



United Global Telecoms Fund

Semi Annual Report

for the half year ended
30 June 2021

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

MANAGER

UOB Asset Management Ltd
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DIRECTORS OF UOB ASSET MANAGEMENT LTD

Lee Wai Fai
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TRUSTEE

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CUSTODIAN / ADMINISTRATOR / REGISTRAR

State Street Bank and Trust Company, acting through its Singapore Branch
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AUDITOR

PricewaterhouseCoopers LLP
7 Straits View, Marina One
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United Global Telecoms Fund
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A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 16 August 1999 Ann Comp Ret
United Global Telecoms Fund	6.96	14.43	28.54	13.61	6.37	6.11	1.30
Benchmark	8.08	17.15	36.82	19.86	10.31	8.87	2.17

Source: Morningstar.

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

The benchmark of the Fund: MSCI ACWI Communication Services Sector Index.

For the six months ended 30 June 2021, the net asset value (NAV) of the Fund **rose 14.43%**, compared with a 17.15% gain in the benchmark, in Singapore Dollar (SGD) terms.

The top contributors to the Fund included **Alphabet Inc Class C (US)**, **Alphabet Inc Class A (US)** and **Facebook Inc Class A (US)**. Key detractors included **Take-Two Interactive Software Inc (US)**, **The Walt Disney Co (US)** and **Nintendo Co Ltd (Japan)**.

As at end 30 June 2021, the Fund was positioned as follows:

By Country

United States (59.12%), **Japan** (9.82%), **China** (9.57%), **Canada** (3.94%), **Netherlands** (2.29%), **United Kingdom** (2.27%), **Norway** (2.17%), **South Africa** (2.12%), Others (8.75%) and Cash (-0.05%).

Economic and Market Review

Global markets have been in the first half of 2021 driven by the steady and strong recovery from the COVID-19 pandemic which has seen improving macroeconomic data and robust corporate earnings growth, supported by ultra-loose monetary policies from central banks around the world.

The recovery in 2021 has been helped by the progressive vaccination rollouts from end-2020. By the end of the first half of 2021, it has seen high levels of vaccination rates, especially in developed economies led by the **US** which has paved the way for economies to reopen.

Both economic growth indicators and earnings growth target for 2021 have hit 20-year highs prompting revised consensus forecast of global GDP growth in 2021 at the start of the year at 4.4% to 6.0% by end of June. Earnings growth around the world is meanwhile expected be above 30% on average in most of the major economies.

A) Fund Performance (continued)

The rebound in most indicators of economic activity had been robust. For instance, the Purchasing Managers' Index (PMI) for the **US** have been consistently in the highs at 50 to 60, while in major Asian economies such as **China**, it had been steadily at above 50. **US** industrial production output had rebounded to +10% by the end of the period, while fiscal support has seen **US** monthly retail sales grow from +5% to +20% for the year.

Within the **Communication Services** sector, **Interactive Media and Services**, **Publishing** and **Advertising** had led performance; while **Movies and Entertainment**, **Interactive Home Entertainment** and **Wireless Telecommunication Services** were laggards. The COVID-19 pandemic has hastened the migration towards new interactive media from traditional media which was borne out by the dispersion in sub-sector performances.

Outlook and Fund Strategy

We maintain a positive outlook for growth in 2021. We expect bond yields to rise modestly from current levels due to the growth trajectory with most of the major moves behind us earlier in the year and will likely be well anchored by central bank policies to limit interest rate hikes. Equities should continue to benefit from strong growth and positive earnings revisions over the next two quarters. Tactically, markets may be vulnerable to a consolidation due to strong rallies lifting valuations. We seek to balance the risks of a near-term consolidation with the overall positive outlook. Downside risks include those from new virus variants and surprises on the inflation front, but overall our base case is for stable markets in 2021.

It is our view that a new expansion cycle has started. The average expansion cycle in the past 50 years is 5 to 10 years and hence the current cycle in its first year will have substantial runway for further expansionary growth.

Demand for new interactive media and entertainment will persist and grow strongly due to structural changes in the workplace and consumer adoption even after economies eventually open up as the pandemic recedes.

The Fund will continue to invest in quality companies within the telecoms space that have the capability and capacity to carry on innovating, scale their business and are able to capitalise on evolving changes in consumer behaviour to maintain their relevance. A high emphasis will be placed on the price-to-growth multiples measured against potential for future value creation while avoiding stocks with excessive valuations at any point in time.

