RHB Asset Management

RHB GOLD AND GENERAL FUND

INTERIM REPORT 2017

Incorporating The Unaudited Financial Statements

For the six months financial period ended 31 December 2017

RHB Asset Management

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GENERAL INFORMATION ABOUT THE FUND

Name, Category and Type

Fund Name	-	RHB Gold and General Fund
Fund Category	-	Feeder fund
Fund type	-	Growth fund

Investment Objective, Policy and Strategy

<u>Objective of the Fund</u>

This Fund aims to achieve returns on investment mainly in securities of corporations (whether or not listed on any stock exchange, and in any part of the world) whose business (in any part of the world) is or is substantially in the mining or extraction of gold, silver or precious metals (e.g. platinum, palladium, rhodium etc.), bulk commodities (e.g. coal, iron ore, steel etc.), base metals of all kinds (e.g. copper, aluminium, nickel, zinc, lead, tin etc.), and other commodities (e.g. industrial minerals, titanium dioxide, borates etc.) and it includes the mining or extraction of oil, gas, coal and alternative energy or other commodities or other minerals.

<u>Strategy</u>

The Fund will invest principally in one of the funds managed by UOB Asset Management Limited, Singapore ("UOBAM") that is the United Gold and General Fund ("UGGF"). UGGF launched in June 1995 is a collective investment scheme domiciled in Singapore. Both UOBAM and UGGF are regulated by the Monetary Authority of Singapore. UGGF invests in companies involved in the mining and exploration of precious metals, energy and base metals.

The asset allocation of the Fund will be as follows:

At least 95% of Net Asset Value	-	Investments in the units of United Gold and General 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 the Fund is benchmarked against the Gold and General Index which is a composite benchmark comprising 70% FTSE Gold Mines Index (RM) and 30% Euromoney Global Mining Index (formerly known as HSBC Global Mining Index (RM) ("Gold and General Index").

Permitted Investments and Restrictions

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

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 taxation and expenses.

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

MANAGER'S REPORT

ECONOMIC AND MARKET REVIEW

Physical gold started the reporting period in subdued mood, reaching a low of USD1,213 in early-July 2017 as Federal Reserve Chair Janet Yellen gave an upbeat assessment of United States ("US") economic prospects. At her semi-annual testimony to the House Finance Services Committee on 17 July 2017, Chair Yellen hinted at further interest rate increases and a possible reduction in the Federal Reserve balance sheet.

However, such economic considerations were soon overtaken by geopolitical events, as North Korea launching two Intercontinental Ballistic Missiles ("ICBMs") in July 2017, followed by a number of shorter-range rockets in mid-August 2017 and then by a further ballistic missile on 29 August 2017 that overflew Japan before crashing into the Pacific Ocean. Escalating rhetoric between the United State and North Korea helped push the gold price upwards throughout July and August, with the gold price eventually reaching a high for the reporting period of USD1,349/oz, on 7 September 2017.

Subsequent diplomatic efforts by China, Russia and South Korea slowly reduced geopolitical tensions, with the gold price drifting back to the USD1,270/oz level by October 2017. Attention started to return to the direction of US monetary policy, and to the likely policy stance of Jerome ("Jay") Powell, who was chosen as the new US Federal Reserve ("Fed") Chair in early-November 2017. Chair Powell was perceived as being relatively "dovish" on US monetary policy. This was viewed as being positive for the gold price, since other rival candidates had advocated a rapid normalization of US interest rates based on theoretical considerations rather than current economic data.

Generally positive US economic data and the likelihood that the Trump administration would pass a "pro-growth" US tax bill saw the Federal Market Open Committee ("FMOC") raise the US Fed Funds rate to 1.50% on 13 December 2017, which was the third 0.25% increase announced in calendar year 2017 and also the third successive December rate increase. As with previous the previous December rate hikes, the gold price weakened into the announcement but then rallied strongly into year-end, to finish the reporting period at USD1,303/oz.

Gold exchange traded fund ("ETF") holdings increased slightly over the reporting period, mainly due to buying in August and September 2017 as North Korean tensions escalated. Aggregate holdings rose from 2,181 tonnes to 2,227 tonnes in second half of year 2017, a 2.1% increase. There was aggregate central bank buying, particularly by the Russian Central Bank. However, the People's Bank of China did not add to its official gold holdings during the reporting period.

