	0.72	0.77	N/A	8.86
Benchmark	4.63	1.71	-14.40	-3.38	-1.99	N/A	4.14

Source: Morningstar.

Note: The performance returns of the Fund are in Singapore Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.
The benchmark of the Fund: MSCI Japan SMID Cap Index.

United Japan Small And Mid Cap Fund
(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance (continued)

Class JPY

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 10 March 2014 Ann Comp Ret
United Japan Small And Mid Cap Fund	-0.06	2.13	-8.84	0.00	-0.24	N/A	9.11
Benchmark	2.04	2.50	-1.41	3.17	1.09	N/A	6.85

Source: Morningstar.

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

The benchmark of the Fund: MSCI Japan SMID Cap Index.

Class USD

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 24 July 2015 Ann Comp Ret
United Japan Small And Mid Cap Fund	9.59	5.14	-20.46	-6.05	-3.26	N/A	4.11
Benchmark	11.94	5.54	-13.96	-3.29	-2.06	N/A	2.49

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 Japan SMID Cap Index.

For the year ended 31 December 2022, the net asset value of Class SGD and Class SGD (Hedged) of the Fund fell **21.09%** and **7.55%** respectively, compared with a 14.40% decrease in the benchmark MSCI Japan SMID Cap Index in Singapore Dollar terms, while Class JPY and Class USD of the Fund fell **8.84%** and **20.46%** respectively against its benchmark return of -1.41% in Japanese Yen terms and -13.96% in United States Dollar terms.

The Fund's performance was detracted mainly by stock selection, primarily in the **Industrials** sector. The Fund held around 4.07% of cash during the period in response to outflows and to buy on dips.

Key contributors were **Premium Group Co Ltd (Financials)**, **Digital Information Technologies Corp (Information Technology)** and **GAKUJO Co Ltd (Industrials)**. Key detractors were **TOCALO Co Ltd (Industrials)**, **Nitto Boseki Co Ltd (Industrials)** and **Nihon M&A Center Holdings Inc (Industrials)**.

United Japan Small And Mid Cap Fund

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

A) Fund Performance (continued)

As at the end of December 2022, the Fund had the following sector allocation: **Industrials** (32.27%), **Information Technology** (28.47%), **Consumer Discretionary** (15.79%), **Materials** (6.07%), **Health Care** (5.19%), **Consumer Staples** (1.84%), **Communication Services** (1.72%), **Real Estate** (1.56%), others (3.02%) and the remainder in cash (4.07%).

Economic and Market Review

TOPIX, a major stock price index for Japanese stocks, fell 5.1% in JPY terms for the twelve months ended 31 December 2022.

In the first quarter of 2022, TOPIX decreased by 2.3%. In early part of the year, the market started to decline sharply due to a hawkish stance of US Fed and stricter measures to prevent the spread of the new coronavirus in **Japan**. It then further declined due to the **Ukraine** crisis with the Nikkei 225 once down to under 25,000 level. In mid-March, the market saw a rebound on the back of yen depreciation.

TOPIX fell by 3.9% in the second quarterly of 2022. In April, the stock prices fell again due to growing concerns of further monetary tightening by the Fed. From May to June, while stock valuations contracted globally amid the inflationary trend, the decline of Japanese equity market was relatively muted thanks to the BOJ's continuous easing policy and weaker yen.

TOPIX fell by 1.9% in the third quarter of 2022. The stock prices then surged in July and August amid retreating concerns over inflation and views that rate hikes by the Fed would be within market expectations. However, **US** long-term interest rates continued to rise in September, global stock markets declined sharply.

TOPIX rallied by 3.0% in the fourth quarter of 2022. In October and November, Japanese market strongly recovered given the market's expectation of a slower pace of the **US** rate hikes, large-scale economic measures and deregulation of easing border control by the Japanese government. However, In December, the market fell amid mounting concerns about a recession in the **US** and **Europe**, and as BoJ's revision of its yield curve control (YCC) policy.

