RHB Asset Management

RHB ASIA FINANCIALS FUND

INTERIM REPORT 2017

Incorporating The Unaudited Financial Statements

For the six-month financial period ended 31 May 2017

RHB Asset Management

RHB Asset Management Sdn Bhd (174588-X)

Head Office
Level 8, Tower 2 & 3, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur, Malaysia

Tel : +603 9205 8000

Fax : +603 9205 8100

www.rhbgroup.com

www.rhbgroup.com
RHB Group @RHBGroup RHB Group RHBGroup

RHB
TOGETHER WE PROGRESS

GENERAL INFORMATION ABOUT THE FUND

Commencement Date

RHB Asia Financials Fund ("the Fund") was established on 20 May 2010. It commenced operations on 11 January 2011.

Fund Category and Type

Fund Category	-	Feeder fund
Fund type	-	Growth fund

Investment Objective, Policy and Strategy

<u>Objective of the Fund</u>

This Fund aims to achieve long term* capital growth by investing primarily in equities or equity-related securities of corporations in, or corporations listed or to be listed on stock exchange in, or corporations (wherever located), which derive significant revenue or profits from or have significant assets or business interests in, the financial sector in the Asian region (excluding Japan).

* Note: 'long term' in this context refers to a period of between 5 – 7 years.

<u>Strategy</u>

The Fund will invest principally in one of the sub-funds under the umbrella of the United Financials Multi-Strategy Funds managed by UOB Asset Management Limited, Singapore ("UOBAM"), that is the United Asia Financials Fund ("UAFF"). The Fund will invest into the UAFF-Class SGD units (denominated in Singapore Dollars). UAFF launched in April 2010 is a collective investment scheme domiciled in Singapore and regulated by the Monetary Authority of Singapore. UAFF invests primarily in equities or equity-related securities of corporations in, or corporations listed or to be listed on stock exchanges in, or corporations (wherever located) which, in the opinion of the managers of the UAFF, derive significant revenue or profits from or have significant assets or business interests in, the financial sector in the Asian region (excluding Japan). The UAFF will invest in a wide range of sub-sectors within the financial sector in the Asian region (excluding Japan). Such sub-sectors include, but are not limited to, the banking, insurance and diversified financial services industries.

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

At least 95% of Net Asset Value	-	Investments in the units of United Asia Financials Fund.
2% - 5% of Net Asset Value	-	Investments in liquid assets including money market instruments and deposits with financial institutions.

Performance Benchmark

The performance of this Fund is benchmarked against MSCI Asia ex Japan Financials ex Real Estate (RM).

The benchmark chosen for the Fund is consistent and corresponding to the target fund, UAFF, except that it is the Ringgit Malaysia equivalent of UAFF's benchmark to allow for similar comparison with the performance of the RM denominated Fund.

Investment Policies and Restrictions

This Fund may invest in one collective investment scheme, i.e UAFF, 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 growth, distribution will therefore be of secondary importance. Distribution, if any, will be reinvested after deduction of taxation and expenses.

MANAGER'S REPORT

MARKET REVIEW

The Asia ex Japan equities started the period down in December 2016. China tightened liquidity to crack down on financial leverage. The India market corrected following the government's surprise de-monetization exercise in November 2016 which caused near term headwinds to consumption and growth. The United States ("US") dollar also rallied strongly post Trump's US presidential victory causing a sell down in Asian currencies and markets.

Thereafter, the Asian markets recovered strongly till May 2017, and has been the best performing region in the world to date. China's economy improved in first quarter year 2017 with the data showing a strong rebound especially Producer Price Index ("PPI") and industrial profits. Korea went through some uncertainty initially with the impeachment of President Park, North Korea's defiant missile launches and China restricting tourist visas to Korea as a sign of protest to Korea's installation of a US anti-missile defence system. However the market continued to rally with strong earnings from Samsung, and accelerated following the election of the new President Moon, who has campaigned on promises greater corporate transparency and restructuring. The Indian market also rebounded strongly in year 2017. The recovery post demonetization has been faster than expected with sales recovering back to near normal levels especially in urban regions. The Taiwan market performed well too on strong momentum of the Apple Supply chain in anticipation of the iPhone 8 launch, although the Taiwan financials lagged the market.

