

RHB-OSK GLOBAL CAPITAL FUND

INTERIM REPORT 2014

Incorporating The Unaudited Financial Statements

For the six-month financial period ended 31 December 2014

RHB◆**OSK**

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RHB◆**OSK**

GENERAL INFORMATION ABOUT THE FUND

Commencement Date

RHB-OSK Global Capital Fund (“the Fund”) was established on 2 January 2008. It commenced operations on 11 June 2008.

Fund Category and Type

Fund Category - Feeder fund

Fund type - Growth fund

Investment Objective, Policy and Strategy

Objective of the Fund

This Fund aims to achieve long-term* capital appreciation by investing, primarily, in securities issued by banks, finance companies, insurers and other corporations which carry on the business of financial services or which derive their revenues from subsidiaries carrying on the business of banking and/or financial services.

* Note: “long term” in this context refers to a year of between 5 – 7 years.

Strategy

The Fund will invest principally in one of the funds managed by UOB Asset Management Limited, Singapore (“UOBAM”) that is the United Global Financials Fund (“UGFF”). UGFF launched in June 1996 is a collective investment scheme domiciled in Singapore which invests in securities issued by banks, finance companies, insurers and other corporations which carry on the business of financial services or which derive their revenues from subsidiaries carrying on the business of banking and/or financial services.

The asset allocation of the Fund will be as follows:

At least 95% of Net Asset Value -Investments in the units of United Global Financials Fund.

Net Asset Value

2% to 5% of Net Asset Value -Investments in liquid assets including money market instruments and deposits with financial institutions.

Performance Benchmark

The performance of the Fund is benchmarked against the Morgan Stanley Capital International (MSCI) World Financial Index (RM).

Investment Policies and Restrictions

This Fund may invest in one collective investment scheme. i.e. UGFF, securities/instruments in foreign market, financial derivatives, liquid assets (including money market instruments and deposits with any financial institutions) and any other investments permitted by the Securities Commission from time to time.

Fund Distribution Policy

Consistent with the Fund's objective to achieve long term capital appreciation, distributions will therefore be of secondary importance. Distributions, if any, will be reinvested after deduction of income tax expense and expenses.

MANAGER'S REPORT

PERFORMANCE REVIEW ON UNITED GLOBAL FINANCIALS FUND (UGFF-“the target fund”)

For the six months to 31 December 2014, the target fund rose by 8.4%*, compared with a 6.2%* increase in the benchmark Morgan Stanley Capital International (“MSCI”) World Financial Index, in Singapore dollar terms.

* Source: UOB Asset Management Ltd Factsheet

The target fund outperformed the benchmark due mainly to favourable securities selection as well as the fact that it was more exposed to US and Asian financials than European and Japanese financials.

The target fund's exposure to emerging market financials had a mixed impact. While some regions generated very strong contributions (eg. Asia ex-Japan), others such as Latin America and Eastern Europe, the Middle East & Africa (“EMEA”) detracted from performance.

The target fund benefitted from the on-going improvement in the US economy and financial sector, which was a key driver of performance. Many of the better-run client-centric banks have started producing stronger revenue growth as economic activity rebounded. US banks continue to benefit from improved credit trends, and they are now progressively lifting their return on capital to shareholders (via dividends and share repurchases). The target fund mostly benefitted from share price gains among higher growth segments (payment processing, asset management and trust & custody), but it did not participate fully in re-rating opportunities among the insurers (being *underweight* insurance).

The target fund's largest regional exposure is to the US at 64% of the portfolio. This is followed by the UK (10%) and Australia (5%). The target fund's exposure to emerging market financials was increased to 22%, with the increase largely in Asia. Banks in Indonesia, India and the Philippines continue to generate solid core revenue growth at attractive margins and profitability.

Financial sector performance by Sector:

In total return (net) terms, the MSCI World Finance Index rose by 6.2%** in the six months to December 2014. By sub-sector, banks rose by 2.8%**, diversified financials increased by 10.7%**, insurance jumped 7.7%**, while real estate appreciated by 9.8%**.

Financial sector performance by region:

During the six months to December 2014, US financials and Asia ex-Japan financials jumped by 12.4%**, and 16.5%** respectively. All other regions posted declines. Japan registered a return of -5.0%**, Europe -2.9%**, Canada -3.2%**, Australia -1.7%**, EMEA -6.3%** and Latin America -8.4%** , all in Singapore dollar terms.

** Source: Bloomberg

Securities Level Contribution:

Top Contributors to the target fund include: *Axis Bank* (India), *Visa Inc.* (US), *Mastercard* (US), *State Street Bank* (US) and *Wells Fargo & Co* (US).

Main Detractors from performance include: *BBVA* (Spain), *Admiral Group* (UK), *Banorte* (Mexico), *Cielo SA* (Brazil) and *Bank of Nova Scotia* (Canada).

Asset Allocation:

As at 31 December 2014, the sub-sector exposure of the target fund was as follows: banks (55%), diversified financials (27%), insurance (6%), software & services (11%), and cash (1%).