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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2021 under review classified by

i) Country

	Fair Value (S\$)	% of NAV
Australia	160,173	1.17
Canada	539,096	3.94
China	1,309,381	9.57
Finland	164,199	1.20
France	191,969	1.40
Greece	147,315	1.08
Japan	1,344,189	9.82
Malaysia	144,823	1.06
Netherlands	312,833	2.29
Norway	296,445	2.17
South Africa	290,704	2.12
South Korea	251,661	1.84
Taiwan	137,496	1.00
United Kingdom	311,001	2.27
United States	8,088,982	59.12
Portfolio of investments	13,690,267	100.05
Other net assets/(liabilities)	(7,217)	(0.05)
Total	13,683,050	100.00

ii) Industry

	Fair Value (S\$)	% of NAV
Communication Services	12,632,383	92.32
Financials	462,721	3.38
Industrials	442,133	3.23
Information Technology	153,030	1.12
Portfolio of investments	13,690,267	100.05
Other net assets/(liabilities)	(7,217)	(0.05)
Total	13,683,050	100.00

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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2021 under review classified by (continued)

iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted equities	13,690,267	100.05
Other net assets/(liabilities)	(7,217)	(0.05)
Total	<u>13,683,050</u>	<u>100.00</u>

iv) Credit rating of quoted bonds

N/A

C) Top Ten Holdings

10 largest holdings as at 30 June 2021

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
ALPHABET INC - CLASS C	1,758,616	12.85
ALPHABET INC - CLASS A	1,742,877	12.74
TENCENT HOLDINGS LTD	1,051,286	7.68
THE WALT DISNEY CO	819,384	5.99
COMCAST CORP - CLASS A	727,603	5.32
CHARTER COMMUNICATIONS INC	378,211	2.76
NINTENDO CO LTD	313,045	2.29
ACTIVISION BLIZZARD INC	306,999	2.24
NETFLIX INC	271,938	1.99
NETEASE INC - ADR	258,095	1.89

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C) Top Ten Holdings (continued)

10 largest holdings as at 30 June 2020

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
FACEBOOK INC - CLASS A	1,477,751	11.70
ALPHABET INC - CLASS C	1,224,647	9.69
ALPHABET INC - CLASS A	1,188,929	9.41
TENCENT HOLDINGS LTD	1,059,003	8.38
AT&T INC	648,400	5.13
VERIZON COMMUNICATIONS INC	630,738	4.99
NETFLIX INC	563,071	4.46
THE WALT DISNEY CO	556,757	4.41
COMCAST CORP - CLASS A	516,438	4.09
SOFTBANK GROUP CORP	239,610	1.90

D) Exposure to derivatives

The global exposure relating to derivative instruments is calculated using the commitment approach:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received under certain cases.

i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2021

	Contract or underlying principal amount \$	Positive fair value \$	% of NAV	Negative fair value \$	% of NAV
Foreign currency contracts	5,808	23	-*	-	-

* denotes amount less than 0.01%

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D) Exposure to derivatives (continued)

- ii) There was a net realised loss of SGD 9,839 on derivative contracts during the financial period from 1 January 2021 to 30 June 2021.
- iii) There was a net unrealised gain of SGD 23 on outstanding derivative contracts marked to market as at 30 June 2021.

E) Amount and percentage of NAV invested in other schemes as at 30 June 2021

N/A

F) Amount and percentage of borrowings to NAV as at 30 June 2021

N/A

G) Amount of redemptions and subscriptions for the financial period from 1 January 2021 to 30 June 2021

Total amount of redemptions	SGD	750,019
Total amount of subscriptions	SGD	68,130

H) The amount and terms of related-party transactions for the financial period from 1 January 2021 to 30 June 2021

- i) As at 30 June 2021, the Fund maintained current accounts with its related party as follows:

State Street Bank and Trust Company, Singapore Branch

Cash and bank balances	SGD	58,495
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- ii) Investment in Initial Public Offerings managed by UOB Group

N/A

- iii) As at 30 June 2021, there was no brokerage income earned by UOB Kay Hian Pte Ltd.

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I) Expense ratios

	2021	2020
	\$	\$
Total operating expenses	295,673	304,197
Average daily net asset value	<u>13,098,570</u>	<u>12,793,808</u>
Expense ratio	<u>2.26%</u>	<u>2.38%</u>

Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Fund's expense ratio at 30 June 2021 was based on total operating expenses divided by the average net asset value respectively for the financial period. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

J) Turnover ratios

	2021	2020
	\$	\$
Lower of total value of purchases or sales	4,802,617	7,254,237
Average daily net assets value	<u>13,304,917</u>	<u>12,344,574</u>
Turnover ratio	<u>36.10%</u>	<u>58.76%</u>

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

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

N/A

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

i) Top 10 holdings at fair value and as percentage of NAV as at 30 June 2021 and 30 June 2020

N/A

ii) Expense ratios for the financial period ended 30 June 2021 and 30 June 2020

N/A

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

iii) Turnover ratios for the financial period ended 30 June 2021 and 30 June 2020

