

**INTERIM  
2011**

**OSK-UOB CASH MANAGEMENT FUND**

**UNAUDITED INTERIM REPORT**

**TO UNIT HOLDERS**

**FOR THE FINANCIAL PERIOD FROM**

**1 APRIL 2011 TO 30 SEPTEMBER 2011**

**OSK  UOB  
CASH MANAGEMENT FUND**

**OSK-UOB Investment Management Berhad (355720-P)**  
(Formerly known as OSK-UOB Unit Trust Management Berhad)

## GENERAL INFORMATION ABOUT THE FUND

### Commencement Date

OSK-UOB Cash Management Fund (“the Fund”) was established on 30 June 2008. It commenced operations on 4 September 2008.

### Size of Fund

The present size of the Fund has been approved up to 675 million Units on 5 October 2011. Any further increase in fund size shall be effective upon notification to the Securities Commission of the increase subject to the requirements as per the Guidelines on Unit Trust Funds.

### Fund Category and Type

Fund Category - Money market fund

Fund type - Income fund

### Investment Objective, Policy and Strategy

#### Objective of the Fund

This Fund aims to provide investors with a high level of liquidity while providing reasonable returns by predominantly investing its assets in Malaysian Ringgit deposits with financial institutions in Malaysia.

#### Strategy

The Fund will invest in a portfolio of Malaysian Ringgit deposits with financial institutions.

The asset allocation of the Fund will be as follows:-

Up to 100% of Net Asset Value - Investments in deposits with financial institutions which have a remaining maturity period of not more than 365 days.

#### Investment Philosophy

The Manager will form a strategy based on the interest rate outlook derived from economic aggregates such as inflation, economic growth and general monetary policies. Further, the Manager’s investment strategy will follow its views on the anticipated changes in the yield curve.

## Investment Approach

The Manager's investment approach will evolve around the following principles:-

### Fixed Income Securities

- 1) Interest Rate Anticipation - Forecast changes in interest rates and yield curve shapes.
- 2) Market Timing - Time market entry to enhance yield.

### Permitted Investments and Restrictions

This Fund may only invest in or place deposits with financial institutions with a maturity period of not more than 365 days.

### Fund Distribution Policy

Consistent with the Fund's objective which aims to provide investors a high level of liquidity while providing reasonable returns, there will be no distributions of returns to the Unit Holders.

## **MANAGER'S REPORT**

### **MARKET REVIEW**

In April, local government bonds generally traded higher after four consecutive months of decline, with the 3-year Malaysian Government Securities (MGS) benchmark rallying the most. There was strong demand for MGS from foreigners in anticipation of a Ringgit appreciation.

The month of May saw a marginal bearish steepening of the MGS yield curve, mainly due to impact from a higher Consumer Price Index (CPI) reading, hike in power tariffs, and the hike in Overnight Policy Rate (OPR) by 25bps and Statutory Reserve Requirement (SRR) by 100bps.

There was a broad-based rebound in local government bond prices in June on continued buying interest from foreigners. In June, foreign holdings of ringgit-denominated MGS surge to a new high of RM87.8b, approximately 32.7% of the total outstanding MGS.

The rise in local government bond prices continued into the next two months following Bank Negara Malaysia (BNM)'s decision to maintain the OPR at 3.00% while raising the SRR by a further 100bps. The US also narrowly averted a government debt default via an eleventh hour deal to increase the debt limit ceiling while reducing federal expenditure over the next 10 years. However, this did not stop the Standard and Poor's from downgrading US debt to AA+ from AAA rating.

However, the local bond market took a turn for the worse in September, with the MGS yields hitting a 1-month high across the curve amid an intensifying Eurozone crisis and potential financial instability in Europe. This coincided with Asian currencies reaching multi-week lows against the US Dollar, possibly reflective of the fund outflows from emerging markets back into the US.

At the end of the period, the MGS yield curve bull flattened. The 3-, 5-, 10- and 20-year benchmark yields eased by 25 to 43 bps to end at 3.22%, 3.40%, 3.70% and 4.11%. Meanwhile, short term interest rates ended higher across the board in tandem with OPR hike where the overnight, 1-, 3-, 6-, and 12-month rates last trade at 2.95%, 3.07%, 3.28%, 3.38% and 3.48% respectively.