In 2022, repeated State of Emergency weighed on the economic activities in **Japan**. **Japan's** quarterly real GDP growth rates for January-March, April-June and July-September were -1.8%, +4.5% and -0.8% on an annualized quarter-on-quarter basis, respectively.

Outlook and Fund Strategy

Global economy is on a slowing trend due to 1) **US** and European central banks' tightening and 2) slower economic growth in **China**. However, we expect its gradual recovery toward the second half of the year, without a crash, supported by 1) consumption recovery with economic reopening, 2) fiscal expansion in **Europe** and **China**, and 3) **China's** stance on monetary easing and putting priority on economy after abandon of zero-COVID policy.

United Japan Small And Mid Cap Fund

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

A) Fund Performance (continued)

The Japanese stock market is likely to move within a range due to current stagnant global economy, although Japanese economy is receiving tailwind from domestic demands with economic measures by the government against high prices. We anticipate BoJ's changes to monetary policy would be limited. We expect stock prices to recover when we start to see the end of monetary tightening in the **US** and **Europe**, and the global economy getting out of stagnation, going forward.

In order to achieve long term capital growth, we will continue our in-depth research and invest in companies that have good fundamentals and are able to continue producing good economic return in the foreseeable future.

United Japan Small And Mid Cap 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
Japan	109,973,345	95.93
Portfolio of investments	109,973,345	95.93
Other net assets/(liabilities)	4,660,940	4.07
Total	114,634,285	100.00

ii) Industry

	Fair Value (S\$)	% of NAV
Communication Services	1,976,096	1.72
Consumer Discretionary	18,102,673	15.79
Consumer Staples	2,108,722	1.84
Financials	1,677,351	1.46
Health Care	5,951,576	5.19
Industrials	36,988,075	32.27
Information Technology	32,629,842	28.47
Materials	6,962,084	6.07
Real Estate	1,791,980	1.56
Utilities	1,784,946	1.56
Portfolio of investments	109,973,345	95.93
Other net assets/(liabilities)	4,660,940	4.07
Total	114,634,285	100.00

iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted equities	109,973,345	95.93
Other net assets/(liabilities)	4,660,940	4.07
Total	114,634,285	100.00

United Japan Small And Mid Cap 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 (continued)

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 %
STAR MICRONICS CO LTD	1,958,369	1.71
JBCC HOLDINGS INC	1,863,215	1.63
BELLSYSTEM24 HOLDINGS INC	1,849,600	1.61
MEITEC CORP	1,802,267	1.57
RELO GROUP INC	1,791,980	1.56
WEST HOLDINGS CORP	1,784,946	1.56
E-GUARDIAN INC	1,753,816	1.53
SEIREN CO LTD	1,705,040	1.49
NSD CO LTD	1,683,196	1.47
PREMIUM GROUP CO LTD	1,677,351	1.46

United Japan Small And Mid Cap 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 %
OUTSOURCING INC	2,277,356	1.53
MEITEC CORP	2,219,229	1.49
WEST HOLDINGS CORP	2,213,727	1.49
MONOGATARI CORP	2,212,673	1.49
COMSYS HOLDINGS CORP	2,203,699	1.48
DAIFUKU CO LTD	2,200,966	1.48
TAIYO HOLDINGS CO LTD	2,200,029	1.48
STAR MICRONICS CO LTD	2,194,281	1.48
NSD CO LTD	2,189,902	1.47
TOCALO CO LTD	2,184,429	1.47

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	1,799,000	-	-	78,681	0.07

United Japan Small And Mid Cap 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 401,017 on derivative contracts during the financial year ended 31 December 2022.
- iii) There was a net unrealised loss of SGD 78,681 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	22,220,122
Total amount of subscriptions	SGD	19,282,403

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

United Japan Small And Mid Cap 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.

There are no soft dollars, rebates, commissions or other monetary incentives generated by the Fund.

The Sub-Managers (Sumitomo Mitsui DS Asset Management Company, Limited) do not receive or enter into soft-dollar commissions/arrangements in respect of the sub-management of the Fund.