REVIEW OF TARGET FUND PERFORMANCE DURING THE PERIOD

For the six months ended 31 December 2017, the Target Fund's net asset value ("NAV") increased +10.5%, compared to a +8.8% gain in the composite benchmark index, in Singapore Dollar terms. The benchmark index comprises 70% FT Gold Mines Index and 30% Euromoney Global Mining Index.

During the period under review, the FT Gold Mines Index increased by +3.2% compared with a +21.4% gain in the EMIX Global Mining Index. Physical gold rose by +1.9% in Singapore Dollar terms over the same period. The Target Fund maintained a small overweight position in gold equities for most of the reporting period.

The dominant factor influencing the physical gold price continued to be US monetary policy and the probable direction of US real interest rates. The gold price struggles in the face of US economic data that suggests an upward movement in real interest rates. Improving real rates are negative for physical gold, which does not pay interest. The US Fed increased the Federal Funds rate in December 2017, and attention is now focused on US inflation expectations and the possible timing of further US interest rates increases in year 2018. Geopolitical factors were also important, such as the continuing North Korea missile crisis and Middle East tensions, including the leadership changes in Saudi Arabia.

Gold and commodities generally benefited from US Dollar ("USD") weakness in the reporting period, given the strong negative correlation between the US currency and commodities in recent years. Commodities also benefited from coordinated strength in the global economy. China remains the most important single market for the majority of base metals and bulk commodities, with the domestic housing and infrastructure investment supporting healthy demand. China was also supportive from a supply perspective, with environmental factors driving the ongoing curtailment of domestic production for multiple commodities.

The overall share price performances of listed gold companies posted a small gain during the reporting period, in-line with the net upward movement in the gold price. However, the lack of a clear upward trend in the the gold price meant there was no re-rating of the valuation multiples investors placed on operating cash flow and reserves & resources. Compared to the past two decades, gold equities continue to trade at low multiples across a range of valuation metrics, despite a healthy level of profitability. The aggregate industry "all-in sustaining costs" metric adopted by the World Gold Council remains at or below the USD1,000/oz level.

The Target Fund benefited from positive share price performances from companies that delivered on production growth targets. These included B2Gold, Evolution Mining, Newmont Gold, St. Barbara and Saracen Minerals. The Target Fund also saw good performances from gold companies that also have exposure to base metal production, such as Independence Group and Yamana Gold. Australian and Canadian listed-producers such as Endeavour Mining, Perseus Mining and Regis Resources continued to benefit from low cash production costs with little sign of increased cost-pressure.

Investors continued to be unforgiving towards companies facing heightened political risk, such as Acacia Mining in Tanzania, Tahoe Resources in Guatamala and Eldorado Gold in Greece. There were also problems for Torex Gold in Mexico, although the temporary closure of that company's mining operations was the result of competition between different mining unions rather than issues with the Mexican government.

The EMIX Global Mining Index strengthened during the reporting period, helped by environmentally-driven closure of domestic Chinese capacity, ongoing strength in Industrial Production and Purchasing Managers' Index ("PMI") Manufacturing data in multiple geographic regions, and limited new mine capacity due to capital expenditure remaining at depressed levels. This last factor meant that many commodity producers are now generating strong free cash flow, which they are using to pay down debt and increase dividend payments. In general, management teams have yet to show any appetite to make sizeable investments in new capacity. The Target Fund benefited from positive contributions from companies such as BHP Billiton, Glencore, Rio Tinto and Teck Resources (diversified mining), Lundin Mining (copper), Trevali Mining (zinc) and Western Areas (nickel).

As at 31 December 2017, the Target Fund held 76.5% in precious metal equities, 18.9% in basic material equities, 2.9% in energy equities and held 1.7% cash.

In terms of country allocation, the Target Fund was invested 44.5% in Canada, 10.6% in the United States, 29.5% in Australia, 5.3% in the United Kingdom, 4.0% in Switzerland, 1.6% in South Africa and 2.9% in other countries.

MARKET OUTLOOK AND STRATEGY GOING FORWARD

The most important factors influencing the direction of the gold price remains the timing of further rate increases and the outlook for inflation, most importantly in the United States but also in other leading regional economies. At the current time, market expectations are for robust US economic growth and for possibly three further rate increases in year 2018.

