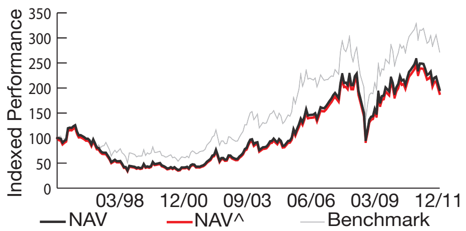
United Gold and General Fund

In December 2011, the unit price of the United Gold &General Fund (the "Fund") declined by 11.82%[1] in Singapore Dollar terms on Net Asset Value ("NAV") basis, compared to a 11.31%[2] drop for the composite benchmark index (70% FT Gold Mines Index & 30% HSBC Global Mining Index). On an individual basis, the FT Gold Mines Index decreased by 13.5%[3] whilst the HSBC Global Mining Index fell by 6.8%[3]. The physical gold price decreased in December by 9.5%[3] in Singapore Dollar terms.

Performance

28th July 95 To 30th December 11, Performance Based in Singapore Dollar.



*The above chart reflects performance from the first month end of the Fund. ^4% sales charge applied.

Perf	NAV	NAV^	BM
1 month	-11.82%	-15.35%	-11.31%
3 months	-7.16%	-10.87%	-4.28%
6 months	-13.25%	-16.72%	-6.22%
1 year	-23.94%	-26.98%	-17.50%
3 years	12.79%	11.26%	13.41%
5 years	4.15%	3.31%	4.27%
10 years	15.00%	14.54%	13.32%
Since Incept	4.18%	3.92%	6.24%

Source: Lipper, a Thomson Reuters Company, Bloomberg • Performance as at 30 Dec 11, SGD basis, with dividends and distributions reinvested, if any.
• Performance figures for 1 mth till 1 yr show the % change, while those exceeding 1 yr show the average annual compounded return.

Benchmark (BM) : Since inception - Jan 97 : 100% FT Gold Mines; Feb 97 - June 01 : 75% MSCI Gold Mines, 25% MSCI Metals Non-Ferrors; July 01 - Present : 70% FT Gold, 30% HSBC GM.

Performance Attribution

Physical gold started in December 2011 at US$1,746/oz[3] and, with the exception of a brief mid-month rally, gold mainly declined throughout the month to close at US$1,564/oz[3]. The gold price fell through a number of important technical supports, including the 200-day moving average, which stood at US$1,630/oz[3] by end-December 2011. This was the first time that gold price has fallen below its 200-day moving average since January 2009.

The decline in the gold price can be attributed to the ongoing Eurozone debt crisis and associated concerns of systemic financial risk. The Euro summit in Brussels on 8-9 December 2011 failed to calm fears of disorderly pricing in sovereign debt markets or a potential unwinding of the Euro currency. As a result, the Euro declined for a second successive month, falling from EURUSD 1.34 to EURUSD 1.29 (-3.6% month-on-month ("mom"))[3]. In contrast, the US Dollar index strengthened from 78.4 to 80.2 (+2.3% mom)[3] as the US currency benefited from the "risk-off" attitude of investors. This is currently having a negative impact on gold, as shown by the -0.88[3] correlation between the US Dollar index and the physical gold since the start of November 2011. However, we maintain our view that the gold price will also likely benefit from safe haven buying, particularly if the Federal Reserve and ECB increase monetary liquidity. Over the past three years, there have been periods when the physical gold price has been both positively and negatively correlated to the US Dollar index.

The fall in the physical gold price was matched by the reduction in COMEX gold long positions to 716 tonnes (-16.1% mom)[3] during December, with long positions falling to their lowest level since April 2009. This decline may also be related to continued uncertainty over the MF Global bankruptcy, which has undermined confidence in the commodity futures markets. There was also a marginal fall in aggregate Gold ETF holdings to 2,403 tonnes (-1.1% mom)[3].

