



# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

**Semi Annual Report**

for the period 1<sup>st</sup> July to  
31<sup>st</sup> December 2009



# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## **MANAGER**

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Company Registration No. : 198600120Z

## **OPERATIONS ADDRESS**

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## **DIRECTORS OF UOB ASSET MANAGEMENT**

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## **TRUSTEE**

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# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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## A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth %	6 mth %	1 yr %	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 20 August 2001 Ann Comp Ret
	Growth	Growth	Growth				
United Global Emerging Markets (GEMs) Portfolios – GEMs Investment (S\$)	2.27	12.11	27.53	5.77	7.20	NA	11.14
Benchmark	1.25	8.84	26.50	3.37	4.78	NA	7.81

Source: Lipper, a Thomson Reuters Company

Note: The performance returns of the Fund are in Singapore dollars based on NAV-to-NAV basis with net dividends reinvested.  
The benchmark of the Fund: JP Morgan EMBI Global Div Index.

For the six months to December 2009, the Fund **increased by 12.1%** on a net asset value basis, outperforming the benchmark JP Morgan EMBI Global Diversified Composite index, which rose by 8.8%, in Singapore dollar terms.

The Fund's strong performance during the second half of 2009, can be attributed to the overweight position in some high-beta countries such as Russia. Improved risk appetite as well as increasing inflows into Emerging Market (EM) funds contributed to the performance of some of the riskier sovereign countries. Strong inflows into EM debt reflected the perception that the risk of default by an EM sovereign had been lowered with the recovery of the global economy and commodity prices, and the generally healthy fundamentals.

The Fund was also invested in corporate bonds which performed well during this period. Corporate bonds issued by commodity-based companies and banks performed well as earnings improved and companies in general reduced leverage. As valuations for sovereign bonds increased markedly during the second half of 2009, we saw better value in EM corporate bonds, as corporations are likely to benefit from the economic recovery underway.

The Fund also gained from its exposure to the Brazilian Real and the Indonesian Rupiah during this period. While the overall currency exposure to these currencies was small, less than 10%, it nevertheless contributed to the Fund's performance as both these currencies appreciated meaningfully over the six months. The Real was the best performing EM currency against the Singapore dollar during the period, rising nearly 10%.

As at 31 December 2009, The Fund was 40% in Latin America, 27% in Asia, 21% in Europe, 7% in the Middle East and Africa and held 5% cash.

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## **Economic and Market Review**

The second half of 2009 saw continued risk taking by investors as well as strong inflows into Emerging Market (EM) funds. This contributed to increasing support for EM assets, including bonds, which saw prices increasing. High beta sovereigns, including Pakistan, Argentina and Ukraine recorded some of the strongest returns, and yields on their bonds fell sharply.

Economic growth globally has recovered with most EM countries posting positive GDP growth during the second half of 2009. Meanwhile, inflation has been relatively tame and almost all central banks have left interest rates low to spur growth. The economic improvement led to a number of credit rating upgrades during the second half of the year. Moody's rating agency upgraded Indonesia's foreign and local currency sovereign ratings to Ba2, from Ba3 with a stable outlook. According to Moody's, "The upgrade was prompted by the Indonesian economy's relatively strong resilience to the global recession as well as its healthy medium-term growth prospects. A pick-up in economic activity to its recent rate of 5.5% is expected in 2010, and Indonesia's overall growth dynamic is better positioned to face medium-term global uncertainties than many of its Ba-rated peers, as well as most regional economies."

External accounts in Latin America improved significantly during the period under review, with the regional current account balance narrowing to a deficit of 0.8% of GDP and international reserves accumulation continuing in most countries. The demonstrated strength of the regional external accounts, helped by relatively low external leverage, flexible exchange rates, and commodity receipts, has differentiated the region in a positive manner. Asia has seen both current and financial account balances improve in recent months, although the upward pressure on currencies has been strongly resisted by Asian central banks which are now accumulating foreign exchange reserves at the rate of almost US\$100bn per month. Meanwhile, external imbalances in Eastern Europe and the Middle East have been greatly reduced, but they continue to have the largest external borrowing requirements.

Issuance of sovereign and corporate debt remained strong during the second half of 2009, reaching a record level of US\$210bn in 2009. EM corporate bonds did experience a small bout of volatility, brought about by the events in Dubai. Dubai World, which is 100% owned by the government of Dubai announced a restructuring of its debt but eventually paid the debt owed in December 2009. While the final restructuring details were still unknown at the end of 2009, markets had calmed down and resumed trading higher. The Fund had largely avoided the negative implications from this event as we had sold all exposure to Dubai prior to the event.

## **Outlook and Strategy**

Looking ahead, we believe that the global economic recovery underway is sustainable. While we do not rule out the possibility of some correction in financial markets, the trend appears to be for markets to move higher, underpinned by economic growth, low interest rates and ample liquidity. We also think corporate default rates will decline while credit rating upgrades will increase. The worst is clearly behind us.