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

N/A

United Japan Small And Mid Cap Fund
(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 Japan Small And Mid Cap 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 48, 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 Japan Small And Mid Cap 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 16 to 48, 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 Japan Small And Mid Cap 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 JAPAN SMALL AND MID CAP FUND

Our Opinion

In our opinion, the accompanying financial statements of United Japan Small And Mid Cap 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 JAPAN SMALL AND MID CAP 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 JAPAN SMALL AND MID CAP 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 Japan Small And Mid Cap 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		<u>2,956,143</u>	2,917,931
Total		<u>2,956,143</u>	<u>2,917,931</u>
Less: Expenses			
Management fee	9	2,207,436	2,676,898
Trustee fee	9	44,206	51,020
Audit fee		15,869	15,921
Registrar fee	9	25,000	24,966
Valuation fee	9	157,674	191,207
Administration fee	9	94,605	114,725
Custody fee	9	55,662	114,850
Transaction costs		52,479	137,221
Interest expenses		17,322	15,561
Other expenses		<u>191,249</u>	<u>84,295</u>
Total		<u>2,861,502</u>	<u>3,426,664</u>
Net income/(losses)		<u>94,641</u>	<u>(508,733)</u>
Net gains/(losses) on value of investments and financial derivatives			
Net gains/(losses) on investments		(30,201,445)	(2,776,019)
Net gains/(losses) on financial derivatives		322,336	648,462
Net foreign exchange gains/(losses)		<u>(826,824)</u>	<u>(913,519)</u>
		<u>(30,705,933)</u>	<u>(3,041,076)</u>
Total return/(deficit) for the financial year before income tax		<u>(30,611,292)</u>	<u>(3,549,809)</u>
Less: Income tax	3	<u>(452,733)</u>	<u>(446,778)</u>
Total return/(deficit) for the financial year		<u>(31,064,025)</u>	<u>(3,996,587)</u>

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

United Japan Small And Mid Cap Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	2022	2021
Note	\$	\$
Assets		
Portfolio of investments	109,973,345	141,024,172
Sales awaiting settlement	340,786	71,415
Receivables	4 523,946	842,565
Cash and bank balances	4,718,311	9,461,471
Financial derivatives at fair value	6 <u>-</u>	<u>21,520</u>
Total assets	<u>115,556,388</u>	<u>151,421,143</u>
Liabilities		
Purchases awaiting settlement	143,650	1,925,293
Payables	5 699,772	859,821
Financial derivatives at fair value	6 <u>78,681</u>	<u>-</u>
Total liabilities	<u>922,103</u>	<u>2,785,114</u>
Equity		
Net assets attributable to unitholders	7 <u>114,634,285</u>	<u>148,636,029</u>

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

United Japan Small And Mid Cap Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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		148,636,029	232,246,649
Operations			
Change in net assets attributable to unitholders resulting from operations		(31,064,025)	(3,996,587)
Unitholders' contributions/(withdrawals)			
Creation of units		19,282,403	45,263,513
Cancellation of units		(22,220,122)	(124,877,546)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(2,937,719)	(79,614,033)
Total increase/(decrease) in net assets attributable to unitholders		(34,001,744)	(83,610,620)
Net assets attributable to unitholders at the end of the financial year	7	<u>114,634,285</u>	<u>148,636,029</u>