### **ECONOMIC REVIEW AND OUTLOOK**

Malaysia's Gross Domestic Product (GDP) growth came in at 4.9% yoy in 1Q11 and 4.0% yoy in 2Q11. The softer 2Q11 economic numbers were caused by the Japan-induced global supply chain disruption and weak business confidence due to the slower growth in Europe and the US. While exports have been a drag to the

economy, domestic demand continued to hold up the overall GDP growth, expanding by 6.7% in 1Q11 and 6.4% in 2Q11.

During the last six months, the Consumer Price Index (CPI) accelerated briefly and hit a high of 3.5% yoy in June 2011, before easing to 3.3% yoy in August 2011. However, this is still an increase from the CPI of 3.0% yoy recorded in March 2011.

Current outlook for the economy is clouded by two unfavourable external developments, namely the deepening sovereign debt crisis in the Eurozone and the weak economic recovery in the US. The unemployment rate in US remains elevated and household spending has been increasing at only a modest pace. The latest US Consumer Confidence Index remained near a 2-year low while the US home sales number continued to decline. The pessimistic outlook on the US economy was underlined by the US Federal Reserve pledge to keep the interest rates near zero for at least the next two years until the middle of 2013. In Europe, the authorities are still working on a credible plan to resolve the debt crisis.

On the local front, barring a global economic recession, domestic demand would likely remain resilient and supportive of growth, underpinned by sustained expansion in private consumption and private investment. In addition, the government is expected to accelerate the implementation of public sector projects towards the second half of 2011 to provide some support to the local economy. Nonetheless, given the increasing unfavourable external developments, economists have been reviewing their full year GDP forecast lower to between 4.5-5.0%. On the inflation front, we believe that CPI has probably peaked, with price pressure expected to ease for the rest of the year as the global economy softens.

## **REVIEW OF FUND PERFORMANCE AND STRATEGY DURING THE PERIOD**

During the period under review, the Manager invested the funds in short term deposits with financial institutions to generate consistent income streams. The Manager kept most of the funds in shorter tenor deposits initially but subsequently lengthened the portfolio's maturity when interest rates peaked. At the end of the period, the Fund managed to register a holding period return of 1.47% as compared to the benchmark return of 0.81%.

## **MARKET OUTLOOK AND STRATEGY GOING FORWARD**

BNM decided to maintain the OPR and SRR stable at 3.00% and 4.00% respectively during its latest monetary policy meeting on 8 September 2011. BNM is concerned about the global growth outlook, noting that 'prolonged uncertainties in the financial markets, weakness in the labour market and the prevailing fiscal conditions in the advanced economies have heightened the downside risks and fragility of the global

economy' and that 'the more challenging external environment' has 'increased the downside risks to the domestic economy'. Meanwhile, the central bank believes that the domestic inflation has probably peaked, with price pressure expected to ease as the global economy softens. As such, we expect BNM to shift its focus to growth from inflation by maintaining its policy rate stable in the coming months.

In term of portfolio investment, the Fund will continue to maintain its low risk investment strategy by placing cash deposit with financial institutions. Looking forward, the Manager intends to extend the portfolio duration given the expectation of interest rates remaining steady in the near term.

## PERFORMANCE REVIEW

For the financial period under review, the Fund registered a gain of 1.47% in net asset value terms. Comparatively, the benchmark, Malayan Banking Bhd - Basic Savings Account Rate, recorded a gain of 0.81%. Thus, the Fund has met its objective for the financial period under review.

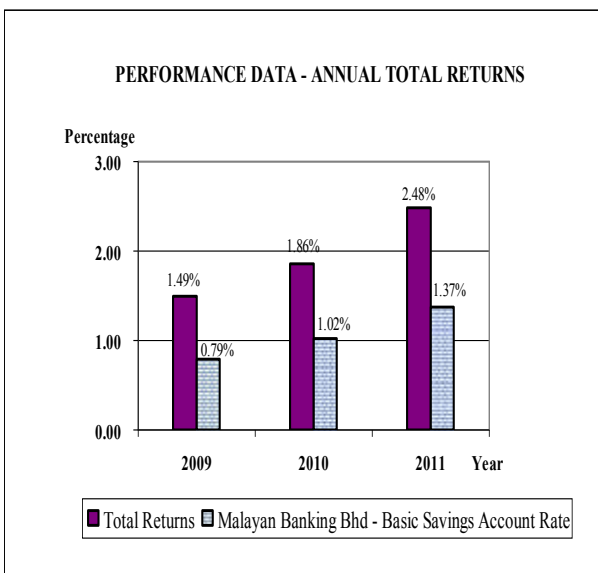
Since its launch date, the Fund recorded an average annual return of 2.38% as compared to benchmark, the Malayan Banking Bhd - Basic Savings Account Rate which registered an average annual return of 1.30%. The Fund has met its objective of providing investors with a high level of liquidity while providing reasonable returns.

