

**RHB GOLD AND GENERAL FUND**

**ANNUAL REPORT 2017**

**Incorporating The Audited  
Financial Statements**

For the financial year ended 30 June 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](http://www.rhbgroup.com)

[www.rhbgroup.com](http://www.rhbgroup.com)

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## GENERAL INFORMATION ABOUT THE FUND

### Commencement Date

RHB Gold and General Fund (“the Fund”) commenced operations on 21 July 2009.

### Fund Category and Type

Fund Category - Feeder fund

Fund type - Growth fund

### Investment Objective, Policy and Strategy

#### Objective of the Fund

This Fund aims to achieve 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.

#### Strategy

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 (“Target Fund”), launched in June 1995 is a collective investment scheme domiciled in Singapore and is 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 - Investments in the units of United Gold and General  
Net Asset Value Fund

2% - 5% of - Investments in liquid assets including money market  
Net Asset Value 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% HSBC Global Mining Index (RM) (“Gold and General Index”).

## **Investment Policies 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 from time to time.

## **Fund Distribution Policy**

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

## MANAGER'S REPORT

### ECONOMIC REVIEW AND OUTLOOK

Physical gold started the reporting period at USD1,322 per ounce and was initially supported by safe-haven buying following the June 2016 Brexit vote. This pushed the gold price to a high of USD1,365 per ounce in early August 2016. However, buying support then fell away following bullish remarks on US economic growth made at the Jackson Hole summit of central bankers in late August 2016, and subsequent remarks by Fed officials that talked up prospects of a December 2016 US rate hike.

The surprise victory of Donald Trump on 8 November 2016 initially saw gold recover to USD1,330 per ounce on election night. However, the gold price then fell sharply in the following weeks. Gold finally bottomed at USD1,130 per ounce on 16 December 2016, the day after the Federal Market Open Committee ("FOMC") raised US interest rates by 25 basis points ("bps"). Investors adopted a "risk-on" positioning following Trump's victory, given that the Republican Party controlled the US Presidency, the Senate and the House of Representatives. In theory, this meant there should be few hurdles in passing legislation that supported Trump's platform of pro-growth, expansionary stimulus with a particular focus on domestic investment in the US economy.

Anticipation of such policy action led to a continued USD rally into early year 2017, with the US currency helped by the FOMC's action of making two further rate hikes of 25 bps in the second half of the reporting period. Expectations of a US "reflation" trade were positive for commodity prices, with investors anticipating that growing US demand would augment ongoing demand strength in China and other emerging markets.

US reflation hopes were eventually hit by growing scepticism of the Trump administration's ability to pass its reform agenda. In particular, delay in reforming US healthcare and in formulating tax reform legislation was believed to signal disagreement between the Trump administration and the Republican-controlled legislature. Doubts about US growth prospects encouraged investors to maintain some gold exposure, with the gold price trading within a broad USD1,200 to USD1,300 per ounce range for the last quarter of the reporting period.

Gold exchange traded fund (“ETF”) holdings increased during the reporting period from 2,104 tonnes to 2,181 tonnes, a 3.7% increase. Gold ETF holdings fell sharply after Trump’s electoral victory, but recovered again as hopes for US reflation trade faltered. Data from the International Monetary Fund (“IMF”) showed continuing net buying from central banks. Although the People’s Bank of China stopped adding to its reserves in October 2016, the Russian Central Bank has remained an enthusiastic buyer. Together, these two central banks purchased 230 tonnes over the reporting period.

## REVIEW OF TARGET FUND PERFORMANCE DURING THE YEAR

For the twelve months ended 30 June 2017, the Fund’s net asset value (“NAV”) decreased by 11.4%, compared with an 8.8% decline in the composite benchmark index, in Singapore Dollar (“SGD”) terms. The benchmark index comprises 70% FT Gold Mines Index and 30% Euromoney Global Mining Index.

During the financial year under review, the FT Gold Mines Index decreased by 19.4% compared with a 15.8% gain in the Euromoney Global Mining Index, in SGD terms. Physical gold fell by 4.2% in SGD terms over the same period. The Fund maintained a moderately *overweight* position in gold equities for the majority of the reporting period.

The main factors influencing the physical gold price were political events (namely, Brexit, the United States (“US”) Presidential election and various European elections) and market expectations of US monetary policy and interest rates. In Europe, the systemic concerns initially caused by the Brexit vote were largely voided by Macron’s victory in the French Presidential election in May 2017. Conversely, initial market euphoria at Trump’s November 2016 victory had been replaced by concern over the lack of any legislative progress by June 2017.