Our strategy is to position the Fund for economic recovery. We continue to favour regions and countries with better economic fundamentals and strong drivers of growth. These include Indonesia, China and Brazil. We also favour corporate bonds over sovereigns based on valuations. We continue to seek investment opportunities in sectors that will benefit from the economic recovery. We are also positive on EM currencies overall and see upside potential here.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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## B) Investments at fair value and as a percentage of NAV as at 31 December 2009 under review classified by

	Fair Value (S\$)	% of NAV
<b>i) Country</b>		
Brazil	5,820,303	14.52
Canada	939,333	2.34
China	437,493	1.09
Colombia	2,222,040	5.54
Hong Kong	1,584,484	3.95
Indonesia	3,340,060	8.33
Ireland	760,212	1.90
Kuwait	1,148,303	2.86
Malaysia	2,024,228	5.05
Mexico	4,357,281	10.87
Netherlands	1,842,768	4.60
Peru	1,837,066	4.58
Philippines	1,701,282	4.24
Qatar	1,471,623	3.67
Russia	3,416,556	8.52
Singapore	703,377	1.75
South Africa	396,263	0.99
South Korea	1,016,238	2.53
Turkey	1,993,952	4.97
Ukraine	481,134	1.20
United States	720,378	1.80
Portfolio of investments	38,214,374	95.30
Other net assets	1,883,693	4.70
<b>Total</b>	<b>40,098,067</b>	<b>100.00</b>
<b>ii) Industry</b>		
Energy	6,559,178	16.36
Financials	10,388,377	25.90
Government	10,572,321	26.38
Government Agency	968,316	2.41
Industrials	3,788,713	9.44
Materials	1,006,270	2.51
Special Purpose Entity	2,427,174	6.05
Telecom Services	760,212	1.90
Utilities	1,743,813	4.35
Portfolio of investments	38,214,374	95.30
Other net assets	1,883,693	4.70
<b>Total</b>	<b>40,098,067</b>	<b>100.00</b>

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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**B) Investments at fair value and as a percentage of NAV as at 31 December 2009 under review classified by (continued)**

	Fair Value (S\$)	% of NAV
<b>iii) Asset Class</b>		
Fixed Income	38,214,374	95.30
Other net assets	1,883,693	4.70
<b>Total</b>	<b>40,098,067</b>	<b>100.00</b>
<b>iv) Credit rating of debt securities by S &amp; P</b>		
A	2,633,902	6.57
BBB	14,721,581	36.72
BB	13,910,672	34.68
CCC	481,134	1.20
NR	6,467,085	16.13
<b>Total</b>	<b>38,214,374</b>	<b>95.30</b>
<b>v) Credit rating of debt securities by Moody's</b>		
Aa	784,734	1.96
A	3,683,874	9.18
Baa	14,465,578	36.08
Ba	14,525,447	36.23
B	481,134	1.20
NR	4,273,607	10.65
<b>Total</b>	<b>38,214,374</b>	<b>95.30</b>

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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## C) Top Ten Holdings

The top 10 holdings as at 31 December 2009 and 31 December 2008

10 largest holdings at 31 December 2009	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
CONTROLADORA MABE SA CV 7.875% DUE 28/10/19	2,146,003	5.35
BANCO DO BRASIL (CAYMAN) 8.50% DUE 31/12/49	1,723,127	4.30
REPUBLIC OF INDONESIA 10% DUE 15/09/2024	1,623,693	4.05
HUTCHISON WHAMPOA FIN REG 7.5% DUE 01/08/2027	1,584,484	3.95
BANCO CREDITO DEL PERU 9.75% DUE 06/11/2069	1,509,100	3.76
CORPORACION GEO SA DE CV 8.875% DUE 25/09/14	1,457,043	3.63
BANCO BMG S.A. 9.95% DUE 05/11/2019	1,410,363	3.52
KAZMUNAIGAZ FINANCE SUB 9.125% DUE 02/07/2018	1,294,859	3.23
TENAGA NASIONAL 7.50% DUE 01/11/2025	1,195,904	2.98
KUWAIT PROJECTS CO 8.875% DUE 17/10/2016	1,148,303	2.86

  

10 largest holdings at 31 December 2008	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
UNITED STATES OF MEXICO 5.625% DUE 15/01/2017	2,960,561	12.39
FEDERATION REPUBLIC OF BRAZIL 8.875% DUE 15/04/2024	1,799,117	7.53
REPUBLIC OF INDONESIA 6.875% DUE 17/01/2018	1,009,902	4.23
REPUBLIC OF BRAZIL 8.75% DUE 04/02/2025	904,596	3.79
REPUBLIC OF BRAZIL 8.25% DUE 20/01/2034	887,427	3.71
RUSSIA 12.75% DUE 24/06/2028	835,044	3.50
GOVERNMENT OF MALAYSIA 7.5% DUE 15/07/2011	790,996	3.31
GAZSTREAM SA (GAZPROM) 5.625% DUE 22/07/2013	685,313	2.87
NATIONAL POWER CORPORATION 9.875% DUE 16/03/2010	437,758	1.83
ICIC BANK LIMITED SINGAPORE EMTN 5.875% DUE 20/10/2011	401,845	1.68