N/A

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

M) Soft dollar commissions/arrangements

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

N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts

N/A

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STATEMENT OF TOTAL RETURN

For the half year ended 30 June 2021 (Un-audited)

	30 June 2021 \$	30 June 2020 \$
Income		
Dividends	<u>104,032</u>	<u>117,876</u>
Total	<u>104,032</u>	<u>117,876</u>
Less: Expenses		
Management fee	98,863	92,231
Trustee fee	2,490	2,476
Audit fee	7,232	6,993
Registrar fee	7,469	7,458
Valuation fee	8,239	7,686
Custody fee	5,573	6,683
Transaction costs	16,904	23,798
Other expenses	<u>13,546</u>	<u>29,521</u>
Total	<u>160,316</u>	<u>176,846</u>
Net income/(losses)	<u>(56,284)</u>	<u>(58,970)</u>
Net gains/(losses) on value of investments and financial derivatives		
Net gains/(losses) on investments	1,867,371	308,977
Net gains/(losses) on financial derivatives	(9,816)	(3,095)
Net foreign exchange gains/(losses)	<u>(1,986)</u>	<u>240</u>
	<u>1,855,569</u>	<u>306,122</u>
Total return/(deficit) for the financial period before income tax	1,799,285	247,152
Less: Income tax	<u>(21,078)</u>	<u>(24,812)</u>
Total return/(deficit) for the financial period	<u>1,778,207</u>	<u>222,340</u>

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STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Un-audited)

	30 June 2021 \$	31 December 2020 \$
Assets		
Portfolio of investments	13,690,267	12,467,874
Sales awaiting settlement	-	130,853
Receivables	40,186	17,250
Cash and bank balances	58,495	75,095
Financial derivatives at fair value	23	-
Total assets	<u>13,788,971</u>	<u>12,691,072</u>
Liabilities		
Payables	<u>105,921</u>	104,340
Total liabilities	<u>105,921</u>	<u>104,340</u>
Equity		
Net assets attributable to unitholders	<u>13,683,050</u>	<u>12,586,732</u>

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STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the half year ended 30 June 2021 (Un-audited)

	30 June 2021 \$	31 December 2020 \$
Net assets attributable to unitholders at the beginning of the financial period/year	12,586,732	13,069,590
Operations		
Change in net assets attributable to unitholders resulting from operations	1,778,207	1,720,624
Unitholders' contributions/(withdrawals)		
Creation of units	68,130	98,299
Cancellation of units	<u>(750,019)</u>	<u>(2,301,781)</u>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(681,889)	(2,203,482)
Total increase/(decrease) in net assets attributable to unitholders	<u>1,096,318</u>	<u>(482,858)</u>
Net assets attributable to unitholders at the end of the financial period/year	<u>13,683,050</u>	<u>12,586,732</u>

United Global Telecoms Fund
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STATEMENT OF PORTFOLIO

As at 30 June 2021 (Un-audited)

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Geography - Primary			
Quoted equities			
AUSTRALIA			
REA GROUP LTD	939	160,173	1.17
CANADA			
BCE INC	1,121	74,387	0.54
QUEBECOR INC - CLASS B	3,948	141,683	1.04
TELUS CORP	5,717	172,525	1.26
THOMSON REUTERS CORP	1,126	<u>150,501</u>	<u>1.10</u>
TOTAL CANADA		<u>539,096</u>	<u>3.94</u>
CHINA			
NETEASE INC - ADR	1,666	258,095	1.89
TENCENT HOLDINGS LTD	10,400	<u>1,051,286</u>	<u>7.68</u>
TOTAL CHINA		<u>1,309,381</u>	<u>9.57</u>
FINLAND			
ELISA OYJ	2,047	164,199	1.20
FRANCE			
PUBLICIS GROUPE	1,429	122,873	0.90
VIVENDI SE	1,530	<u>69,096</u>	<u>0.50</u>
TOTAL FRANCE		<u>191,969</u>	<u>1.40</u>

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STATEMENT OF PORTFOLIO

As at 30 June 2021 (Un-audited)

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Geography - Primary (continued)			
Quoted equities			
GREECE			
HELLENIC TELECOMMUNICATIONS ORGANIZATION SA	6,531	147,315	1.08
JAPAN			
CAPCOM CO LTD	3,400	133,827	0.98
KDDI CORP	6,000	251,788	1.84
KOEI TECMO HOLDINGS CO LTD	2,310	151,632	1.11
NINTENDO CO LTD	400	313,045	2.29
NIPPON TELEGRAPH & TELEPHONE CORP	6,100	213,837	1.56
SOFTBANK CORP	12,700	223,562	1.63
SOFTBANK GROUP CORP	600	<u>56,498</u>	<u>0.41</u>
TOTAL JAPAN		<u>1,344,189</u>	<u>9.82</u>
MALAYSIA			
DIGI.COM BHD	108,300	144,823	1.06
NETHERLANDS			
KONINKLIJKE KPN NV	38,063	159,820	1.17
WOLTERS KLUWER NV	1,133	<u>153,013</u>	<u>1.12</u>
TOTAL NETHERLANDS		<u>312,833</u>	<u>2.29</u>
NORWAY			
SCHIBSTED ASA - CLASS A	2,173	141,071	1.03