Further US rate hikes should be positive for the USD, particularly given the contrast between US monetary tightening and more accommodative monetary policies in Europe and Japan. Yet this strong USD view also depends on rising real US interest rates, with US rates increasing at a faster rate than any upward move in US inflation. Current expectations for the US economy are relatively bullish, given the December 2017 cuts in corporate and personal taxation. Any disappointment in actual US economic growth, especially if related to lackluster wage growth, would result in slower rate increases and headwinds for US real interest rates. This would cause USD weakness and provide the conditions for positive gold price movements over the next twelve months.

Gold-related assets are likely to appear as a relative safe haven to investors given the potential for continued unrest involving North Korea, Russia and events in the Middle East. Global currency markets may also be volatile given existing interest rate differentials and unexpected political developments related to the “America First” stance of the Trump administration. Potential volatility in the USD600bn global cryptocurrency market may also have unexpected consequences for financial stability. The past three years of net buying of physical gold exchange traded funds (“ETF”) shows gold’s continued status as a safe haven asset and as a store of value that exists independently of any individual monetary system.

Current valuation levels for gold companies remain at attractive levels, with good levels of profitability and improving balance sheets. The Target Fund expects to maintain a slightly overweight position relative to benchmark given these undemanding valuations and potential for financial market volatility. We expect to maintain a high weighting in listed Australian and Canadian producers that have attractive production growth profiles. The Target Fund has a preference for low-cost gold producers that are better able to weather potential gold price volatility, and for companies with strong balance sheets that do not require financial market help to fund capital expenditure. The Target Fund may position itself in special situations in order to benefit from merger & acquisition activity.

The outlook for general commodities is looking positive. Current strong coordinated economic growth in the US, Europe, Japan and China, as shown by Manufacturing PMIs and industrial production data, has tightened the demand-supply balance for many commodities, particularly base metals. China remains the key market given its role as the marginal price-setter for many commodities, and that country's ability to contain non-performing financial loans is a vital factor for ongoing demand strength. The Target Fund expects China to make further cuts to domestic steel, coal, iron ore, aluminium and other resource-related production, helping to limit overall new supply. Leading commodity companies have yet to announce major increases in their capital expenditure budgets, and this should allow for continued positive free cash flow generation and increasing dividends. President Trump has indicated that he will boost US infrastructure spending, with details expected to be released in the first half of year 2018. The Target Fund expects to have a slightly underweight positioning for general commodities relative to benchmark.

The recent performances of gold-backed assets – and of commodities generally – have been volatile, with sharp rallies and corrections linked to US monetary policy announcements, currency volatility, inflation prospects and the relative strength of the USD. Investors should expect such volatility to continue, but such corrections can be viewed as good buying opportunities given the Target Fund Manager's expectation of a strengthening in the gold price. The Target Fund Manager believes that gold – and commodities in general – should feature in an investors' asset allocation strategy as a hedge against deflation and inflation, and against financial market volatility.

FUND PERFORMANCE REVIEW

For the financial period under review, the Fund registered a gain of 6.76%* as compared to the composite benchmark index gain of 5.17%*. The benchmark index comprises 70% FT Gold Mines Index and 30% Euromoney Global Mining Index. The Fund has achieved its investment objective for the financial period under review.

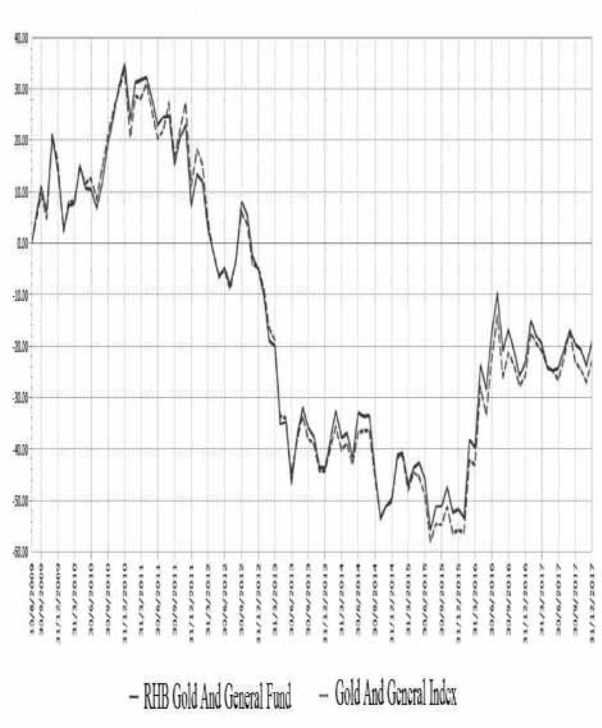
** Source: Lipper Investment Management ("Lipper IM"), 18 January 2018*

