# LIFELINK INVESTMENTS

Half Year Fund Report

Report and statement of the managers for the period **1 January 2018 to 30 June 2018**

PRUDENTIAL

Always Listening. Always Understanding.

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# LifeLink Funds

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# FUND MANAGER'S REPORT
For the year ended 30 June 2018

## Performance of Lifelink Asia Fund ("the Fund")

The Fund invests into United Asia Fund ("the Underlying Fund")

For the 6 months ended 30 June 2018, the net asset value of the Fund fell 4.76%, underperforming the benchmark MSCI AC Asia ex-Japan index which declined 2.83%.

The Underlying Fund's underperformance was largely due to negative stock selection in South Korea, Malaysia and Thailand markets. Over the same period, we saw positive stock selection in China/Hong Kong, India and the Philippines markets, however, this was not sufficient to offset the negative effect. On sector basis, Information Technology accounted for majority of negative stock selection effect.

Key contributors to the Underlying Fund's performance included *China Resources Cement* (China Materials), *Alibaba* (China IT), *Sasa International* (HK Consumer), *China Petroleum & Chemical* (China Energy) and *CNOOC* (China Energy). Key detractors from performance include *NC Soft* (South Korea IT), *Guangzhou Auto* (China Consumer), *PTT Global Chemical* (Thailand Materials), *Cahya Mata Sarawak* (Malaysia Materials) and *Landmark Optoelectronics* (Taiwan technology).

As at end June 2018, the Underlying Fund had the following country exposures: China (28.75%), South Korea (19.5%), Hong Kong (17.9%), Taiwan (12.71%), India (7.43%), Singapore (4.77%), Thailand (2.54%), Malaysia (2.02%), the Philippines (1.92%), Indonesia (0.96%), with the remainder in cash (1.5%)

In term of sector allocation: Information Technology (33.17%), Financials (25.37%), Consumer Discretionary (11.97%), Real Estate (7.7%), Consumer Staples (6.95%), Energy (4.18%) and others (9.16%), with the remainder in cash (1.5%).

### Economic and Market Review

Despite a strong start in January, the equity markets in Asia underperformed their global counterparts as risk sentiment dampened. Asian markets erased gains made from 2017 as volatility levels spiked beginning in February with the corrections griping the entire market. A wave of concerns surfaced during the period; an escalation of trade spats between the US and China, an emerging markets rout which threatened to spread to Asia, fears of normalising US interest rates that would encourage outflows from the region.

10-year US Treasury yields rose significantly during the period as the US Federal Reserve (Fed) raised interest rates twice (in March and June) with a new Fed Chairman who voiced preference for communicating better guidance for the markets. The European Central Bank (ECB) announced that quantitative easing will end in December 2018, and its June meeting kept a dovish undertone, as the Governing Council pledged to keep policy rates unchanged at least through the summer of 2019.

With the exception of the Japanese Yen and Malaysian Ringgit, the US dollar strengthened against nearly all Asian currencies. The Indian Rupee and Philippine peso lost the most against the greenback. In the commodities market, metals climbed-copper, aluminium, gold and zinc rallied.

Higher oil prices also weighed on Asian markets. Oil sustained gains after a series of Organisation of the Petroleum Exporting Countries (OPEC) made efforts at production cuts to drain a global glut of supply. Prices rose amid escalating geopolitical tensions and fears of supply disruptions in the energy rich Middle East.

Overall, though numbers moderated downward from 2017, the economic backdrop in Asia signalled a continuing expansion. The Purchasing Managers' Index (PMI) in India surged to 53.1, the fastest in the year since 2017. Chinese manufacturing held steady around 51.0, against perceived challenges of escalating trade disputes with the US. A slowdown of technology component demand drove manufacturing activity down to 53.4 in May for Taiwan and dented South Korean numbers into contractionary territory in March. Thai manufacturing numbers dipped in the first quarter before picking up again toward the end of the period.

The earnings revision for Asian markets which was strong at start of 2018 has trailed global markets, largely due to moderating export growth momentum. The slower growth in technology handset sales dented the technology momentum for South Korea and Taiwan. Southeast Asia witnessed the brunt of the sell-off despite stronger Foreign Currency (FX) reserves and corporate balance sheets as compared to the broader emerging markets, in particular, Indonesia and Philippines with twin deficits and lower FX reserve coverage were the hardest hit. Taiwan and China were the only markets to eke out modest gains. Across sectors, the healthcare sector was the best performing. Other outperformers were consumer staples, energy and utilities. Consumer discretionary, industrials and telecoms were the worst performing sectors.