## PERFORMANCE DATA

	As at 30/9/2011	1-month %	3-month %	6-month %
OSK-UOB Cash Management Fund Net Asset Value Per Unit (RM)	1.0750	0.25	0.77	1.47
Malayan Banking Bhd - Basic Savings Account Rate	1.66	0.14	0.41	0.81

	Average Annual Return		
	1 Year 30/9/2010 - 30/9/2011 %	3 Years 30/9/2008 - 30/9/2011 %	Since launch 4/9/2008* - 30/9/2011 %
OSK-UOB Cash Management Fund Net Asset Value Per Unit	2.80	2.38	2.38
Malayan Banking Bhd - Basic Savings Account Rate	1.51	1.29	1.30

	Year Ended 31 March		Since Launch 4/9/2008* - 31/3/2009
	2011 %	2010 %	%
OSK-UOB Cash Management Fund			
- Capital Return	2.48	1.86	1.49
- Income Return	-	-	-
- Total Returns	2.48	1.86	1.49
Malayan Banking Bhd - Basic Savings Account Rate	1.37	1.02	0.79



\* Being the Commencement Date of the Fund.

Note: The performance of the Fund is benchmarked against the Malayan Banking Bhd - Basic Savings Account Rate as published by Malayan Banking Bhd.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

The abovementioned performance computations have been adjusted to reflect distribution payments and unit splits wherever applicable.

The abovementioned performance figures have been independently verified by Mercer (Malaysia) Sdn Bhd (253344-U).

	As at 30 September 2011	As at 31 March		
		2011	2010	2009
Net Asset Value (RM million)	404.54	309.16	150.14	115.05
Units In Circulation (million)	376.30	291.83	145.23	113.37
Net Asset Value Per Unit (RM)	1.0750	1.0594	1.0338	1.0149

Historical Data	1/4/2011 – 30/9/2011 RM	Year Ended 31 March		Since Launch 4/9/2008 – 31/3/2009 RM
		2011 RM	2010 RM	
<b>Unit Prices</b>				
NAV - High	1.0750	1.0594	1.0338	1.0149
NAV - Low	1.0596	1.0339	1.0149	1.0000
<b>Distribution and Unit Split</b>				
Gross Distribution Per Unit (sen)	-	-	-	-
Net Distribution Per Unit (sen)	-	-	-	-
Ex date	-	-	-	-
Payment date	-	-	-	-
Reinvestment NAV Per Unit	-	-	-	-
NAV before distribution (cum)	N/A	N/A	N/A	N/A
NAV after distribution (ex)	N/A	N/A	N/A	N/A
Unit Split	-	-	-	-
<b>Others</b>				
Management Expense Ratio (MER) (%) #	0.20	0.40	0.40	0.23
Portfolio Turnover Ratio (PTR) (times) ##	10.50	14.19	11.69	18.12

# The MER for the financial period is consistent with the previous corresponding financial period (refer to Note 9).

## The PTR for the financial period was higher compared with the previous financial period as placements were of shorter maturities during the financial period under review (refer to Note 10).

## FINANCIAL REVIEW

For the financial period under review, the Fund reported a total investment income of RM5.26 million comprising of interest income. After taking into consideration the Fund's expenses and income tax expense, the Fund reported a net income after tax of RM4.62 million. With the inclusion of the undistributed income brought forward from previous financial year of RM9.26 million, the Fund has a surplus income carried forward of RM13.88 million.

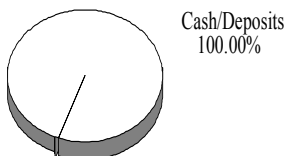
## DISTRIBUTION

In line with the Fund's mandate, there will be no distribution payable. All returns achieved by the Fund are reflected in the Net Asset Value of the Units.