PERFORMANCE DATA

	30.06.2017-31.12.2017 %	Annual Total Return Financial Year Ended 30 June 2017 %	2016 %	2015 %	2014 %
RHB Gold and General Fund					
- Capital Return	6.76	(8.11)	52.55	(19.19)	25.04
- Income Return	-	-	-	-	-
- Total Returns	6.76	(8.11)	52.55	(19.19)	25.04
Gold and General Index	5.17	(5.22)	51.72	(19.19)	14.56

	Average Annual Return 1 Year 31.12.2016-31.12.2017 %	3 Years 31.12.2014-31.12.2017 %	5 Years 31.12.2012-31.12.2017 %	Since inception 10.08.2009-31.12.2017 %
RHB Gold and General Fund	5.32	17.22	(3.14)	(2.49)
Gold and General Index	4.07	15.74	(4.17)	(3.04)

Performance of RHB Gold and General Fund
for the period from 10 August 2009 to 31 December 2017
Cumulative Return Over The Period (%)



Source: Lipper IM, 18 January 2018

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 31.12.2017**	**As At 30 June 2017**	**2016**	**2015**
Net Asset Value (RM million)	202.28	203.10	156.07	123.89
Units In Circulation (million)	663.24	710.84	501.96	607.88
Net Asset Value Per Unit (RM)	0.3050	0.2857	0.3109	0.2038

Historical Data	**01.07.2017-31.12.2017**	**Financial Year Ended 30 June 2017**	**2016**	**2015**
Unit Prices				
NAV – Highest (RM)	0.3282	0.3436	0.3109	0.2607
– Lowest (RM)	0.2772	0.2578	0.1622	0.1674
Distribution and Unit Split	-	-	-	-
Others				
Management Expense Ratio (MER) (%) #	0.27	0.55	0.52	0.40
Portfolio Turnover Ratio (PTR) (times) ##	0.13	0.26	0.46	0.28

\# The MER for the financial period was slightly lower compared with previous financial period due to higher expenses incurred during the financial period under review (refer to Note 13).

\## The PTR for the financial period was consistent with previous financial period (refer to Note 14).

DISTRIBUTION

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

PORTFOLIO STRUCTURE

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

	As at 31.12.2017 %	As at 30 June 2017 %	2016 %	2015 %
Sectors				
Collective investment scheme - foreign	97.16	95.55	96.94	98.17
Liquid assets and other net current assets	2.84	4.45	3.06	1.83
	100.00	100.00	100.00	100.00

The asset allocations have been structured to meet the Fund's intended objective.

BREAKDOWN OF UNIT HOLDINGS BY SIZE

	Account Holders		No. Of Units Held*	
Size of Holdings	No.	%	('000)	%
5,000 and below	98	18.84	304	0.05
5,001 to 10,000	77	14.81	559	0.08
10,001 to 50,000	187	35.96	4,546	0.68
50,001 to 500,000	133	25.58	20,885	3.15
500,001 and above	25	4.81	636,936	96.04
Total	520	100.00	663,230	100.00

* Excluding Manager's stock

SOFT COMMISSION

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 received or utilised 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 GOLD AND GENERAL FUND
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31.12.2017	30.06.2017
		RM	RM
ASSETS			
Financial assets at fair value through profit or loss ("FVTPL")	5	196,535,645	194,056,909
Deposits with a licensed financial institution	6	6,281,829	7,029,547
Bank balance	6	395,022	905,632
Amount due from Manager		251,952	1,346,635
Other receivable	7	142,813	435,905
TOTAL ASSETS		203,607,261	203,774,628
LIABILITIES			
Amount due to Manager		999,611	333,942
Accrued management fee		307,679	313,284
Amount due to Trustee		10,256	10,443
Other payables and accruals	8	14,087	16,050
TOTAL LIABILITIES		1,331,633	673,719
NET ASSET VALUE		202,275,628	203,100,909
UNITHOLDERS' FUND			
Unitholders' capital		368,121,974	384,138,346
Accumulated losses		(165,846,346)	(181,037,437)
		202,275,628	203,100,909
UNITS IN CIRCULATION (UNITS)	9	663,239,000	710,843,000
NET ASSET VALUE PER UNIT (RM)		0.3050	0.2857

