United SSE 50 China ETF

Semi Annual Report

for the financial period 1st July to 31st December 2016

UOB Asset Management 大華資產管理

MANAGER
UOB Asset Management Ltd
Registered Address:
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No. : 198600120Z

OPERATIONS ADDRESS
80 Raffles Place
#06-00, UOB Plaza 2
Singapore 048624
Tel: 1800 22 22 228

DIRECTORS OF UOB ASSET MANAGEMENT
Lee Wai Fai
Cheo Chai Hong
Goh Yu Min
Thio Boon Kiat

TRUSTEE / REGISTRAR
HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02, HSBC Building
Singapore 049320

CUSTODIAN
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

AUDITORS
PricewaterhouseCoopers LLP
8 Cross Street
#17-00, PWC Building
Singapore 048424

SOLICITORS TO THE MANAGER
Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989

SOLICITORS TO THE TRUSTEE
Clifford Chance Pte. Ltd.
Marina Bay Financial Centre
25th Floor, Tower 3
12 Marina Boulevard
Singapore 018982

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 12 November 2009 Ann Comp Ret
United SSE 50 China ETF	6.15	10.68	-12.72	10.37	5.46	N/A	-2.29
Benchmark	6.82	10.56	-10.11	13.12	7.36	N/A	-1.00

Source: Lipper, a Thomson Reuters Company.

Note: The performance returns of the Fund are in Singapore dollars based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.
The benchmark of the Fund: SSE 50 Index.

For the 6 months ended 31 December 2016, the net asset value of the Fund increased 10.7% on a net asset value basis in Singapore dollar terms, compared to the benchmark SSE 50 Index which increased 10.6% during the same period.

Economic and Market Review

China's equity market was among the worst performing in 2016 amid a massive capital flight and a languishing currency. The falling Chinese Yuan over the year also drove investors abroad in search of better performance.

China's official manufacturing purchasing managers index (PMI) fell to 51.4 in December 2016 from 51.7 in November 2016, indicating that the world's second largest economy continued to expand, though at a slower rate. The slightly weaker PMI reading for December comes as Beijing was pulling back from monetary policy measures it depended upon for much of the year to boost the economy. The PMI figures had suggested that the change of policy tone had taken its toll as the authorities grew more concerned over asset bubbles. The government took steps to crack down on speculative property buying as policymakers signaled further measures to contain asset bubbles and rising debt. Economic growth in each of the first three quarters of 2016 came in at 6.7 percent and the fourth quarter is expected to be at similar levels. Policymakers are confident that the economy will achieve an annual growth target of 6.5 percent to 7 percent, although rising corporate debt levels are an ongoing concern.

As of 13 June 2016, the SSE 50 Index had an index review and rebalancing, which was effective between 13 June 2016 and 12 December 2016. During the index review, 5 constituents were changed. **Shanghai International Port (Group) Co Ltd** (Industrials), **China CSSC Holdings Limited** (Industrials), **Anhui Conch Cement Co Ltd** (Materials), **Hua Xia Bank Co Ltd** (Financials) and **Founder Securities** (Financials), were removed from the index and replaced by **China Southern Airlines Co Ltd** (Industrials), **Industrial Securities Co Ltd** (Financials), **Everbright Securities Co Ltd** (Financials), **Shanghai Electric Group Co Ltd** (Industrials) and **China Cosco Holdings Co Ltd** (Industrials).

As of 12 December 2016, five constituents changed during the index review and rebalancing for the SSE 50 Index, effective between 12 December 2016 and 12 June 2017. **Inner Mongolia Baotou Steel Union Co Ltd** (Materials), **GD Power Development Co Ltd** (Utilities), **Power Construction Corporation of China Ltd** (Industrials), **Shanghai Electric Group Co Ltd** (Industrials) and **Cosco Shipping Holdings Co., Ltd** (Industrials), were removed from the index and replaced by **Tsinghua Tongfang Co Ltd** (Information Technology), **Beijin Xinwei Telecom Technology Group Co., Ltd** (Telecommunication Services), **Shandong Gold-Mining Co Ltd** (Materials), **DongXing Securities Co., Ltd** (Financials) and **Founder Securities Co Ltd** (Financials).