## PORTFOLIO STRUCTURE

As at 30 September 2011, the Fund was 100.00% invested in cash and short term deposits.

### PORTFOLIO STRUCTURE AS AT 30 SEPTEMBER 2011



The asset allocations of the Fund as at reporting date were as follows:

	As at 30 September 2011	As at 31 March		
	2011	2011	2010	2009
	%	%	%	%
Cash/Deposits	100.00	100.00	100.00	100.00
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation of the Fund as at reporting date was 100% invested into cash/deposits with financial institutions. The asset allocation is reflective of the Fund's objective of providing investors with a high level of liquidity at reasonable returns.

## FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 30 September 2011, the Fund's units in circulation stood at 376.30 million units with a total of 76 accounts.

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	5	6.58	6	0.01
5,001 to 10,000	3	3.95	24	0.01
10,001 to 50,000	1	1.31	26	0.01
50,001 to 500,000	19	25.00	5,453	1.44
500,001 and above	48	63.16	370,792	98.53
Total	76	100.00	376,301	100.00

\*Excluding Manager's stock

## SOFT COMMISSIONS

It is the Manager's policy to credit all stockbroking rebates to the account of the Fund.

For the financial period under review, the Manager has not received soft commissions from brokers/dealers in consideration for directing dealings in the investments of the Fund. However, in the event the Manager were to receive any soft commissions in the future, these will only be retained by the Manager if they are in the form of goods and services which are of demonstrable benefits to the Unit Holders.

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF  
OSK-UOB CASH MANAGEMENT FUND**

We have acted as the Trustee of OSK-UOB Cash Management Fund ("the Fund") for the financial period from 1 April 2011 to 30 September 2011. In our opinion, OSK-UOB Investment Management Bhd (formerly known as OSK-UOB Unit Trust Management Bhd), ("the Manager" or "the Management Company"), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deed, the Securities Commission's Guidelines on Unit Trust Funds in Malaysia, the Capital Markets And Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement.

HSBC (Malaysia) Trustee Bhd




Tan Bee Nie  
Head, Trustee Operations

Kuala Lumpur, Malaysia  
14 November 2011

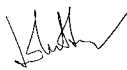
## STATEMENT BY MANAGER

We, Ho Seng Yee and Lim Suet Ling, being two of the directors of OSK-UOB Investment Management Bhd (formerly known as OSK-UOB Unit Trust Management Bhd), do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements set out on pages 13 to 27 are drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of OSK-UOB Cash Management Fund as at 30 September 2011 and of its financial performance, changes in equity and cash flows for the financial period then ended.

On behalf of the Manager



Ho Seng Yee



Lim Suet Ling

Kuala Lumpur, Malaysia  
14 November 2011

**OSK-UOB CASH MANAGEMENT FUND  
 UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FINANCIAL PERIOD FROM  
 1 APRIL 2011 TO 30 SEPTEMBER 2011**

	Note	1/4/2011 – 30/9/2011 RM	1/4/2010 – 30/9/2010 RM
<b>INVESTMENT INCOME</b>			
Interest income		<u>5,256,242</u>	<u>2,682,526</u>
<b>EXPENSES</b>			
Manager's fee	3	<u>(635,332)</u>	<u>(400,242)</u>
<b>Net income before tax</b>		4,620,910	2,282,284
Income tax expense	4	<u>-</u>	<u>-</u>
<b>Net income after tax, representing total comprehensive income for the period</b>		<u>4,620,910</u>	<u>2,282,284</u>
Net income after tax is made up of the following:			
Net realised income		<u>4,620,910</u>	<u>2,282,284</u>

The accompanying notes are an integral part of the financial statements.

**OSK-UOB CASH MANAGEMENT FUND**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011**

	Note	30 September 2011 RM	31 March 2011 RM
<b>ASSETS</b>			
Investments	5	400,406,820	298,390,947
Interest receivable		1,215,190	856,013
Cash at bank		5,217,384	10,022,444
<b>TOTAL ASSETS</b>		<u>406,839,394</u>	<u>309,269,404</u>
<b>LIABILITY</b>			
Due to Manager		2,301,235	111,309
<b>TOTAL LIABILITY</b>		<u>2,301,235</u>	<u>111,309</u>
<b>UNIT HOLDERS' EQUITY</b>			
Unit Holders' capital		390,658,647	299,899,493
Retained earnings		13,879,512	9,258,602
<b>TOTAL EQUITY/NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS</b>	6	<u>404,538,159</u>	<u>309,158,095</u>
<b>TOTAL EQUITY AND LIABILITY</b>		<u>406,839,394</u>	<u>309,269,404</u>
<b>UNITS IN CIRCULATION</b>	6(a)	<u>376,301,176</u>	<u>291,830,502</u>
<b>NAV PER UNIT (RM)</b>		<u>1.0750</u>	<u>1.0594</u>

The accompanying notes are an integral part of the financial statements.

