



# United Global Healthcare Fund

## Annual Report

for the financial year ended  
31 December 2020



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

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**MANAGER**

UOB Asset Management Ltd  
Registered Address:  
80 Raffles Place  
UOB Plaza  
Singapore 048624  
Company Registration No. : 198600120Z  
Tel: 1800 22 22 228

**DIRECTORS OF UOB ASSET MANAGEMENT LTD**

Lee Wai Fai  
Eric Tham Kah Jin  
Peh Kian Heng  
Thio Boon Kiat

**TRUSTEE**

State Street Trust (SG) Limited  
168 Robinson Road  
#33-01, Capital Tower  
Singapore 068912

**CUSTODIAN / ADMINISTRATOR / REGISTRAR**

State Street Bank and Trust Company, acting through its Singapore Branch  
168 Robinson Road  
#33-01, Capital Tower  
Singapore 068912

**AUDITOR**

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936

**SUB-MANAGER**

Wellington Management Singapore Pte. Ltd.  
8 Marina Boulevard  
#03-01, Tower 1, Marina Bay Financial Centre  
Singapore 018981

# United Global Healthcare Fund

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

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## 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 21 August 2000 Ann Comp Ret
United Global Healthcare Fund	7.40	11.53	21.02	14.12	8.55	15.07	10.05
Benchmark	3.99	6.49	12.90	12.33	8.37	13.73	6.11

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 ACWI Healthcare.

### Class USD 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 1 September 2015 Ann Comp Ret
United Global Healthcare Fund	11.02	17.84	23.16	14.56	10.09	N/A	10.29
Benchmark	7.41	12.40	14.87	12.75	9.91	N/A	9.88

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 ACWI Healthcare.

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## A) Fund Performance (continued)

### Class A SGD Acc (Hedged)

							Since Inception 27 August 2019
<b>Fund Performance/ Benchmark Returns</b>	<b>3 mth % Growth</b>	<b>6 mth % Growth</b>	<b>1 yr % Growth</b>	<b>3 yr Ann Comp Ret</b>	<b>5 yr Ann Comp Ret</b>	<b>10 yr Ann Comp Ret</b>	<b>Ann Comp Ret</b>
United Global Healthcare Fund	10.73	17.44	21.84	N/A	N/A	N/A	31.37
Benchmark	3.99	6.49	12.90	N/A	N/A	N/A	18.43

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 ACWI Healthcare.

### Class A USD Acc

							Since Inception 27 August 2019
<b>Fund Performance/ Benchmark Returns</b>	<b>3 mth % Growth</b>	<b>6 mth % Growth</b>	<b>1 yr % Growth</b>	<b>3 yr Ann Comp Ret</b>	<b>5 yr Ann Comp Ret</b>	<b>10 yr Ann Comp Ret</b>	<b>Ann Comp Ret</b>
United Global Healthcare Fund	10.91	17.73	23.01	N/A	N/A	N/A	32.82
Benchmark	7.41	12.40	14.87	N/A	N/A	N/A	22.84

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 ACWI Healthcare.

# United Global Healthcare Fund

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## A) Fund Performance (continued)

### Class A MYR 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 27 August 2019 Ann Comp Ret
United Global Healthcare Fund	7.41	10.48	21.06	N/A	N/A	N/A	28.53
Benchmark	3.97	5.52	12.96	N/A	N/A	N/A	18.88

Source: Morningstar.

Note: The performance returns of the Fund are in Malaysian Ringgit based on a NAV-to-NAV basis, with dividends and distributions reinvested, if any.  
The benchmark of the Fund: MSCI ACWI Healthcare.

### Class A MYR Acc (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 27 August 2019 Ann Comp Ret
United Global Healthcare Fund	10.86	17.47	21.95	N/A	N/A	N/A	31.61
Benchmark	3.97	5.52	12.96	N/A	N/A	N/A	18.88

Source: Morningstar.

Note: The performance returns of the Fund are in Malaysian Ringgit based on a NAV-to-NAV basis, with dividends and distributions reinvested, if any.  
The benchmark of the Fund: MSCI ACWI Healthcare.

For the year ended 31 December 2020, the net asset value for Class SGD Acc and Class A SGD Acc (Hedged) of the Fund **increased 21.02%** and **21.84%** respectively against a gain of 12.90% for the benchmark (Custom Benchmark<sup>1</sup>) (in Singapore Dollar terms), Class USD Dist and Class A USD Acc **increased 23.16%** and **23.01%** respectively, outperforming the benchmark Custom Benchmark<sup>1</sup>, which increased 14.87% (in United States Dollar terms), Class A MYR Acc and Class A MYR Acc (Hedged) of the Fund **increased 21.06%** and **21.95%** respectively against a gain of 12.96% for the benchmark (Custom Benchmark<sup>1</sup>) (in Malaysian Ringgit terms).

<sup>1</sup>Performance Splice: From 31 August 2010 to 30 June 2018 the benchmark was the MSCI World Health Care. From 1 July 2018 onwards the benchmark is the MSCI AC World Health Care.

The Fund is sub-managed by Wellington Management Singapore Pte Ltd and the commentary that follows reflects the views of the sub-manager.

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### A) Fund Performance (continued)

The Fund's outperformance during the year was primarily driven by strong stock selection in **Biopharma Small Caps**. One holding that contributed to relative performance was **Forty Seven Inc** which shares rose sharply in March after the company and Gilead Sciences announced an agreement in which Gilead Sciences would acquire **Forty Seven Inc** for \$4.9 billion, a 60% premium to the stock's February end-of-month closing price. The deal sealed in April 2020.

The Fund's outperformance was partially offset by holding **Boston Scientific Corp**, which was one of the first large **Health Care** companies to forecast a negative sales impact to its operations in **China** due to the onset of the coronavirus (COVID-19). As the pandemic spread to **Europe** and the **United States**, its shares slid further as investors anticipated further business disruption. Shares declined further after the company reported that its Scope II trial missed the primary endpoint. The company also announced it has initiated a global, voluntary recall of all unused inventory of the LOTUS Edge Aortic Valve System due to issues with the product delivery system.

The key relative contributors were **Forty Seven Inc**, **MyoKardia Inc**, **Momenta Pharmaceuticals Inc** and **Accelaron Pharma Inc**.

The top relative detractors from returns were **Boston Scientific Corp**, **Bluebird Bio Inc**, **Global Blood Therapeutics Inc** and **Reata Pharmaceuticals Inc A**.

In terms of country exposure, investments in the **United States** generated most of the Fund's outperformance, while holdings in the **Netherlands** and **Japan** contributed negatively.

As of the end of December 2020, the Fund had the following country asset allocation: **United States** (74.21%), **United Kingdom** (5.69%), **Japan** (5.27%), **China** (3.40%), **Switzerland** (2.34%), **Netherlands** (1.49%), **Denmark** (1.40%), **Ireland** (1.21%), others (2.29%) with the remainder held in cash (2.70%).

### Economic and Market Review

The **Health Care** sector was off to a tough start to the year under review as the MSCI AC World Health Care Index declined 6.0% during the first quarter. The portfolio underperformed the benchmark by 170 basis points (bps) during the first quarter (in SGD terms) driven primarily by weak performance in the **Healthcare Services** and **Medical Technology** sectors.

The second quarter of 2020 saw the MSCI AC World Health Care Index rebounding strongly, registering a 13.1% rise which saw the Fund's portfolio outperformed the benchmark by 598 bps in SGD terms on the back of strong performance in **Biopharma Mid** and **Small-Caps**.

The third quarter saw the MSCI AC World Health Care Index advancing 2.5%, underperforming the Fund by 207 bps in SGD terms. Over the period, holdings within **Biopharma Mid Caps** sector contributed most to relative performance.