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

RHB GOLD AND GENERAL FUND
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Note	01.07.2017 to 31.12.2017 RM	01.07.2016 to 31.12.2016 RM
INVESTMENT INCOME/(LOSS)			
Interest income from deposits with licensed financial institutions		87,452	101,829
Net gain/(loss) on financial assets at FVTPL	5	15,884,348	(15,576,717)
Net realised foreign currency exchange loss		(240,650)	(215,747)
		15,731,150	(15,690,635)
EXPENSES			
Management fee	10	(363,106)	(365,576)
Trustee's fee	11	(59,704)	(56,433)
Audit fee		(3,202)	(3,000)
Tax agent's fee		(1,715)	(1,350)
Other expenses		(112,332)	(111,894)
		(540,059)	(538,253)
Profit/(loss) before taxation		15,191,091	(16,228,888)
Taxation	12	-	-
Profit/(loss) after taxation and total comprehensive income/(loss) for the financial period		15,191,091	(16,228,888)
Profit/(loss) after taxation is made up of the following:			
Realised amount		(2,654,610)	(652,171)
Unrealised amount		17,845,701	(15,576,717)
		15,191,091	(16,228,888)

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

RHB GOLD AND GENERAL FUND
UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Unitholders' capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 July 2016	320,966,407	(164,897,666)	156,068,741
Movement in net asset value:			
Total comprehensive loss for the financial period	-	(16,228,888)	(16,228,888)
Creation of units arising from applications	70,453,260	-	70,453,260
Cancellation of units	(20,557,545)	-	(20,557,545)
Balance as at 31 December 2016	370,862,122	(181,126,554)	189,735,568
Balance as at 1 July 2017	384,138,346	(181,037,437)	203,100,909
Movement in net asset value:			
Total comprehensive income for the financial period	-	15,191,091	15,191,091
Creation of units arising from applications	19,707,818	-	19,707,818
Cancellation of units	(35,724,190)	-	(35,724,190)
Balance as at 31 December 2017	368,121,974	(165,846,346)	202,275,628

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

RHB GOLD AND GENERAL FUND
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	01.07.2017 to 31.12.2017 RM	01.07.2016 to 31.12.2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	32,003,060	-
Purchase of investments	(18,791,649)	(47,698,411)
Interest received from deposits with licensed financial institutions	87,452	101,829
Management fee paid	(1,796,707)	(1,637,055)
Management fee rebate received	1,674,639	1,311,665
Trustee's fee paid	(59,891)	(54,569)
Payment for other fees and expenses	(119,212)	(120,494)
Net cash generated from/(used in) operating activities	12,997,692	(48,097,035)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	20,802,501	72,884,554
Payment for cancellation of units	(35,058,521)	(20,515,567)
Net cash (used in)/generated from in financing activities	(14,256,020)	52,368,987
Net (decrease)/increase in cash and cash equivalents	(1,258,328)	4,271,952
Cash and cash equivalents at the beginning of the financial period	7,935,179	1,740,855
Cash and cash equivalents at the end of the financial period	6,676,851	6,012,807
Cash and cash equivalents comprise:		
Deposit with a licensed financial institution	6,281,829	5,631,234
Bank balances	395,022	381,573
	6,676,851	6,012,807

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

RHB GOLD AND GENERAL FUND
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2017

1 THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Gold and General Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 15 February 2008 as amended via its first supplemental deed dated 4 September 2013, second supplemental deed dated 16 February 2015 and third supplemental deed dated 3 August 2015 (collectively referred to as “the Deeds”) between RHB Asset Management Sdn Bhd (“the Manager”) and HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 21 July 2009 and will continue its operations until terminated according to the conditions provided in the Deeds. The principal activity of the Fund is to invest in ‘Permitted Investments’ as defined in the Deeds. The Fund is a feeder fund that invests in the United Gold and General Fund (“UGGF”), a collective investment scheme launched in June 1995 that is domiciled in Singapore and is managed by UOB Asset Management Limited, Singapore.

All investments will be subject to the Securities Commission Malaysia’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.

The main objective of the Fund is to achieve returns on investment mainly in securities of corporations (whether or not listed on any stock exchange, and in any part of the world) whose business (in any part of the world) is or is substantially in the mining or extraction of gold, silver or precious metals (e.g. platinum, palladium, rhodium etc.), bulk commodities (e.g. coal, iron ore, steel etc.), base metals of all kinds (e.g. copper, aluminium, nickel, zinc, lead tin etc.), and other commodities (e.g. industrial minerals, titanium dioxide, borates etc.) and it includes the mining or extraction of oil, gas, coal and alternative energy or other commodities or other minerals.