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## D) Exposure to derivatives

- i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2009

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Forward foreign exchange contracts	18,110,800	-	-	150,131	0.37
Future exchange contracts	1,660,171	41,680	0.10	-	-

- ii) There was a net gain of SGD 1,245,777 on derivative contracts realised for the financial period ended 31 December 2009.
- iii) There was a net loss of SGD 108,451 on outstanding derivative contracts marked to market as at 31 December 2009.

## E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2009

N/A

## F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2009

N/A

## G) Amount of redemptions and subscriptions for the period 01 July 2009 to 31 December 2009

Total amount of redemptions	SGD 5,430,252
Total amount of subscriptions	SGD 13,296,274

## H) The amount and terms of related-party transactions for the period 01 July 2009 to 31 December 2009

- i) As at 31 December 2009 the Fund maintained current accounts with the United Overseas Bank Limited as follows:

Bank balances	SGD 8,166
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- ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2009

N/A

- iii) Investment in Initial Public Offerings managed by UOB Group.

N/A

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## H) The amount and terms of related-party transactions for the period 01 July 2009 to 31 December 2009 (continued)

iv) As at 31 December 2009 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

## I) Expense ratios

31 December 2009	2.26%
31 December 2008	1.36%

*Note : The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio.*

## J) Turnover ratios

31 December 2009	98.68%
31 December 2008	43.72%

*Note : The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".*

## 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 2009 and 31 December 2008

N/A

ii) expense ratios for the period ended 31 December 2009 and 31 December 2008. A footnote should state (where applicable) that the expense ratio does not include brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from or arising out of income received.

N/A

iii) turnover ratios for the period ended 31 December 2009 and 31 December 2008

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.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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## **M) Soft dollar commissions/arrangements**

There were no soft dollar arrangements, rebates, commissions or other monetary incentives received by UOB Asset Management Ltd.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## STATEMENT OF TOTAL RETURN

For the half year ended 31 December 2009 (Un-audited)

	Notes	31 December 2009 \$	31 December 2008 \$
<b>Income</b>			
Interest		34	18,740
		34	18,740
<b>Less: Expenses</b>			
Management fee	12	305,453	242,701
Less: Management fee rebate from SICAV		-	(89,107)
Trustee fee	12	8,727	6,934
Audit fee		8,367	7,214
Registrar fee	12	13,443	13,443
Valuation fee	12	13,964	11,095
Custody fee		10,062	6,984
Interest expenses		102	791
Other expenses		31,411	37,759
		391,529	237,814
<b>Net loss</b>		(391,495)	(219,074)
<b>Net gains or losses on value of investments</b>			
Net realised gains/(losses) on investments		3,222,321	(901,116)
Net change in fair value on investments		373,240	1,351,214
Net realised gains on financials derivative		1,245,777	1,736
Net change in fair value on financial derivatives		(108,451)	-
Net foreign exchange (losses)/gains		(671,558)	438,121
<b>Net gain on value of investments</b>		4,061,329	889,955
<b>Total return for the period before distribution and income tax</b>			
		3,669,834	670,881
Less : Distribution	10	-	-
<b>Total return for the period before income tax</b>		3,669,834	670,881
Less : Income tax	3	(1,500)	-
<b>Total return for the period</b>		3,668,334	670,881

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## BALANCE SHEET

As at 31 December 2009 (Un-audited)

		31 December 2009 \$	30 June 2009 \$
	<b>Notes</b>		
<b>ASSETS</b>			
Portfolio of investments		<b>38,214,374</b>	27,001,219
Receivables	4	<b>1,034,125</b>	31,068
Cash and bank balances	5	<b>1,323,897</b>	3,632,844
Financial derivatives at fair value	7	<b>41,680</b>	469,148
<b>Total Assets</b>		<b>40,614,076</b>	31,134,279
<b>LIABILITIES</b>			
Purchases awaiting settlement		-	1,319,280
Payables	6	<b>365,878</b>	358,419
Proposed distribution	10	-	892,869
Financial derivatives at fair value	7	<b>150,131</b>	-
Net assets attributable to unitholders	8	<b>40,098,067</b>	28,563,711
<b>Total Liabilities</b>		<b>40,614,076</b>	31,134,279

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (\$\$)