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

United Japan Small And Mid Cap 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 Industry - Primary			
Quoted equities			
COMMUNICATION SERVICES			
ALPHAPOLIS CO LTD	44,000	1,021,079	0.89
MEMBERS CO LTD	47,000	<u>955,017</u>	<u>0.83</u>
TOTAL COMMUNICATION SERVICES		<u>1,976,096</u>	<u>1.72</u>
CONSUMER DISCRETIONARY			
ARCLAND SERVICE HOLDINGS CO LTD	55,000	1,207,583	1.05
BIC CAMERA INC	75,000	977,350	0.85
CASIO COMPUTER CO LTD	60,000	819,083	0.71
CURVES HOLDINGS CO LTD	75,500	664,608	0.58
FUJIBO HOLDINGS INC	35,500	1,161,943	1.01
FUKOKU CO LTD	46,000	482,545	0.42
JAPAN BEST RESCUE SYSTEM CO LTD	159,000	1,326,908	1.16
JAPAN NIFCO INC	49,000	1,544,039	1.35
MONOGATARI CORP	25,000	1,661,952	1.45
NICHIRIN CO LTD	55,800	1,007,911	0.88
PACIFIC INDUSTRIAL CO LTD	143,000	1,463,747	1.28
PACIFIC NET CO LTD	42,000	438,450	0.38
PIOLAX INC	65,500	1,133,187	0.99
RISO KYOIKU CO LTD	255,000	948,685	0.83
SEIREN CO LTD	69,000	1,705,040	1.49
STANLEY ELECTRIC CO LTD	59,000	1,516,706	1.32
TOKYO INDIVIDUALIZED EDUCATIONAL INSTITUTE INC	8,000	<u>42,936</u>	<u>0.04</u>
TOTAL CONSUMER DISCRETIONARY		<u>18,102,673</u>	<u>15.79</u>

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

United Japan Small And Mid Cap 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 Industry - Primary (continued)			
Quoted equities			
CONSUMER STAPLES			
KOBE BUSSAN CO LTD	23,500	905,332	0.79
SAN-A CO LTD	27,500	<u>1,203,390</u>	<u>1.05</u>
TOTAL CONSUMER STAPLES		<u>2,108,722</u>	<u>1.84</u>
FINANCIALS			
PREMIUM GROUP CO LTD	95,000	1,677,351	1.46
HEALTH CARE			
DAITO PHARMACEUTICAL CO LTD	47,500	1,205,144	1.05
EIKEN CHEMICAL CO LTD	65,000	1,129,161	0.98
JAPAN LIFELINE CO LTD	90,500	842,645	0.74
JAPAN MEDICAL DYNAMIC MARKETING INC	115,000	1,053,230	0.92
MANI INC	28,000	577,770	0.50
NAKANISHI INC	44,000	<u>1,143,626</u>	<u>1.00</u>
TOTAL HEALTH CARE		<u>5,951,576</u>	<u>5.19</u>
INDUSTRIALS			
AEON DELIGHT CO LTD	19,500	600,590	0.52
BENEFIT ONE INC	22,000	432,270	0.38
COMSYS HOLDINGS CORP	60,000	1,411,897	1.23
CREEK & RIVER CO LTD	70,000	1,388,924	1.21
CTS CO LTD	161,000	1,332,143	1.16
DAIFUKU CO LTD	22,500	1,413,421	1.23
F&M CO LTD	26,500	708,708	0.62

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

United Japan Small And Mid Cap 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 Industry - Primary (continued)			
Quoted equities			
INDUSTRIALS (continued)			
FULLCAST HOLDINGS CO LTD	45,000	1,291,748	1.13
FUNAI SOKEN HOLDINGS INC	49,000	1,353,774	1.18
GAKUJO CO LTD	102,500	1,440,943	1.26
HOSOKAWA MICRON CORP	44,000	1,199,980	1.05
LIKE INC	73,000	1,544,172	1.35
MEITEC CORP	74,000	1,802,267	1.57
NIHON M&A CENTER HOLDINGS INC	15,000	248,378	0.22
NIPPON AIR CONDITIONING SERVICES CO LTD	130,000	905,179	0.79
NITTO BOSEKI CO LTD	26,000	503,993	0.44
OKAMURA CORP	107,500	1,554,941	1.36
OPEN UP GROUP INC	95,000	1,642,588	1.43
OUTSOURCING INC	157,000	1,512,894	1.32
PAYROLL INC	127,000	929,473	0.81
PRESTIGE INTERNATIONAL INC	220,000	1,623,529	1.41
RAITO KOGYO CO LTD	74,000	1,423,911	1.24
SAKAI MOVING SERVICE CO LTD	25,500	1,121,055	0.98
SANWAYUKA INDUSTRY CORP	20,000	890,440	0.78
SATO HOLDINGS CORP	32,000	617,372	0.54
SOHGO SECURITY SERVICES CO LTD	25,000	913,565	0.80
STAR MICRONICS CO LTD	119,000	1,958,369	1.71
SWCC SHOWA HOLDINGS CO LTD	67,500	1,228,853	1.07
TOCALO CO LTD	133,000	1,558,768	1.36
TOTETSU KOGYO CO LTD	50,000	1,336,168	1.16
TRE HOLDINGS CORP	76,000	<u>1,097,762</u>	<u>0.96</u>
TOTAL INDUSTRIALS		<u>36,988,075</u>	<u>32.27</u>