China saw a roller coaster ride, posting double digit returns in January, but giving back most of it towards the end of the period to end relatively flat. Despite steady economic growth through most of the period and strong reported earnings, there were rising concerns on escalating trade tensions with the US including restrictions over Chinese technology licensing practices. There were further headwinds from domestic monetary tightening with the government's unrelenting drive for financial and economic deleveraging. Weaker than expected May and June activity data pointed to a potential slowdown in the second half of 2018. The heightened volatility of the Renminbi (RMB) in the last 2 weeks of June to the downside spooked investors. During the period, the country removed term limits for its President and announced measures to slash import tariffs on a wide range of consumer goods. In June, the central bank announced cuts to the reserve requirements for banks in a bid to boost lending.

Across the straits in Taiwan, markets outperformed even as the technology sector witnessed further sell-offs as investors rotated into other sectors. Hong Kong outperformed and, the Hang Seng Bank climbed to highest levels in over a decade for January.

South Korea equities underperformed, and trimmed gains from weakening mobile phone demand and production cuts. The momentous inter-Korean summit saw both sides agreeing on steps towards denuclearisation and cooperation that stoked hopes of domestic companies benefitting from closer relations over the long term.

India underperformed, with authorities opening an inquiry into the country's biggest ever banking fraud case and weak performance from the ruling Bharatiya Janata Party in state by-elections.

ASEAN lagged behind their counterparts in North Asia. The Philippines registered the biggest losses with headwinds from a peso depreciation and a record trade deficit. Meanwhile, markets in Indonesia saw little reason to cheer as its trade balance fell into a deficit on rising oil and gas imports. After initial gains in the first two months, Thailand reversed its performance despite growing domestic demand and accelerating export growth. Singapore outperformed as the three local banks, comprising the lion's share of the market, remained in the green. Malaysia managed to outperform, despite a new government and associated policy risks including scrapped goods and services taxes and tighter scrutiny of business projects.

## Underlying Fund Strategy and Outlook

The earnings revision in Asia that was strong at the beginning of 2018 has trailed global markets, largely due to moderating export growth momentum. Despite this, earnings revisions remain positive and market valuations are still reasonable at a sizeable discount to global markets. The Asian markets are trading near their 18-year historical mean level based on price-to-earnings multiple, and at a slight discount on a price-to-book basis.

Despite solid underlying fundamentals in Asia, market performance has been impacted by heavy foreign selling. The US dollar strength and the Emerging Market (EM) contagion triggered by Turkey and Argentina has resulted in a huge capital flight from Asia. Southeast Asia has witnessed the brunt of the selloffs despite stronger FX reserves and corporate balance sheets compared to the broader EM.

On the US and China trade war, while the Underlying Fund Manager assess the growth and earnings impact on the market to be muted, a long drawn out trade war and escalating retaliation beyond trade is damaging for both countries and all market participants. The Underlying Fund Manager base case remains that there should not be a full blown trade war, and there should be some negotiated settlement assuming rationality from both sides. Nonetheless, the Underlying Fund Manager acknowledge that trade tensions may persist for some time and will be an overhang on the Asian markets in the near term.

In Asia, the Underlying Fund Manager favour countries with stable currencies, current account surpluses and positive earnings revisions. The main risks are trade wars, spikes in 10-year US Treasury yields, a strengthening US dollar and geopolitical challenges that would derail global growth momentum. The Underlying Fund Manager continue to be positive on Asia given the backdrop of still healthy global Gross Domestic Product (GDP) growth, the region's continued positive earnings revision and cheaper valuations versus global markets.

*The above information on the LifeLink Asia Fund and Underlying Fund is provided by UOB Asset Management Ltd.*

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## Performance of the LifeLink Growth Fund (“the Fund”)

The Fund invests into United Singapore Growth Fund ("the Underlying Fund")

For the six months ended 30 June 2018, the net asset value of the Fund declined 3.21%, in line with the 3.03% decrease in the benchmark MSCI Singapore Index.

The Underlying Fund recorded positive stock selection in the Financials and Industrials sectors and was also positioned by being underweight in the underperforming Telecommunication Services sector. However this positive effect was offset by negative stock selection in the Real Estate and Consumer Staples sectors.