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

## PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography – Primary Quoted Bonds</b>			
<b>BRAZIL</b>			
BANCO BMG S.A. 9.95% DUE 05/11/2019	1,000,000	1,410,363	3.52
BANCO DO BRASIL (CAYMAN) 8.50% DUE 31/12/49	1,150,000	1,723,127	4.30
CCL FINANCE LTD 9.5% DUE 15/8/2014	400,000	618,504	1.54
FEDERATION REPUBLIC OF BRAZIL 12.50% DUE 05/01/2016	1,000,000	961,657	2.40
FEDERATION REPUBLIC OF BRAZIL 8.875% DUE 15/04/2024	600,000	1,106,652	2.76
<b>TOTAL BRAZIL</b>		<b>5,820,303</b>	<b>14.52</b>
<b>CANADA</b>			
SINO-FOREST CORP 10.25% DUE 28/7/2014	600,000	<b>939,333</b>	<b>2.34</b>
<b>CHINA</b>			
COUNTRY GARDEN HLDG CO 11.75% DUE 10/09/14	300,000	<b>437,493</b>	<b>1.09</b>
<b>COLOMBIA</b>			
ECOPETROL SA 7.625% DUE 23/07/2019	700,000	1,112,564	2.77
REPUBLIC OF COLOMBIA 7.375% DUE 18/03/2019	300,000	485,858	1.21
REPUBLIC OF COLOMBIA 7.375% DUE 18/09/2037	400,000	623,618	1.56
<b>TOTAL COLOMBIA</b>		<b>2,222,040</b>	<b>5.54</b>
<b>HONG KONG</b>			
HUTCHISON WHAMPOA FIN REG 7.5% DUE 01/08/2027	1,000,000	<b>1,584,484</b>	<b>3.95</b>

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# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (\$\$)

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

## PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography – Primary (continued)</b>			
<b>Quoted Bonds</b>			
<b>INDONESIA</b>			
BUMI CAPITAL PTE LTD 12% DUE 10/11/2016	500,000	710,097	1.77
PRIME DIG PTE LTD 11.75% DUE 03/11/2014	700,000	1,006,270	2.51
REPUBLIC OF INDONESIA 10% DUE 15/09/2024	11,000,000,000	1,623,693	4.05
<b>TOTAL INDONESIA</b>		<b>3,340,060</b>	<b>8.33</b>
<b>IRELAND</b>			
VIP FIN (VIMPELCOM) 9.125% DUE 30/4/2018	500,000	760,212	1.90
<b>KUWAIT</b>			
KUWAIT PROJECTS CO 8.875% DUE 17/10/2016	800,000	1,148,303	2.86
<b>MALAYSIA</b>			
AMBB CAPITAL LTD 6.77% DUE 29/01/2049	700,000	828,324	2.07
TENAGA NASIONAL 7.50% DUE 01/11/2025	750,000	1,195,904	2.98
<b>TOTAL MALAYSIA</b>		<b>2,024,228</b>	<b>5.05</b>
<b>MEXICO</b>			
CONTROLADORA MABE SA CV 7.875% DUE 28/10/19	1,500,000	2,146,003	5.35
CORPORACION GEO SA DE CV 8.875% DUE 25/09/14	1,000,000	1,457,043	3.63
UNITED MEXICAN STATES 5.625% DUE 15/01/2017	500,000	754,235	1.89
<b>TOTAL MEXICO</b>		<b>4,357,281</b>	<b>10.87</b>

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography – Primary (continued)</b>			
<b>Quoted Bonds</b>			
<b>NETHERLANDS</b>			
KAZMUNAIGAZ FINANCE SUB 9.125% DUE 02/07/2018	800,000	1,294,859	3.23
MAJAPAHIT HOLDING 7.875% DUE 29/06/2037	400,000	547,909	1.37
<b>TOTAL NETHERLANDS</b>		<b>1,842,768</b>	<b>4.60</b>
<b>PERU</b>			
BANCO CREDITO DEL PERU 9.75% DUE 06/11/2069	1,000,000	1,509,100	3.76
REPUBLIC OF PERU 7.125% DUE 30/03/2019	200,000	327,966	0.82
<b>TOTAL PERU</b>		<b>1,837,066</b>	<b>4.58</b>
<b>PHILIPPINES</b>			
POWER SECTOR ASSET & LI 7.39% DUE 02/12/2024	500,000	718,101	1.79
REPUBLIC OF PHILIPPINES 9% DUE 15/02/2013	100,000	168,334	0.42
REPUBLIC OF PHILIPPINES 10.625% DUE 16/03/2025	400,000	814,847	2.03
<b>TOTAL PHILIPPINES</b>		<b>1,701,282</b>	<b>4.24</b>
<b>QATAR</b>			
CBQ FINANCE LTD 7.5% DUE 18/11/2019	500,000	686,889	1.71
RAS LAFFAN LNG 3 6.75% DUE 30/09/2019	500,000	784,734	1.96
<b>TOTAL QATAR</b>		<b>1,471,623</b>	<b>3.67</b>