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, 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 27 February 2018.

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 this 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 period. 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 year beginning on 1 July 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 year 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 year beginning on/after 1 July 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)

(i) Financial year beginning on/after 1 July 2017 (continued)

- 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.

  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.

  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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 Manager and other receivable 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.

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' category including the effects of currency translation are recognised in profit or loss in the financial period in 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 or, if unavailable, on the average of the last published buying price and the last published selling price of such unit or share (excluding any sales charge included in such selling price).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Recognition and measurement (continued)

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period 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.

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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 profit or loss when the liabilities are de-recognised, and through the amortisation process.

2.4 Unitholders' capital

The unitholders' contributions to the Fund meet the criteria of the definition of puttable instruments 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 financial 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 unitholder 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 scheme 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.

2.7 Cash and cash equivalents

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

2.8 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.

2.9 Foreign currency translation

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 profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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, market risk in the global markets, price risk, interest rate risk, currency risk, country 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.

Management risk

As the Fund invests at least 95% of its Net Asset Value in United Gold and General Fund ("UGGF"), it is subject to the management risk of the management company and investment manager of UGGF. Poor management of UGGF will jeopardise the investment of the Fund in UGGF and in turn, the unitholders' investment.

Market risk in the global markets

Investors in UGGF should consider and satisfy themselves as to the usual risks of investing and participating in publicly traded securities. Prices of securities may go up or down in response to changes in economic conditions, interest rates and market's perception of securities which in turn may cause the price of units of UGGF to rise or fall.

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).

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk (continued)

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

	31.12.2017 RM	30.06.2017 RM
Financial asset at fair value through profit or loss	196,535,645	194,056,909

The table below summarises the sensitivity of the Fund's profit or loss and net asset value 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 or loss and net asset value RM
31.12.2017			
	-5	186,708,863	(9,826,782)
	0	196,535,645	-
	+5	206,362,427	9,826,782
30.06.2017			
	-5	184,354,064	(9,702,845)
	0	194,056,909	-
	+5	203,759,754	9,702,845

Interest rate risk

Interest rate risk is the risk that the cost or the value of the financial instruments will fluctuate due to changes in market interest rates. The Fund's exposure to the interest rate risk is mainly from 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 fluctuation is minimal.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

UGGF is denominated in Singapore Dollar ("SGD"). Where investments are made by UGGF in the form of foreign currency denominations, fluctuations of the exchange rates of other foreign currencies against the SGD may affect the value of the units of UGGF. In the management of UGGF, UGGF's managers adopt an active currency management approach. However, the foreign currency exposure of UGGF may not be fully hedged depending on the circumstances of each case. Such considerations shall include but are not limited to the outlook on the relevant currency, the costs of hedging and the market liquidity of the relevant currency.

The following table sets out the foreign currency risk concentrations of the Fund.

	Financial assets at fair value through profit or loss RM	Other receivable RM	Total RM
31.12.2017			
SGD	196,535,645	142,813	196,678,458
30.06.2017			
SGD	194,056,909	435,905	194,492,814

The table below summarises the sensitivity of the Fund's profit or loss and net asset value to changes in foreign exchange movements. The analysis is based on the assumption that the foreign exchange rate changes by 5%, with all other variables remaining constant. Any increase/decrease in foreign exchange rate will result in a corresponding decrease/increase in the net assets attributable to unitholders by approximately 5%. Disclosures below are shown in absolute terms, changes and impact could be positive or negative.

	Change in foreign exchange rate %	Impact on profit or loss and net asset value 31.12.2017 RM	30.06.2017 RM
SGD	5	9,833,923	9,702,845

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Country risk

The value of the assets of the Fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country in which the Fund invests.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Fund.

The credit risk arising from cash and cash equivalents 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 concentration of the Fund:

	Cash and cash equivalents RM	**Other financial assets* RM**	**Total RM**
31.12.2017			
Financial institutions:			
AAA	6,676,851	-	6,676,851
Others	-	394,765	394,765
	6,676,851	394,765	7,071,616
30.06.2017			
Financial institutions:			
AAA	7,935,179	-	7,935,179
Others	-	1,782,540	1,782,540
	7,935,179	1,782,540	9,717,719

* Comprise amount due from Manager and other receivable.