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

United Japan Small And Mid Cap 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 Industry - Primary (continued)			
Quoted equities			
INFORMATION TECHNOLOGY			
AI HOLDINGS CORP	56,000	1,192,539	1.04
ARGO GRAPHICS INC	42,000	1,588,155	1.39
BELLSYSTEM24 HOLDINGS INC	133,500	1,849,600	1.61
COMPUTER ENGINEERING & CONSULTING LTD	81,000	1,258,082	1.10
COMTURE CORP	48,000	1,172,454	1.02
CRESKO LTD	69,500	1,231,354	1.07
DIGITAL INFORMATION TECHNOLOGIES CORP	67,000	1,232,690	1.08
DTS CORP	52,000	1,576,201	1.38
E-GUARDIAN INC	64,500	1,753,816	1.53
FUJI SOFT INC	15,000	1,152,693	1.01
FUTURE CORP	92,000	1,540,217	1.34
GMO PAYMENT GATEWAY INC	5,000	555,000	0.48
IRISO ELECTRONICS CO LTD	31,000	1,332,916	1.16
ITFOR INC	150,000	1,276,196	1.11
JAPAN MATERIAL CO LTD	27,000	586,501	0.51
JBCC HOLDINGS INC	100,000	1,863,215	1.63
NEC NETWORKS & SYSTEM INTEGRATION CORP	89,000	1,494,516	1.30
NSD CO LTD	72,500	1,683,196	1.47
OPTEX GROUP CO LTD	59,000	1,077,107	0.94
ROLAND DG CORP	18,500	524,846	0.46
SB TECHNOLOGY CORP	56,000	1,066,739	0.93
SHIBAURA ELECTRONICS CO LTD	13,000	649,483	0.57
SIIX CORP	121,800	1,581,025	1.38
SOFTCREATE HOLDINGS CORP	43,500	1,381,783	1.21

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

United Japan Small And Mid Cap 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 Industry - Primary (continued)			
Quoted equities			
INFORMATION TECHNOLOGY (continued)			
TDC SOFT INC	58,000	864,296	0.75
ZUKEN INC	37,000	<u>1,145,222</u>	<u>1.00</u>
TOTAL INFORMATION TECHNOLOGY		<u>32,629,842</u>	<u>28.47</u>
MATERIALS			
FUJIMI INC	20,500	1,302,370	1.14
FUJIMORI KOGYO CO LTD	31,000	954,784	0.83
JCU CORP	19,000	594,847	0.52
KEIWA INC	50,000	790,316	0.69
MEC CO LTD	25,000	528,064	0.46
NOF CORP	21,000	1,127,078	0.98
TAIYO HOLDINGS CO LTD	49,000	1,114,199	0.97
TOYO GOSEI CO LTD	7,500	<u>550,426</u>	<u>0.48</u>
TOTAL MATERIALS		<u>6,962,084</u>	<u>6.07</u>
REAL ESTATE			
RELO GROUP INC	83,000	1,791,980	1.56