Global health care equities ended the year on a positive note as the MSCI AC World Health Care Index rose 4.1% during the fourth quarter. The portfolio outperformed the benchmark by 424 bps in SGD terms. Over the quarter, holdings within **Biopharma Mid** and **Small-Caps** sectors contributed to relative performance.

**A) Fund Performance** (continued)

**Outlook and Fund Strategy**

We expect the human and economic impact of COVID-19 to remain challenging but optimistic with the rollout of effective vaccines underway. Essential workers and certain high-risk parts of the population have been prioritised to receive initial doses of the vaccine. We are closely monitoring the emergence of novel variants of the SARS-CoV-2 virus which started in the **United Kingdom** (UK) and **South Africa** and have spread globally. Based on available data, we expect the vaccines targeting the viral spike protein to offer protection against the novel variants.

Beyond vaccine development, the COVID crisis highlighted the need for more significant testing infrastructure in developed and emerging markets, which should continue to drive demand within the **Diagnostics** industry. Furthermore, we anticipate medical device trends and hospital utilisation to recover gradually, as many medical procedures cannot be deferred indefinitely.

The **Biopharmaceutical** industry has come together to respond to this pandemic by spending R&D Dollars to develop treatments and vaccines for COVID-19, while seeking minimal profits. We expect the financial benefit of successful treatments to be modest and short-term for the companies developing them, yet we anticipate the goodwill will create a halo-effect for the industry. Additionally, the new Biden administration will likely to govern from the centre which is seen as favourable and supportive of more moderate healthcare policies which raises the likelihood of manageable drug price legislation sometime in 2021 or 2022 which could remove the five-year overhang over the industry.



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**B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2020 under review classified by**

**i) Country**

	Fair Value (S\$)	% of NAV
Belgium	6,489,940	0.98
Brazil	964,777	0.15
China	22,391,657	3.40
Denmark	9,249,391	1.40
France	629,699	0.10
Germany	1,528,089	0.23
Hong Kong	1,367,715	0.21
Ireland	8,006,839	1.21
Japan	34,726,603	5.27
Netherlands	9,801,652	1.49
Spain	1,799,607	0.27
Sweden	2,320,833	0.35
Switzerland	15,455,724	2.34
United Kingdom	37,482,300	5.69
United States	489,169,698	74.21
Portfolio of investments	641,384,524	97.30
Other net assets/(liabilities)	17,785,520	2.70
<b>Total</b>	<b>659,170,044</b>	<b>100.00</b>

**ii) Industry**

	Fair Value (S\$)	% of NAV
Financials	156,073	0.02
Government	2,841,398	0.43
Health Care	637,777,382	96.76
Information Technology	609,671	0.09
Portfolio of investments	641,384,524	97.30
Other net assets/(liabilities)	17,785,520	2.70
<b>Total</b>	<b>659,170,044</b>	<b>100.00</b>

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**B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2020 under review classified by (continued)**

**iii) Asset Class**

	Fair Value (S\$)	% of NAV
Quoted bonds	2,841,398	0.43
Quoted equities	638,543,126	96.87
Other net assets/(liabilities)	<u>17,785,520</u>	<u>2.70</u>
<b>Total</b>	<b><u>659,170,044</u></b>	<b><u>100.00</u></b>

**iv) Credit rating of quoted bonds by Moody’s**

	Fair Value (S\$)	% of NAV
Aaa	<u>2,841,398</u>	<u>0.43</u>
<b>Total</b>	<b><u>2,841,398</u></b>	<b><u>0.43</u></b>

**C) Top Ten Holdings**

10 largest holdings as at 31 December 2020

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
UNITEDHEALTH GROUP INC	35,515,256	5.39
PFIZER INC	21,181,161	3.21
ABBOTT LABORATORIES	20,081,199	3.05
THERMO FISHER SCIENTIFIC INC	17,766,162	2.70
ELI LILLY & CO	17,106,255	2.60
BOSTON SCIENTIFIC CORP	16,723,072	2.54
ASTRAZENECA PLC	16,163,506	2.45
EDWARDS LIFESCIENCES CORP	14,652,651	2.22
VERTEX PHARMACEUTICALS INC	12,901,979	1.96
DANAHER CORP	12,669,640	1.92

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**C) Top Ten Holdings** (continued)

10 largest holdings as at 31 December 2019

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
MEDTRONIC PLC	10,681,742	3.01
BOSTON SCIENTIFIC CORP	10,425,759	2.94
BRISTOL-MYERS SQUIBB CO	10,149,642	2.86
UNITEDHEALTH GROUP INC	10,033,510	2.83
ANTHEM INC	9,814,814	2.77
ASTRAZENECA PLC	9,253,262	2.61
THERMO FISHER SCIENTIFIC INC	8,834,580	2.49
ABBOTT LABORATORIES	7,965,391	2.25
NOVARTIS AG	7,108,258	2.00
EISAI CO LTD	6,232,764	1.76

**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 2020

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Foreign currency contracts	142,087,594	2,713,564	0.41	472,974	0.07

**D) Exposure to derivatives** (continued)

- ii) There was a net realised gain of SGD 884,506 on derivative contracts during the financial year ended 31 December 2020.
- iii) There was a net unrealised gain of SGD 2,240,590 on outstanding derivative contracts marked to market as at 31 December 2020.

**E) Amount and percentage of NAV invested in other schemes as at 31 December 2020**

N/A

**F) Amount and percentage of borrowings to NAV as at 31 December 2020**

N/A

**G) Amount of redemptions and subscriptions for the financial year ended 31 December 2020**

Total amount of redemptions	SGD	431,337,519
Total amount of subscriptions	SGD	641,906,770

**H) The amount and terms of related-party transactions for the financial year ended 31 December 2020**

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

**I) Expense ratios**

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

**J) Turnover ratios**

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

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

N/A

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

- i) Top 10 holdings at fair value and as percentage of NAV as at 31 December 2020 and 31 December 2019

N/A

- ii) Expense ratios for the financial year ended 31 December 2020 and 31 December 2019

N/A

- iii) Turnover ratios for the financial year ended 31 December 2020 and 31 December 2019

N/A

<sup>1</sup> *Where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.*

**M) Soft dollar commissions/arrangements**

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The products and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management's duties to clients. As such services generally benefit all of UOB Asset Management's clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

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

## **REPORT OF THE TRUSTEE**

The Trustee is under a duty to take into custody and hold the assets of United Global Healthcare Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 17 to 62, 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  
25 March 2021

**United Global Healthcare 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 17 to 62, 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 Healthcare Fund (the "Fund") as at 31 December 2020, and the financial performance and movements of unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager  
UOB ASSET MANAGEMENT LTD

THIO BOON KIAT  
Authorised signatory  
25 March 2021

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

### ***Our Opinion***

In our opinion, the accompanying financial statements of United Global Healthcare Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 31 December 2020, and the financial performance and movements of unitholders' funds for the financial year ended on that date.

### ***What we have audited***

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 31 December 2020;
- the Statement of Financial Position as at 31 December 2020;
- the Statement of Movements of Unitholders' Funds for the financial year ended 31 December 2020;
- the Statement of Portfolio as at 31 December 2020; and
- the Notes to the Financial Statements, including a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### ***Other Information***

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.