	Portfolio (%)	Benchmark (%)	Active Weight (Percentage Pts)
Banks	54.8	46.1	+8.7
Diversified Financials	27.4	19.0	+8.4
Insurance	6.2	19.9	-13.7
Real Estate	-	15.0	-15.0
Software & Services	10.5	-	+10.5
Net Liquidity	1.1	-	+1.1
Total	100.0	100.0	

The geographic exposure of the target fund was as follows: US (55%), Canada (3%), Europe (13%), Japan (1%), Asia Pacific ex-Japan (17%), Latin America (7%) and EMEA (2%) and net liquidity (1%).

	Portfolio (%)	Benchmark (%)	Active Weight (Percentage Pts)
US	54.5	46.0	+8.5
Canada	3.1	7.4	-4.3
Europe	13.3	27.1	-13.8
Japan	1.5	7.2	-5.7
Australia & NZ	4.5	7.2	-2.7
Asia (ex. Japan) - Developed	-	5.1	-5.1
Asia (ex. Japan) – Emerging	12.5	-	+12.5
Latin America	7.1	-	+7.1
EMEA	2.4	-	+2.4
Net Liquidity	1.1	-	+1.1
Total	100.0	100.0	

Invested levels averaged 98% during the reporting period. The target fund ended the period with a net liquidity position of 1%.

MARKET OUTLOOK AND STRATEGY GOING FORWARD

The global economic outlook continues to improve modestly. However, the recovery of advanced economies has been uneven. The US is the only major economic region to have transitioned to a growth rate that is more reflective of the economy's potential. Prospects for the financial sector are favourable, with credit conditions and revenue growth opportunities improving. Easy monetary conditions have greatly aided the healing process, and investors have benefitted from the recovery and re-rating of the US financial sector. This improved backdrop has created some excellent investment opportunities, and the target fund continues to be *overweight* the US to take advantage of these.

Unfortunately, the picture in other advanced economies is not as encouraging. Europe is being dragged down by unresolved cyclical and structural challenges. Conflicting economic policies (easy monetary versus austere fiscal policies) and the absence of a unified approach to re-ignite growth has caused the region to languish. The Eurozone is still plagued by high unemployment rate and continues to border on recession, with parts of peripheral Europe remaining deeply depressed. This poor backdrop poses significant challenges for the financial sector. Consequently, the target fund has been persistently *underweight* in European financials (banks in particular).

In Japan, the challenges are more structural. Policymakers have yet to find a way to solve their demographic and domestic demand dilemma. Easy monetary conditions and fiscal initiatives have created periodic excitement, but have not yet achieved a sustained and positive impact on the economy. In the absence of greater structural reforms or a more aggressive fiscal stimulus, it is unlikely that the environment will improve materially. Persistently low interest rates have driven down profitability in the financial sector, making the Japanese banks a less attractive destination to deploy capital. The target fund remains *underweight* Japan.

Developing economies faced a number of challenges in 2014. Easy monetary settings in the advanced economies and excessive stimulus in China pushed growth rates beyond levels that are sustainable. This triggered a surge in inflationary pressures in many key countries (Brazil, Russia, India and Indonesia) and current account imbalances. It became increasingly evident during the course of 2014 that the developing world is far from homogenous. Countries that adopted monetary policies to address inflation risk (Indonesia and India) and those that pushed through reforms to address economic imbalances (Mexico, India and Indonesia) have performed better. Despite initially slowing, they are now starting to recover and investors have rewarded markets where tough decisions were made to make their economies more competitive. In contrast, countries that were unwilling or unable to implement meaningful reforms (Brazil, Russia and Argentina) continue to struggle. The target fund continues to have meaningful exposure to selective banks in much of the emerging world.

The target fund continues to identify good short and long term investment opportunities across the globe and in a diverse range of financial service companies. While the US still represents the largest single region of exposure, opportunities are starting to emerge elsewhere. Assuming the steady improvement in economic conditions continues we would expect to find more opportunities outside of the US in the years ahead. We are hopeful that the financial sector should continue to generate attractive investment opportunities and returns in the years ahead.

PERFORMANCE REVIEW

For the financial period under review, the Fund has registered a gain of 9.94%* in net asset value terms, whereas the benchmark, the MSCI World Financials Index (RM) recorded a gain of 7.72%*. The Fund has met its objective during the period under review.

* Source: Lipper IM

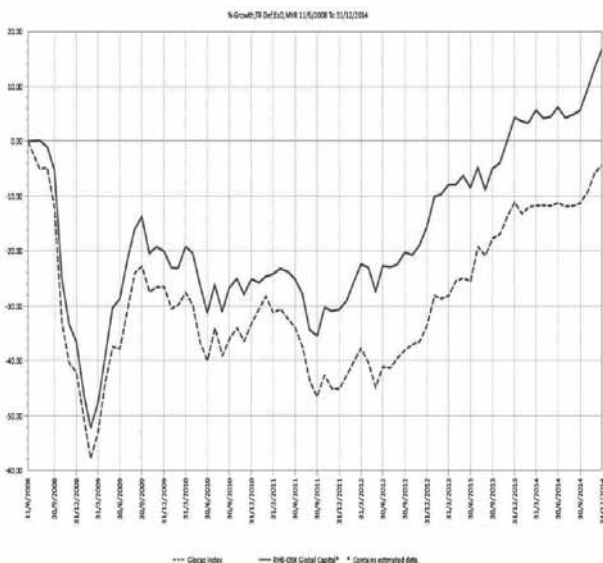
PERFORMANCE DATA

	1-month %	3-month %	6-month %
RHB-OSK Global Capital Fund Net Asset Value Per Unit (RM)	3.02	10.59	9.94
MSCI World Financials Index (RM)	1.49	7.79	7.72