**OSK-UOB CASH MANAGEMENT FUND**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD FROM**  
**1 APRIL 2011 TO 30 SEPTEMBER 2011**

	<b>Unit Holders'</b>		
	<b>Capital</b>	<b>Retained</b>	<b>Total Equity</b>
	<b>Note 6(a)</b>	<b>Earnings</b>	<b>Total Equity</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at 1 April 2010	146,282,075	3,862,539	150,144,614
Total comprehensive income for the period	-	2,282,284	2,282,284
Creation of units	222,618,212	-	222,618,212
Cancellation of units	(215,031,997)	-	(215,031,997)
Distribution equalisation	(207,905)	-	(207,905)
Balance as at 30 September 2010	<u>153,660,385</u>	<u>6,144,823</u>	<u>159,805,208</u>
Balance as at 1 April 2011	299,899,493	9,258,602	309,158,095
Total comprehensive income for the period	-	4,620,910	4,620,910
Creation of units	382,372,443	-	382,372,443
Cancellation of units	(297,923,502)	-	(297,923,502)
Distribution equalisation	6,310,213	-	6,310,213
Balance as at 30 September 2011	<u>390,658,647</u>	<u>13,879,512</u>	<u>404,538,159</u>

The accompanying notes are an integral part of the financial statements.

**OSK-UOB CASH MANAGEMENT FUND  
UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM  
1 APRIL 2011 TO 30 SEPTEMBER 2011**

	<b>1/4/2011 – 30/9/2011 RM</b>	<b>1/4/2010 – 30/9/2010 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Interest received	4,897,063	2,948,652
Manager’s fee paid	<u>(595,404)</u>	<u>(398,416)</u>
Net cash generated from operating and investing activities	<u>4,301,659</u>	<u>2,550,236</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from units created	408,228,667	231,240,990
Cash paid on units cancelled	<u>(315,319,513)</u>	<u>(223,860,618)</u>
Net cash generated from financing activities	<u>92,909,154</u>	<u>7,380,372</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	97,210,813	9,930,608
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>308,413,391</u>	<u>149,127,616</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>405,624,204</u>	<u>159,058,224</u>
Cash and cash equivalents comprise :		
Cash at bank	5,217,384	23,224
Deposits with financial institutions (Note 5)	<u>400,406,820</u>	<u>159,035,000</u>
	<u>405,624,204</u>	<u>159,058,224</u>

The accompanying notes are an integral part of the financial statements.

**OSK-UOB CASH MANAGEMENT FUND  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM  
1 APRIL 2011 TO 30 SEPTEMBER 2011**

**1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

The Unit Trust Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 30 June 2008 (hereinafter referred to as “the Deed”) between the Manager, OSK-UOB Investment Management Bhd (formerly known as OSK-UOB Unit Trust Management Bhd) and the Trustee, HSBC (Malaysia) Trustee Bhd.

The principal activity of the Fund is to invest in Permitted Investments as set out in the Seventh Schedule of the Deed, which includes deposits with financial institutions. The Fund commenced operations on 4 September 2008 and will continue its operations until terminated by the Trustee as provided under Part 12 of the Deed.

The Manager is a 70% owned subsidiary of OSK Investment Bank Bhd. It is principally engaged in the sales of trust units and the management of unit trust funds. The ultimate holding company of the Manager is OSK Holdings Bhd, a company listed on the Main Market of Bursa Malaysia. All of the abovementioned companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 14 November 2011.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

The financial statements of the Fund have been prepared in accordance with FRS 134 Interim Financial Reporting in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia (“RM”).

## 2.2 Standards Issued But Not Yet Effective

The Fund has not adopted the following standards and interpretations that have been issued but are not yet effective:

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
FRS 124: Related Party Disclosures	1 January 2012
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 19: extinguishing Financial Liabilities with Equity Instruments	1 July 2011

The adoption of the above FRSs, Amendments to FRSs and Issues Committee (IC) Interpretations upon their effective dates are not expected to have any significant impact to the financial statements of the Fund.