The US Federal Reserve (“Fed”) and the expected level of US real interest rates have had a more durable impact on the gold price. Expectations of stronger US growth under a Trump administration saw the Fed raise US policy rates three times during the reporting period. This caused an improvement in real US interest rates, a negative for physical gold which does not pay interest. However, there remains uncertainty as to the sustainability of US growth, and the timing of any further US interest rate increases.

The overall share price performances of listed gold companies suffered from sharp movements in the gold price during the reporting period, and a resulting de-rating in the valuation multiples that investors placed on earnings, cash flow and reserves & resources. This was despite generally positive operational performances, with quarterly reports showing that most gold companies continue to lower operational costs. This was particularly the case for non-US producers, helped by lower costs in local currencies as the US Dollar strengthened for much of the period under review.

The Fund benefited from companies with trusted managements that have delivered on production targets, such as *Evolution Mining*, *Northern Star Resources*, *Regis Resources* and *Torex Gold*.

The Fund also benefited from investing in Canadian and Australian companies with operations in non-US jurisdictions that were helped by a stronger US Dollar (“USD”) for much of the reporting period. As well as the companies above, this included *B2Gold*, *Iamgold*, *Endeavour Mining* and *Saracen Minerals*.

The Fund also benefited from positive exploration and development progress at a number of companies, including *Pretium Resources* and *Westgold Resources*. However, the Fund was negatively affected by uncertain management policy at *Barrick Gold* and *Goldcorp*, country-specific problems for *Eldorado Gold* and *Tahoe Resources* and geological problems at *Detour Gold*.

The Euromoney Global Mining Index strengthened during the reporting period, helped by stronger physical demand from China and speculative anticipation of increased infrastructure spending in the US. There was a particularly notable rebound in bulk commodities such as iron ore, and the Fund benefited from positive contributions from *BHP Billiton*, *Glencore* and *Rio Tinto* (all diversified mining). The Fund saw positive performances from certain base metal companies, such as *Lundin Mining* and *Sandfire Resources* (both copper).

As at 30 June 2017, the Fund held 78.7% in gold equities, 16.4% in basic material equities, 3.2% in energy equities and held 1.7% cash.

In terms of country allocation, the Fund was invested 51.6% in Canada, 24.8% in Australia, 10.4% in the United States, 3.5% in the United Kingdom and 8.0% in other countries.

## MARKET OUTLOOK AND STRATEGY GOING FORWARD

The outlook for the gold price, in USD terms, will remain linked to the strength of US economic data and the related timing of future US interest rate increases. Despite bullish macroeconomic rhetoric, there is a distinct possibility that both US economic growth and US inflation will remain subdued. This could result in a sluggish pace for monetary tightening, a weaker US currency and a supportive environment for the gold price.

This constructive view for gold assumes leading central banks remain data-dependant when setting future monetary policy, and do not attempt to “normalize” monetary conditions regardless of softness in economic data. In particular, we expect the Fed to act cautiously in regards to future US rate hikes and the size of its balance sheet. We also anticipate the Trump administration will make relatively slow progress on its agenda for tax reform and infrastructure stimulus over the coming year. Again, this will have negative consequences for US economic growth and the USD.

Outside of the US, the European Central Bank (“ECB”) and the Bank of Japan (“BOJ”) continue to expand their balance sheets aggressively. The two banks added an aggregate USD1.0 trillion in the first half of year 2017, and the Fund expects continued bond purchases by both banks. Although the ECB has hinted at reducing purchases at some point, financial analysts forecasts this will be a gradual process that extends out into year 2019. The BOJ is now stating it will reach its 2.0% inflation target in year 2020, and appears prepared to maintain its easy monetary policy until this target is met. A scenario of delayed US rate increases, low real interest rates and expansionary monetary policy in other regions has the potential to be supportive for the gold price.

Central banks in general are expected to remain aggregate net buyers of gold, with the People’s Bank of China and the Russian Central Bank continuing to be the most sizeable buyers. Investment flows from private investors should remain positive, and the Fund expects Gold ETFs will continue to receive net fund inflows over the coming reporting period, as investors seek to diversify portfolios given the uncertain macroeconomic environment.

Differences in monetary policies will continue to influence the relative values of different currencies. The Fund expects that gold-related assets will appeal as a safe haven to investors concerned about unpredictable levels of volatility in currency markets. In addition, the potential for continued geopolitical unrest in the Middle East is likely to be supportive for gold given its traditional 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 depressed levels, despite the clear improvement in operational discipline, better cash flows and stronger balance sheets. The Fund will continue to search for lower-cost gold producers that also offer good production volume growth. Potential gold price volatility makes it important to invest in companies with strong balance sheets and that do not require financial market help to fund capital expenditure. The Fund may also position itself in special situations in order to benefit from merger & acquisition activity.