	Average Annual Return			
	1 Year 31.12.2013- 31.12.2014 %	3 Years 31.12.2011- 31.12.2014 %	5 Years 31.12.2009- 31.12.2014 %	Since Launch 11.06.2008**- 31.12.2014 %
	RHB-OSK Global Capital Fund Net Asset Value Per Unit	11.99	18.92	7.89
MSCI World Financials Index (RM)	7.62	20.30	5.41	(0.67)

	Annual Total Returns				
	Year Ended 30 June				
	2014 %	2013 %	2012 %	2011 %	2010 %
RHB-OSK Global Capital Fund					
Capital Return	16.01	18.36	3.17	9.11	(3.54)
Income Return	-	-	-	-	-
Total Returns	16.01	18.36	3.17	9.11	(3.54)
MSCI World Financial Index (RM)	19.18	26.41	(10.86)	10.19	(3.54)

**Performance of RHB-OSK Global Capital Fund
for the period from 11 June 2008** to 31 December 2014
Cumulative Return Over The Period (%)**



** Being the last day of the Initial Offer Period

Source: Lipper IM

The abovementioned performance figures are indicative returns based on daily Net Asset Value of a unit (as per Lipper Database) since inception.

The calculation of the above returns is based on computation methods of Lipper.

Note : 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.

Fund Size	As at 31 December	As at 30 June		
	2014	2014	2013	2012
Net Asset Value (RM million)	6.59	8.54	9.14	16.83
Units In Circulation (million)	11.29	16.09	19.96	43.52
Net Asset Value Per Unit (RM)	0.5839	0.5311	0.4578	0.3868

Historical Data	01.07.2014 - 31.12.2014	Year Ended 30 June		
	RM	2014 RM	2013 RM	2012 RM
Unit Prices				
NAV - High	0.5916	0.5371	0.4714	0.3935
- Low	0.5005	0.4559	0.3785	0.3095
Distribution and Unit Split	-	-	-	-
Others				
Management Expense Ratio (MER) (%) #	0.31	0.52	0.49	0.44
Portfolio Turnover Ratio (PTR) (times) ##	0.28	0.09	0.41	0.29

The MER for the financial period was higher compared with the previous corresponding financial period due to lower average NAV which has resulted in higher MER for certain non variable expenses (refer to Note 13).

The PTR for the financial period was higher compared with the previous financial period as there were more investment activities during the financial period under review (refer to Note 14).

DISTRIBUTION

For the financial period under review, no distribution has been proposed for the Fund.

PORTFOLIO STRUCTURE

As at 31 December 2014, the Fund was 98.61% invested in the target fund, UGFF, a foreign collective investment scheme, with the remaining 1.39% in cash.

PORTFOLIO STRUCTURE AS AT 31 DECEMBER 2014



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

	As at 31 December	As at 30 June		
	2014	2014	2013	2012
	%	%	%	%
Foreign Collective Investment Scheme (UGFF)	98.61	97.69	98.05	98.17
Cash/Deposits	1.39	2.31	1.95	1.83
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation has been structured to meet the Fund's intended objective.

FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 31 December 2014, the Fund's units in circulation stood at 11.29 million units with a total of 84 accounts.

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	31	36.90	93	0.82
5,001 to 10,000	19	22.62	147	1.30
10,001 to 50,000	16	19.05	420	3.72
50,001 to 500,000	11	13.10	2,242	19.86
500,001 and above	7	8.33	8,390	74.30
Total	84	100.00	11,292	100.00

*Excluding Manager's stock

REBATES AND SOFT COMMISSION

Dealings on investments of the Fund through brokers or dealers will be on terms which are best available for the Fund. Any rebates from brokers or dealers will be directed to the account of the Fund.

The Fund Manager may only receive soft commission in the form of research and advisory services that assist in the decision-making process relating to the Fund's investments.

During the financial period under review, the Manager did not receive or utilise any soft commission from brokers/dealers in consideration for directing dealings in the investment of the Fund. However, in the event the Manager were to receive any soft commission 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 benefit to the unitholders.

RHB-OSK GLOBAL CAPITAL FUND
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	<u>Note</u>	<u>31.12.2014</u> RM	<u>30.06.2014</u> RM
ASSETS			
Financial assets at fair value through profit or loss	5	6,502,538	8,345,424
Deposit with a licensed financial institution	6	-	100,049
Bank balance	6	99,066	33,889
Amount due from Manager		-	67,551
Other receivables	7	8,150	9,051
TOTAL ASSETS		<u>6,609,754</u>	<u>8,555,964</u>
LIABILITIES			
Accrued management fee		3,270	3,780
Amount due to Trustee		109	126
Other payables and accruals	8	12,250	9,000
TOTAL LIABILITIES		<u>15,629</u>	<u>12,906</u>
NET ASSET VALUE		<u>6,594,125</u>	<u>8,543,058</u>
UNITHOLDERS' FUNDS			
Unitholders' capital		10,668,703	13,258,883
Accumulated losses		(4,074,578)	(4,715,825)
		<u>6,594,125</u>	<u>8,543,058</u>
UNITS IN CIRCULATION	9	<u>11,294,000</u>	<u>16,085,000</u>
NET ASSET VALUE PER UNIT		<u>0.5839</u>	<u>0.5311</u>