Among ASEAN markets, Singapore banks benefited from an anticipated improvement in Net Interest Margin ("NIMs") following Fed rate hikes and signs of the property market recovering. Malaysia too performed well after strong Gross Domestic Product ("GDP") numbers in the first quarter, increasing foreign direct investment from China, potential Government-Link Company ("GLC") restructuring and upcoming elections. Indonesian banks followed suit with strong portfolio inflows on the weaker US dollar and the Standard and Poor ("S&P") credit upgrade. Philippines and Thailand Financials lagged the overall Asian markets.

The US dollar has also been slightly weaker in year 2017 despite the Fed rate hike in March. US economic data so far indicates a mild recovery in the US and President Trump's fiscal stimulus policies look unlikely to be passed through Congress. His stand to reduce the US trade deficit also implies a weaker US dollar. This has helped boost Asian currencies, which has been a significant contributor to the Asian markets' outperformance.

ECONOMIC REVIW AND OUTLOOK

China's economy improved over December 2016 through the first quarter of year 2017. Both the official and the Caixin Purchasing Manager Index ("PMI") turned above 50 and the economy looks to have started a virtuous circle of accelerating property sales, investments and PPI reflation. At the same time, regulators have concurrently been stepping up action to tighten monetary conditions to control financial leverage and prevent overheating. Hence, China's growth has started moderating from April 2017 onwards. Coupled with data pointing to a US mild recovery, and softer commodity prices, the global reflation trade looks to have taken a breather.

Regional PMIs have mostly held above 50 over the period December 2016 to May 2017. India's PMI accelerated throughout the period post the government's demonetization exercise, while China's PMI peaked in March 2017 and has begun to soften since April.

Export growth has accelerated uniformly across the region with strong double digit growth in Korea, Taiwan and India China's export growth accelerated to high single digits after negative growth over the last 2 years. Even while the US economic data has been relatively soft, the Eurozone, Japan and other emerging economies have seen stronger recovery, helping Asia's export growth momentum.

REVIEW OF TARGET FUND PERFORMANCE STRATEGY DURING THE PERIOD

Over the period 1 December 2016 to 31 May 2017, the Fund appreciated by +7.59% compared to +10.17% for the benchmark. The underperformance was largely due to expense ratios given the small size of the fund. During the period under consideration, the fund's performance was negatively impacted by the underweight position and negative selection in Korea. Stock selection in China was positive as the Fund was overweight Insurance which performed well with rising bond yields in China. Stock selection in Malaysia also contributed positively. On the other hand, negative stock selection in Taiwan and Korea was a drag on performance.

During the period, the fund was largely underweight in Korea, Malaysia and Hong Kong, and overweight in India and Indonesia.

MARKET OUTLOOK & STRATEGY GOING FORWARD

Asia is seeing improving Return on Equity ("ROEs") and upward revisions in corporate earnings after many years, led by cyclicals as global growth recovers. China economic recovery looks to have stabilized with the PMI above 50 and the rebound in the PPI after many years in negative territory. Despite the Federal Reserve raising rates, the US dollar has weakened slightly as questions arise over the execution of Trump's fiscal stimulus policies. This has helped Asian currencies and markets.

Despite the strong run this year, Asian market valuations are still reasonable, slightly below the mean level on a price-to-book basis, though above mean on price to earnings.

In spite of the above positives, we are taking a more defensive stance in Asia for the coming quarter. Relatively soft US economic data, President Trump's recent political troubles with possible impeachment and the US market's high valuations raises the probability of a correction. Despite China's recent improvements in economic activity and earnings growth, growth will moderate going forward as the government refocuses on financial deleveraging and tightens monetary policy. The Asian markets index is also approaching a 10 year resistance high.

Within the Fund, we have raised weights. The market is seeing strong positive earnings revisions as economic momentum picks up. A new change in Korean leadership that seeks to restructure the Korean chaebols and more shareholder friendly policies by corporates also bodes well for a market rerating. We have lowered weights in China but reducing weights in banks. China economic data has begun to moderate after a strong first quarter, with April economic data coming in below expectations and the Caixin May PMI slipping below 50 again after 10 months of expansion. An environment of moderating economic growth and tighter monetary policy has historically been headwinds for the China market. Within China, we prefer the insurance companies due to their continued strong premium growth and benefit from rising bond yields.