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

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

## PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography – Primary (continued)</b>			
<b>Quoted Bonds</b>			
<b>RUSSIA</b>			
ABN AMRO (GAZPROM) 9.625% DUE 01/03/2013	300,000	481,028	1.20
GAZ CAPITAL SA 7.288% DUE 16/08/2037	200,000	268,809	0.67
GAZ CAPITAL SA 8.625% DUE 28/04/2034	300,000	468,608	1.17
RSHB CAPITAL (RUSS AG BK) 6.97% DUE 21/09/2016	500,000	703,632	1.75
RUSSIA 12.75% DUE 24/06/2028	350,000	834,112	2.08
TRANSCAPITAL INVESTMENT LIMITED 8.7% DUE 07/08/2018	400,000	660,367	1.65
<b>TOTAL RUSSIA</b>		<b>3,416,556</b>	<b>8.52</b>
<b>SINGAPORE</b>			
NOBLE GROUP LTD 8.50% DUE 30/05/2013	450,000	<b>703,377</b>	<b>1.75</b>
<b>SOUTH AFRICA</b>			
REPUBLIC OF SOUTH AFRICA 6.875% DUE 27/05/2019	250,000	<b>396,263</b>	<b>0.99</b>
<b>SOUTH KOREA</b>			
EXPORT-IMPORT BK KOREA 6.03% DUE 15/01/2010	250,000	264,684	0.66
WOORI BANK 6.125% DUE 03/05/2016	700,000	751,554	1.87
<b>TOTAL SOUTH KOREA</b>		<b>1,016,238</b>	<b>2.53</b>
<b>TURKEY</b>			
REPUBLIC OF TURKEY 11.50% DUE 23/01/2012	500,000	854,986	2.13
REPUBLIC OF TURKEY 8% DUE 14/02/2034	300,000	498,765	1.24
REPUBLIC OF TURKEY 7.50% DUE 07/11/2019	400,000	640,201	1.60
<b>TOTAL TURKEY</b>		<b>1,993,952</b>	<b>4.97</b>

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Nominal holdings at 31 December 2009	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %
<b>By Geography – Primary (continued)</b>			
<b>Quoted Bonds</b>			
<b>UKRAINE</b>			
UKRAINE GOVERNMENT 7.65% DUE 11/06/2013	400,000	481,134	1.20
<b>UNITED STATES</b>			
PEMEX PROJ FDG MASTER TR 5.75% DUE 01/03/2018	500,000	720,378	1.80
<b>Portfolio of investments</b>		<b>38,214,374</b>	<b>95.30</b>
<b>Other net assets</b>		<b>1,883,693</b>	<b>4.70</b>
<b>Net assets attributable to unitholders</b>		<b>40,098,067</b>	<b>100.00</b>

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Percentage of total net assets attributable to unitholders at 31 December 2009 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
<b>By Geography - Primary (Summary)</b>		
<b>Quoted Bonds</b>		
Brazil	14.52	13.13
Canada	2.34	-
China	1.09	-
Colombia	5.54	3.75
Hong Kong	3.95	2.83
Indonesia	8.33	5.38
Ireland	1.90	-
Kuwait	2.86	-
Malaysia	5.05	4.65
Mexico	10.87	7.85
Netherlands	4.60	7.46
Peru	4.58	3.33
Philippines	4.24	10.58
Qatar	3.67	-
Russia	8.52	16.42
Singapore	1.75	-
South Africa	0.99	1.31
South Korea	2.53	2.09
Turkey	4.97	8.38
United Arab Emirates	-	2.59
Ukraine	1.20	-
United States	1.80	4.76
<b>Portfolio of investments</b>	<b>95.30</b>	<b>94.51</b>
<b>Other net assets</b>	<b>4.70</b>	<b>5.49</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## PORTFOLIO STATEMENT

As at 31 December 2009 (Un-audited)

	Fair value at 31 December 2009 \$	Percentage of total net assets attributable to unitholders at 31 December 2009 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
<b>By Industry - Secondary</b>			
<b>Quoted Bonds</b>			
Energy	6,559,178	16.36	11.14
Financials	10,388,377	25.90	5.01
Government	10,572,321	26.38	57.74
Government Agency	968,316	2.41	7.94
Industrials	3,788,713	9.44	-
Materials	1,006,270	2.51	-
Special Purpose Entity	2,427,174	6.05	3.00
Telecom Services	760,212	1.90	-
Utilities	1,743,813	4.35	9.68
<b>Portfolio of investments</b>	<b>38,214,374</b>	<b>95.30</b>	<b>94.51</b>
<b>Other net assets</b>	<b>1,883,693</b>	<b>4.70</b>	<b>5.49</b>
<b>Net assets attributable to unitholders</b>	<b>40,098,067</b>	<b>100.00</b>	<b>100.00</b>

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

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

### 1. General

United Global Emerging Markets (GEMs) Portfolios (the "Portfolio") is a Singapore registered umbrella fund, currently offering one sub-fund namely GEMs Investments (S\$) (the "Fund") which is denominated in Singapore Dollars. It is constituted by a Trust Deed between UOB Asset Management Ltd (the "Manager") and RBC Dexia Trust Services Singapore Limited (the "Trustee"). The Deed is governed by the laws of the Republic of Singapore.