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

RHB-OSK GLOBAL CAPITAL FUND
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	Note	01.07.2014 - 31.12.2014	01.07.2013 - 31.12.2013
		RM	RM
INVESTMENT INCOME			
Interest income		1,066	1,280
Net gain on financial assets at fair value through profit or loss ("FVTPL")	5	663,215	1,243,104
		<u>664,281</u>	<u>1,244,384</u>
EXPENSES			
Management fee	10	(11,670)	(14,609)
Trustee's fee	11	(2,282)	(2,812)
Audit fee		(6,000)	(1,750)
Tax agent's fee		(1,250)	(1,000)
Other expenses		(1,832)	(1,769)
		<u>(23,034)</u>	<u>(21,940)</u>
Profit before taxation		641,247	1,222,444
Taxation	12	-	-
Profit after taxation and total comprehensive income for the period		<u>641,247</u>	<u>1,222,444</u>
Profit after taxation is made up as follows:			
Realised amount		776,389	174,757
Unrealised amount		(135,142)	1,047,687
		<u>641,247</u>	<u>1,222,444</u>

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

RHB-OSK GLOBAL CAPITAL FUND
UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	<u>Unitholders'</u> <u>capital</u> RM	<u>Accumulated</u> <u>losses</u> RM	<u>Total net</u> <u>asset value</u> RM
Balance as at 1 July 2013	15,241,272	(6,102,099)	9,139,173
Movement in net asset value:			
Total comprehensive income for the period	-	1,222,444	1,222,444
Creation of units arising from applications	2,148,621	-	2,148,621
Cancellation of units	(2,930,922)	-	(2,930,922)
Balance as at 31 December 2013	<u>14,458,971</u>	<u>(4,879,655)</u>	<u>9,579,316</u>
Balance as at 1 July 2014	13,258,883	(4,715,825)	8,543,058
Movement in net asset value:			
Total comprehensive income for the period	-	641,247	641,247
Creation of units arising from applications	1,471,177	-	1,471,177
Cancellation of units	(4,061,357)	-	(4,061,357)
Balance as at 31 December 2014	<u>10,668,703</u>	<u>(4,074,578)</u>	<u>6,594,125</u>

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

RHB-OSK GLOBAL CAPITAL FUND
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	<u>Note</u>	01.07.2014 - <u>31.12.2014</u> RM	01.07.2013 - <u>31.12.2013</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		3,371,109	1,222,384
Purchase of investments		(865,008)	-
Interest received from deposits with licensed financial institutions		1,066	1,280
Management fee (paid)/received		(11,279)	7,240
Trustee's fee paid		(2,299)	(2,484)
Payment for other fees and expenses		(1,832)	(1,769)
Auditor's remuneration paid		(4,000)	(3,500)
Net cash generated from operating activities		<u>2,487,757</u>	<u>1,223,151</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		1,538,728	1,885,786
Payment for cancellations of units		(4,061,357)	(3,033,076)
Net cash used in financing activities		<u>(2,522,629)</u>	<u>(1,147,290)</u>
Net (decrease)/increase in cash and cash equivalents		(34,872)	75,861
Cash and cash equivalents at the beginning of the period		<u>133,938</u>	<u>104,807</u>
Cash and cash equivalents at the end of the period		<u>99,066</u>	<u>180,668</u>
Cash and cash equivalents comprise:			
Bank balance	6	<u>99,066</u>	<u>180,668</u>
		<u>99,066</u>	<u>180,668</u>

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

**RHB-OSK GLOBAL CAPITAL FUND
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB-OSK Global Capital Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 2 January 2008 as modified via its First Supplemental Deed dated 4 September 2013 (hereinafter referred to as “the Deed”) between RHB Asset Management Sdn Bhd (“the Manager”), HSBC (Malaysia) Trustee Bhd (“the Trustee”) and the registered Unitholders of the Funds.

The Fund was launched on 11 June 2008 and will continue its operations until the maturity date as provided under the First Schedule of the Deed.

The principal activity of the Fund is to invest in Permitted Investments as set out in the Seventh Schedule of the Deed.

All investments will be subject to the Securities Commission’s (“SC”) Guidelines on Unit Trust Funds, SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and objective of the Fund.

The main objective of the Fund is to achieve long term capital appreciation by investing, primarily, in securities issued by banks, finance companies, insurers and other corporations which carry on the business of financial services or which derive their revenues from subsidiaries carrying on the business of banking and/or financial services.

The Manager, a company incorporated in Malaysia, is a wholly-owned subsidiary of RHB Investment Bank Berhad, effective 6 January 2003. Its principal activities include rendering of investment management services to institutions, trust funds, pension and retirement funds, insurance funds, private clients, management of unit trust funds and provision of investment advisory services.

These financial statements were authorised for issue by the Manager on 16 February 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss, except as disclosed in the summary of significant accounting policies, and in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Manager to exercise its judgment in the process of applying the Fund’s accounting policies. Although these estimates and judgment are based on the Manager’s best knowledge of current events and actions, actual results may differ.