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

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

The ability of the Fund to honour requests for redemption in a timely manner is subject to the Fund's holding of adequate liquid assets and/or its ability to borrow on a temporary basis as permitted by the relevant laws.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining period 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
31.12.2017		
Amount due to Manager	999,611	-
Accrued management fee	307,679	-
Amount due to Trustee	10,256	-
Other payables and accruals	-	14,087
	1,317,546	14,087
30.06.2017		
Amount due to Manager	333,942	-
Accrued management fee	313,284	-
Amount due to Trustee	10,443	-
Other payables and accruals	-	16,050
	657,669	16,050

Non-compliance risk

The risk arises should the Manager not follow the provisions set out in the respective Deeds or the law that governs the Fund or its own internal procedures, whether by oversight or by omission, or if the Manager acts fraudulently or dishonestly. Such non-compliance may result in the Fund being mismanaged and may affect the unitholders' investment.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital of RM368,121,974 (30.06.2017: RM384,138,346) and accumulated losses of RM165,846,346 (30.06.2017: RM181,037,437). 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 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 asset or liability 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 financial period 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 balances, 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 of receivables and payables are assumed to approximate their fair values due to their short term nature.

<u>Fair value hierarchy</u>

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	Level 2	Level 3	Total
	RM	RM	RM	RM
31.12.2017				
Financial assets at fair value through profit or loss:				
- Collective investment scheme - foreign	196,535,645	-	-	196,535,645
30.06.2017				
Financial assets at fair value through profit or loss:				
- Collective investment Scheme - foreign	194,056,909	-	-	194,056,909

Investment in collective investment scheme, i.e. unit trust fund whose values are based on published prices in active markets is 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

	31.12.2017 RM	30.06.2017 RM
Financial assets designated as FVTPL:		
- Collective investment scheme - foreign	196,535,645	194,056,909

	01.07.2017 to 31.12.2017 RM	01.07.2016 to 31.12.2016 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised loss on sale of financial assets at FVTPL	(1,961,353)	-
- Net unrealised gain/(loss) on change in fair value	17,845,701	(15,576,717)
	15,884,348	(15,576,717)

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

Name of Counter	Quantity	Cost RM	Fair value as at 31.12.2017 RM	Fair value as at 31.12.2017 expressed as a percentage of value of the Fund %
COLLECTIVE INVESTMENT SCHEME – FOREIGN				
SINGAPORE				
UOB United Gold and General Fund	54,939,307	212,205,062	196,535,645	97.16
ACCUMULATED UNREALISED LOSS		(15,669,417)		
TOTAL FINANCIAL ASSETS AT FVTPL		196,535,645		

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

Financial assets designated as FVTPL as at 30 June 2017 are as follows:

Name of Counter	Quantity	Cost	Fair value as at 30.06.2017	Fair value as at 30.06.2017 expressed as a percentage of value of the Fund
		RM	RM	%
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
SINGAPORE				
UOB United Gold and General Fund	58,190,264	227,572,027	194,056,909	95.55
ACCUMULATED UNREALISED LOSS		(33,515,118)		
TOTAL FINANCIAL ASSETS AT FVTPL		194,056,909		

6 CASH AND CASH EQUIVALENTS

	31.12.2017 RM	30.06.2017 RM
Deposits with a licensed financial institution	6,281,829	7,029,547
Bank balance	395,022	905,632
	6,676,851	7,935,179

Deposits with a licensed financial institution include interest receivable of RM1,961 (30.06.2017: RM713).

	31.12.2017	30.06.2017
Weighted average effective interest rate	3.80%	3.70%
Average maturity	2 days	3 days

7 OTHER RECEIVABLE

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

8 OTHER PAYABLES AND ACCRUALS

	31.12.2017 RM	30.06.2017 RM
Audit fee payable	9,552	6,350
Tax agent's fee payable	6,315	7,100
Sundry payables and accruals	(1,780)	2,600
	14,087	16,050

9 UNITS IN CIRCULATION

	31.12.2017 Units	30.06.2017 Units
At the beginning of the financial period/year	710,843,000	501,960,000
Creation of units arising from applications during the financial period/year	67,878,000	377,070,000
Cancellation of units during the financial period/year	(115,482,000)	(168,187,000)
At the end of the financial period/year	663,239,000	710,843,000

10 MANAGEMENT FEE

In accordance with the Deeds, 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.

The management fee provided in the financial statements is 1.80% (01.07.2016 - 31.12.2016: 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 UGGF, the management fee charged by UGGF 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.

11 TRUSTEE’S FEE

In accordance with the Deeds, 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.