Outlook and Fund Strategy

The global outlook for the past couple of years had been one of low growth and low inflation. Recent economic indicators are broadly supportive of a global reflationary path which supports the consensus outlook for sustained growth at a moderate rate. Purchasing Managers' Index (PMI) figures across the world have been above the 50 level, indicating expansion and on improving trends. Economic surprise indices have also generally been trending up as global macro-economic data indicated signs of improving strength. The risks to look out for in 2017 would include US policy makers failing to deliver on fiscal support promised and long timelines for fiscal support to be rolled out either in terms of infrastructure spending or tax cuts. China continues its growth normalisation and reforms in industries facing excess capacity.The economy is currently tracking well, but property construction is expected to begin slowing in 2017 and should China's economy hit the brakes, global markets would likely turn volatile on fears of a potential hard landing. The increased political instability across the globe and trade protectionism may add more woes and uncertainties to investor confidence going forward.

Disclosures

The Fund invests in the Participatory Notes (the P-Notes) and the value of the P-Notes is linked to a composite portfolio comprising an underlying basket of A-Shares, closely correspond to the performance of the SSE 50 Index.

BNP Paribas posts collateral for any value of the P-Notes issued by BNP Paribas held by the Trustee on behalf of the Sub-Fund that is above 10% of the Net Asset Value of the Sub-Fund in order to reduce the Sub-Fund's exposure to BNP Paribas to not more than 10% of the Net Asset Value of the Sub-Fund. It is intended that the collateral would be placed in a trust or custodian account charge and assigned to the Trustee as trustee for the Sub-Fund. The detail of the collaterals as of 31 December 2016 is as follows:

Name	Value (SGD)	Nature of Collateral
BUNDESREP 2.500 040744 EUR	8,441,509.01	Government Bond
DEUTSCHLAND 0.500 150430 EUR	8,527,317.68	Government Bond
GERMANY (REP OF) 2.5P 0121	5,154,317.46	Government Bond
GERMANY (REP OF) 3P 0720	22,396,799.07	Government Bond

B) Investments at fair value and as a percentage of NAV as at 31 December 2016 under review classified by

i) Country

Please refer to the Statement of Portfolio on page 12

ii) Industry

Please refer to the Statement of Portfolio on page 12

iii) Asset Class

Please refer to the Statement of Portfolio on page 12

iv) Credit rating of debt securities

N/A

C) Top Ten Holdings

The top 10 holdings as at 31 December 2016 and 31 December 2015

31 December 2016+

	Fair Value (S$)	**Percentage of total net assets attributable to unitholders %**
BNP PARIBAS ARBITRAGE ISSUANCE B.V. (UNITED SSE 50 CHINA ETF) P-NOTE 08/11/2017	**30,627,450**	**99.52**

31 December 2015+

	Fair Value (S$)	Percentage of total net assets attributable to unitholders %
BNP PARIBAS ARBITRAGE ISSUANCE B.V. (UNITED SSE 50 CHINA ETF) P-NOTE 08/11/2017	33,795,476	99.85

\+ *There was only 1 holding as at 31 December 2016 and 31 December 2015 respectively*

D) Exposure to derivatives

i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2016

	Contract or underlying principal amount $	Positive fair value $	% of NAV
P-notes	30,627,450	2,867,885	9.32

ii) there was a net loss of SGD 64,525 on derivative contracts realised during the financial period ended 31 December 2016

iii) there was a net gain of SGD 2,867,885 on outstanding deriviative contracts marked to market as at 31 December 2016

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2016

N/A

F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2016

N/A

G) Amount of redemptions and subscriptions for the period 01 July 2016 to 31 December 2016

Total amount of redemptions	SGD	1,435,900
Total amount of subscriptions	SGD	-

H) The amount and terms of related-party transactions for the period 01 July 2016 to 31 December 2016

i) As at 31 December 2016 the Fund maintained current account with The Hongkong and Shanghai Banking Corporation Limited as follows:

The Hongkong and Shanghai Banking Corporation Limited		
Bank balances	SGD	229,885

ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2016

N/A

H) The amount and terms of related-party transactions for the period 01 July 2016 to 31 December 2016 (continued)

iii) Investment in Initial Public Offerings managed by UOB Group

N/A

iv) As at 31 December 2016 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

I) Expense ratios

	31 December 2016	31 December 2015
Expense ratio[1] (excluding collateral fee and running fee)	**2.20%**	1.47%
Expense ratio[1] (including collateral fee and running fee)	**3.99%**	2.59%

Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31 December 2016 was based on total operating expenses of $671,892 (2015: $670,836) divided by the average net asset value of $30,498,769 (2015: $45,642,437) for the year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

J) Turnover ratios

31 December 2016	0.00%
31 December 2015	93.56%

Note: The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments, being Nil (2015: purchases of $34,347,670) divided by the average daily net asset value of $30,903,588 (2015: $36,713,335).

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

N/A

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

i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2016 and 31 December 2015

N/A

ii) expense ratios for the financial period ended 31 December 2016 and 31 December 2015

N/A

iii) turnover ratios for the financial period ended 31 December 2016 and 31 December 2015

N/A

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 money incentives generated by 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

[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.*

STATEMENT OF TOTAL RETURN
For the half year ended 31 December 2016 (Un-audited)

	31 December 2016 $	31 December 2015 $
Income		
Dividends	**761,408**	762,011
Less: Expenses		
Management fee	**69,978**	83,005
Trustee fee	**21,000**	21,000
Audit fee	**12,844**	12,819
Custody fee	**20,815**	2,100
Maintenance fee	**46,652**	55,336
Collateral fee	**118,796**	509,022
Transaction costs	**5,476**	28,746
Other expenses	**73,883**	234,904
	369,444	946,932
Net income/(loss)	**391,964**	(184,921)
Net gains or losses on value of investments		
Net gain/(loss) on investments	**2,803,361**	(7,191,908)
Net foreign exchange gain	**2**	5
	2,803,363	(7,191,903)
Total return/(deficit) for the period	**3,195,327**	(7,376,824)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016 (Un-audited)

	31 December 2016 $	30 June 2016 $
ASSETS		
Portfolio of investments	**30,627,450**	29,175,275
Receivables	**26,540**	-
Cash and bank balances	**229,885**	55,467
Total Assets	**30,883,875**	29,230,742
LIABILITIES		
Payables	**109,299**	215,593
Total Liabilities	**109,299**	215,593
EQUITY		
Net assets attributable to unitholders	**30,774,576**	29,015,149

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the half year ended 31 December 2016 (Un-audited)

	31 December 2016 $	30 June 2016 $
Net assets attributable to unitholders at the beginning of the financial period/year	**29,015,149**	47,207,938
Operations		
Change in net assets attributable to unitholders resulting from operations	**3,195,327**	(14,834,389)
Unitholders' contributions/(withdrawals)		
Creation of units	**-**	2,626,600
Cancellation of units	**(1,435,900)**	(5,985,000)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	**(1,435,900)**	(3,358,400)
Total increase/(decrease) in net assets attributable to unitholders	**1,759,427**	(18,192,789)
Net assets attributable to unitholders at the end of the financial period/year	**30,774,576**	29,015,149

STATEMENT OF PORTFOLIO
As at 31 December 2016 (Un-audited)

	Holdings at 31 December 2016	Fair value at 31 December 2016 $	Percentage of total net assets attributable to unitholders at 31 December 2016 %
By Geography - Primary			
CHINA			
BNP PARIBAS ARBITRAGE ISSUANCE B.V. (UNITED SSE 50 CHINA ETF) P-NOTE 08/11/2017	13,885,000	**30,627,450**	**99.52**
Portfolio of investments		**30,627,450**	**99.52**
Other net assets		**147,126**	**0.48**
Net assets attributable to unitholders		**30,774,576**	**100.00**

	Percentage of total net assets attributable to unitholders at 31 December 2016 %	Percentage of total net assets attributable to unitholders at 30 June 2016 %
By Geography - Primary (Summary)		
CHINA	**99.52**	100.55
Portfolio of investments	**99.52**	100.55
Other net assets/(liabilities)	**0.48**	(0.55)
Net assets attributable to unitholders	**100.00**	100.00

As the Fund invests only into one participatory note, no secondary representation is considered necessary.