## 2.3 Summary of Significant Accounting Policies

### (a) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition, which is loans and receivables.

#### (i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Fund includes deposits with financial institutions and short term receivables in this classification.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss.

### **(b) Impairment of financial assets carried at amortised cost**

The Fund assesses at each reporting date whether there is any objective evidence that its receivables and other financial assets carried at amortised cost, is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

### **(c) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

The Fund's financial liabilities which include trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**(d) Functional and presentation currency**

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Fund's functional currency.

**(e) Unit holders' capital**

The Unit Holders' capital of the Fund is classified as equity instruments.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to Unit Holders by way of distribution and/or adjusted accordingly when units are cancelled.

**(f) Distributions**

Distributions are at the discretion of the Fund. A distribution to the Fund's Unit Holders is accounted for as a deduction from realised reserve except where distribution is sourced out of distribution equalisation which is accounted for as a deduction from Unit Holders' capital. A proposed distribution is recognised as a liability in the period in which it is approved.

**(g) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and deposits with financial institutions which have an insignificant risk of changes in value.

**(h) Income**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Interest income is recognised using the effective interest method.

**(i) Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. No deferred tax is recognised as no temporary differences have been identified.

**(j) Segment reporting**

For management purposes, the Fund is managed by business segment. The operating results are regularly reviewed by the Investment Manager and the Investment Committee. The Investment Manager assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to investment in each segment.

As the Fund is a management fund and the Fund is 100% invested in cash and deposits, it is not meaningful to disclose its investments by business or geographical segments (Note 11).

**(k) Significant accounting estimates and judgements**

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

No major judgements have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

### 3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 0.40% per annum of the NAV of the Fund before deducting the Manager's fee for that particular day. From this fee received, the Manager will pay for the annual trustee fee of 0.08% per annum of NAV of the Fund (subject to a minimum of RM 18,000 per annum) and all expenses which are directly related to the ordinary course of business of the Fund.

### 4. INCOME TAX EXPENSE

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable income for the financial period. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax.

A reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	1/4/2011 – 30/9/2011 RM	1/4/2010 – 30/9/2010 RM
Net income before tax	<u>4,620,910</u>	<u>2,282,284</u>
Tax at Malaysian statutory tax rate of 25%	1,155,227	570,571
Effect of interest on deposits and other income not subject to tax	(1,314,060)	(670,632)
Restriction on tax deductible expenses for unit trust funds	<u>158,833</u>	<u>100,061</u>
Tax expense for the period	<u>-</u>	<u>-</u>

### 5. INVESTMENTS

	30 September 2011 RM	31 March 2011 RM
These are fixed deposits and short-term placements with:		
Commercial banks	287,417,203	188,717,621
Investment banks	<u>112,989,617</u>	<u>109,673,326</u>
	<u>400,406,820</u>	<u>298,390,947</u>

Deposits with investment banks of RM66,814,909 (31 March 2011: RM56,931,468) were placed with OSK Investment Bank Bhd, the holding company of OSK-UOB Investment Management Bhd (formerly known as OSK-UOB Unit Trust Management Bhd), the Manager. Deposits with commercial banks of RM15,570,000

(31 March 2011: 58,960,000) were placed with United Overseas Bank (Malaysia) Bhd, a shareholder of OSK-UOB Investment Management Bhd (formerly known as OSK-UOB Unit Trust Management Bhd), the Manager.

## 6. TOTAL EQUITY/NAV ATTRIBUTABLE TO UNIT HOLDERS

	Note	30 September 2011 RM	31 March 2011 RM
Unit Holders' capital	(a)	390,658,647	299,899,493
Retained earnings			
- Realised		13,879,512	9,258,602
<b>Total equity/NAV attributable to Unit Holders</b>		<b>404,538,159</b>	<b>309,158,095</b>

### (a) Unit Holders' capital

	30 September 2011		31 March 2011	
	No. of units	RM	No. of units	RM
As at 1 April				
2011/2010	291,830,502	299,899,493	145,233,286	146,282,075
Creation of units	382,484,874	382,372,443	561,907,082	561,739,559
Cancellation of units	(298,014,200)	(297,923,502)	(415,309,866)	(415,184,722)
	376,301,176	384,348,434	291,830,502	292,836,912
Distribution equalisation	-	6,310,213	-	7,062,581
As at 30 September 2011/31 March 2011	376,301,176	390,658,647	291,830,502	299,899,493

As at 30 September 2011, the maximum number of units that can be issued for circulation is 450,000,000, the number of units that are not in issue are 73,698,824 (31 March 2011: 158,169,498).