On a stock basis, the Underlying Fund's investments in DBS Group, UOB, Comfort Delgro and ST Engineering added positively to performance. Moreover, the Underlying Fund's off benchmark investment in APAC Realty also performed well. However, stocks such as City Developments, UOL and Thai Beverage underperformed and detracted from performance.

As at end June 2018, the Underlying Fund was 95.31% invested. In terms of sectors, the Underlying Fund's allocation stood at financials (53.21%), real estate (13.46%), industrials (13.4%), telecommunication services (8.36%), consumer discretionary (3.31%), consumer staples (2.38%) and healthcare (1.19%) with the remainder in cash.

### Economic and Market Review

Despite a strong start in January, equity markets in Asia underperformed their global counterparts as risk sentiment dampened. Asian markets erased gains made from 2017 as volatility levels spiked beginning in February with the corrections griping the entire market. A wave of concerns surfaced during the period; an escalation of trade spats between the US and China, an emerging markets rout which threatened to spread to Asia, fears of normalising US interest rates that would encourage outflows from the region.

10-year US Treasury yields rose significantly during the period as the US Federal Reserve (Fed) raised interest rates twice (in March and June) with a new Fed Chairman who voiced a preference for communicating better guidance for the markets.

With the exception of the Japanese Yen and Malaysian Ringgit, the US Dollar strengthened against nearly all Asian currencies. The Indian Rupee and Philippine peso lost the most against the greenback. In the commodities market, metals climbed-copper, aluminium, gold and zinc rallied.

Higher oil prices also weighed on Asian markets. Oil sustained gains after a series of Organisation of the Petroleum Exporting Countries (OPEC) made efforts at production cuts to drain a global glut of supply. Prices rose amid escalating geopolitical tensions and fears of supply disruptions in the energy rich Middle East.

The earnings revision for Asian markets which was strong at the start of 2018 has trailed global markets, largely due to moderating export growth momentum. Southeast Asia witnessed the brunt of the selloff despite stronger FX reserves and corporate balance sheets as compared to the broader EM, in particular, Indonesia and Philippines with twin deficits and lower FX reserve coverage were the hardest hit.

Closer to home, Singapore was among the better performers among its ASEAN peers.

The environment of rising interest rates proved to be beneficial to the three local banks which recorded stronger net interest margins. The recovery in the oil price also helped to alleviate investor concerns on the banks' loan exposure to the depressed offshore and marine sector.

Selected companies in the industrials sector also benefitted from a recovery in their business environment. These included the offshore and marine linked companies which saw a stabilisation in utilisation levels and charter day rates, as well as land transport operators which saw an easing of competition in the taxi and private hire car industry.

Despite an increase in transaction volumes and prices, Singapore's listed real estate developers failed to outperform as concerns grew that the government could introduce more property cooling measures.

## Underlying Fund Strategy and Outlook

The earnings growth outlook for Singapore continues to be favourable as the economy continues to benefit from the ongoing global recovery. On the US and China trade war, while the Underlying Fund Manager assess the growth and earnings impact on the market to be muted, a long drawn retaliations beyond is damaging for both countries and all market participants. The Underlying Fund Manager base case remains that there should not be a full blown trade war, and there should be some negotiated settlement assuming rationality from both sides. Nonetheless, the Underlying Fund Manager acknowledge that trade tensions may persist for some time and will be an overhang on the Singapore market in the near term.

Recent macro data continue to show a recovery which should support both Gross Domestic Product (GDP) growth and corporate earnings. These factors are likely to keep the Singapore market on a reasonably good footing in the second half of 2018.

The Underlying Fund Manager believe that the long-term structural growth potential in Singapore, driven by its well-established trade links and strategic geographical location, makes the market an attractive investment destination. The Underlying Fund Manager strategy is to take advantage of these structural opportunities by investing in companies that have sound business models, are positioned in segments offering attractive growth and that have demonstrated operational and financial discipline in the way these companies manage their businesses.

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## Performance of Lifelink Global Fund ("the Fund")

The Fund invests into United International Growth Fund ("the Underlying Fund")

For the six months ended 30 June 2018, the net asset value of the Fund rose 3.94%, compared with a 1.59% gain in the benchmark MSCI AC World index in Singapore dollar terms.

The Underlying Fund outperformed the benchmark mainly due to positive stock selection. The strength of the US dollar also provided further boost to performance. On a stock selection basis, Information Technology (IT), Energy and Materials sectors contributed to the Underlying Fund performance while Financials, Consumer Staples and Utility sectors detracted from performance. On a sector allocation basis, the Underlying Fund benefited from its overweight position in Energy and IT, as well as underweight position in Telecommunications and Consumer Staples.