We are more positive on Hong Kong amidst a soft US dollar and interest rate outlook. Property prices and primary sales continue to remain robust despite government policy measures to cool demand. Retail sales and Macau gross gaming revenues have been recovering. We are Underweight Taiwan Financials. Returns spreads for insurance companies will be under pressure with soft bond yields. Nonetheless, corporates have strong free cashflow and net cash. Dividend payouts in the coming quarter could lift the high yield Taiwan stocks. We are overweight in India. There are strong signs that the economy has normalized post de-monetization and the banks will gain as more money flows are channelled through the formal financial system.

In ASEAN, we are moving Malaysia from Underweight to Overweight. We see upside to earnings growth expectations from strong construction orders, growth in palm oil volumes and drop in bank provisions as NPLs peak. Foreign direct investments from Hong Kong and China has risen significantly as Malaysia is a key destination for China's one belt one road projects. The upcoming elections early next year is also another positive catalyst as the market has historically done well in the run up to elections. We are trimming our overweight position in Singapore to neutral. Valuations are no longer attractive after the strong performance year to date. We are also less positive on the reflation trade now which have thus far been a key driver for the Singapore banks. We have raised weights in Indonesia after the Jakarta governor election. We expect inflationary pressures to subside and increased portfolio inflows post the S&P credit upgrade, which should lower bond yields and funding costs. We remain neutral on Thailand which should see a broad-based recovery in GDP from government spending and consumption. We are more cautious on the Philippines due to policy risks. The recent Marshall law declared in Mindanao could deter foreign investors and market valuations continue to be on the high side in ASEAN.

PERFORMANCE REVIEW

For the financial period under review, the Fund registered a gain of 6.44%* in net asset value terms. Comparatively, the benchmark, MSCI Asia ex Japan Financials ex Real Estate Index (RM), recorded a gain of 10.15%*. The Fund has met its objective for the financial period under review.

** Source: Lipper Investment Management ("Lipper IM"), 13 June 2017*

PERFORMANCE DATA

	1-month %	3-month %	6-month %
RHB Asia Financials Fund	2.66	2.79	6.44
MSCI Asia ex Japan Financials ex Real Estate Index (RM)	2.69	4.09	10.15

	Average Annual Return			
	1 Year 31.05.2016-31.05.2017 %	3 Years 31.05.2014-31.05.2017 %	5 Years 31.05.2012-31.05.2017 %	Since Launch 31.01.2011**-31.05.2017 %
RHB Asia Financials Fund	25.02	13.46	11.89	6.12
MSCI Asia ex Japan Financials ex Real Estate Index (RM)	33.86	17.81	16.17	10.03

	Year Ended 30 November				
	2016 %	2015 %	2014 %	2013 %	2012 %
RHB Asia Financials Fund					
- Capital Return	5.12	12.67	12.37	12.96	13.54
- Income Return	-	-	-	-	-
- Total Returns	5.12	12.67	12.37	12.96	13.54
MSCI Asia ex Japan Financial ex Real Estate Index (RM)	11.27	14.06	16.24	17.13	16.47

Performance of RHB Asia Financials Fund
for the period from 31 January 2011 to 31 May 2017**
Cumulative Return Over The Period (%)

*** Being last day of the Initial Offer Period*

Source: Lipper IM, 13 June 2017

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 May 2017	As at 30 November 2016	2015	2014
Net Asset Value (RM million)	2.85	3.93	6.37	10.75
Units In Circulation (million)	3.91	5.75	9.78	18.62
Net Asset Value Per Unit (RM)	0.7285	0.6844	0.6510	0.5777

Historical Data	01.12.2016-31.05.2017	Year Ended 30 November 2016	2015	2014
Unit Prices				
NAV - Highest (RM)	0.7297	0.6844	0.7327	0.5778
- Lowest (RM)	0.6505	0.5258	0.5757	0.4687
Distribution and Unit Split	-	-	-	-
Others				
Management Expense Ratio (MER) (%) #	0.44	0.86	0.66	0.44
Portfolio Turnover Ratio (PTR) (times) ##	0.20	0.30	0.69	0.49

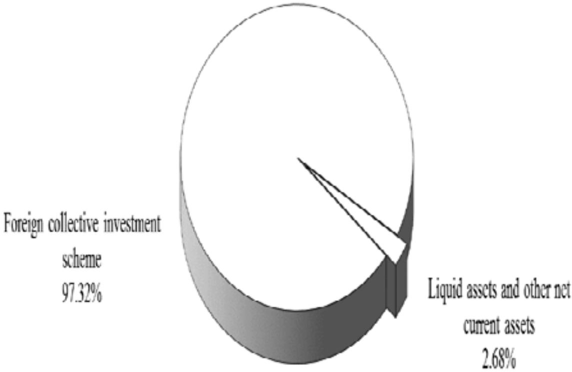
The MER for the financial period was lower compared with the previous financial period due to lower expenses incurred during the financial period under review (refer to Note 12).