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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Manager for the Financial Statements***

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL HEALTHCARE 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, 25 March 2021

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**STATEMENT OF TOTAL RETURN**

For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Income</b>			
Dividends		3,673,230	3,020,501
Interest		<u>2,933</u>	<u>68,977</u>
<b>Total</b>		<u>3,676,163</u>	<u>3,089,478</u>
<b>Less: Expenses</b>			
Management fee	10	8,244,433	6,505,670
Trustee fee	10	161,297	127,700
Audit fee		24,963	16,583
Registrar fee	10	25,000	25,000
Valuation fee	10	942,221	743,505
Custody fee	10	233,163	100,516
Transaction costs		411,248	263,339
Other expenses		<u>387,195</u>	<u>382,295</u>
<b>Total</b>		<u>10,429,520</u>	<u>8,164,608</u>
<b>Net income/(losses)</b>		<u>(6,753,357)</u>	<u>(5,075,130)</u>
<b>Net gains/(losses) on value of investments and financial derivatives</b>			
Net gains/(losses) on investments		102,926,205	95,957,409
Net gains/(losses) on financial derivatives		3,125,096	245,856
Net foreign exchange gains/(losses)		<u>(771,104)</u>	<u>(258,604)</u>
		<u>105,280,197</u>	<u>95,944,661</u>
<b>Total return/(deficit) for the financial year before income tax</b>		98,526,840	90,869,531
Less: Income tax	3	<u>(890,351)</u>	<u>(676,320)</u>
<b>Total return/(deficit) for the financial year</b>		<u>97,636,489</u>	<u>90,193,211</u>

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

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**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

	Note	2020 \$	2019 \$
<b>Assets</b>			
Portfolio of investments		<b>641,384,524</b>	340,763,475
Sales awaiting settlement		<b>5,180,046</b>	2,061,315
Receivables	5	<b>12,095,012</b>	4,429,866
Cash and bank balances		<b>12,262,743</b>	16,497,602
Financial derivatives at fair value	7	<b>2,713,564</b>	167,031
<b>Total assets</b>		<b><u>673,635,889</u></b>	<u>363,919,289</u>
<b>Liabilities</b>			
Purchases awaiting settlement		<b>1,409,286</b>	1,516,924
Payables	6	<b>12,240,807</b>	7,402,098
Distribution payable	4	<b>342,778</b>	299,287
Financial derivatives at fair value	7	<b>472,974</b>	2,097
<b>Total liabilities</b>		<b><u>14,465,845</u></b>	<u>9,220,406</u>
<b>Equity</b>			
<b>Net assets attributable to unitholders</b>	8	<b><u>659,170,044</u></b>	<u>354,698,883</u>

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

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

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**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS**

For the financial year ended 31 December 2020

	Note	2020 \$	2019 \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>		<b>354,698,883</b>	316,506,206
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>97,636,489</b>	90,193,211
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>641,906,770</b>	234,413,125
Cancellation of units		<u><b>(431,337,519)</b></u>	<u>(280,268,984)</u>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>210,569,251</b>	(45,855,859)
Distributions	4	<b>(3,734,579)</b>	(6,144,675)
Total increase/(decrease) in net assets attributable to unitholders		<u><b>304,471,161</b></u>	<u>38,192,677</u>
<b>Net assets attributable to unitholders at the end of the financial year</b>	8	<u><b>659,170,044</b></u>	<u>354,698,883</u>

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

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary</b>			
<b>Quoted bonds</b>			
<b>UNITED STATES</b>			
TREASURY BILL 02/21 0.00000	2,150,000	2,841,398	0.43
<b>Quoted equities</b>			
<b>BELGIUM</b>			
GALAPAGOS NV	4,477	582,657	0.09
UCB SA	43,241	<u>5,907,283</u>	<u>0.89</u>
<b>TOTAL BELGIUM</b>		<u><b>6,489,940</b></u>	<u><b>0.98</b></u>
<b>BRAZIL</b>			
NOTRE DAME INTERMEDICA PARTICIPACOES SA	48,400	964,777	0.15
<b>CHINA</b>			
AKESO INC	595,000	3,853,893	0.58
BEIGENE LTD - ADR	9,022	3,081,023	0.47
EVEREST MEDICINES LTD	29,600	341,570	0.05
LIFETECH SCIENTIFIC CORP	4,695,300	3,561,414	0.54
WUXI APPTec CO LTD - H	131,536	3,403,419	0.52
WUXI BIOLOGICS CAYMAN INC	180,912	3,170,002	0.48
ZAI LAB LTD - ADR	27,843	<u>4,980,336</u>	<u>0.76</u>
<b>TOTAL CHINA</b>		<u><b>22,391,657</b></u>	<u><b>3.40</b></u>

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

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>DENMARK</b>			
ASCENDIS PHARMA A/S - ADR	13,697	3,019,158	0.46
GENMAB A/S	7,934	4,245,409	0.64
ZEALAND PHARMA A/S	19,048	912,889	0.14
ZEALAND PHARMA A/S - ADR	22,567	<u>1,071,935</u>	<u>0.16</u>
<b>TOTAL DENMARK</b>		<u><b>9,249,391</b></u>	<u><b>1.40</b></u>
<b>FRANCE</b>			
INNATE PHARMA SA	22,454	125,707	0.02
INNATE PHARMA SA - SPONSORED ADR	93,236	<u>503,992</u>	<u>0.08</u>
<b>TOTAL FRANCE</b>		<u><b>629,699</b></u>	<u><b>0.10</b></u>
<b>GERMANY</b>			
BIONTECH SE - ADR	14,183	1,528,089	0.23
<b>HONG KONG</b>			
HUTCHISON CHINA MEDITECH LTD - ADR	32,319	1,367,715	0.21
<b>IRELAND</b>			
ALKERMES PLC	108,944	2,872,517	0.43
ICON PLC	19,924	<u>5,134,322</u>	<u>0.78</u>
<b>TOTAL IRELAND</b>		<u><b>8,006,839</b></u>	<u><b>1.21</b></u>

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>JAPAN</b>			
ASTELLAS PHARMA INC	477,500	9,743,368	1.48
DAIICHI SANKYO CO LTD	260,950	11,808,484	1.79
EISAI CO LTD	88,201	8,323,505	1.26
ONO PHARMACEUTICAL CO LTD	121,934	<u>4,851,246</u>	<u>0.74</u>
<b>TOTAL JAPAN</b>		<b><u>34,726,603</u></b>	<b><u>5.27</u></b>
<b>NETHERLANDS</b>			
ARGENX SE	13,596	5,320,650	0.81
KONINKLIJKE PHILIPS NV	58,697	4,155,562	0.63
PROQR THERAPEUTICS NV	58,628	<u>325,440</u>	<u>0.05</u>
<b>TOTAL NETHERLANDS</b>		<b><u>9,801,652</u></b>	<b><u>1.49</u></b>
<b>SPAIN</b>			
LABORATORIOS FARMACEUTICOS ROVI SA	29,363	1,799,607	0.27
<b>SWEDEN</b>			
BIOARCTIC AB	151,167	2,320,833	0.35
<b>SWITZERLAND</b>			
ALCON INC	69,947	6,153,618	0.93
NOVARTIS AG	50,748	6,347,075	0.96