The outlook for general commodities is positive given current forecasts for global GDP growth, and the low level of capital investment in new mines. The implied tightening in supply-demand balances is supportive for most base metal and bulk commodity prices. Chinese regulators continue to close domestic aluminium, steel and coal capacity for environmental reasons, with a resulting reduction in supply. Chinese manufacturing Purchasing Managers' Index ("PMI"), industrial production, fixed asset investment and housing activity are at healthy levels, with the Chinese economy benefiting from stronger domestic demand. The Fund expects to neutralise its exposure to general commodities relative to benchmark.

The recent performance of gold-backed assets – and of commodities generally – have been highly volatile, and investors should continue to expect both sharp rallies and corrections. Such corrections should be viewed as good buying opportunities given our expectation of a resilient gold price, particularly in a weak USD environment. We believe that gold should feature in an investors' asset allocation strategy given its generally negative correlation against stocks and bonds.



## PERFORMANCE REVIEW

For the financial year under review, the Fund registered a loss of 8.11%\* whilst the benchmark recorded a loss of 5.22%\*. The Fund has not achieved its investment objective during the financial year under review.

\* Source: Lipper Investment Management ("Lipper IM"), 14 July 2017

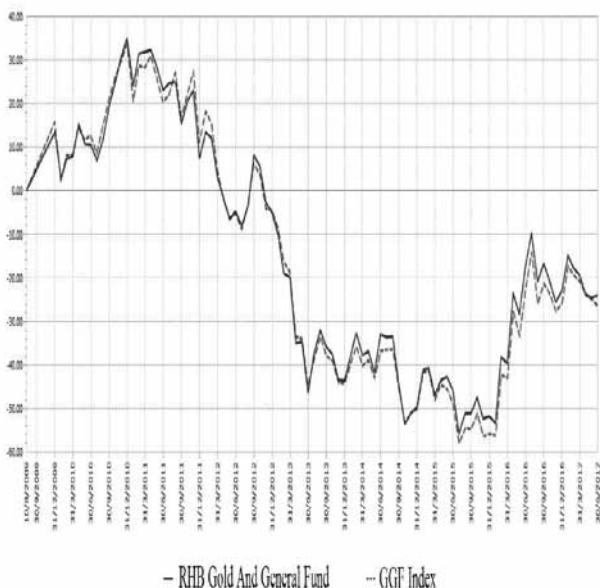
## PERFORMANCE DATA

	Total Return				
	1-Month %	3-Month %	6-Month %	9-Month %	12-Month %
RHB Gold and General Fund	0.63	(5.77)	(1.35)	(8.93)	(8.11)
Gold and General Index	(2.20)	(7.22)	(1.05)	(6.74)	(5.22)

	Average Annual Return			
	1 Year (30.06.2016- 30.06.2017) %	3 Years (30.06.2014- 30.06.2017) %	5 Years (30.06.2012- 30.06.2017) %	Since inception (10.08.2009- 30.06.2017) %
RHB Gold and General Fund	(8.11)	4.24	(4.45)	(3.45)
Gold and General Index	(5.22)	5.13	(4.97)	(3.85)

	Annual Total Return Financial Year Ended 30 June				
	2017 %	2016 %	2015 %	2014 %	2013 %
RHB Gold and General Fund					
- Capital Return	(8.11)	52.55	(19.19)	25.04	(43.78)
- Income Return	-	-	-	-	-
- Total Returns	(8.11)	52.55	(19.19)	25.04	(43.78)
Gold and General Index	(5.22)	51.72	(19.19)	14.56	(41.80)

**Performance of RHB Gold and General Fund  
for the period from 10 August 2009 to 30 June 2017  
Cumulative Return Over The Period (%)**



Source: Lipper IM, 14 July 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.