The PTR for the financial period was higher compared with the previous financial period due to more investment activities during the financial period under review (refer to Note 13).

DISTRIBUTION

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

PORTFOLIO STRUCTURE AS AT 31 MAY 2017



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

	As at	**As at 30 November**		
	31 May 2017	**2016**	**2015**	**2014**
	%	**%**	**%**	**%**
Foreign collective investment scheme (UAFF)	97.32	97.81	98.60	98.03
Liquid assets and other net current assets	2.68	2.19	1.40	1.97
	100.00	100.00	100.00	100.00

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

FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 31 May 2017, the Fund's units in circulation stood at 3.91 million units with a total of 19 accounts.

	Account Holders		No. Of Units Held*	
Size of Holdings	**No.**	**%**	**('000)**	**%**
5,000 and below	7	36.83	13	0.32
5,001 to 10,000	6	31.58	42	1.09
10,001 to 50,000	2	10.53	35	0.90
50,001 to 500,000	2	10.53	443	11.35
500,001 and above	2	10.53	3,369	86.34
Total	19	100.00	3,902	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 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 unitholders.

RHB ASIA FINANCIALS FUND
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2017

	Note	31.05.2017 RM	30.11.2016 RM
ASSETS			
Financial assets at fair value through profit or loss ("FVTPL")	5	2,769,497	3,848,649
Amount due from Manager		-	12,858
Amount due from fund manager of collective investment scheme		114,061	-
Other receivable	6	7,032	4,561
Bank balance		34,755	92,942
TOTAL ASSETS		2,925,345	3,959,010
LIABILITIES			
Amount due to Manager		60,892	-
Accrued management fee		4,676	6,312
Amount due to Trustee		207	280
Other payables and accruals	7	13,875	17,650
TOTAL LIABILITIES		79,650	24,242
NET ASSET VALUE		2,845,695	3,934,768
UNITHOLDERS' FUNDS			
Unitholders' capital		3,486,889	4,793,728
Accumulated losses		(641,194)	(858,960)
		2,845,695	3,934,768
UNITS IN CIRCULATION (UNITS)	8	3,906,000	5,749,000
NET ASSET VALUE PER UNIT (RM)		0.7285	0.6844

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

RHB ASIA FINANCIALS FUND
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MAY 2017

	Note	01.12.2016-31.05.2017 RM	01.12.2015-31.05.2016 RM
INVESTMENT INCOME/(LOSS)			
Interest income from deposits with a licensed financial institution		523	1,058
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	5	232,242	(652,133)
		232,765	(651,075)
EXPENSES			
Management fee	9	(5,495)	(7,453)
Trustee's fee	10	(892)	(1,447)
Audit fee		(2,675)	(2,500)
Tax agent's fee		(2,030)	(1,650)
Other expenses		(3,907)	(10,956)
		(14,999)	(24,006)
Profit/(loss) before taxation		217,766	(675,081)
Taxation	11	-	-
Profit/(loss) after taxation and total comprehensive income/(loss) for the financial period		217,766	(675,081)
Profit/(loss) after taxation is made up of the following:			
Realised amount		273,257	23,534
Unrealised amount		(55,491)	(698,615)
		217,766	(675,081)

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

RHB ASIA FINANCIALS FUND
UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MAY 2017

	Unitholders' capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 December 2015	7,245,555	(876,483)	6,369,072
Movement in net asset value:			
Total comprehensive loss for the financial period	-	(675,081)	(675,081)
Creation of units arising from applications	105,203	-	105,203
Cancellation of units	(1,112,552)	-	(1,112,552)
Balance as at 31 May 2016	6,238,206	(1,551,564)	4,686,642
Balance as at 1 December 2016	4,793,728	(858,960)	3,934,768
Movement in net asset value:			
Total comprehensive income for the financial period	-	217,766	217,766
Creation of units arising from applications	146,764	-	146,764
Cancellation of units	(1,453,603)	-	(1,453,603)
Balance as at 31 May 2017	3,486,889	(641,194)	2,845,695