- (a) The new standards and amendments to published standards which are relevant to the Fund but not yet effective and have not been early adopted are as follows:
 - (i) Financial year beginning on/after 1 July 2017

MFRS 15 “Revenue from contracts with customers” (effective from 1 Jan 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 ‘Revenue’ and MFRS 111 “Construction contracts” and related interpretations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(a) The new standards and amendments to published standards which are relevant to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(ii) Financial year beginning on/after 1 July 2018

MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”. The complete version of MFRS 9 was issued in November 2014. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(a) The new standards and amendments to published standards which are relevant to the Fund but not yet effective and have not been early adopted are as follows: (continued)

(ii) Financial year beginning on 1 July 2018 (continued)

MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes.

The above standards are not expected to have a significant impact on the Fund’s financial statements.

2.2 Financial assets

Classification

Financial assets are designated as fair value through profit or loss when they are managed and their performance evaluated on a fair value basis.

The Fund designates its investment in collective investment scheme as financial assets at fair value through profit or loss at inception.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been included in current assets. The Fund’s loans and receivables comprise cash and cash equivalents, amount due from foreign fund manager, amount due from Manager and other receivables which are all due within 12 months.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss, including the effects of currency translation, are presented in the statement of comprehensive income in the period which they arise.

Collective investment schemes are valued based on the last published net asset value per unit or share of such collective investment schemes at each reporting period.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the year from the date of placement to the date of maturity of the respective deposits, which is a reasonable estimate of fair value due to the short-term nature of the deposits.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

For assets carried at amortised cost, the Fund assesses at the end of the financial period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Impairment of financial assets (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Fund may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

2.3 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 MFRS 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.

The Fund's financial liabilities which include amount due to Manager, amount due to Trustee, accrued management fee and other payables and accruals 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 de-recognised when the obligation under the liability is extinguished. Gains and losses are recognised in the profit or loss when the liabilities are de-recognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Creation and cancellation of units

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units are carried at the redemption amount that is payable at each reporting year if the unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the total net asset value with the total number of outstanding units.

2.5 Unitholders' capital

The unitholders' contributions to the Fund meet the definition of puttable instruments classified as equity instruments under the revised MFRS 132 "Financial Instruments: Presentation".

The units in the Fund are puttable instruments which entitle the unitholders to a pro-rata share of the net asset value of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units in the Fund over the life of the units are based on the change in the net asset value of the Fund.

2.6 Income recognition

Interest income from deposits with licensed financial institutions is recognised on an accrual basis using the effective interest method.

Realised gain or loss on sale of the investments is arrived at after accounting for cost of investments, determined on the weighted average cost method.

2.7 Taxation

Current tax expense is determined according to Malaysian tax laws and includes all taxes based upon the taxable income earned during the financial year.

Tax on income distribution from foreign collective investment scheme is based on the tax regime of the respective country that the Fund invests in.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance and deposit with a licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9 Presentation and functional currency

Items included in 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, which is the Fund’s presentation and functional currency.

2.10 Presentation and functional currency

Foreign currency transactions in the Fund are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the reporting date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

2.11 Amounts due from/to fund manager of collective investment scheme

Amounts due from and to fund manager of collective investment scheme represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Amounts due from/to fund manager of collective investment scheme (continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment for amounts due from fund manager of collective investment scheme. An impairment of amounts due from fund manager of collective investment scheme is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant fund manager of collective investment scheme. Significant financial difficulties of the fund manager of collective investment scheme, probability that the fund manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from fund manager of collective investment scheme is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the interest rate used to discount the future cash flows for the purpose of measuring the impairment loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter year, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.12 Segmental information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Segmental information (continued)

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The operating results are regularly reviewed by the Manager and the Investment Committee. The Investment Committee assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to the investment segment based on the recommendation by the Investment & Security Selection Committee.

2.13 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks, which include management risk, price risk, interest rate risk, currency risk, credit risk, liquidity risk, non-compliance risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the SC Guidelines on Unit Trust Funds.

(a) Management risk

Poor management of the Fund may jeopardise the investment of each unitholder. Therefore, it is important for the Manager to set the investment policies and appropriate strategies to be in line with the investment objective before any investment activities can be considered. However, there can be no guarantee that these measures will produce the desired results.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices.

The Fund's overall exposure to price risk was as follows:

	<u>31.12.2014</u>	<u>30.06.2014</u>
	RM	RM
Financial assets at fair value through profit or loss	<u>6,502,538</u>	<u>8,345,424</u>

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of investments. The analysis is based on the assumption that the price of the investments fluctuates by 5% with all other variables held constant.

	<u>Changes in price of investments</u>	<u>Market value</u>	<u>Impact on profit after tax and net asset value</u>
	%	RM	RM
<u>31.12.2014</u>			
	-5	6,177,411	(325,127)
	0	6,502,538	-
	5	6,827,665	325,127
<u>30.06.2014</u>			
	-5	7,928,153	(417,271)
	0	8,345,424	-
	5	8,762,695	417,271

(c) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments and its return will fluctuate because of changes in market interest rates. The Fund's exposure to the interest rate risk is mainly confined to short term placements with financial institutions. The Manager overcomes the exposure by way of maintaining deposits on short term basis. Therefore, exposure to interest rate fluctuations is minimal.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Currency risk

Currency risk is associated with financial instruments that are quoted and/or priced in foreign currency denomination. Malaysian based investor should be aware that if the Ringgit Malaysia appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the Fund and vice versa. Investors should note any gains or losses arising from the movement of foreign currencies against its home currency may therefore increase/decrease the capital gains of the financial instruments. Nevertheless, investors should realise that currency risk is considered as one of the major risks to financial instruments in foreign assets due to the volatile nature of the foreign exchange market.