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>SWITZERLAND (continued)</b>			
TECAN GROUP AG	4,556	<u>2,955,031</u>	<u>0.45</u>
<b>TOTAL SWITZERLAND</b>		<b><u>15,455,724</u></b>	<b><u>2.34</u></b>
<b>UNITED KINGDOM</b>			
ASTRAZENECA PLC	122,157	16,163,506	2.45
CONVATEC GROUP PLC	747,996	2,691,891	0.41
FREELINE THERAPEUTICS HOLDINGS PLC - ADR	39,926	963,547	0.15
GENUS PLC	35,642	2,701,882	0.41
GEORGIA CAPITAL PLC	15,998	156,073	0.02
HIKMA PHARMACEUTICALS PLC	79,950	3,636,998	0.55
ORCHARD THERAPEUTICS PLC - ADR	32,432	185,171	0.03
ROYALTY PHARMA PLC - CLASS A	54,522	3,606,553	0.55
SMITH & NEPHEW PLC	237,641	6,482,868	0.98
VERONA PHARMA PLC - ADR	96,612	<u>893,811</u>	<u>0.14</u>
<b>TOTAL UNITED KINGDOM</b>		<b><u>37,482,300</u></b>	<b><u>5.69</u></b>
<b>UNITED STATES</b>			
10X GENOMICS INC - CLASS A	853	159,635	0.03
908 DEVICES INC	8,100	609,671	0.09
ABBOTT LABORATORIES	138,771	20,081,199	3.05
ACADIA HEALTHCARE CO INC	48,591	3,227,712	0.49
ACCELERON PHARMA INC	40,181	6,794,282	1.03
AGIOS PHARMACEUTICALS INC	71,199	4,077,360	0.62
AKEBIA THERAPEUTICS INC	765,516	2,832,884	0.43

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>UNITED STATES (continued)</b>			
ALIGOS THERAPEUTICS INC	72,620	2,653,798	0.40
ALLAKOS INC	15,581	2,882,968	0.44
ALLSCRIPTS HEALTHCARE SOLUTIONS INC	103,992	1,984,648	0.30
ALNYLAM PHARMACEUTICALS INC	28,000	4,809,696	0.73
ALX ONCOLOGY HOLDINGS INC	5,802	661,000	0.10
AMEDISYS INC	17,511	6,788,657	1.03
APELLIS PHARMACEUTICALS INC	77,125	5,830,525	0.89
ARENA PHARMACEUTICALS INC	25,945	2,634,517	0.40
ATRECA INC	27,743	592,165	0.09
BAXTER INTERNATIONAL INC	61,166	6,486,605	0.98
BECTON DICKINSON AND CO	36,899	12,202,620	1.85
BERKELEY LIGHTS INC	757	89,454	0.01
BIOATLA INC	5,800	260,706	0.04
BIOGEN INC	17,253	5,583,402	0.85
BIOHAVEN PHARMACEUTICAL HOLDING CO LTD	27,155	3,076,081	0.47
BIO-TECHNE CORP	5,344	2,242,823	0.34
BLUEPRINT MEDICINES CORP	13,840	2,051,407	0.31
BOSTON SCIENTIFIC CORP	351,966	16,723,072	2.54
BRISTOL-MYERS SQUIBB CO	144,211	11,822,699	1.79
CALITHERA BIOSCIENCES INC	33,978	220,494	0.03
CENTENE CORP	73,016	5,792,991	0.88
COHERUS BIOSCIENCES INC	50,568	1,161,561	0.18
CONSTELLATION PHARMACEUTICALS INC	39,139	1,489,768	0.23
DANAHER CORP	43,154	12,669,640	1.92
EDWARDS LIFESCIENCES CORP	121,524	14,652,651	2.22

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>UNITED STATES (continued)</b>			
ELANCO ANIMAL HEALTH INC	54,810	2,221,724	0.34
ELI LILLY & CO	76,659	17,106,255	2.60
ENCOMPASS HEALTH CORP	47,179	5,156,063	0.78
EXACT SCIENCES CORP	20,583	3,604,195	0.55
GENERATION BIO CO	35,873	1,344,117	0.20
GLOBAL BLOOD THERAPEUTICS INC	36,636	2,097,069	0.32
HCA HEALTHCARE INC	20,907	4,544,315	0.69
HEALTH CATALYST INC	1,040	59,833	0.01
HERON THERAPEUTICS INC	184,725	5,167,261	0.78
HOLOGIC INC	58,408	5,622,107	0.85
HUMANA INC	18,408	9,981,431	1.52
IMMUNOGEN INC	149,601	1,275,295	0.19
INCYTE CORP	43,696	5,023,166	0.76
INTEGRA LIFESCIENCES HOLDINGS CORP	40,024	3,434,120	0.52
INTUITIVE SURGICAL INC	10,210	11,039,479	1.68
IRONWOOD PHARMACEUTICALS INC	307,656	4,631,328	0.70
JOHNSON & JOHNSON	31,980	6,651,881	1.01
KINNATE BIOPHARMA INC	500	26,288	0.00
LABORATORY CORP OF AMERICA HOLDINGS	12,829	3,451,281	0.52
LHC GROUP INC	23,988	6,763,042	1.03
MADRIGAL PHARMACEUTICALS INC	15,676	2,303,241	0.35
MASIMO CORP	4,513	1,600,781	0.24
MERSANA THERAPEUTICS INC	44,556	1,566,995	0.24
MIRATI THERAPEUTICS INC	22,148	6,429,281	0.98
MOLINA HEALTHCARE INC	11,566	3,251,070	0.49
MYOVANT SCIENCES LTD	77,170	2,817,012	0.43

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>UNITED STATES (continued)</b>			
NANOSTRING TECHNOLOGIES INC	34,543	3,053,323	0.46
NEOGENOMICS INC	69,719	4,961,039	0.75
NUVASIVE INC	52,488	3,907,655	0.59
ODONATE THERAPEUTICS INC	128,241	3,254,203	0.49
OWENS & MINOR INC	87,007	3,110,555	0.47
OYSTER POINT PHARMA INC	18,993	472,422	0.07
PENUMBRA INC	12,809	2,962,578	0.45
PFIZER INC	435,379	21,181,161	3.21
PHREESIA INC	1,878	134,677	0.02
PPD INC	119,915	5,423,379	0.82
PRA HEALTH SCIENCES INC	36,100	5,984,939	0.91
PTC THERAPEUTICS INC	50,627	4,083,589	0.62
QUEST DIAGNOSTICS INC	19,338	3,045,755	0.46
QUIDEL CORP	10,935	2,596,345	0.39
R1 RCM INC	102,455	3,252,540	0.49
RADIUS HEALTH INC	136,439	3,220,597	0.49
REATA PHARMACEUTICALS INC	12,272	2,005,028	0.31
REGENERON PHARMACEUTICALS INC	10,212	6,520,386	0.99
RELAY THERAPEUTICS INC	6,103	335,224	0.05
REVANCE THERAPEUTICS INC	73,186	2,741,223	0.42
RHYTHM PHARMACEUTICALS INC	41,212	1,619,329	0.25
RIGEL PHARMACEUTICALS INC	561,224	2,596,096	0.39
ROCKET PHARMACEUTICALS INC	59,873	4,339,552	0.66
SAREPTA THERAPEUTICS INC	12,958	2,919,802	0.44
SEAGEN INC	33,134	7,669,652	1.16
STRYKER CORP	19,742	6,393,587	0.97
SYNDAX PHARMACEUTICALS INC	43,826	1,288,199	0.20

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**United Global Healthcare Fund**  
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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>UNITED STATES (continued)</b>			
SYNEOS HEALTH INC	36,402	3,277,782	0.50
TCR2 THERAPEUTICS INC	81,154	3,317,465	0.50
TELADOC HEALTH INC	738	195,037	0.03
TELEFLEX INC	15,666	8,521,544	1.29
TG THERAPEUTICS INC	46,858	3,221,592	0.49
THERAVANCE BIOPHARMA INC	48,448	1,137,836	0.17
THERMO FISHER SCIENTIFIC INC	28,860	17,766,162	2.70
TURNING POINT THERAPEUTICS INC	16,126	2,596,980	0.39
ULTRAGENYX PHARMACEUTICAL INC	16,594	3,035,972	0.46
UNITEDHEALTH GROUP INC	76,628	35,515,256	5.39
VAXCYTE INC	59,494	2,089,206	0.32
VERTEX PHARMACEUTICALS INC	41,305	12,901,979	1.96
VIATRIS INC	135,795	3,363,333	0.51
<b>TOTAL UNITED STATES</b>		<b>486,328,300</b>	<b>73.78</b>
<b>Total Equities</b>		<b>638,543,126</b>	<b>96.87</b>
<b>Portfolio of investments</b>		<b>641,384,524</b>	<b>97.30</b>
<b>Other net assets/(liabilities)</b>		<b>17,785,520</b>	<b>2.70</b>
<b>Net assets attributable to unitholders</b>		<b>659,170,044</b>	<b>100.00</b>