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

RHB ASIA FINANCIALS FUND
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 MAY 2017

	01.12.2016-31.05.2017 RM	01.12.2015-31.05.2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	1,194,862	1,008,967
Interest received from deposits with a licensed financial institution	523	1,058
Management fee paid	(7,131)	(9,335)
Trustee's fee paid	(965)	(1,590)
Audit fee paid	(5,000)	-
Tax agent fee paid	(2,880)	-
Payment for other fees and expenses	(4,507)	(15,455)
Net cash generated from operating activities	1,174,902	983,645
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	159,622	106,516
Payment for cancellation of units	(1,392,711)	(1,112,552)
Net cash used in financing activities	(1,233,089)	(1,006,036)
Net decrease in cash and cash equivalents	(58,187)	(22,391)
Cash and cash equivalents at the beginning of the financial period	92,942	99,629
Cash and cash equivalents at the end of the financial period	34,755	77,238
Cash and cash equivalents comprise :		
Bank balance	34,755	77,238

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Asia Financials Fund was constituted pursuant to the execution of a Deed dated 20 May 2010 as modified via its First Supplemental Deed dated 4 September 2013, Second Supplemental Deed dated 25 February 2015 and Third Supplemental Deed dated 3 August 2015 (hereinafter referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and TMF Trustees Malaysia Berhad (“the Trustee”).

The Fund commenced operations on 11 January 2011 and will continue its operations until terminated according to the conditions provided in the Deed.

The principal activity of the Fund is to invest in Permitted Investments as defined under the Deed which includes one collective investment scheme, that is, the United Asia Financials Fund, trade in financial derivatives permitted by the relevant authorities, money market instruments and deposits with any financial institution, any liquid assets including cash and deposits on call, and any other investments which may be permitted by the relevant authorities from time to time.

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

This Fund aims to achieve long term capital growth by investing primarily in equities or equity-related securities of corporations in, or corporations listed or to be listed on stock exchange in, or corporations (wherever located), which derive significant revenue or profits from or have significant assets or business interests in, the financial sector in the Asian region (excluding Japan).

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

These financial statements were authorised for issue by the Manager on 21 July 2017.

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 derivative 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 financial year. It also requires the Manager to exercise its judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ.

(a) The Fund has applied the following amendments for the first time for the financial period beginning on 1 December 2016:

- Amendments to MFRS 101 "Presentation of Financial Statements Disclosure Initiative" (effective from 1 January 2016)
- Annual Improvements to MFRS 2012 – 2014 Cycle (effective from 1 January 2016)

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) 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 period beginning on/after 1 December 2017

- Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative" (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(b) 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 period beginning on/after 1 December 2018

- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018) replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations. The standard 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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

  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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of the financial statements (continued)

(b) 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 period beginning on/after 1 December 2018 (continued)

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 profit loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The above standards and amendments to published 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 are evaluated on a fair value basis.

The Fund designates its investments 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 manager, amount due from fund manager and other receivable which are all due within 12 months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

<u>Recognition and measurement</u>

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.

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 recognised in profit or loss within net gain or loss on financial assets at fair value through profit or loss in the financial year which they arise.

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

<u>Impairment of financial assets</u>

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 carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. 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 financial period, 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 "Financial Instruments: Recognition and Measurement", 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, accrued management fee, amount due to Trustee, 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 profit or loss when the liabilities are de-recognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Unitholder's capital

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net assets value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unitholders exercises the right to put the unit back to the Fund.

Units are created and cancelled 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 net assets attributable to unitholders with the total number of outstanding units.

2.5 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 collective investment schemes is arrived at after accounting for cost of investments, determined on the weighted average cost method.

2.6 Taxation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balance which is subject to an insignificant risk of changes in value.

2.8 Amount due from/to fund manager of collective investment scheme

Amounts due from/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.

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. The Fund's policies on impairment of financial assets are stated in Note 2.2.

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 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Segmental information

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.

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 Target 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.

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 (other than those arising from interest rate risk).

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

	31.05.2017 RM	30.11.2016 RM
Financial assets at fair value through profit or loss	2,769,497	3,848,649

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

b) Price risk (continued)

The table below summarises the sensitivity of the Fund's net asset value and profit/(loss) 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.