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

United Japan Small And Mid Cap 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 Industry - Primary (continued)			
Quoted equities			
UTILITIES			
WEST HOLDINGS CORP	40,000	<u>1,784,946</u>	<u>1.56</u>
Total Equities		<u>109,973,345</u>	<u>95.93</u>
Portfolio of investments		109,973,345	95.93
Other net assets/(liabilities)		<u>4,660,940</u>	<u>4.07</u>
Net assets attributable to unitholders		<u>114,634,285</u>	<u>100.00</u>

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

United Japan Small And Mid Cap 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 Industry - Primary (Summary)		
Quoted equities		
Communication Services	1.72	0.14
Consumer Discretionary	15.79	19.35
Consumer Staples	1.84	2.42
Financials	1.46	1.09
Health Care	5.19	4.35
Industrials	32.27	33.19
Information Technology	28.47	25.38
Materials	6.07	6.24
Real Estate	1.56	1.23
Utilities	1.56	1.49
Portfolio of investments	95.93	94.88
Other net assets/(liabilities)	4.07	5.12
Net assets attributable to unitholders	100.00	100.00

By Geography - Secondary
Quoted equities

The Fund invests wholly in Japanese equities.

United Japan Small And Mid Cap 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 Japan Small And Mid Cap 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 through investing in securities of small and medium capitalisation corporations listed, domiciled, or having substantial operations, in Japan.

The Fund currently offers four classes of units, namely JPY Class, SGD Class, SGD (Hedged) Class and USD Class. Subscriptions and redemptions of the units are denominated in the Singapore Dollar, the United States Dollar and the Japanese Yen. In respect of the SGD (Hedged) Class units, the Manager has the ability to hedge the units of such class in relation to the base currency of the Fund or the currency of the underlying investments in such manner as they deem appropriate. Where hedging of such is undertaken, the Manager may engage, for the exclusive account of the Fund, in, amongst other things, currency forwards, currency futures, currency option transactions and currency swaps in order to preserve the value of the SGD (Hedged) Class against the base currency or the currency of the underlying investments. Where undertaken, the effects of this hedging will be reflected in the Net Asset Value of the SGD (Hedged) Class, and, therefore, in the performance of the SGD (Hedged) Class. Similarly, any expenses arising from such hedging transactions will be borne by the SGD (Hedged) Class. The management fee rates are the same for all four classes.

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 Japan Small And Mid Cap 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
	\$	\$
Overseas income tax	452,733	446,778

United Japan Small And Mid Cap Fund
(Constituted under a Trust Deed in the Republic of Singapore)

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	55,578	35,879
Dividends receivable	383,597	369,479
Other receivables	84,771	<u>437,207</u>
	<u>523,946</u>	<u>842,565</u>

United Japan Small And Mid Cap Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5 Payables

	2022	2021
	\$	\$
Amounts payable for cancellation of units	8,613	106
Amount due to the Manager	548,987	662,066
Amount due to Trustee	10,248	12,359
Tax payables	58,084	57,068
Other creditors and accrued expenses	73,840	<u>128,222</u>
	<u>699,772</u>	<u>859,821</u>

6 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	1,799,000	-	78,681

	2021		
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	1,877,000	21,520	-

United Japan Small And Mid Cap 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 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		Class SGD (Hedged)	
	2022	2021	2022	2021
Units at the beginning of the financial year	351,043	518,506	865,131	1,337,027
Units created	159,994	335,932	70,522	762,607
Units cancelled	(156,551)	(503,395)	(83,174)	(1,234,503)
Units at the end of the financial year	354,486	351,043	852,479	865,131
	\$	\$	\$	\$
Net assets attributable to unitholders (SGD equivalent)	575,813	720,442	1,754,370	1,925,532
Net assets value per unit (SGD equivalent)	1.624	2.052	2.057	2.225
Net assets attributable to unitholders (Class Currency)	575,813	720,442	1,754,370	1,925,532
Net assets value per unit (Class Currency)	1.624	2.052	2.057	2.225

United Japan Small And Mid Cap 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 Units in issue (continued)