The Manager or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk; firstly by spreading the investments across different currencies (i.e. diversification) and secondly, by hedging the currencies when it deemed necessary.

The following table sets out the foreign currency risk concentrations of the Fund at the end of the reporting year:

	Financial asset at fair value through <u>profit or loss</u> RM
<u>31.12.2014</u>	
SGD	<u>6,502,538</u>
<u>30.06.2014</u>	
SGD	<u>8,345,424</u>

The table below summarises the sensitivity of the Fund's profit after tax and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

**3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)**

(d) Currency risk (continued)

	<u>Change in foreign exchange rate</u> %	<u>Impact on profit after tax/ net asset value</u> RM
<u>31.12.2014</u>		
SGD	5	325,127
<u>30.06.2014</u>		
SGD	5	417,271

(e) Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment.

The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

The following table sets out the credit risk concentrations of the Fund:

	<u>Cash and cash equivalents</u> RM	<u>Other financial assets*</u> RM	<u>Total</u> RM
<u>31.12.2014</u>			
AAA	99,066	-	99,066
Others	-	8,150	8,150
	99,066	8,150	107,216
<u>30.06.2014</u>			
AAA	33,889	-	33,889
AA1	100,049	-	100,049
Others	-	76,602	76,602
	133,938	76,602	210,540

* Comprise amount due from Manager and other receivables.

The financial assets of the Fund are neither past due nor impaired.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Liquidity risk

Liquidity risk exists when particular investments are difficult to sell, possibly preventing a unit trust fund from selling such illiquid securities at an advantageous time or price. Unit trust funds with principal investment strategies that involve securities or securities with substantial market and/or credit risk tend to have the greater exposure to liquidity risk. As part of its risk management, the Manager will attempt to manage the liquidity of the Fund through asset allocation and diversification strategies within the portfolio. The Manager will also conduct constant fundamental research and analysis to forecast future liquidity of its investments.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year from the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than <u>1 month</u> RM	Between 1 month to 1 year RM
<u>31.12.2014</u>		
Accrued management fee	3,270	-
Amount due to Trustee	109	-
Other payables and accruals	-	12,250
	<u>3,379</u>	<u>12,250</u>
<u>30.06.2014</u>		
Accrued management fee	3,780	-
Amount due to Trustee	126	-
Other payables and accruals	-	9,000
	<u>3,906</u>	<u>9,000</u>

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Non-compliance risk

This is the risk of the Manager not complying with the internal policies, the Deeds of the Fund, all applicable laws or guidelines issued by the regulators. This may occur as a result of system failure or the inadvertence of the Manager. The magnitude of such risk and its impact on the Fund and/or Unitholders are dependent on the nature and severity of the non-compliance. Non-compliance may adversely affect the Fund especially if the investment of the Fund has to be disposed at a lower price to rectify the non-compliance.

(h) Capital risk

The capital of the Fund is represented by equity consisting of Unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of Unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for Unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

4. FAIR VALUE ESTIMATION

The fair value of financial assets and liabilities traded in an active market (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

4. FAIR VALUE ESTIMATION (CONTINUED)

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equities, debt securities and other debt instruments for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The carrying value less impairment of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The fair values are based on the following methodologies and assumptions:

- (i) Bank balance and deposits and placements with financial institutions with maturities less than 1 year, the carrying value is a reasonable estimate of fair value.
- (ii) The carrying value less impairment of receivables and payables are assumed to approximate their fair values. The carrying values of financial assets and financial liabilities approximate their fair values due to their short term nature.

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy

The Fund adopted MFRS 13 “Fair Value Measurement” in respect of disclosures about the degree of reliability of fair value measurement. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>31.12.2014</u>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	6,502,538	-	-	6,502,538
<hr/>				
<u>30.06.2014</u>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	8,345,424	-	-	8,345,424
<hr/>				

Investments in active listed equities, i.e. collective investments scheme whose values are based on quoted market prices in active markets are classified within Level 1. The Fund does not adjust the quoted prices for these instruments. The Fund's policies and valuation of these financial assets are stated in Note 2.2.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>31.12.2014</u> RM	<u>30.06.2014</u> RM
Financial assets designated as FVTPL:		
- collective investment scheme - foreign	6,502,538	8,345,424
<hr/>		
	<u>01.07.2014 -</u> <u>31.12.2014</u> RM	<u>01.07.2013 -</u> <u>31.12.2013</u> RM
Net gain on financial assets at FVTPL comprised:		
- net realised gain on sale of financial assets at FVTPL	798,357	195,417
- net unrealised (loss)/gain on changes in fair value	(135,142)	1,047,687
	<hr/> 663,215	<hr/> 1,243,104