	Changes in price of investments %	Market value RM	Impact on profit/(loss) after tax and net asset value RM
31.05.2017	-5	2,631,022	(138,475)
	0	2,769,497	-
	+5	2,907,972	138,475

	Changes in price of investments %	Market value RM	Impact on profit/(loss) after tax and net asset value RM
30.11.2016			
	-5	3,656,217	(192,432)
	0	3,848,649	-
	+5	4,041,081	192,432

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.

The Fund does not hold any financial instrument that expose it to interest rate risk as at the end of the financial period.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

d) Currency risk

The Fund invests in the Target Fund which is denominated in Singapore Dollar ("SGD"). Fluctuations in foreign exchange rate between SGD and Ringgit Malaysia will affect the value of the Fund's foreign investments when converted to local currency and subsequently the value of the unitholders' investment. As such, the performance of the Fund will also be affected by the movements in the exchange rate between SGD and Ringgit Malaysia.

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

	Financial assets at fair value through profit or loss RM
31.05.2017	
SGD	2,769,497
30.11.2016	
SGD	3,848,649

The table below summarises the sensitivity of the Fund's profit/(loss) after tax and net asset value to changes in foreign exchange movements at the end of each reporting year/period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constant. 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.

	Change in foreign exchange rate %	Impact on profit/(loss) after tax/net asset value RM
31.05.2017		
SGD	5	138,475
30.11.2016		
SGD	5	192,432

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 placement of deposits in a licensed financial institution is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from 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 concentration of the Fund:

	Cash and cash equivalents	Other financial assets*	Total
31.05.2017	**RM**	**RM**	**RM**
AAA	34,755	-	34,755
Others	-	121,093	121,093
	34,755	121,093	155,848
30.11.2016			
AAA	92,942	-	92,942
Others	-	17,419	17,419
	92,942	17,419	110,361

* Comprise amount due from fund manager and other receivable.

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

f) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Fund invests principally in the Target Fund. The liquidity risk that exists at the Fund level is associated with the inability of the Target Fund to meet large redemption requests in a timely manner. This is related to the risk of substantial redemption.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

f) Liquidity risk (continued)

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 1 month RM	Between 1 month to 1 year RM
31.05.2017		
Amount due to Manager	60,892	-
Accrued management fee	4,676	-
Amount due to Trustee	207	-
Other payables and accruals	-	13,875
	65,775	13,875
30.11.2016		
Accrued management fee	6,312	-
Amount due to Trustee	280	-
Other payables and accruals	-	17,650
	6,592	17,650

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.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

h) Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and accumulated losses. 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

Fair value is defined as 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 (i.e. an exit price).

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

An active market is a market in which transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets 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 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 period. 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 fair values are based on the following methodologies and assumptions:

(i) For bank balance with financial institution, the carrying value is a reasonable estimate of fair value.

(ii) The carrying value of receivables and payables are assumed to approximate their fair values due to their short term nature.

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)

4. FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement 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.

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.05.2017				
Financial assets at fair value through profit or loss:				
- Collective investment scheme				
- foreign	2,769,497	-	-	2,769,497
30.11.2016				
Financial assets at fair value through profit or loss:				
- Collective investment scheme				
- foreign	3,848,649	-	-	3,848,649

Investments in active listed equities, i.e. collective investment 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 on valuation of these financial assets are stated in Note 2.2.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.05.2017 RM	30.11.2016 RM
Financial assets designated as FVTPL:		
- Collective investments scheme - foreign	2,769,497	3,848,649

	01.12.2016- 31.05.2017 RM	01.12.2015- 31.05.2016 RM
Net gain/(loss) on investments at FVTPL comprised:		
- net realised gain on sale of financial assets at FVTPL	288,256	46,482
- net unrealised loss on changes in fair values	(55,491)	(698,615)
	232,765	(652,133)

Financial assets designated as FVTPL as at 31 May 2017 are as follows:

Name of Counter	Quantity	Cost RM	Fair value as at 31.05.2017 RM	Fair value as at 31.05.2017 expressed as a percentage of value of the Fund %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
SINGAPORE				
United Asia Financials Fund ("UAFF")	731,999	2,068,009	2,769,497	97.32
TOTAL COLLECTIVE INVESTMENT SCHEME - FOREIGN		**2,068,009**	**2,769,497**	**97.32**
ACCUMULATED UNREALISED GAIN		**701,488**		
TOTAL FINANCIAL ASSETS AT FVTPL		**2,769,497**		