The Fund's investment objective is to maximise returns, with high yield and capital appreciation over the longer term in emerging markets debt investments and products.

The Fund was a feeder fund investing its entire deposited property into Ashmore SICAV - Emerging Markets Debt Fund ("Ashmore SICAV").

With effect from 10 October 2008, the Fund has been converted from a feeder fund to a direct investment vehicle managed by the Manager.

### 2. Significant accounting policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars.

#### (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*

Purchase of investments are recognized on trade date. Investments are recorded at fair value on initial recognition.

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

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 2. Significant accounting policies (continued)

(c) Investments (continued)

(iii) *Derecognition*

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

(d) Basis of valuation of investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price. Accrued interest is incorporated in the fair value fixed income instruments.

(e) Foreign currency translation

(i) *Functional and presentation currency*

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars and United States dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers the Singapore dollars to be the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Singapore dollars, 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 period-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 the fair value net gain or loss.

(f) Expenses charged to the Fund

Financial derivatives including forwards and swaps are entered into for the purpose of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provisions of the Trust Deed.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 2. Significant accounting policies (continued)

(f) Financial derivatives (continued)

Financial derivatives outstanding at the balance sheet date are valued at forward rates or at 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.

(g) Expenses charged to the Fund

All direct expenses relating to the Fund are charged directly to the Statement of Total Return. In addition, certain expenses shared by all unit trusts managed by the Manager are allocated to each Fund based on the respective Fund’s net asset value.

(h) Distribution policy

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. This amount shall not be treated as part of the property of the Fund.

### 3. Income tax

	<b>31 December 2009</b>	31 December 2008
	<b>\$</b>	\$
Overseas income tax	<b>1,500</b>	-

The Fund was granted the status of a Designated Unit Trust and, therefore, the following income is exempt from tax in accordance with Section 35(12) of the Income Tax Act (Cap 134):

- (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 Singapore Income Tax Act); and
- (iii) dividends derived from outside Singapore and received in Singapore.

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 4. Receivables

	<b>31 December 2009</b>	30 June 2009
	\$	\$
Amount due from unitholders	568,608	31,068
Other receivable	465,517	-
	<b>1,034,125</b>	<b>31,068</b>

### 5. Cash and bank balances

	<b>31 December 2009</b>	30 June 2009
	\$	\$
Current account	1,279,146	3,632,844
Margin deposits with financial institution	44,751	-
	<b>1,323,897</b>	<b>3,632,844</b>

### 6. Payables

	<b>31 December 2009</b>	30 June 2009
	\$	\$
Amount due to unitholders	34,284	201,374
Amount due to Manager	313,351	132,627
Amount due to Trustee	4,783	3,564
Other creditors and accrued expenses	13,460	20,854
	<b>365,878</b>	<b>358,419</b>

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 7. Fair value of financial derivatives

Financial derivatives contracts comprise forward foreign exchange 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 balance sheet date are analysed below.

	<b>31 December 2009</b>		
	<b>Contract or underlying principal amount \$</b>	<b>Positive fair value \$</b>	<b>Negative fair value \$</b>
<b>Forward foreign exchange contracts</b>	<b>18,110,800</b>	-	<b>150,131</b>
<b>Future exchange contracts</b>	<b>1,660,171</b>	<b>41,680</b>	-
		<b>41,680</b>	<b>150,131</b>
		<b>30 June 2009</b>	
	<b>Contract or underlying principal amount \$</b>	<b>Positive fair value \$</b>	<b>Negative fair value \$</b>
Forward foreign exchange contracts	22,675,000	469,148	-

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 8. Net assets attributable to unitholders

	<b>31 December 2009</b>	30 June 2009
	\$	\$
<b>At the beginning of the financial period/year</b>	<b>28,563,711</b>	28,689,283
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>3,668,334</b>	2,833,011
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>13,296,274</b>	6,476,642
Cancellation of units	<b>(5,430,252)</b>	(9,435,225)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>7,866,022</b>	(2,958,583)
<b>Total increase/(decrease) in net assets attributable to unitholders</b>	<b>11,534,356</b>	(125,572)
<b>At the end of the financial period/year</b>	<b>40,098,067</b>	28,563,711
<b>Units in issue (Note 9)</b>	<b>28,894,279</b>	23,093,703
	\$	\$
<b>Net assets attributable to unitholders per unit</b>	<b>1.39</b>	1.24

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 9. Units in issue

	<b>31 December 2009</b>	30 June 2009
Units at beginning of the period/year	<b>23,093,703</b>	25,978,658
Units created	<b>9,823,240</b>	5,359,068
Units cancelled	<b>(4,022,664)</b>	(8,244,023)
	<b>28,894,279</b>	23,093,703

### 10. Distribution to unitholders

	<b>31 December 2009</b>	30 June 2009
	<b>\$</b>	<b>\$</b>
Proposed distribution of income based on Nil % (30 June 2009: 3%) of pre-distribution pricing	-	892,869

### 11. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and price risk), credit risk and liquidity 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 currency forward contracts subject to the terms of the Prospectus 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 fixed interest investments, money market 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 their investment objectives.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. 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. The Fund's investments 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 securities denominated in currencies other than the Singapore dollars and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore dollars and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the on-balance sheet exposure to currency risks for the Fund.