**5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
(CONTINUED)**

Financial assets designated as FVTPL as at 31 December 2014 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u>	Fair value as at <u>31.12.2014</u>	Fair value as at 31.12.2014 expressed as a percentage of value of <u>the Fund</u>
		RM	RM	%
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>Singapore</u>				
United Global Financials Fund	1,115,909	4,629,289	6,502,538	98.61
ACCUMULATED UNREALISED GAIN		1,873,249		
TOTAL FINANCIAL ASSETS AT FVTPL		6,502,538		

**5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
(CONTINUED)**

Financial assets designated as FVTPL as at 30 June 2014 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	Fair value	Fair value as at
			as at	30.06.2014
			RM	%
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>Singapore</u>				
United Global Financials Fund	1,578,821	6,337,033	8,345,424	97.69
ACCUMULATED UNREALISED GAIN		2,008,391		
TOTAL FINANCIAL ASSETS AT FVTPL		8,345,424		

6. CASH AND CASH EQUIVALENTS

	<u>31.12.2014</u> RM	<u>30.06.2014</u> RM
Deposit with a licensed financial institution	-	100,049
Bank balance	99,066	33,889
	<u>99,066</u>	<u>133,938</u>

Deposits with a licensed financial institution in previous year include interest receivable of RM8.

	<u>31.12.2014</u>	<u>30.06.2014</u>
Weighted average rate of return	-	2.95%
Average maturity	-	1 day

7. OTHER RECEIVABLE

Other receivable of RM8,150 (30.06.2014: RM9,051) is the rebate on management fee receivable from collective investment schemes in which the Fund invests.

8. OTHER PAYABLES AND ACCRUALS

	<u>31.12.2014</u>	<u>30.06.2014</u>
	RM	RM
Audit fee payable	6,000	4,000
Tax agent's fee payable	3,750	2,500
Sundry payables and accruals	2,500	2,500
	<u>12,250</u>	<u>9,000</u>

9. UNITS IN CIRCULATION

	<u>01.07.2014 -</u> <u>31.12.2014</u>	<u>01.07.2013 -</u> <u>30.06.2014</u>
	Units	Units
At the beginning of the financial period/year	16,085,000	19,964,000
Creation of units arising from applications during the financial period/year	2,768,000	7,261,000
Cancellation of units during the financial period/year	<u>(7,559,000)</u>	<u>(11,140,000)</u>
At the end of the financial period/year	<u>11,294,000</u>	<u>16,085,000</u>

10. MANAGEMENT FEE

Schedule 8 of the Deed provides that the Manager shall be entitled to a fee at a rate agreed between the Manager and the Trustee which the rate shall not exceed 2.50% per annum of the net asset value of the Fund, calculated on a daily basis.

The Management fee is computed on a daily basis at 1.80% (2013: 1.80%) per annum of the NAV of the Fund before deducting the Manager's and Trustee's fee for that particular day. As this Fund invests in units of United Global Financials Fund ("UGFF"), any management fee charged to UGFF is fully refunded to this Fund. Accordingly, there is no double charging of management fee.

There will be no further liability to the Manager in respect of management fee other than the amount recognised above.

11. TRUSTEE'S FEE

Schedule 9 of the Deed provides that the Trustee shall be entitled to a fee at a rate agreed between the Trustee which the rate shall not exceed 0.15% per annum of the net asset value, calculated on a daily basis.

The Trustee's fee provided in the financial statements is 0.06% (2013: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

12. TAXATION

(a) Tax charge for the financial period

	01.07.2014 - 31.12.2014	01.07.2013 - 31.12.2013
	RM	RM
Current taxation	<u>-</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense

The numerical reconciliation between the profit before taxation multiplied by the Malaysian statutory income tax rate and the tax expense of the Fund is as follows:

	01.07.2014 - 31.12.2014	01.07.2013 - 31.12.2013
	RM	RM
Profit before taxation	<u>641,247</u>	<u>1,222,444</u>
Tax calculated at a tax rate of 25%	160,312	305,611
Tax effects of:		
- Investment income not subject to tax	(166,070)	(308,258)
- Expenses not deductible for tax purposes	1,133	1,023
- Restriction on tax deductible expenses for unit trust funds	<u>4,625</u>	<u>1,624</u>
Tax expense	<u>-</u>	<u>-</u>

13. MANAGEMENT EXPENSE RATIO (“MER”)

	<u>01.07.2014 -</u> <u>31.12.2014</u>	<u>01.07.2013 -</u> <u>31.12.2013</u>
	%	%
MER	<u>0.31</u>	<u>0.24</u>

Management expense ratio includes management fee, Trustee’s fee, audit fee, tax agent’s fee and other administrative expenses which is calculated as follows:

$$\text{MER} = \frac{(A + B + C + D + E)}{F} \times 100$$

- A = Management fee
- B = Trustee’s fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses
- F = Average net asset value of the Fund for the financial period, calculated on a daily basis

The average net asset value of the Fund for the financial period, calculated on a daily basis is RM7,543,074 (2013: RM9,296,838).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>01.07.2014 -</u> <u>31.12.2014</u>	<u>01.07.2013 -</u> <u>31.12.2013</u>
The portfolio turnover ratio for the financial period (times)	<u>0.28</u>	<u>0.06</u>

The portfolio turnover ratio is derived from the following calculation:

$$\frac{(\text{Total acquisition for the financial period} + \text{total disposal for the financial period}) \div 2}{\text{Average net asset value of the Fund for the financial period calculated on a daily basis}}$$

where:

- total acquisition for the financial period = RM865,008 (2013: Nil)
- total disposal for the financial period = RM3,367,489 (2013: RM1,056,229)

15. UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
RHB Asset Management Sdn Bhd	The Manager
RHB Investment Bank Bhd	Holding company of the Manager
RHB Capital Bhd	Ultimate holding company of the Manager

The number of units held by the Manager is as follows:

	<u>31.12.2014</u>		<u>30.06.2014</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	1,089	636	2,676	1,421

The units are held beneficially by the Manager for booking purposes and were transacted at the prevailing market price.