The Underlying Fund was fully invested during the period under review, and ended the year with cash levels of 2.97%.

Notable contributors to performance included: *Booking* (US), *Hess* (US), *Microsoft* (US), *Evolution Mining* (AU) and *Nvidia* (US).

Detractors from Underlying Fund performance included: *Priceline* (US), *Bank Negara* (ID), *Celgene* (US), *Valeo* (FR), and *Bank Rakyat* (ID).

As at 30 June 2018, the Underlying Fund was positioned as follows:

**By Country**

United States (66.12%), Europe (14.53%), Asia ex-Japan (9.64%), Latin America (2.50%), Australia (2.49%) and others (0.97%) with the remainder in cash (3.75%).

**By Sector**

Consumer Discretionary (11.53%), Consumer Staples (3.76%), Energy (9.19%), Financials (20.80%), Healthcare (8.22%), Industrials (5.73%), Information Technology (35.29%), and Materials (2.51%) with the remainder in cash (2.97%).

### Economic and Market Review

Global equities ended the period marginally higher, with US market outperforming while Asia ex-Japan and Europe lagged the broader index.

The first quarter of 2018 has been a turbulent start to the year, as a positive January reversed fortunes into a challenging February and March. This period could be characterised by two somewhat distinct bouts of weakness. The first correction in February was driven by a technical sell-off which hit global equity markets with indiscriminate selling. Enter March, and the markets appeared to be more fundamentally driven based on concerns of escalating trade tensions and tighter financial conditions. Despite weakness year-to-date, economic fundamentals remain on a solid footing globally.

Over the second quarter, global market sentiment shifted with the ebb and flow of trade tension news. At the start of the quarter, trade tensions eased after North American Free Trade Agreement (NAFTA) negotiations progressed, Chinese President Xi Jinping promised foreign companies greater access to China's financial and manufacturing sectors, and President Donald Trump instructed senior aides to investigate the possibility of re-entering the Trans-Pacific Partnership.

Later on, trade tensions escalated as the US imposed additional levies on Chinese goods while China vowed retaliatory tariffs.

10-year US Treasury yields rose significantly during the period as the US Federal Reserve (Fed) raised interest rates twice (in March and June) with a new Fed Chairman who voiced preference for communicating better guidance for the markets. The European Central Bank (ECB) announced that quantitative easing will end in December 2018, and its June meeting kept a dovish undertone, as the Governing Council pledged to keep policy rates unchanged at least through the summer of 2019.

Economic growth in Europe is decelerating with both services and manufacturing indices softening. Domestic demand remains strong and both business confidence and consumer confidence are high. Political risks remain in Europe, including Brexit and populism in Italy and Spain, which may hurt investment, consumer confidence and European Union (EU) cohesion. Brexit continues to present challenges for the UK, which has underperformed relative to the EU, and is likely to remain a headwind to growth.

US stocks gained, driven by the technology sector, as companies continued to deliver positive earnings surprises, which were further boosted by the corporate tax cuts. The rise in oil prices also helped the performances of energy companies.

European stocks dipped, as heightened political risks affected market sentiments. The weakness in the Euro was a further drag on equity performance when measured in Singapore dollar terms.

The earnings revision for Asian markets which was strong at the start of 2018 has trailed global markets, largely due to moderating export growth momentum. The slower growth in technology handset sales dented the technology momentum for Korea and Taiwan. With the sharp appreciation of the US dollar and spikes in US Treasury yield, Southeast Asia bore the brunt of the selloff despite having stronger FX reserves and corporate balance sheets as compared to the broader emerging markets.

China saw a roller coaster ride, posting double digit returns in January, but giving back most of it towards the end of the period to end relatively flat. Despite steady economic growth through most of the period and strong reported earnings, there were rising concerns on escalating trade tensions with the US including restrictions over Chinese technology licensing practices. There were further headwinds from domestic monetary tightening with the government's unrelenting drive for financial and economic deleveraging. The heightened volatility of the Renminbi (RMB) in the last 2 weeks of June to the downside further spooked investors.