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

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	<b>Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2019 %</b>
<b>By Geography - Primary (Summary)</b>		
<b>Quoted equities and bonds</b>		
Belgium	<b>0.98</b>	1.57
Bermuda	-	0.28
Brazil	<b>0.15</b>	0.56
China	<b>3.40</b>	3.15
Denmark	<b>1.40</b>	1.53
France	<b>0.10</b>	0.25
Germany	<b>0.23</b>	-
Hong Kong	<b>0.21</b>	0.34
Ireland	<b>1.21</b>	5.72
Israel	-	0.30
Japan	<b>5.27</b>	4.67
Netherlands	<b>1.49</b>	3.80
Singapore	-	0.21
Spain	<b>0.27</b>	0.23
Sweden	<b>0.35</b>	0.37
Switzerland	<b>2.34</b>	2.74
United Kingdom	<b>5.69</b>	5.82
United States	<b>74.21</b>	64.53
<b>Portfolio of investments</b>	<b>97.30</b>	96.07
<b>Other net assets/(liabilities)</b>	<b>2.70</b>	3.93
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

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

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

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**STATEMENT OF PORTFOLIO**

As at 31 December 2020

	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %	Percentage of total net assets attributable to unitholders at 31 December 2019 %
<b>By Industry - Secondary Quoted equities and bonds</b>			
Consumer Staples	-	-	0.05
Financials	156,073	0.02	0.05
Government	2,841,398	0.43	0.50
Health Care	637,777,382	96.76	95.47
Information Technology	609,671	0.09	-
<b>Portfolio of investments</b>	<b>641,384,524</b>	<b>97.30</b>	96.07
<b>Other net assets/(liabilities)</b>	<b>17,785,520</b>	<b>2.70</b>	3.93
<b>Net assets attributable to unitholders</b>	<b>659,170,044</b>	<b>100.00</b>	100.00

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

### 1 General

United Global Healthcare 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 by investing in securities issued by companies principally involved in the development, production or distribution of products, equipment and/or services related to healthcare, in any part of the world. Such investments would include investing in sub-sectors of the healthcare industry such as medical products, health services, major pharmaceuticals, specialty major pharmaceuticals, and specialty pharmaceuticals.

The Fund is included by the Central Provident Fund (“CPF”) Board under the CPF Investment Scheme (“CPFIS”) - Ordinary account for subscription by unitholders using their CPF monies. The Fund is included under List B of the CPFIS and is not allowed to accept new CPF monies.

The Fund currently offers six classes of units, namely:

- Class SGD Acc (denominated in the Singapore Dollar)
- Class USD Dist (denominated in the United States Dollar)
- Class A SGD Acc (Hedged) (denominated in the Singapore Dollar)
- Class A USD Acc (denominated in the United States Dollar)
- Class A MYR Acc (denominated in the Malaysian Ringgit)
- Class A MYR Acc (Hedged) (denominated in the Malaysian Ringgit)

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

“Dist” refers to Distribution classes which declares and pays distribution in accordance with the applicable distribution policies.

Hedged classes allow the Manager to adopt currency hedging strategies and use currency hedging transactions to reduce the effect of exchange rate fluctuations between the currency in which the relevant Hedged classes is denominated against the currency in which the underlying investments are denominated. The costs and expenses associated with the hedging transactions and any benefits of the hedging transactions will accrue to the hedged classes only.



## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

### **1 General (continued)**

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

### **2 Significant accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

#### **(b) Recognition of income**

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

#### **(c) Investments**

Investments are classified as financial assets at fair value through profit or loss.

##### *(i) Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

##### *(ii) Subsequent measurement*

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year in which they arise.

##### *(iii) Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sale of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

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

#### **(d) Basis of valuation of investments**

The fair value of financial assets and liabilities traded in active markets is based on last traded market prices for equities and market mid prices for the quoted debt securities on the financial year end date. 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. Accrued interest or discount or premium on debt securities at financial year end date is included in the fair value of debt securities. Interest income on debt securities is presented within "Net gains/losses on investments" on the Statement of Total Return.

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

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

The performance of the Fund is measured and reported to the investors in the Singapore Dollar. The Manager considers the Singapore Dollar as the currency of the primary economic environment in which the Fund operates. The financial statements are presented in the Singapore Dollar, which is the Fund's functional and presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statement of Total Return within "Net gains/losses on investments".

#### **(f) Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

#### **(g) Sales and purchases awaiting settlement**

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

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

#### **(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

#### **(i) Payables**

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

#### **(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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 3 Income tax

	2020	2019
	\$	\$
Overseas income tax	<b>890,351</b>	676,320

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

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

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

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

The Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's gains on investments sourced from such foreign countries, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the financial year. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore when measuring any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

### **3 Income tax** (continued)

As at 31 December 2020 and 2019, the Fund has uncertain taxes exposure with respect to gains on investment of which the tax liability is estimated to be insignificant. While this represents the Manager's best estimate, the estimated value could differ significantly from the amount ultimately payable.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**4 Distributions**

	2020			2019		
	Per 100 units Class currency	Amount Class currency	Amount \$	Per 100 units Class currency	Amount Class currency	Amount \$
<b>Class USD Dist</b>						
January interim distribution on units outstanding as at 3 February 2020 (2019: 1 February 2019)	<b>0.568</b>	<b>199,650</b>	<b>272,502</b>	0.522	372,725	501,185
February interim distribution on units outstanding as at 2 March 2020 (2019: 1 March 2019)	<b>0.538</b>	<b>201,390</b>	<b>281,079</b>	0.538	368,795	498,316
March interim distribution on units outstanding as at 1 April 2020 (2019: 1 April 2019)	<b>0.493</b>	<b>204,556</b>	<b>291,256</b>	0.540	350,264	474,433
April interim distribution on units outstanding as at 4 May 2020 (2019: 2 May 2019)	<b>0.550</b>	<b>234,388</b>	<b>329,948</b>	0.518	381,482	519,273
May interim distribution on units outstanding as at 1 June 2020 (2019: 3 June 2019)	<b>0.585</b>	<b>238,703</b>	<b>337,382</b>	0.492	401,157	552,132
June interim distribution on units outstanding as at 1 July 2020 (2019: 1 July 2019)	<b>0.584</b>	<b>222,838</b>	<b>310,870</b>	0.524	427,792	578,781
July interim distribution on units outstanding as at 3 August 2020 (2019: 1 August 2019)	<b>0.610</b>	<b>214,536</b>	<b>295,331</b>	0.522	407,771	558,055
August interim distribution on units outstanding as at 1 September 2020 (2019: 2 September 2019)	<b>0.620</b>	<b>219,682</b>	<b>298,680</b>	0.506	408,909	567,239
September interim distribution on units outstanding as at 1 October 2020 (2019: 1 October 2019)	<b>0.609</b>	<b>252,148</b>	<b>344,207</b>	0.492	408,941	565,524
October interim distribution on units outstanding as at 2 November 2020 (2019: 1 November 2019)	<b>0.595</b>	<b>217,927</b>	<b>297,580</b>	0.523	440,525	599,533
November interim distribution on units outstanding as at 1 December 2020 (2019: 2 December 2019)	<b>0.638</b>	<b>248,537</b>	<b>332,966</b>	0.560	315,124	430,917