1 Source: Lipper, Performance from 1 December 2011 to 30 December 2011 in SGD terms, on a NAV Basis, with dividends and distributions reinvested (if any).
2 Source: Lipper, Performance from 1 December 2011 to 30 December 2011 in SGD terms.
3 Source:Bloomberg, 6 January 2012

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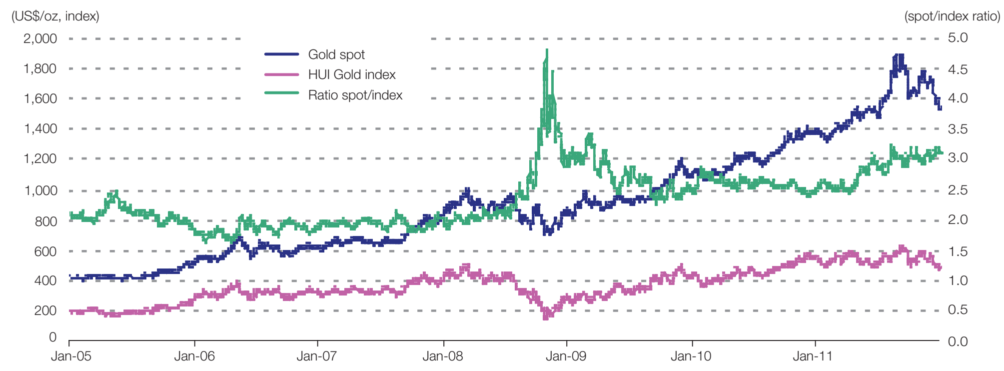
The ratio between the physical gold price and NYSE Arca Gold BUGS ("HUI") index of gold-producing companies increased to 3.2x[3], showing reduced confidence in gold equities. This was despite the fact that the 2011 fourth quarter average gold price was US$1,682/oz[3], only 1.4%[3] below the average price of US$1,706/oz[3] for 3Q11. This means that investors can expect another strong reporting season when financial results are released from early February 2012 onwards. The underperformance of gold equities was relatively constant across all levels of market capitalization. As previously noted, the Fund is maintaining its preference for gold companies with good production growth over the 2011-2014 period.



Source: Bloomberg, 6 January 2012

The HSBC Global Mining Index declined sharply in December 2011 given both its strong negative correlation to the US Dollar index and to continuing concerns over Chinese growth. It is unlikely that Chinese economic data will show strength ahead of the Chinese New Year, and near-term investor sentiment will remain influenced by perceptions of future policy action. Base metals, bulk commodity and soft commodity prices were all weak during the fourth quarter, suggesting a generally disappointing fourth quarter 2011 reporting season. The Fund remains underweight in general mining stocks relative to the benchmark.

West Texas Intermediate crude oil prices started December at US$100.36/barrel[3] and despite a sharp mid-month correction managed to finish the month virtually unchanged at US$98.83/barrel (-1.5% mom)[3]. Brent crude oil prices traded in an almost identical manner, closing at US$107.38/barrel (-2.4% mom)[3]. The strong performance of crude oil prices relative to other commodities is an indication of continuing geopolitical concerns, with attention turning to a potential blockage of the Straits of Hormuz. The Fund maintains positions in Exploration & Production companies and in oil majors that offer high dividend yields.

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Outlook and Strategy

Financial markets remain focused on continuing efforts to resolve the Eurozone funding issues. We believe the eventual solution will involve negative real interest rates and accommodative monetary policy in both the US and Europe for at least the next twelve months. This may lead to higher global inflation, which would be positive for both gold and general commodity prices. However, current global economic data and increasing talk of government spending cuts highlight the risk of deflation and the threat of systemic risk in the global banking system.

The Fund expects to moderately overweight gold equities relative to the benchmark, with a preference for mid-tier and junior producers with attractive production growth profiles. The Fund's preference for gold is based on our belief that gold-related assets can perform well in both inflationary and deflationary environments.

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