Other than the above, there were no units held by Directors or parties related to the Manager.

16. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial period ended 31 December 2014 are as follows:

<u>Fund Manager/financial institution</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Percentage of total brokerage fees</u>	
			<u>RM</u>	<u>%</u>
UOB Asset Management Ltd	4,231,915	83.77	-	-
CIMB Bank Bhd	820,000	16.23	-	-
	<u>5,051,915</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

16. TRANSACTIONS BY THE FUND (CONTINUED)

Details of transactions by the Fund for the financial year ended 30 June 2014 are as follows:

Fund Manager/financial institution	Value of trades	Percentage of total trades	Percentage of total brokerage fees	
			RM	%
UOB Asset Management Ltd*	2,047,922	70.43	-	-
CIMB Bank Bhd	459,930	15.81	-	-
Hong Leong Bank Bhd	400,000	13.76	-	-
	2,907,852	100.00	-	-

* UOB Asset Management Ltd is a related party of OSK-UOB Investment Management Bhd prior to 22 October 2013. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

17. SEGMENT INFORMATION

The Investment & Security Selection Committee of the Manager recommends strategic resource allocations of the Fund to the Investment Committee of the Manager (collectively referred to as "Committee"). The Investment Committee of the Manager will then endorse the strategic decision recommended by the Investment & Security Selection Committee for adoption on behalf of the Fund. The operating segments are determined based on the recommendation by the Investment & Security Selection Committee and reviewed by the Investment Committee.

The internal reporting provided to the Committee for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS. The Committee is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The Committee's asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

The reportable operating segments derive their income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within each portfolio. These returns consist of interest and gains on the appreciation in the value of investments.

There were no changes in the reportable segments during the financial period.

STATEMENT BY MANAGER

We, Patrick Chin Yoke Chung and Dato' Othman bin Jusoh, two of the Directors of RHB Asset Management Sdn Bhd, do hereby state that in the opinion of the Directors of the Manager, the accompanying unaudited financial statements set out on pages 12 to 40 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 December 2014 and of its financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

On behalf of the Manager

PATRICK CHIN YOKE CHUNG
Director

DATO' OTHMAN BIN JUSOH
Director

Kuala Lumpur
16 February 2015

TRUSTEE'S REPORT

We have acted as Trustee of RHB-OSK Global Capital Fund (“the Fund”) for the financial period ended 31 December 2014. To the best of our knowledge, RHB Asset Management Sdn Bhd (“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 Deeds, the Securities Commission’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Head, Trustee Operations

Kuala Lumpur
16 February 2015

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED AND PRINCIPAL OFFICE

19th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur

BUSINESS OFFICE AND OFFICE OF THE REGISTRAR

5th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur

E-mail Address : rhbam@rhbgroup.com

Tel: 03 – 2164 3036

Fax: 03 – 2164 4226

Website: www.rhbgroup.com

BOARD OF DIRECTORS

Mr Patrick Chin Yoke Chung (Independent Non-Executive Chairman)

Tuan Haji Khairuddin Ahmad (Senior Independent Non-Executive Director)

Dato' Othman bin Jusoh (Independent Non-Executive Director)

Encik Abdul Aziz Peru Mohamed (Independent Non-Executive Director)

Ms Eliza Ong Yin Suen (Non-Independent Managing Director)

INVESTMENT COMMITTEE MEMBERS

Tuan Haji Khairuddin Ahmad (Independent Chairman)

Dato' Othman bin Jusoh (Independent Member)

Mr Lim Chee Sing (Non-Independent Member)

Ms Eliza Ong Yin Suen (Non-Independent Member)

CHIEF EXECUTIVE OFFICER

Mr Ho Seng Yee

SECRETARY

Encik Azman Shah Md Yaman (LS No. 0006901)

BRANCHES

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Kuching Office	Lot 172, Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-242 712
TRUSTEE	HSBC (Malaysia) Trustee Bhd
BANKER	RHB Bank Bhd
AUDITORS	PricewaterhouseCoopers
TAX ADVISER	PricewaterhouseCoopers Tax Services Sdn Bhd
DISTRIBUTORS	AmBank (M) Bhd AmInvestment Bank Bhd CIMB Bank Bhd CIMB Investment Bank Bhd Kenanga Investment Bank Bhd HSBC Bank Malaysia Bhd Hong Leong Bank Bhd iFast Capital Sdn Bhd MAAKL Mutual Bhd OCBC Bank (Malaysia) Bhd RHB Bank Bhd RHB Investment Bank Bhd Standard Chartered Bank Malaysia Bhd United Overseas Bank (Malaysia) Bhd