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**NOTES TO THE FINANCIAL STATEMENTS**

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**4 Distributions (continued)**

	2020			2019		
	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 4 January 2021 (2019: 2 January 2020)	0.664	259,356	<u>342,778</u>	0.579	222,576	<u>299,287</u>
			<u>3,734,579</u>			<u>6,144,675</u>

**5 Receivables**

	2020 \$	2019 \$
Amounts receivable for creation of units	11,339,015	3,909,745
Dividends receivable	185,977	99,454
Other receivables	<u>570,020</u>	<u>420,667</u>
	<u>12,095,012</u>	<u>4,429,866</u>

**6 Payables**

	2020 \$	2019 \$
Amounts payable for cancellation of units	9,024,557	5,349,060
Amount due to the Manager	2,937,582	1,893,342
Amount due to Trustee	49,906	33,131
Tax payables	55,924	24,735
Other creditors and accrued expenses	<u>172,838</u>	<u>101,830</u>
	<u>12,240,807</u>	<u>7,402,098</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 7 Fair value of financial derivatives

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

	2020		
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	142,087,594	2,713,564	472,974
	2019		
	Contract or underlying principal amount	Positive fair value	Negative fair value
	\$	\$	\$
Foreign currency contracts	19,949,865	167,031	2,097



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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**8 Units in issue**

During the financial years ended 31 December 2020 and 2019, the numbers of units issued, redeemed and outstanding were as follows:

	<b>Class SGD Acc</b>		<b>Class USD Dist</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Units at the beginning of the financial year	<b>50,035,344</b>	54,476,301	<b>38,459,261</b>	71,123,251
Units created	<b>53,591,394</b>	27,665,697	<b>57,290,395</b>	56,609,411
Units cancelled	<b>(37,389,617)</b>	(32,106,654)	<b>(56,718,969)</b>	(89,273,401)
Units at the end of the financial year*	<b><u>66,237,121</u></b>	<u>50,035,344</u>	<b><u>39,030,687</u></b>	<u>38,459,261</u>
 *Included above are units denominated in USD	 <b>35,307,160</b>	 26,113,878	 -	 -
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
 Net assets attributable to unitholders (SGD equivalent)	 <b>442,130,349</b>	 275,961,793	 <b>58,424,127</b>	 51,023,261
Net assets value per unit (SGD equivalent)	<b>6.674</b>	5.515	<b>1.496</b>	1.326
 Net assets attributable to unitholders (Class Currency)	 <b>442,130,349</b>	 275,961,793	 <b>44,205,445</b>	 37,945,384
Net assets value per unit (Class Currency)	<b>6.674</b>	5.515	<b>1.132</b>	0.986

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**NOTES TO THE FINANCIAL STATEMENTS**

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**8 Units in issue** (continued)

	<b>Class A SGD Acc (Hedged)**</b>		<b>Class A USD Acc**</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Units at the beginning of the financial year	<b>2,754,939</b>	-	<b>1,189,910</b>	-
Units created	<b>13,029,895</b>	3,424,228	<b>9,850,289</b>	1,463,748
Units cancelled	<b>(7,883,460)</b>	(669,289)	<b>(4,498,058)</b>	(273,838)
Units at the end of the financial year*	<b><u>7,901,374</u></b>	<b><u>2,754,939</u></b>	<b><u>6,542,141</u></b>	<b><u>1,189,910</u></b>
 *Included above are units denominated in USD	 -	 -	 -	 -
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
 Net assets attributable to unitholders (SGD equivalent)	<b>11,331,176</b>	3,243,434	<b>12,578,628</b>	1,891,590
Net assets value per unit (SGD equivalent)	<b>1.434</b>	1.177	<b>1.922</b>	1.589
 Net assets attributable to unitholders (Class Currency)	<b>11,331,176</b>	3,243,434	<b>9,517,367</b>	1,406,753
Net assets value per unit (Class Currency)	<b>1.434</b>	1.177	<b>1.454</b>	1.182

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**8 Units in issue** (continued)

	<b>Class A MYR Acc**</b>		<b>Class A MYR Acc (Hedged)**</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Units at the beginning of the financial year	<b>16,400,056</b>	-	<b>42,198,762</b>	-
Units created	<b>113,770,305</b>	20,204,756	<b>379,058,688</b>	54,002,082
Units cancelled	<b>(56,126,410)</b>	(3,804,700)	<b>(208,028,478)</b>	(11,803,320)
Units at the end of the financial year*	<b>74,043,951</b>	16,400,056	<b>213,228,972</b>	42,198,762
*Included above are units denominated in USD	-	-	-	-
	\$	\$	\$	\$
Net assets attributable to unitholders (SGD equivalent)	<b>33,850,705</b>	6,198,461	<b>100,855,059</b>	16,380,344
Net assets value per unit (SGD equivalent)	<b>0.457</b>	0.377	<b>0.472</b>	0.388
Net assets attributable to unitholders (Class Currency)	<b>103,026,214</b>	18,856,063	<b>306,957,119</b>	49,829,916
Net assets value per unit (Class Currency)	<b>1.391</b>	1.149	<b>1.439</b>	1.180

\*\* Prior year disclosures for Class A SGD Acc (Hedged), Class A USD Acc, Class A MYR Acc and Class A MYR Acc (Hedged) are covering the period from 27 August 2019 (date of inception) to 31 December 2019.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**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:

	<b>Class SGD Acc</b>		<b>Class USD Dist</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders per financial statements per unit	<b>6.674</b>	5.515	<b>1.496</b>	1.326
Effect of distribution payable	<u>-</u>	<u>-</u>	<u><b>0.009</b></u>	<u>0.008</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u><b>6.674</b></u>	<u>5.515</u>	<u><b>1.505</b></u>	<u>1.334</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u><b>6.674</b></u>	<u>5.515</u>	<u><b>1.139</b></u>	<u>0.992</u>

	<b>Class A SGD Acc (Hedged)**</b>		<b>Class A USD Acc**</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders per financial statements per unit	<b>1.434</b>	1.177	<b>1.922</b>	1.589
Effect of distribution payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u><b>1.434</b></u>	<u>1.177</u>	<u><b>1.922</b></u>	<u>1.589</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u><b>1.434</b></u>	<u>1.177</u>	<u><b>1.454</b></u>	<u>1.182</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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**8 Units in issue (continued)**

	<b>Class A MYR Acc**</b>		<b>Class A MYR Acc (Hedged)**</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders per financial statements per unit	<u><b>0.457</b></u>	<u>0.377</u>	<u><b>0.472</b></u>	<u>0.388</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u><b>0.457</b></u>	<u>0.377</u>	<u><b>0.472</b></u>	<u>0.388</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u><b>1.391</b></u>	<u>1.149</u>	<u><b>1.439</b></u>	<u>1.180</u>

\*\* Prior year disclosures for Class A SGD Acc (Hedged), Class A USD Acc, Class A MYR Acc and Class A MYR Acc (Hedged) are covering the period from 27 August 2019 (date of inception) to 31 December 2019.