## Underlying Fund Strategy and Outlook

The Underlying Fund Manager assessment of global macro conditions in 2018 has been that global economic growth has been above trend, corporate earnings are growing at double digit rates and that inflation and rates are normalising. At the same time, there have been a number of risks that have been a concern to investors and an overhang on markets. The Underlying Fund Manager expect investments to ultimately be driven by the strong fundamentals while continuing to reassess risk issues.

In the first half of June, global equity markets responded well to the strong macro fundamentals. From the end of March through mid-June, the MSCI AC World Index was up 6% in SGD terms. With the US confirming its threatened tariffs of US$50 billion of imports from China, global equity markets lost ground in the second half with Asian markets bearing the brunt of the declines.

The Underlying Fund Manager expect the second half of 2018 to follow a similar pattern. The Underlying Fund Manager think macro fundamentals and in particular the strong earnings growth will be supportive of markets but risk issues will trigger setbacks along the way.

The Underlying Fund Manager base case view on trade war risks has been that the rhetoric around negotiations will likely be more significant that the actual tariff policies. The Underlying Fund Manager expect that the first order effects of the trade disputes to be fairly limited. For example the Underlying Fund Manager calculate that China's Gross Domestic Product (GDP) would only be reduced by 0.2% to 0.3% if tariffs were implemented on US $100 billion of exports. While the Underlying Fund Manager ultimately continue to hold that view, the Underlying Fund Manager note that the events in June were worrisome. The tariffs moved beyond just rhetoric and have turned into actual policy. The demonstrated market weakness and weaker market confidence showed how the secondary effects for trade disputes can be larger than the first order effects on GDP.

The Underlying Fund Manager remain constructive on equities but the Underlying Fund Manager are increasingly concerned that the market volatility and worries over trade will hold Asia back in 2018. The Underlying Fund Manager thought that above trend global growth and attractive valuations would be supportive of Asia market outperformance this year, but now suspect that trade issues remain an overhang, and the currency volatility needs to settle for Asia to start outperforming again. The Underlying Fund Manager strategy is thus to continue to overweight equities but to reign in the Asia geographic overweight back to neutral. The Underlying Fund Manager continue to be overweight on the US and underweight Europe.

Overall, the Underlying Fund Manager continue to see strong macro fundamentals that should be supportive of markets. However, risk issues remain, this includes US trade disputes, Middle East conflicts, rising rates, and European politics. The Underlying Fund Manager assessment remains that the fundamentals should outweigh the risks in the second half of 2018, but that the risks cannot be ignored and need to be carefully monitored over coming months.

The Underlying Fund Manager continue to allocate capital to high-quality and sustainable growth companies that are reasonably priced. The Underlying Fund continues to focus on companies with strong competitive advantages, healthy cash flow and proven track record.

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## TABLE OF FUND PERFORMANCE

As at 30 June 2018

The performance of the Funds based on the net asset value basis are as follows:

| | 3 month | 6 month | 1 year | 3 year^ | 5 year^ | 10 year^ | Since Inception^ |
|---|---|---|---|---|---|---|---|
| **LifeLink Asia Fund** | (2.01) | (4.76) | 7.14 | 5.29 | 6.96 | 3.23 | 7.18 |
| **MSCI AC Asia ex-Japan Index+** | (1.62) | (2.83) | 8.84 | 7.47 | 9.75 | 5.96 | 6.17 |

| | 3 month | 6 month | 1 year | 3 year^ | 5 year^ | 10 year^ | Since Inception^ |
|---|---|---|---|---|---|---|---|
| **LifeLink Growth Fund** | (4.64) | (3.21) | 6.15 | 3.19 | 2.85 | 3.71 | 6.23 |
| **MSCI Singapore Index@** | (3.82) | (3.03) | 6.84 | 3.56 | 4.65 | 4.62 | 4.87 |

| | 3 month | 6 month | 1 year | 3 year^ | 5 year^ | 10 year^ | Since Inception^ |
|---|---|---|---|---|---|---|---|
| **LifeLink Global Fund** | 6.01 | 3.94 | 10.14 | 8.03 | 9.09 | 3.36 | 4.88 |
| **MSCI AC World Free Index#** | 4.54 | 1.59 | 9.65 | 8.64 | 11.01 | 5.83 | 3.96 |

Returns are calculated on a bid-to-bid basis with dividends reinvested at the bid price.

^ Annualised

+ The benchmark is the Morgan Stanley Capital International (MSCI) All Countries Asia ex-Japan Index. Prior to 1 January 2012, the benchmark was the MSCI AC Far East Free ex-Japan Index.