	Class JPY		Class USD	
	2022	2021	2022	2021
Units at the beginning of the financial year	5,269,640	8,058,974	36,906	82,282
Units created	807,950	1,478,404	693	90,896
Units cancelled	(955,897)	(4,267,738)	(2,764)	(136,272)
Units at the end of the financial year	5,121,693	5,269,640	34,835	36,906
	\$	\$	\$	\$
Net assets attributable to unitholders (SGD equivalent)	112,241,042	145,905,648	63,060	84,407
Net assets value per unit (SGD equivalent)	21.914	27.687	1.810	2.287
Net assets attributable to unitholders (Class Currency)	11,042,085,343	12,462,830,620	47,018	62,610
Net assets value per unit (Class Currency)	2,155.944	2,365.024	1.349	1.696

As at reporting date, there is 1 unitholder (2021: 1 unitholder) holding more than 50% of the units in issue of the Fund.

United Japan Small And Mid Cap 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 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		Class SGD (Hedged)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net assets attributable to unitholders per financial statements per unit	1.624	2.052	2.057	2.225
Effect of movement in the NAV between the last dealing date and the end of the reporting period*	<u>-</u>	<u>0.006</u>	<u>0.001</u>	<u>0.001</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>1.624</u>	<u>2.058</u>	<u>2.058</u>	<u>2.226</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u>1.624</u>	<u>2.058</u>	<u>2.058</u>	<u>2.226</u>

* *The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between such date and the end of the financial year.*

	Class JPY		Class USD	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net assets attributable to unitholders per financial statements per unit	21.914	27.687	1.810	2.287
Effect of movement in the NAV between the last dealing date and the end of the reporting period*	<u>0.002</u>	<u>0.085</u>	<u>-</u>	<u>0.007</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>21.916</u>	<u>27.772</u>	<u>1.810</u>	<u>2.294</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u>2,156.062</u>	<u>2,365.136</u>	<u>1.349</u>	<u>1.696</u>

* *The net asset value for the purpose of processing unit subscription and redemption was established in accordance with the methodology indicated in the Fund's Prospectus. This item reflects the movement in net asset value between such date and the end of the financial year.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management

The Fund's activities expose it to a variety of market risk (including foreign exchange risk, price risk and interest rate risk), liquidity risk and credit risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial futures contracts, financial options contracts and/or foreign currency contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments 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 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 Japan Small And Mid Cap 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 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 \$	JPY \$	USD \$	Total \$
Assets				
Portfolio of investments	-	109,973,345	-	109,973,345
Sales awaiting settlement	-	340,786	-	340,786
Receivables	85,071	438,875	-	523,946
Cash and bank balances	82,472	4,580,573	55,266	4,718,311
Total Assets	<u>167,543</u>	<u>115,333,579</u>	<u>55,266</u>	<u>115,556,388</u>
Liabilities				
Purchases awaiting settlement	-	143,650	-	143,650
Payables	641,686	58,084	2	699,772
Total Liabilities	<u>641,686</u>	<u>201,734</u>	<u>2</u>	<u>843,422</u>
Net Assets				
	(474,143)	115,131,845	55,264	
Foreign currency contracts (notional value)	1,799,000	(1,799,000)	-	
Net currency exposure	<u>1,324,857</u>	<u>113,332,845</u>	<u>55,264</u>	

United Japan Small And Mid Cap 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 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2021

	SGD \$	JPY \$	USD \$	Total \$
Assets				
Portfolio of investments	-	141,024,172	-	141,024,172
Sales awaiting settlement	-	71,415	-	71,415
Receivables	440,207	402,358	-	842,565
Cash and bank balances	<u>850,781</u>	<u>8,551,743</u>	<u>58,947</u>	<u>9,461,471</u>
Total Assets	<u>1,290,988</u>	<u>150,049,688</u>	<u>58,947</u>	<u>151,399,623</u>
Liabilities				
Purchases awaiting settlement	-	1,925,293	-	1,925,293
Payables	<u>802,753</u>	<u>57,068</u>	-	<u>859,821</u>
Total Liabilities	<u>802,753</u>	<u>1,982,361</u>	-	<u>2,785,114</u>
Net Assets	488,235	148,067,327	58,947	
Foreign currency contracts (notional value)	<u>1,877,000</u>	<u>(1,877,000)</u>	-	
Net currency exposure	<u>2,365,235</u>	<u>146,190,327</u>	<u>58,947</u>	

United Japan Small And Mid Cap 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 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 \$
JPY	7	235,165	6	309,969

(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.