The Trustee’s fee provided in the financial statements is 0.06% (01.07.2016 - 31.12.2016: 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.

12 TAXATION

(a) Tax charge for the financial period

	01.07.2017 to 31.12.2017 RM	01.07.2016 to 31.12.2016 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:

	01.07.2017 to 31.12.2017 RM	01.07.2016 to 31.12.2016 RM
Profit/(loss) before taxation	15,191,091	(16,228,888)
Tax calculated at a tax rate of 24%	3,645,862	(3,894,933)
Tax effects of:		
- (Investment income not subject to tax)/ investment loss not deductible for tax purposes	(3,775,476)	3,765,752
- Expenses not deductible for tax purposes	15,891	39,430
- Restriction on tax deductible expenses for unit trust funds	113,723	89,751
Tax expense	-	-

13 MANAGEMENT EXPENSE RATIO ("MER")

	01.07.2017 to 31.12.2017 %	01.07.2016 to 31.12.2016 %
MER	0.27	0.29

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

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

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 RM197,378,289 (01.07.2016 - 31.12.2016: RM186,566,426).

14 PORTFOLIO TURNOVER RATIO ("PTR")

	01.07.2017 to 31.12.2017	01.07.2016 to 31.12.2016
The portfolio turnover ratio for the financial period (times)	0.13	0.13

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 = RM18,775,027 (01.07.2016 - 31.12.2016: RM47,475,535)
total disposal for the financial period = RM32,180,639 (01.07.2016 - 31.12.2016: Nil)

15 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:

	31.12.2017		30.06.2017	
	Units	**RM**	**Units**	**RM**
The Manager	8,558	2,610	117,447	33,555

The units are held beneficially by the Manager for booking purposes. The Manager is of the opinion that all transactions with the related parties have been entered into in the normal course of business at agreed terms between the related parties.

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 2017 are as follows:

Fund manager/ financial institution	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
UOB Asset Management Ltd	50,955,666	100.00	-	-

Details of transactions (including money market placements) by the Fund for the financial year ended 30 June 2017 are as follows:

Fund manager/ financial institution	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
UOB Asset Management Ltd	99,762,779	43.81	-	-
Public Bank Bhd	70,214,802	30.84	-	-
CIMB Bank Bhd	57,713,613	25.35	-	-
	227,691,194	100.00	-	-

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, 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 December 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
DIRECTOR

ABDUL AZIZ PERU MOHAMED
DIRECTOR

Kuala Lumpur
27 February 2018

TRUSTEE'S REPORT TO THE UNITHOLDERS OF RHB GOLD AND GENERAL FUND

We have acted as Trustee of RHB Gold and General Fund ("the Fund") for the financial period ended 31 December 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 HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Head, Trustee Operations

Kuala Lumpur
27 February 2018

CORPORATE INFORMATION

MANAGER
RHB Asset Management Sdn Bhd

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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 Suen *(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
Mr Patrick Chin Yoke Chung *(Chairman) (Re-designated on 1 November 2017)*
Encik Abdul Aziz Peru Mohamed *(Appointed on 1 November 2017)*
Ms Choo Shan *(Appointed on 1 November 2017)*
YBhg Dato' Darawati Hussain *(Appointed on 1 December 2017)*
YBhg Dato' Khairussaleh Ramli *(Chairman) (Resigned on 1 November 2017)*
Mr Ong Seng Pheow *(Resigned on 1 November 2017)*
YBhg Datuk Haji Faisal Siraj *(Resigned on 1 December 2017)*

CHIEF EXECUTIVE OFFICER
Mr Ho Seng Yee *(Retired on 31 December 2017)*

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

BRANCH OFFICE

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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: 088-628 686/692 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	HSBC (Malaysia) Trustee Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers PLT
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd

DISTRIBUTORS	Affin Bank Berhad AmBank (M) Berhad AmInvestment Bank Berhad Areca Capital Sdn Bhd CIMB Bank Berhad CIMB Wealth Advisor Berhad Genexus Advisory Sdn Bhd Hong Leong Bank Berhad HSBC Bank Malaysia Berhad iFast Capital Sdn Bhd Kenanga Investment Bank Berhad Manulife Asset Management Services Berhad Phillip Mutual Berhad RHB Bank Berhad RHB Investment Bank Berhad Standard Financial Adviser Sdn Bhd United Overseas Bank (Malaysia) Berhad RHB Asset Management Unit Trust Consultants