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

Financial assets designated as FVTPL as at 30 November 2016 are as follows:

Name of Counter	Quantity	Cost	Fair value as at 30.11.2016	Fair value as at 30.11.2016 expressed as a percentage of value of the Fund
		RM	RM	%
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
SINGAPORE				
United Asia Financials Fund ("UAFF")	1,094,337	3,091,670	3,848,649	97.81
TOTAL COLLECTIVE INVESTMENT SCHEME - FOREIGN		**3,091,670**	**3,848,649**	**97.81**
ACCUMULATED UNREALISED GAIN		**756,979**		
TOTAL FINANCIAL ASSETS AT FVTPL		**3,848,649**		

6. OTHER RECEIVABLE

Other receivable is the rebate on management fee receivable from Fund's investment in collective investment scheme.

7. OTHER PAYABLES AND ACCRUALS

	31.05.2017	30.11.2016
	RM	RM
Audit fee payable	7,175	9,500
Tax agent's fee payable	4,950	5,800
Sundry payables and accruals	1,750	2,350
	13,875	17,650

8. UNITS IN CIRCULATION

	31.05.2017	30.11.2016
	Units	Units
At the beginning of the financial period/year	5,749,000	9,784,000
Creation of units arising from applications during the financial period/year	209,000	1,144,000
Cancellation of units during the financial period/year	(2,052,000)	(5,179,000)
At the end of the financial period/year	3,906,000	5,749,000

9. MANAGEMENT FEE

In accordance with the Deed, 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 provided in the financial statements is 1.80% (31.05.2016: 1.80%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

As the Fund invests in the Target Fund, the management fee charged by the Target Fund is fully refunded in cash. In accordance with the SC Guidelines on Unit Trust Funds, there is no double charging of management fee to the Fund.

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

10. TRUSTEE'S FEE

In accordance with the Deed, the Trustee shall be entitled to a fee at a rate agreed between the Manager and the Trustee which the rate shall not exceed 0.15% per annum of the net asset value of the Fund, calculated on a daily basis.

The Trustee's fee provided in the financial statements is 0.06% (31.05.2016: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period.

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

11. TAXATION

(a) Tax charge for the financial period

	01.12.2016- 31.05.2017 RM	01.12.2015- 31.05.2016 RM
Current taxation	-	-

(b) Numerical reconciliation of income tax expense

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

	01.12.2016- 31.05.2017 RM	01.12.2015- 31.05.2016 RM
Profit/(loss) before taxation	217,766	(675,081)
Tax calculated at a tax rate of 24%	52,264	(162,019)
Tax effects of:		
- (Investment income not subject to tax)/investment losses not subject to tax	(55,863)	156,258
- Expenses not deductible for tax purposes	1,589	3,373
- Restriction on tax deductible expenses for unit trust funds	2,010	2,388
Tax expense	-	-

12. MANAGEMENT EXPENSE RATIO ("MER")

	01.12.2016-31.05.2017	01.12.2015-31.05.2016
	%	%
MER	0.44	0.48

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 excluding Goods and Services Tax (GST) on transaction costs
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 RM3,373,898 (31.05.2016: RM5,029,686).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	01.12.2016-31.05.2017	01.12.2015-31.05.2016
The portfolio turnover ratio for the financial period (times)	0.20	0.10

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	=	Nil	(31.05.2016: Nil)
total disposal for the financial period	=	RM1,325,867	(31.05.2016: RM1,013,810)

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

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

Related parties	Relationship
RHB Asset Management Sdn Bhd	The Manager
RHB Investment Bank Berhad	Holding company of the Manager
RHB Bank Berhad	Ultimate holding company of the Manager

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

	31.05.2017		30.11.2016	
	Units	RM	Units	RM
The Manager	3,994	2,910	306	209

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.

15. TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial period ended 31 May 2017 are as follows:

Broker/financial institution	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
UOB Asset Management Ltd	1,325,867	83.08	-	-
CIMB Bank Bhd	270,000	16.92	-	-
	1,595,867	100.00	-	-

Details of transactions by the Fund for the financial year ended 30 November 2016 are as follows:

Broker/financial institution	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
UOB Asset Management Ltd	3,224,659	66.18	-	-
CIMB Bank Bhd	1,648,000	33.82	-	-
	4,872,659	100.00	-	-

16. 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 considers the business from both a geographic and investment perspective. Geographically, the Committee considers the performance of investment in collective investment scheme in Singapore.