**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, fixed interest 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

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

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

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices and are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

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

The Fund has monetary financial assets and liabilities denominated in currencies other than the Singapore Dollar and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**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 2020**

	MYR \$	USD \$	JPY \$	SGD \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	-	518,703,305	34,726,603	-	87,954,616	641,384,524
Sales awaiting settlement	-	4,090,044	-	-	1,090,002	5,180,046
Receivables	1,549,900	7,968,155	-	2,576,957	-	12,095,012
Cash and bank balances	354,277	5,913,036	-	5,995,425	5	12,262,743
<b>Total Assets</b>	<u>1,904,177</u>	<u>536,674,540</u>	<u>34,726,603</u>	<u>8,572,382</u>	<u>89,044,623</u>	<u>670,922,325</u>
<b>Liabilities</b>						
Purchases awaiting settlement	-	1,409,286	-	-	-	1,409,286
Payables	1,838,825	4,919,365	-	5,482,617	-	12,240,807
Distribution payable	-	342,778	-	-	-	342,778
<b>Total Liabilities</b>	<u>1,838,825</u>	<u>6,671,429</u>	<u>-</u>	<u>5,482,617</u>	<u>-</u>	<u>13,992,871</u>
<b>Net Assets</b>	65,352	530,003,111	34,726,603	3,089,765	89,044,623	
Foreign currency contracts (notional value)	<u>103,086,872</u>	<u>(113,729,172)</u>	<u>-</u>	<u>10,878,000</u>	<u>(235,700)</u>	
<b>Net currency exposure</b>	<u>103,152,224</u>	<u>416,273,939</u>	<u>34,726,603</u>	<u>13,967,765</u>	<u>88,808,923</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**

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**9 Financial risk management** (continued)

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

*(i) Foreign exchange risk (continued)*

As at 31 December 2019

	GBP \$	USD \$	JPY \$	SGD \$	Others \$	Total \$
<b>Assets</b>						
Portfolio of investments	19,782,292	263,479,899	16,551,144	-	40,950,140	340,763,475
Sales awaiting settlement	-	1,594,760	240,627	-	225,928	2,061,315
Receivables	-	250,459	-	1,267,232	2,912,175	4,429,866
Cash and bank balances	216	11,300,483	-	2,350,177	2,846,726	16,497,602
<b>Total Assets</b>	<u>19,782,508</u>	<u>276,625,601</u>	<u>16,791,771</u>	<u>3,617,409</u>	<u>46,934,969</u>	<u>363,752,258</u>
<b>Liabilities</b>						
Purchases awaiting settlement	217,590	395,373	-	-	903,961	1,516,924
Payables	-	3,825,875	-	3,128,510	447,713	7,402,098
Distribution payable	-	299,287	-	-	-	299,287
<b>Total Liabilities</b>	<u>217,590</u>	<u>4,520,535</u>	<u>-</u>	<u>3,128,510</u>	<u>1,351,674</u>	<u>9,218,309</u>
<b>Net Assets</b>	19,564,918	272,105,066	16,791,771	488,899	45,583,295	
Foreign currency contracts (notional value)	216,537	(19,182,967)	(240,550)	3,148,000	16,058,980	
<b>Net currency exposure</b>	<u>19,781,455</u>	<u>252,922,099</u>	<u>16,551,221</u>	<u>3,636,899</u>	<u>61,642,275</u>	



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 9 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 interest rate risk. Foreign exchange risk sensitivity analysis is prepared and disclosed only for monetary assets and liabilities. The table below summarises the sensitivity of the Fund's monetary assets and liabilities to changes in foreign exchange movements as at 31 December 2020 and 2019. The analysis is based on the assumptions that the functional currency increased/decreased to the relevant foreign exchange rates as disclosed below. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

Currency	Volatility %	2020 Net impact to net assets attributable to unitholders	Volatility %	2019 Net impact to net assets attributable to unitholders
		\$		\$
MYR	3	3,094,567	3	622,330
USD	4	3,983,519	4	351,003

##### (ii) Price risk

The COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Fund. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices.

## NOTES TO THE FINANCIAL STATEMENTS

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### 9 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 2020 and 2019. 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	Volatility %	2020	Volatility %	2019
		Net impact to net assets attributable to unitholders \$		Net impact to net assets attributable to unitholders \$
MSCI ACWI Healthcare	20	142,262,326	20	83,748,350

##### (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.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds interest bearing securities that expose the Fund to fair value interest rate risk. The Fund holds securities of varying maturities and interest rate sensitivities. Movement in market interest rates will affect the valuation of the Fund's securities by varying degrees. The Fund's policy requires the Manager to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Fund's portfolio is a measure of the sensitivity of the fair value of the Fund's fixed interest securities to changes in market interest rates.

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For the financial year ended 31 December 2020

**9 Financial risk management** (continued)

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

*(iii) Interest rate risk (continued)*

The tables below summarise the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by interest rate types.

	Variable rates \$	Fixed rate \$	Non-interest bearing \$	Total \$
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Portfolio of investments	-	2,841,398	638,543,126	641,384,524
Sales awaiting settlement	-	-	5,180,046	5,180,046
Receivables	-	-	12,095,012	12,095,012
Cash and bank balances	12,262,743	-	-	12,262,743
Financial derivatives at fair value	-	-	2,713,564	2,713,564
<b>Total Assets</b>	<u>12,262,743</u>	<u>2,841,398</u>	<u>658,531,748</u>	<u>673,635,889</u>
<b>Liabilities</b>				
Purchases awaiting settlement	-	-	1,409,286	1,409,286
Payables	-	-	12,240,807	12,240,807
Distribution payable	-	-	342,778	342,778
Financial derivatives at fair value	-	-	472,974	472,974
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>14,465,845</u>	<u>14,465,845</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**9 Financial risk management** (continued)

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

*(iii) Interest rate risk (continued)*

	Variable rates \$	Fixed rate \$	Non-interest bearing \$	Total \$
As at 31 December 2019				
<b>Assets</b>				
Portfolio of investments	-	1,782,736	338,980,739	340,763,475
Sales awaiting settlement	-	-	2,061,315	2,061,315
Receivables	-	-	4,429,866	4,429,866
Cash and bank balances	16,497,602	-	-	16,497,602
Financial derivatives at fair value	-	-	167,031	167,031
<b>Total Assets</b>	<u>16,497,602</u>	<u>1,782,736</u>	<u>345,638,951</u>	<u>363,919,289</u>
<b>Liabilities</b>				
Purchases awaiting settlement	-	-	1,516,924	1,516,924
Payables	-	-	7,402,098	7,402,098
Distribution payable	-	-	299,287	299,287
Financial derivatives at fair value	-	-	2,097	2,097
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>9,220,406</u>	<u>9,220,406</u>

As at 31 December 2020 and 2019, should interest rates have lowered or risen by the respective basis points ("bps") as disclosed below with all other variables remaining constant, the increase or decrease in net assets attributable to unitholders for the year would be as follows:

	2020		2019	
	Volatility bps	Net impact to net assets attributable to unitholders \$	Volatility bps	Net impact to net assets attributable to unitholders \$
<b>United Global Healthcare Fund</b>	<b>50</b>	<b>1,634</b>	<b>50</b>	<b>196</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

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

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

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

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain over-the-counter derivative products that use market interest rates as an input. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to unitholders of future movements in interest rates.

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

The Fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Fund's investments in quoted securities are considered to be readily realisable as they are quoted on established regional stock exchanges.