United Japan Small And Mid Cap 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 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 Japan SMID Cap Index	20	23,280,906	20	26,902,881

(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.

Hence, no sensitivity analysis has been presented separately.

United Japan Small And Mid Cap 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 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			
Purchases awaiting settlement	143,650	-	-
Payables	699,772	-	-
Financial derivatives at fair value			
- Foreign currency contracts	78,681	-	-
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
As at 31 December 2021			
Purchases awaiting settlement	1,925,293	-	-
Payables	859,821	-	-

United Japan Small And Mid Cap 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 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 2022			
Financial derivatives at fair value			
- Foreign currency contracts			
- inflow	1,799,000	-	-
- outflow	(1,877,681)	-	-

(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 Japan Small And Mid Cap 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 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		
State Street Bank and Trust Company	aa-	aa-
BNP Paribas	a+	a+
Northern Trust Company	aa-	aa-
Westpac Banking Corporation	a+	n/a*

* *The Fund has no exposure to the counterparty as at 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 Japan Small And Mid Cap 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 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	<u>109,973,345</u>	-	-	<u>109,973,345</u>
Total	<u>109,973,345</u>	-	-	<u>109,973,345</u>
Liabilities				
Financial derivatives at fair value	-	78,681	-	78,681
Total	-	<u>78,681</u>	-	<u>78,681</u>

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 31 December 2021				
Assets				
Portfolio of investments				
- Quoted equities	141,024,172	-	-	141,024,172
Financial derivatives at fair value	-	21,520	-	21,520
Total	<u>141,024,172</u>	<u>21,520</u>	-	<u>141,045,692</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

8 Financial risk management (continued)

(e) Fair value estimation (continued)

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.

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.

United Japan Small And Mid Cap 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 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2021						
Derivative financial instruments	21,520	-	21,520	-	-	21,520
Total	<u>21,520</u>	<u>-</u>	<u>21,520</u>	<u>-</u>	<u>-</u>	<u>21,520</u>

United Japan Small And Mid Cap 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 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	78,681	-	78,681	-	-	78,681
Total	78,681	-	78,681	-	-	78,681
31 December 2021						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-

United Japan Small And Mid Cap 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 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	4,718,311	9,461,471

(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 expense	17,322	15,561
United Overseas Bank Limited		
Bank charges	3,066	12,395

United Japan Small And Mid Cap 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 Financial ratios

	2022	2021
	\$	\$
Class SGD		
Total operating expenses	13,607	16,645
Average daily net assets value	<u>611,843</u>	<u>772,350</u>
Expense ratio ¹	<u>2.22%</u>	<u>2.16%</u>
Class SGD (Hedged)		
Total operating expenses	39,088	50,725
Average daily net assets value	<u>1,771,178</u>	<u>2,355,142</u>
Expense ratio ¹	<u>2.21%</u>	<u>2.15%</u>
Class JPY		
Total operating expenses	2,737,482	3,204,821
Average daily net assets value	<u>123,345,757</u>	<u>149,070,879</u>
Expense ratio ¹	<u>2.22%</u>	<u>2.15%</u>
Class USD		
Total operating expenses	1,524	1,691
Average daily net assets value	<u>68,737</u>	<u>76,804</u>
Expense ratio ¹	<u>2.22%</u>	<u>2.20%</u>
Lower of total value of purchases or sales	40,554,811	56,617,987
Average daily net assets value	<u>125,797,515</u>	<u>152,275,175</u>
Turnover ratio ²	<u>32.24%</u>	<u>37.18%</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.*