**As at 31 December 2009**

	SGD \$	USD \$	Others \$	Total \$
<b>Assets</b>				
Portfolio of investments	264,684	35,364,339	2,585,351	<b>38,214,374</b>
Receivables	518,123	516,002	-	<b>1,034,125</b>
Cash and bank balances	353,902	947,580	22,415	<b>1,323,897</b>
Fair value of financial derivatives	-	41,680	-	<b>41,680</b>
<b>Total Assets</b>	<b>1,136,709</b>	<b>36,869,601</b>	<b>2,607,766</b>	<b>40,614,076</b>
<b>Liabilities</b>				
Payables	288,788	77,090	-	<b>365,878</b>
Fair value of financial derivatives	150,131	-	-	<b>150,131</b>
Net assets attributable to unitholders	40,098,067	-	-	<b>40,098,067</b>
<b>Total Liabilities</b>	<b>40,536,986</b>	<b>77,090</b>		<b>40,614,076</b>
<b>Notional value of forward foreign exchange contracts</b>	<b>18,110,800</b>	<b>(18,251,350)</b>	<b>-</b>	
<b>Net currency exposure</b>	<b>(21,289,477)</b>	<b>18,541,161</b>	<b>2,607,766</b>	

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the on-balance sheet exposure to currency risks for the Fund.

As at 30 June 2009

	SGD \$	USD \$	Total \$
<b>Assets</b>			
Portfolio of investments	260,279	26,740,940	27,001,219
Receivables	-	31,068	31,068
Cash and bank balances	2,562,076	1,070,768	3,632,844
Fair value of financial derivatives	469,148	-	469,148
<b>Total Assets</b>	<b>3,291,503</b>	<b>27,842,776</b>	<b>31,134,279</b>
<b>Liabilities</b>			
Purchases awaiting settlement	-	1,319,280	1,319,280
Payables	356,569	1,850	358,419
Proposed distribution	890,589	2,280	892,869
Net assets attributable to unitholders	28,563,711	-	28,563,711
<b>Total Liabilities</b>	<b>29,810,869</b>	<b>1,323,410</b>	<b>31,134,279</b>
<b>Notional value of forward foreign exchange contracts</b>	<b>22,675,000 (22,208,178)</b>		
<b>Net currency exposure</b>	<b>(3,844,366) 4,311,188</b>		

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following table shows the Fund's sensitivity to foreign currency exposure should those currencies strengthen or weaken by 6% (30 June 2009: 5%) with all other variables held constant.

Currency	Decrease / increase in net assets attributable to unitholders	
	31 December 2009 \$	30 June 2009 \$
USD	<b>1,112,470</b>	215,559

(ii) 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 Investment 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.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value, categorised by the earlier of contractual re-pricing or maturity dates. All variable rate financial instruments are reset within a month.

At 31 December 2009	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Portfolio of investments	4,060,559	34,153,815	-	<b>38,214,374</b>
Receivables	-	-	1,034,125	<b>1,034,125</b>
Cash and bank balances	1,323,897	-	-	<b>1,323,897</b>
Fair value of financial derivatives	-	-	41,680	<b>41,680</b>
<b>Total Assets</b>	<b>5,384,456</b>	<b>34,153,815</b>	<b>1,075,805</b>	<b>40,614,076</b>
<b>Liabilities</b>				
Payables			365,878	<b>365,878</b>
Fair value of financial derivatives			150,131	<b>150,131</b>
Net assets attributable to unitholders			40,098,067	<b>40,098,067</b>
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>40,614,076</b>	<b>40,614,076</b>

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

At 30 June 2009	Variable rates \$	Fixed rates \$	Non-interest bearing \$	Total \$
<b>Assets</b>				
Portfolio of investments	1,893,234	25,107,985	-	27,001,219
Receivables	-	-	31,068	31,068
Cash and bank balances	3,632,844	-	-	3,632,844
Fair value of financial derivatives	-	-	469,148	469,148
<b>Total Assets</b>	<b>5,526,078</b>	<b>25,107,985</b>	<b>500,216</b>	<b>31,134,279</b>
<b>Liabilities</b>				
Purchases awaiting settlement	-	-	1,319,280	1,319,280
Payables	-	-	358,419	358,419
Proposed distribution	-	-	892,869	892,869
Net assets attributable to unitholders	-	-	28,563,711	28,563,711
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>31,134,279</b>	<b>31,134,279</b>