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 which are derived from Malaysia and Singapore.

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

STATEMENT BY MANAGER

We, Patrick Chin Yoke Chung and Abdul Aziz Peru Mohamed, 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 39 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 of 31 May 2017 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	ABDUL AZIZ PERU MOHAMED
Director	Director

Kuala Lumpur
21 July 2017

TRUSTEE'S REPORT

We have acted as Trustee of RHB Asia Financials Fund ("the Fund") for the financial period ended 31 May 2017. 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 TMF Trustees Malaysia Berhad
(Company No.: 610812-W)

Norhayati Binti Azit
Director – Fund Services

Kuala Lumpur
21 July 2017

MANAGER
RHB Asset Management Sdn Bhd

REGISTERED AND PRINCIPAL OFFICE
Level 8, Tower Two & Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

BUSINESS OFFICE AND OFFICE OF THE REGISTRAR
Level 8, Tower Two & Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

E-mail Address : rhbam@rhbgroup.com
Tel: 03 – 9205 8000
Fax: 03 – 9205 8100
Website: www.rhbgroup.com

BOARD OF DIRECTORS
Mr Patrick Chin Yoke Chung *(Non-Independent Non-Executive Chairman)*
Encik Abdul Aziz Peru Mohamed *(Senior Independent Non-Executive Director)*
Mr Chin Yoong Kheong *(Independent Non-Executive Director)*
Ms Ong Yin Shuen *(Managing Director)*
Dr. Ngo Get Ping *(Independent Non-Executive Director)*
Ms Choo Shan *(Independent Non-Executive Director)*
(Appointed on 3 July 2017)

INVESTMENT COMMITTEE MEMBERS
YBhg Dato' Khairussaleh Ramli *(Chairman)*
Mr Patrick Chin Yoke Chung
Mr Ong Seng Pheow
YBhg Datuk Haji Faisal Siraj *(Appointed on 30 September 2016)*

CHIEF EXECUTIVE OFFICER
Mr Ho Seng Yee

SECRETARY
Encik Azman Shah Md Yaman (LS No. 0006901)

BRANCHES

Kuala Lumpur Office	B-9-6, Megan Avenue 1 No. 189, Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-2171 2755	 Fax: 03-2770 0022
Sri Petaling Office	No. 53-1 & 53-2 Jalan Radin Tengah Bandar Baru Sri Petaling 57000 Kuala Lumpur Tel: 03-9054 2470	 Fax: 03-9054 0934
Penang Office	64-D, Level 5, Lebuh Bishop 10200 Penang Tel: 04-264 5639 / 04-263 4848 Fax: 04-264 5640 / 04-262 8844	
Butterworth Office	2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai, Penang Tel: 04-390 0022	 Fax: 04-390 0023
Ipoh Office	4th Floor, 21-25 Jalan Seenivasagam, Greentown 30450 Ipoh, Perak Tel: 05-242 4311	 Fax: 05-242 4312
Johor Bahru Office	2nd Floor, 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru, Johor Tel: 07-358 3587	 Fax: 07-358 3581
Kuantan Office	B 32-34, 2nd Floor, Lorong Tun Ismail 8 Sri Dagangan II 25000 Kuantan, Pahang Tel: 09-517 3611	 Fax: 09-517 3612
Kota Bharu Office	No 3953-H, 1st Floor Jalan Kebun Sultan 15350 Kota Bharu, Kelantan Tel: 09-741 8539	 Fax: 09-741 8540

Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu, Sabah Tel: 088-528 686/692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211 Fax: 06-292 2212
Batu Pahat Office	53, 53-A and 53-B Jalan Sultanah 83000 Batu Pahat, Johor Tel: 07-438 0271 Fax: 07-438 0277
Miri Office	Lot 1268, First Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri, Sarawak Tel: 085-422 788 Fax: 085-415 243
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	TMF Trustees Malaysia Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
DISTRIBUTORS	Alliance Bank Malaysia Bhd AmBank (M) Bhd Areca Capital Sdn Bhd Hong Leong Bank Bhd iFast Capital Sdn Bhd Kenanga Investment Bank Bhd RHB Investment Bank Bhd United Overseas Bank (Malaysia) Bhd