@ The benchmark is the Morgan Stanley Capital International (MSCI) Singapore Index. Prior to 1 January 2013, the benchmark was the Straits Times Index (STI).

# The benchmark is the Morgan Stanley Capital International (MSCI) AC World Free Index. Prior to 1 January 1998, the benchmark was the MSCI AC Far East Index.

*Past performance is not necessarily indicative of future or likely performance of the LifeLink Funds.*

# SCHEDULE OF INVESTMENTS

As at 30 June 2018

## Investments Classified by Asset Class and Country

| | LifeLink Asia Fund | | LifeLink Growth Fund | | LifeLink Global Fund | |
|---|---|---|---|---|---|---|
| | Market Value (S$) | % of NAV | Market Value (S$) | % of NAV | Market Value (S$) | % of NAV |
| Investments in funds in Singapore | 994,658 | 98.69 | 366,274 | 99.96 | 1,199,685 | 99.99 |
| Other net assets | 13,226 | 1.31 | 135 | 0.04 | 173 | 0.01 |
| **Total** | **1,007,884** | **100.00** | **366,409** | **100.00** | **1,199,858** | **100.00** |

## Investments in Collective Investment Schemes

| LifeLink Asia Fund | | LifeLink Growth Fund | | LifeLink Global Fund | |
|---|---|---|---|---|---|
| Market Value (S$) | % of NAV | Market Value (S$) | % of NAV | Market Value (S$) | % of NAV |
| United Asia Fund | | United Singapore Growth Fund | | United International Growth Fund | |
| 994,658 | 98.69 | 366,274 | 99.96 | 1,199,685 | 99.99 |

## Top Ten Holdings

| At 30 June 2018 | United Asia Fund Market Value (S$) | United Asia Fund % of NAV |
|---|---|---|
| SAMSUNG ELECTRONICS CO LTD | 3,709,711 | 6.68 |
| ALIBABA GROUP HOLDING LTD | 3,490,988 | 6.29 |
| TENCENT HOLDINGS LTD | 3,079,821 | 5.55 |
| TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD | 2,904,680 | 5.23 |
| AIA GROUP LTD | 1,788,350 | 3.22 |
| CHINA CONSTRUCTION BANK CORP | 1,638,018 | 2.95 |
| UNITED OVERSEAS BANK LTD | 1,537,603 | 2.77 |
| CATCHER TECHNOLOGY CO LTD | 1,326,761 | 2.39 |
| INDUSTRIAL & COMMERCIAL BANK OF CHINA | 1,326,230 | 2.39 |
| SA SA INTERNATIONAL HOLDINGS LTD | 1,298,249 | 2.34 |

| At 30 June 2017 | United Asia Fund Market Value (S$) | United Asia Fund % of NAV |
|---|---|---|
| SAMSUNG ELECTRONICS COMPANY LIMITED | 4,576,704 | 8.24 |
| ALIBABA GROUP HOLDING LTD | 3,103,971 | 5.59 |
| TENCENT HOLDINGS LIMITED | 2,954,607 | 5.32 |
| TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD | 2,170,508 | 3.91 |
| BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LTD | 1,404,497 | 2.53 |
| UNITED OVERSEAS BANK LTD | 1,328,452 | 2.39 |
| HON HAI PRECISION INDUSTRY CO | 1,323,894 | 2.38 |
| LAND MARK OPTOELECTRONICS CORP | 1,291,578 | 2.33 |
| PING AN INSURANCE GROUP CO OF CHINA | 1,088,929 | 1.96 |
| UNITED ASEAN INCOME FUND - USD ACC | 1,019,238 | 1.84 |

## Top Ten Holdings

| | United Singapore Growth Fund | |
| --- | --- | --- |
| | Market Value (S$) | % of NAV |
| **At 30 June 2018** | | |
| DBS GROUP HOLDINGS LIMITED | 11,894,670 | 21.54 |
| UNITED OVERSEAS BANK LTD | 8,832,807 | 15.99 |
| OVERSEA-CHINESE BANKING CORPORATION LIMITED | 8,089,800 | 14.65 |
| SINGAPORE TELECOMMUNICATIONS LTD | 4,620,000 | 8.37 |
| KEPPEL CORPORATION LIMITED | 3,432,000 | 6.21 |
| CITY DEVELOPMENTS LTD | 2,076,700 | 3.76 |
| UOL GROUP LIMITED | 1,905,000 | 3.45 |
| GENTING SINGAPORE PLC | 1,830,000 | 3.31 |
| CAPITALAND LIMITED | 1,580,000 | 2.86 |
| SINGAPORE TECHNOLOGIES ENGINEERING LTD | 1,447,600 | 2.62 |