The table below summarises the sensitivity of the Fund to movements in interest rates as at 31 December 2009 and 30 June 2009:

Market reference rate	31 December 2009		30 June 2009	
	Net impact to net assets attributable to unitholders \$	Basis points	Net impact to net assets attributable to unitholders \$	Basis points
SGD	-	100	1,395	100
USD	<b>2,411,327</b>	<b>100</b>	11,332,276	600

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

(a) Market risk (continued)

(ii) 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 listed securities are considered to be readily realisable as they are listed 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 be typically be expected for traditional investment instruments. No such investments were held at the balance sheet date.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

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

The table below analyses the Fund's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>As at 31 December 2009</b>	<b>Less than 3 months \$</b>	<b>3 months to 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Payables	365,878	-	-	-
Financial derivatives at fair value	150,131	-	-	-
Net assets attributable to unitholders	<b>40,098,067</b>	-	-	-
<hr/>				
<b>As at 30 June 2009</b>	<b>Less than 3 months \$</b>	<b>3 months to 1 year \$</b>	<b>1-5 years \$</b>	<b>Above 5 years \$</b>
Purchases awaiting settlement	1,319,280	-	-	-
Payables	358,419	-	-	-
Proposed distribution	892,869	-	-	-
Net assets attributable to unitholders	<b>28,563,711</b>	-	-	-

#### (c) Credit risk

Credit risk is the risk that 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.

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.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

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

The Fund invests in financial assets, which have an investment grade as rated by Moody's. The credit ratings are reviewed regularly.

The table below analyses the Fund's investments by credit ratings, expressed as a percentage of net assets attributable to unitholders.

#### As at 31 December 2009

	Aa2	A2	A3	Baa1	Baa2
Debt securities					
Fixed rate securities	2%	2%	7%	16%	8%
Floating rate securities	-	-	-	-	4%

	Baa3	Ba1	Ba2	Ba3	B2
Debt securities					
Fixed rate securities	8%	3%	15%	17%	1%
Floating rate securities	-	-	2%	-	-

#### As at 30 June 2009

	Aa2	A2	A3	Baa1
Debt securities				
Fixed rate securities		3%	1%	4%
Floating rate securities		-	1%	1%

	Baa2	Ba1	Ba3	B1
Debt securities				
Fixed rate securities		1%	20%	20%
Floating rate securities		4%	-	-

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.

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 11. Financial risk management (continued)

(c) Credit risk (continued)

Credit risk also arises from cash and cash equivalents and derivative positions held with financial institutions. The table below summarizes the credit rating of banks and custodians, in which the Fund's assets are held as at 31 December 2009 and 30 June 2009.

**As at 31 December 2009**

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	<b>B</b>	<b>Moody's</b>
United Overseas Bank Limited	<b>B</b>	<b>Moody's</b>
<u>Custodians</u>		
State Street Bank & Trust Co.	<b>B</b>	<b>Moody's</b>
<u>Counterparties of forward foreign exchange contracts</u>		
United Overseas Bank Limited	<b>B</b>	<b>Moody's</b>

**As at 30 June 2009**

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	B+	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodians</u>		
State Street Bank & Trust Co.	B+	Moody's
<u>Counterparties of forward foreign exchange contracts</u>		
United Overseas Bank Limited	B+	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(d) Capital Management

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

# United Global Emerging Markets (GEMs) Portfolios - GEMs Investments (S\$)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009 (Un-audited)

### 12. Related party transactions

- (a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and RBC Dexia Trust Services Singapore Limited respectively.

UOB Asset Management Ltd is a subsidiary of United Overseas Bank Limited. RBC Dexia Trust Services Singapore Limited is a subsidiary of RBC Dexia Investor Services, a joint venture between Dexia Banque Internationale A. Luxembourg S.A. and Royal Bank Of Canada.

Management and valuation fees are paid to the Manager, while trustee fee is paid to the Trustee and the registrar fee is paid to HSBC Securities Services (Transfer Agency) Pte Ltd, a subsidiary of HSBC Holdings Plc. 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 period/year, the Fund maintained the following accounts with a related party:

	<b>31 December 2009</b>	30 June 2009
	<b>\$</b>	<b>\$</b>
<u>United Overseas Bank Limited</u>		
Bank balances	<b>8,166</b>	907

- (c) The following transactions took place during the financial period between the Fund and United Overseas Bank Limited as terms agreed between the parties as follows:

	<b>31 December 2009</b>	31 December 2008
	<b>\$</b>	<b>\$</b>
Interest income	-	-
Bank charges	75	-
Interest expense	30	10

### 13. Financial ratios

	<b>31 December 2009</b>	31 December 2008
Expense ratio <sup>1</sup>	<b>2.26%</b>	1.36%
Turnover ratio <sup>2</sup>	<b>98.68%</b>	43.72%

<sup>1</sup> The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio.

<sup>2</sup> The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".