## 7. UNITS HELD BY RELATED PARTY

There were no units held by any related party of the Fund.

## 8. TRANSACTIONS WITH RELATED PARTIES AND DEALERS

Details of transactions with related parties and dealers for the financial period from 1 April 2011 to 30 September 2011 are as follows:

	Value of Trade RM	% of Total Trade %	Brokerage Fees RM	% of Total Brokerage Fees %
CIMB Bank Bhd	628,162,125	18.81	-	-
Public Bank Bhd	601,401,000	18.01	-	-
Hong Leong Bank Bhd	589,934,610	17.67	-	-
OSK Investment Bank Bhd*	449,643,666	13.47	-	-
HwangDBS Investment Bank Bhd	371,048,049	11.11	-	-
United Overseas Bank (Malaysia) Bhd**	258,012,564	7.73	-	-
Affin Bank Bhd	144,699,155	4.33	-	-
RHB Bank Bhd	112,560,000	3.37	-	-
AmBank (M) Bhd	94,458,615	2.83	-	-
OCBC Bank (M) Bhd	41,290,000	1.24	-	-
OCBC Al- Amin Bank Bhd	37,606,000	1.13	-	-
EON Cap Islamic Bank Bhd	10,060,000	0.30	-	-
	<u>3,338,875,784</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

\* OSK Investment Bank Bhd is the holding company of OSK-UOB Investment Management Bhd (formerly known as OSK-UOB Unit Trust Management Bhd), the Manager.

\*\* United Overseas Bank (Malaysia) Bhd is a shareholder of OSK-UOB Investment Management Bhd (formerly known as OSK-UOB Unit Trust Management Bhd), the Manager.

The directors of the Manager are of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. These dealings with the related parties have been transacted at arm's length.

## 9. MANAGEMENT EXPENSE RATIO (“MER”)

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses relate to the Manager’s fee. For the financial period from 1 April 2011 to 30 September 2011, the MER of the Fund stood at 0.20% (2010: 0.20%) and is calculated as follows:

		<b>RM</b>	
A	=	Manager’s fee	635,332
B	=	Average NAV of the Fund	313,229,305
MER	=	$\frac{A}{B} \times 100$	
	=	$\frac{\text{RM}635,332}{\text{RM}313,229,305} \times 100$	
	=	<u>0.20%</u>	

The average NAV of the Fund for the financial period from 1 April 2011 to 30 September 2011 was RM313,229,305 (2010: RM199,571,752).

## 10. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund is the ratio of average placements and withdrawals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis. For the financial period from 1 April 2011 to 30 September 2011, the PTR of the Fund stood at 10.50 times (2010: 7.07 times).

The PTR of the Fund is calculated as follows:

		<b>RM</b>	
Total placements of the Fund		3,338,875,784	
Total withdrawals of the Fund		3,236,859,911	
PTR	=	$\frac{(\text{Total Placements} + \text{Total Withdrawals})/2}{\text{Average NAV of the Fund}}$	
	=	$\frac{(\text{RM}6,575,735,695)/2}{\text{RM}313,229,305}$	
	=	<u>10.50 times</u>	

The average NAV of the Fund for the financial period from 1 April 2011 to 30 September 2011 was RM313,229,305 (2010: RM199,571,752).

## 11. SEGMENT INFORMATION

The Fund is a money market fund and as at the reporting date, the Fund is 100% invested in cash and deposits. As such, the Manager does not monitor the Fund's performance by segments.