<b>Fund Size</b>	<b>As at 30 June</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value (RM million)	203.10	156.07	123.89
Units In Circulation (million)	710.84	501.96	607.88
Net Asset Value Per Unit (RM)	0.2857	0.3109	0.2038

<b>Historical Data</b>	<b>Financial Year Ended 30 June</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Unit Prices</b>			
NAV Price – Highest (RM)	0.3436	0.3109	0.2607
– Lowest (RM)	0.2578	0.1622	0.1674
<b>Distribution and Unit Split</b>	-	-	-
<b>Others</b>			
Management Expense Ratio (MER) (%) #	0.55	0.52	0.40
Portfolio Turnover Ratio (PTR) (times) ##	0.26	0.46	0.28

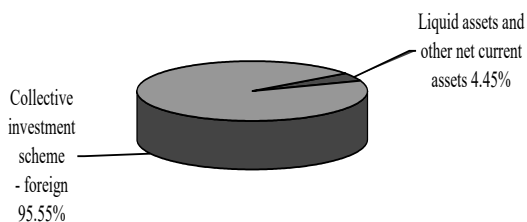
# The MER for the financial year was higher compared with previous financial year due to higher expenses incurred for the financial year under review (refer to Note 13).

## The PTR for the financial year was lower compared with previous financial year due to lesser investments activities for the financial year under review (refer to Note 14).

## **DISTRIBUTION**

During the financial year under review, no distribution has been proposed for the Fund.

## PORTFOLIO STRUCTURE AS AT 30 JUNE 2017



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

	As at 30 June		
	2017 %	2016 %	2015 %
<b>Sectors</b>			
Collective investment scheme - foreign	95.55	96.94	98.17
Liquid assets and other net current assets	4.45	3.06	1.83
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

## FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 30 June 2017, the Fund's units in circulation stood at 710.84 million units with a total of 565 accounts.

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	105	18.58	334	0.05
5,001 to 10,000	84	14.87	615	0.09
10,001 to 50,000	207	36.64	5,088	0.71
50,001 to 500,000	143	25.31	21,564	3.03
500,001 and above	26	4.60	683,125	96.12
Total	565	100.00	710,726	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 year under review, the Manager did not receive or utilise any soft commission from brokers/dealers in consideration for directing dealings in the investment of the Fund. However, in the event the Manager were to receive any soft commission in the future, these will only be retained by the Manager if they are in the form of goods and services which are of demonstrable benefit to the unitholders.

**RHB GOLD AND GENERAL FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (“FVTPL”)	5	194,056,909	151,291,771
Deposits with a licensed financial institution	6	7,029,547	1,701,657
Bank balance	6	905,632	39,198
Amount due from Manager		1,346,635	3,121,469
Other receivable	7	435,905	171,985
<b>TOTAL ASSETS</b>		<u>203,774,628</u>	<u>156,326,080</u>
<b>LIABILITIES</b>			
Amount due to Manager		333,942	-
Accrued management fee		313,284	231,618
Amount due to Trustee		10,443	7,721
Other payables and accruals	8	16,050	18,000
<b>TOTAL LIABILITIES</b>		<u>673,719</u>	<u>257,339</u>
<b>NET ASSET VALUE</b>		<u>203,100,909</u>	<u>156,068,741</u>
<b>UNITHOLDERS’ FUND</b>			
Unitholders’ capital		384,138,346	320,966,407
Accumulated losses		(181,037,437)	(164,897,666)
		<u>203,100,909</u>	<u>156,068,741</u>
<b>UNITS IN CIRCULATION (UNITS)</b>	9	<u>710,843,000</u>	<u>501,960,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.2857</u>	<u>0.3109</u>

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

**RHB GOLD AND GENERAL FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Interest income from deposits with licensed financial institutions		197,008	64,134
Net (loss)/gain on financial assets at FVTPL	5	(15,078,734)	61,537,571
Net realised foreign currency exchange (loss)/gain		(198,611)	25,639
		<u>(15,080,337)</u>	<u>61,627,344</u>
<b>EXPENSES</b>			
Management fee	10	(708,036)	(414,418)
Trustee's fee	11	(114,872)	(74,181)
Audit fee		(6,350)	(6,000)
Tax agent's fee		(2,900)	(2,700)
Other expenses		(227,276)	(147,829)
		<u>(1,059,434)</u>	<u>(645,128)</u>
(Loss)/profit before taxation		(16,139,771)	60,982,216
Taxation	12	-	-
		<u>(16,139,771)</u>	<u>60,982,216</u>
(Loss)/profit after taxation and total comprehensive (loss)/income for the financial year			
		<u>(16,139,771)</u>	<u>60,982,216</u>
(Loss)/profit after taxation is made up of the following:			
Realised amount		(1,592,269)	(35,792,259)
Unrealised amount		(14,547,502)	96,774,475
		<u>(16,139,771)</u>	<u>60,982,216</u>