**At 30 June 2017**

| | | |
| --- | --- | --- |
| DBS GROUP HOLDINGS LIMITED | 10,370,000 | 15.65 |
| OVERSEA-CHINESE BANKING CORPORATION LIMITED | 9,603,100 | 14.49 |
| UNITED OVERSEAS BANK LTD | 8,556,134 | 12.91 |
| SINGAPORE TELECOMMUNICATIONS LTD | 8,363,500 | 12.62 |
| CAPITALAND LIMITED | 2,450,000 | 3.70 |
| GLOBAL LOGISTIC PROPERTIES LTD | 2,402,400 | 3.63 |
| KEPPEL CORPORATION LIMITED | 2,390,200 | 3.61 |
| UOL GROUP LIMITED | 2,139,200 | 3.23 |
| GENTING SINGAPORE PLC | 1,953,000 | 2.95 |
| SINGAPORE TECHNOLOGIES ENGINEERING LTD | 1,729,600 | 2.61 |

## Top Ten Holdings

| | United International Growth Fund | |
|---|---|---|
| | Market Value (S$) | % of NAV |
| **At 30 June 2018** | | |
| ALPHABET INC | 4,003,091 | 5.63 |
| MICROSOFT CORPORATION | 3,993,306 | 5.62 |
| VISA INC | 2,510,278 | 3.53 |
| FACEBOOK INC | 2,331,607 | 3.28 |
| UNITEDHEALTH GROUP INC | 2,241,291 | 3.15 |
| ALIBABA GROUP HOLDING LTD | 2,162,895 | 3.04 |
| ROYAL DUTCH SHELL PLC A SHARES | 2,155,711 | 3.03 |
| BROADCOM INC | 2,150,458 | 3.03 |
| HONEYWELL INTERNATIONAL INC | 2,062,328 | 2.90 |
| RAYTHEON CO | 1,975,507 | 2.78 |
| **At 30 June 2017** | | |
| MICROSOFT CORPORATION | 6,956,630 | 4.01 |
| HESS CORPORATION | 5,611,384 | 3.23 |
| MERCK & CO INC | 5,488,672 | 3.16 |
| BANCO BILBAO VIZCAYA ARGENTARIA | 5,396,320 | 3.11 |
| NESTLE SA | 5,387,068 | 3.10 |
| UNITEDHEALTH GROUP INC | 5,284,617 | 3.04 |
| ALPHABET INC | 5,120,120 | 2.95 |
| ALIBABA GROUP HOLDING LTD | 4,597,757 | 2.65 |
| WELLS FARGO & CO | 4,554,588 | 2.62 |
| BAYER AG | 4,266,371 | 2.46 |

## Expense Ratios

| LifeLink Asia Fund | | LifeLink Growth Fund | | LifeLink Global Fund | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| 1.44% | 1.49% | 1.40% | 1.23% | 1.40% | 1.27% |

*Note:The expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.*

| United Asia Fund | | United Singapore Growth Fund | | United International Growth Fund | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| 1.69% | 1.71% | 1.37% | 1.14% | 1.39% | 1.24% |

***Note**:The expense ratio does not include (where applicable) brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

## Turnover ratios

| LifeLink Asia Fund | | LifeLink Growth Fund | | LifeLink Global Fund | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| – | – | – | – | – | – |

| United Asia Fund | | United Singapore Growth Fund | | United International Growth Fund | |
|---|---|---|---|---|---|
| 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| 43.10% | 46.02% | 14.57% | 10.40% | 25.97% | 51.47% |

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

## Amount of redemptions and subscriptions

| | LifeLink Asia Fund | | LifeLink Growth Fund | | LifeLink Global Fund | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| **Total amount of redemptions** | 12,220 | 29,957 | 58 | 20,608 | 414 | 471 |
| **Total amount of subscriptions** | – | – | – | – | – | – |

## Soft Dollar Comissions/Arrangements

The fund manager, UOB Asset Management, has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The product 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 fund manager confirm that trades were executed on the best execution basis and there was no churning of trades. The said brokers have also executed trades for other schemes managed by the Investment Manager.