## 12. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at amortised cost based on their respective classification. The significant accounting policies in Note 2.3 describe how the classes of financial instruments are measured, and how income and expenses are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position as at 30 September 2011 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
<b>Assets</b>			
Investments	400,406,820	-	400,406,820
Interest receivable	1,215,190	-	1,215,190
Cash at bank	5,217,384	-	5,217,384
Total financial assets	<u>406,839,394</u>	<u>-</u>	<u>406,839,394</u>
<b>Liabilities</b>			
Due to Manager	-	2,301,235	2,301,235
Total financial liabilities	<u>-</u>	<u>2,301,235</u>	<u>2,301,235</u>
<b>Income</b>			
Interest income	<u>5,256,242</u>	<u>-</u>	<u>5,256,242</u>

**(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

- Deposits with financial institutions
- Cash at bank
- Interest receivable
- Amount due to Manager

There were no other financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximations of their respective fair values.

The method and bases for the determination of fair value of the Fund's financial instruments in the current financial period were consistent with that of the previous financial period.

### **13. CAPITAL MANAGEMENT**

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's approved fund size and units in issue at the end of the period is disclosed in Note 6(a).

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to make the operations of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current financial period.

## CORPORATE INFORMATION

MANAGER	OSK-UOB INVESTMENT MANAGEMENT BHD (FORMERLY KNOWN AS OSK-UOB UNIT TRUST MANAGEMENT BHD)
REGISTERED & PRINCIPAL OFFICE	5th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur E-mail: oskuob_hq-enquiry@my.oskgroup.com Website: www.oskuob.com.my Tel: 03-2164 3036      Fax: 03-2164 4226
BRANCHES	
1. PENANG	20-E, Penang Street 10200 Penang Tel: 04-264 5639      Fax: 04-264 5640
2. BUTTERWORTH	2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Penang Tel: 04-390 0022      Fax: 04-390 0023
3. IPOH	4th Floor, 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Tel: 05-242 4311      Fax: 05-242 4312
4. KUANTAN	B32-34, 2nd Floor Lorong Tun Ismail 8 Sri Dagangan II 25000 Kuantan Pahang Tel: 09-517 3611      Fax: 09-517 3612
5. MELAKA	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211      Fax: 06-292 2212

6. BATU PAHAT 53, 53-A & 53-B, Jalan Sultanah  
83000 Batu Pahat  
Johor  
Tel: 07-438 0271 Fax: 07-438 0277
7. JOHOR BAHRU 2nd Floor, 21 & 23,  
Jalan Melok 1/30, Taman Molek  
81100 Johor Bahru  
Johor  
Tel: 07-358 3587 Fax: 07-358 3581
8. KOTA KINABALU Lot 14-1, 1st Floor  
Lorong Lintas Plaza 2  
Lintas Plaza, Off Jalan Lintas  
88300, Kota Kinabalu, Sabah  
Tel: 088-248 211 Fax: 088-232 312
9. KUCHING Lot 172, Section 49, K.T.L.D  
Jalan Chan Chin Ann,  
93100 Kuching,  
Sarawak  
Tel: 082-245 611 Fax: 082-242 712
10. MIRI Lot 1268, First Floor,  
Centre Point Commercial Centre  
Jalan Melayu  
98000 Miri, Sarawak  
Tel: 085-422 788 Fax: 085-415 243
11. KOTA BHARU 1st Floor, No.3953-J  
Jalan Kebun Sultan  
15350 Kota Bharu  
Kelantan  
Tel: 09-741 8539 Fax: 09-741 8540
12. PETALING JAYA 32A, Jalan SS2/63,  
47300 Petaling Jaya  
Selangor  
Tel: 03-7877 3733 Fax: 03-7877 8733

BOARD OF DIRECTORS	Dato' Nik Mohamed Din Bin Datuk Nik Yusoff (Appointed w.e.f. 5 May 2011) Dr Choong Tuck Yew (Independent) Encik Izlan Bin Izhab (Independent) Ms Eliza Ong Yin Suen Mr Ho Seng Yee Mr Thio Boon Kiat Ms Lim Suet Ling (Alternate Director to Mr Thio Boon Kiat)
TRUSTEE	HSBC (Malaysia) Trustee Bhd
SECRETARIES	Ms Chua Siew Chuan (MAICSA 0777689) Ms Chin Mun Yee (MAICSA 7019243)
PRINCIPAL BANKER	United Overseas Bank (Malaysia) Bhd
AUDITORS	Ernst & Young
TAX ADVISERS	KPMG Tax Services Sdn Bhd
DISTRIBUTORS	iFAST Capital Sdn Bhd Tel: 03-2149 0567  OSK Investment Bank Bhd Tel: 03-2333 8228