The 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**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 \$
<b>As at 31 December 2020</b>			
Purchases awaiting settlement	1,409,286	-	-
Payables	12,240,807	-	-
Distribution payable	342,778	-	-
Financial derivatives at fair value			
- Foreign currency contracts	472,974	-	-
	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
<b>As at 31 December 2019</b>			
Purchases awaiting settlement	1,516,924	-	-
Payables	7,402,098	-	-
Distribution payable	299,287	-	-
Financial derivatives at fair value			
- Foreign currency contracts	2,097	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 9 Financial risk management (continued)

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

The tables below analyse 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 \$
<b>As at 31 December 2020</b>			
Financial derivatives at fair value			
- Foreign currency contracts			
- inflow	13,943,511	-	-
- outflow	(14,416,485)	-	-

	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
<b>As at 31 December 2019</b>			
Financial derivatives at fair value			
- Foreign currency contracts			
- inflow	461,436	-	-
- outflow	(463,533)	-	-

#### (c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 9 Financial risk management (continued)

#### (c) Credit risk (continued)

As such, the Fund does not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Fund does not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

The table below analyses the Fund's investments by credit ratings as rated by Moody's expressed as a percentage of net assets attributable to unitholders. The credit ratings are reviewed regularly.

	Debt securities			
	2020		2019	
	Fixed Rate securities	Floating Rate securities	Fixed Rate securities	Floating Rate securities
Aaa	-*	-	1%	-

\* denotes amount less than 1%

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 9 Financial risk management (continued)

#### (c) Credit risk (continued)

Credit risk also arises from cash and bank balances and derivative positions held with financial institutions. The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 31 December 2020 and 2019.

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

	<b>Credit rating as at 31 December 2020</b>	<b>Credit rating as at 31 December 2019</b>
<b>Bank and custodian</b>		
State Street Bank and Trust Company	<b>aa-</b>	<b>aa-</b>
<b>Counterparties of foreign currency contracts</b>		
Australia and New Zealand Banking Group	<b>a+</b>	<b>n/a*</b>
BNP Paribas	<b>a+</b>	<b>a+</b>
The Hongkong and Shanghai Banking Corporation Limited	<b>a+</b>	<b>a+</b>
Goldman Sachs	<b>n/a*</b>	<b>a</b>
State Street Bank and Trust Company	<b>aa-</b>	<b>aa-</b>
JP Morgan Chase Bank NA	<b>n/a*</b>	<b>aa-</b>
Northern Trust Company	<b>aa-</b>	<b>n/a*</b>
United Overseas Bank Limited	<b>aa-</b>	<b>n/a*</b>

\* The Fund has no exposure to the counterparties as at 31 December 2020 or 2019

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

#### (d) Capital management

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

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

### **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).

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**9 Financial risk management** (continued)

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

The following tables analyse within the fair value hierarchy, the Fund's financial assets and liabilities (by class) measured at fair value at 31 December 2020 and 2019:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted bonds	-	2,841,398	-	2,841,398
- Quoted equities	638,543,126	-	-	638,543,126
Financial derivatives at fair value	-	2,713,564	-	2,713,564
<b>Total</b>	<b>638,543,126</b>	<b>5,554,962</b>	<b>-</b>	<b>644,098,088</b>

**Liabilities**

Financial derivatives at fair value	-	472,974	-	472,974
<b>Total</b>	<b>-</b>	<b>472,974</b>	<b>-</b>	<b>472,974</b>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>As at 31 December 2019</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted bonds	-	1,782,736	-	1,782,736
- Quoted equities	338,980,739	-	-	338,980,739
Financial derivatives at fair value	-	167,031	-	167,031
<b>Total</b>	<b>338,980,739</b>	<b>1,949,767</b>	<b>-</b>	<b>340,930,506</b>

**Liabilities**

Financial derivatives at fair value	-	2,097	-	2,097
<b>Total</b>	<b>-</b>	<b>2,097</b>	<b>-</b>	<b>2,097</b>

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.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**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 government bonds and 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 2020 and 2019 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the financial year end date.

**(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
	\$	\$	\$	\$	\$	\$
<b>31 December 2020</b>						
Derivative financial instruments	2,713,564	-	2,713,564	(472,974)	-	2,240,590
<b>Total</b>	<b>2,713,564</b>	<b>-</b>	<b>2,713,564</b>	<b>(472,974)</b>	<b>-</b>	<b>2,240,590</b>
<b>31 December 2019</b>						
Derivative financial instruments	167,031	-	167,031	(1,656)	-	165,375
<b>Total</b>	<b>167,031</b>	<b>-</b>	<b>167,031</b>	<b>(1,656)</b>	<b>-</b>	<b>165,375</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**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
	\$	\$	\$	\$	\$	\$
<b>31 December 2020</b>						
Derivative financial instruments	472,974	-	472,974	(472,974)	-	-
<b>Total</b>	<b>472,974</b>	<b>-</b>	<b>472,974</b>	<b>(472,974)</b>	<b>-</b>	<b>-</b>
<b>31 December 2019</b>						
Derivative financial instruments	2,097	-	2,097	(1,656)	-	441
<b>Total</b>	<b>2,097</b>	<b>-</b>	<b>2,097</b>	<b>(1,656)</b>	<b>-</b>	<b>441</b>

**United Global Healthcare Fund**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**10 Related party transactions**

(a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and State Street Trust (SG) Limited respectively. The Manager is a subsidiary of United Overseas Bank Limited while the Trustee is a subsidiary of State Street Bank and Trust Company.

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

These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

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

	<b>2020</b>	2019
	<b>\$</b>	\$
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Cash and bank balances	<b>12,262,743</b>	16,497,602

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

	<b>2020</b>	2019
	<b>\$</b>	\$
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Interest income	<b>2,933</b>	68,977
<b>United Overseas Bank Limited</b>		
Bank charges	<b>117,413</b>	64,823

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

**11 Financial ratios**

Prior year disclosures for Class A SGD Acc (Hedged), Class A USD Acc, Class A MYR Acc and Class A MYR Acc (Hedged) are covering the period from 27 August 2019 (date of inception) to 31 December 2019.

	2020 \$	2019 \$
<b>Class SGD Acc</b>		
Total operating expenses	7,019,798	5,951,814
Average daily net asset value	<u>331,236,515</u>	<u>280,341,966</u>
Expense ratio <sup>1</sup>	<u>2.12%</u>	<u>2.12%</u>
<b>Class USD Dist</b>		
Total operating expenses	1,125,965	1,877,504
Average daily net asset value	<u>52,832,155</u>	<u>87,950,193</u>
Expense ratio <sup>1</sup>	<u>2.13%</u>	<u>2.13%</u>
<b>Class A SGD Acc (Hedged)</b>		
Total operating expenses	173,240	8,966
Average daily net asset value	<u>8,225,230</u>	<u>1,230,920</u>
Expense ratio (annualised) <sup>1</sup>	<u>2.11%</u>	<u>2.09%</u>
<b>Class A USD Acc</b>		
Total operating expenses	134,306	5,159
Average daily net asset value	<u>6,444,927</u>	<u>702,661</u>
Expense ratio (annualised) <sup>1</sup>	<u>2.08%</u>	<u>2.11%</u>
<b>Class A MYR Acc</b>		
Total operating expenses	329,218	15,165
Average daily net asset value	<u>15,786,539</u>	<u>2,124,051</u>
Expense ratio (annualised) <sup>1</sup>	<u>2.09%</u>	<u>2.05%</u>

<sup>1</sup> 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 asset value respectively for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

### 11 Financial ratios (continued)

	2020 \$	2019 \$
<b>Class A MYR Acc (Hedged)</b>		
Total operating expenses	<b>1,235,745</b>	42,661
Average daily net asset value	<u><b>59,245,677</b></u>	<u>5,895,620</u>
Expense ratio (annualised) <sup>1</sup>	<u><b>2.09%</b></u>	<u>2.08%</u>
Lower of total value of purchases or sales	<b>309,179,405</b>	222,748,286
Average daily net assets value	<u><b>473,771,043</b></u>	<u>378,245,411</u>
Turnover ratio <sup>2</sup>	<u><b>65.26%</b></u>	<u>58.89%</u>

<sup>1</sup> 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 asset value respectively for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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



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