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STATEMENT OF PORTFOLIO

As at 30 June 2021 (Un-audited)

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Geography - Primary (continued)			
Quoted equities			
NORWAY (continued)			
TELENOR ASA	6,855	<u>155,374</u>	<u>1.14</u>
TOTAL NORWAY		<u>296,445</u>	<u>2.17</u>
SOUTH AFRICA			
MULTICHOICE GROUP LTD	12,328	136,180	0.99
VODACOM GROUP LTD	12,747	<u>154,524</u>	<u>1.13</u>
TOTAL SOUTH AFRICA		<u>290,704</u>	<u>2.12</u>
SOUTH KOREA			
NAVER CORP	505	251,661	1.84
TAIWAN			
CHUNGHWA TELECOM CO LTD	25,000	137,496	1.00
UNITED KINGDOM			
AUTO TRADER GROUP PLC	14,656	172,382	1.26
RELX PLC	3,890	<u>138,619</u>	<u>1.01</u>
TOTAL UNITED KINGDOM		<u>311,001</u>	<u>2.27</u>
UNITED STATES			
ACTIVISION BLIZZARD INC	2,393	306,999	2.24
ALPHABET INC - CLASS A	531	1,742,877	12.74
ALPHABET INC - CLASS C	522	1,758,616	12.85

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STATEMENT OF PORTFOLIO

As at 30 June 2021 (Un-audited)

	Holdings at 30 June 2021	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By Geography - Primary (continued)			
Quoted equities			
UNITED STATES (continued)			
ALTICE USA INC	3,405	156,259	1.14
AT&T INC	5,288	204,572	1.50
CABLE ONE INC	65	167,128	1.22
CHARTER COMMUNICATIONS INC	390	378,211	2.76
COMCAST CORP - CLASS A	9,493	727,603	5.32
ELECTRONIC ARTS INC	1,233	238,384	1.74
FACTSET RESEARCH SYSTEMS INC	326	147,067	1.08
INTERPUBLIC GROUP OF COS INC	4,045	176,658	1.29
MSCI INC	228	163,377	1.19
NETFLIX INC	383	271,938	1.99
S&P GLOBAL INC	276	152,277	1.11
TAKE-TWO INTERACTIVE SOFTWARE INC	785	186,791	1.37
THE WALT DISNEY CO	3,468	819,384	5.99
VERISIGN INC	500	153,030	1.12
VERIZON COMMUNICATIONS INC	3,418	257,428	1.88
VIACOMCBS INC - CLASS B	1,323	80,383	0.59
TOTAL UNITED STATES		8,088,982	59.12
Total Equities		13,690,267	100.05
Portfolio of investments		13,690,267	100.05
Other net assets/(liabilities)		(7,217)	(0.05)
Net assets attributable to unitholders		13,683,050	100.00

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STATEMENT OF PORTFOLIO

As at 30 June 2021 (Un-audited)

	Percentage of total net assets attributable to unitholders at 30 June 2021 %	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Geography - Primary (Summary)		
Quoted equities		
Australia	1.17	1.37
Canada	3.94	1.11
China	9.57	11.45
Finland	1.20	-
France	1.40	-
Greece	1.08	0.68
Japan	9.82	6.93
Malaysia	1.06	-
Netherlands	2.29	0.99
New Zealand	-	1.16
Norway	2.17	2.28
South Africa	2.12	1.20
South Korea	1.84	3.22
Switzerland	-	1.32
Taiwan	1.00	1.30
United Kingdom	2.27	2.34
United States	59.12	63.71
Portfolio of investments	100.05	99.06
Other net assets/(liabilities)	(0.05)	0.94
Net assets attributable to unitholders	100.00	100.00

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STATEMENT OF PORTFOLIO

As at 30 June 2021 (Un-audited)

	Fair value at 30 June 2021 \$	Percentage of total net assets attributable to unitholders at 30 June 2021 %	Percentage of total net assets attributable to unitholders at 31 December 2020 %
By Industry - Secondary Quoted equities			
Communication Services	12,632,383	92.32	92.69
Financials	462,721	3.38	3.22
Industrials	442,133	3.23	2.12
Information Technology	153,030	1.12	1.03
Portfolio of investments	13,690,267	100.05	99.06
Other net assets/(liabilities)	(7,217)	(0.05)	0.94
Net assets attributable to unitholders	13,683,050	100.00	100.00

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