# STATEMENT OF ASSETS AND LIABILITIES

As at 30 June 2018

| | LifeLink Asia Fund | | LifeLink Growth Fund | | LifeLink Global Fund | |
|---|---|---|---|---|---|---|
| | S$ | % | S$ | % | S$ | % |
| Investments in Funds | 994,658 | 98.69 | 366,274 | 99.96 | 1,199,685 | 99.99 |
| Value of Investments | 994,658 | 98.69 | 366,274 | 99.96 | 1,199,685 | 99.99 |
| **OTHER ASSETS** | | | | | | |
| Interest bearing deposits and bank balances | 7,539 | 0.75 | 135 | 0.04 | 173 | 0.01 |
| Accrued and outstanding interest and dividends | – | – | – | – | – | – |
| Other Assets | 5,687 | 0.56 | – | – | – | – |
| Total Assets | 1,007,884 | 100.00 | 366,409 | 100.00 | 1,199,858 | 100.00 |
| **LIABILITIES** | | | | | | |
| Other Liabilities | – | – | – | – | – | – |
| **Value of Fund as at 30 June 2018** | **1,007,884** | **100.00** | **366,409** | **100.00** | **1,199,858** | **100.00** |

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

# CAPITAL AND INCOME ACCOUNT

From 1 January 2018 to 30 June 2018

| | LifeLink Asia Fund | LifeLink Growth Fund | LifeLink Global Fund |
|---|---|---|---|
| | S$ | S$ | S$ |
| **Value of Fund as at 1 January 2018** | 1,070,857 | 378,630 | 1,154,789 |
| Amounts received by the Fund for creation of units | – | – | – |
| Amounts paid by the Fund for liquidation of units | (12,220) | (58) | (414) |
| Net cash into/ (out of) the Fund | (12,220) | (58) | (414) |
| **Investment income** | | | |
| – Dividend Income | – | 4,052 | – |
| – Interest Income | – | – | – |
| – Other Income | – | – | – |
| | – | 4,052 | – |
| **Fund expenses** | | | |
| – Management Fees | (2,964) | (1,493) | (4,420) |
| – Other Expenses | – | – | – |
| | (2,964) | (1,493) | (4,420) |
| **Net gains/ (losses) on investments** | | | |
| Exchange gain/ (loss) | – | – | – |
| Net realised gain/ (loss) on sale of investments | 7,299 | 1,368 | 4,536 |
| Unrealised appreciation/ (depreciation) in value of investments | (55,088) | (16,090) | 45,366 |
| | (47,789) | (14,722) | 49,902 |
| Increase/ (decrease) in net asset value | (62,973) | (12,221) | 45,069 |
| **Value of Fund as at 30 June 2018** | **1,007,884** | **366,409** | **1,199,858** |

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

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

## 1. General

The LifeLink Funds (the "Funds") comprise the following:

(i) LifeLink Asia Fund;

(ii) LifeLink Growth Fund; and

(iii) LifeLink Global Fund.

## 2. Significant accounting policies

### (a) Basis of preparation

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention, modified by the valuation of investments at fair value.

### (b) Investments

All purchases of investments, which include investments in funds, quoted equities and bonds are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being fair value of the consideration given. The attributable transaction costs are recognised in the Capital and Income Account when incurred. After initial recognition, the investments are subsequently re-measured at fair value and the unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account. The fair value is determined by using open market valuation at the year-end date. All investments of the Funds are valued at the last known transacted prices on 30 June 2018. Unquoted debt securities are valued at the prevailing prices quoted by banks or brokers.

### (c) Amounts paid by the Funds for liquidation of units

The amounts paid by the Funds for liquidation of units comprise the sale of units in the Funds for the payment of death claims or surrenders and for switches by the policyholders to the other Funds.

### (d) Gains/losses from sale of investments

All sales of investments are recognised on their trade date, the date the Fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

### (e) Income and expense recognition

Income and expenses are accounted for on an accrual basis. Dividend income is recognised in the Capital and Income Account when the right to receive payment is established. Interest income from investments is recognised on an accrual basis, using the effective interest method.

| | LifeLink Asia Fund | LifeLink Growth Fund | LifeLink Global Fund |
|---|---|---|---|
| **3. Net assets attributable to unitholders as at 30 June 2018** | | | |
| The number of units on issue | 249,830 | 109,427 | 467,816 |
| Net asset attributable to unitholders per unit | $4.0284 | $3.3484 | $2.5648 |

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