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

**RHB GOLD AND GENERAL FUND**  
**STATEMENT OF CHANGES IN NET ASSET VALUE**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	<u>Unitholders’ capital</u> RM	<u>Accumulated losses</u> RM	<u>Total net asset value</u> RM
Balance as at 1 July 2015	349,769,101	(225,879,882)	123,889,219
Movement in net asset value:			
Total comprehensive income for the financial year	-	60,982,216	60,982,216
Creation of units arising from applications	41,591,608	-	41,591,608
Cancellation of units	(70,394,302)	-	(70,394,302)
Balance as at 30 June 2016	<u>320,966,407</u>	<u>(164,897,666)</u>	<u>156,068,741</u>
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 year	-	(16,139,771)	(16,139,771)
Creation of units arising from applications	116,463,135	-	116,463,135
Cancellation of units	(53,291,196)	-	(53,291,196)
Balance as at 30 June 2017	<u>384,138,346</u>	<u>(181,037,437)</u>	<u>203,100,909</u>

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



**RHB GOLD AND GENERAL FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from sale of investments		20,992,964	55,451,666
Purchase of investments		(79,027,241)	(23,587,970)
Interest received from deposits with licensed financial institutions		197,008	64,134
Management fee paid		(3,364,493)	(2,200,166)
Management fee rebate received		2,465,997	1,793,259
Trustee's fee paid		(112,150)	(73,339)
Payment for other fees and expenses		(238,476)	(155,729)
Net realised foreign exchange gain		-	25,639
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(59,086,391)	31,317,494
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		118,237,969	38,590,124
Payment for cancellation of units		(52,957,254)	(70,621,257)
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		65,280,715	(32,031,133)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		6,194,324	(713,639)
Cash and cash equivalents at the beginning of the financial year		1,740,855	2,454,494
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		7,935,179	1,740,855
		<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise:			
Deposit with a licensed financial institution	6	7,029,547	1,701,657
Bank balance	6	905,632	39,198
		<hr/>	<hr/>
		7,935,179	1,740,855
		<hr/> <hr/>	<hr/> <hr/>

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

**RHB GOLD AND GENERAL FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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”), HSBC (Malaysia) Trustee Berhad (“the Trustee”).

The Fund was launched on 21 July 2009 and will continue its operations until terminated as 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 21 August 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 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 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 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 year and is not likely to affect future years.

(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)

(ii) Financial year beginning on/after 1 July 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 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 year beginning on/after 1 July 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 or 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 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.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Financial assets (continued)

#### 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 year 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).

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Financial assets (continued)

#### Impairment of financial assets (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in 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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.4 Unitholders' capital**

The unitholders' contributions to the Fund meet the definition of the puttable 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 year 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.

### **2.5 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 year.



## **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 and deposits with a licensed financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **2.8 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 statement of comprehensive income.

### **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, 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).

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

	<u>2017</u>	<u>2016</u>
	RM	RM
Financial asset at fair value through profit or loss	<u>194,056,909</u>	<u>151,291,771</u>

### 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Price risk (continued)

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.

	<b>Changes in price of <u>investments</u> %</b>	<b>Market <u>value</u> RM</b>	<b>Impact on profit or loss and <u>net asset value</u> RM</b>
<b><u>2017</u></b>			
	-5	184,354,064	(9,702,845)
	0	194,056,909	-
	+5	203,759,754	9,702,845
<b><u>2016</u></b>			
	-5	143,727,182	(7,564,589)
	0	151,291,771	-
	+5	158,856,360	7,564,589

#### 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.

#### 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.

### 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Currency risk (continued)

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

	<b>Financial assets at fair value through profit or loss RM</b>	<b>Other receivables RM</b>	<b>Total RM</b>
<b><u>2017</u></b>			
SGD	194,056,909	435,905	194,492,814
<b><u>2016</u></b>			
SGD	151,291,771	171,985	151,463,756

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.

	<b>Change in foreign exchange rate %</b>	<b>Impact on profit or loss and net asset value</b>	
		<b><u>2017</u> RM</b>	<b><u>2016</u> RM</b>
SGD	5	9,702,845	7,564,589

#### 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.

### 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### 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:

	<b>Cash and cash equivalents</b>	<b>Other financial assets*</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><u>2017</u></b>			
Financial institution:			
AAA	7,935,179	-	7,935,179
Others	-	1,782,540	1,782,540
	<u>7,935,179</u>	<u>1,782,540</u>	<u>9,717,719</u>
<b><u>2016</u></b>			
Financial institution:			
AAA	1,740,855	-	1,740,855
Others	-	3,293,454	3,293,454
	<u>1,740,855</u>	<u>3,293,454</u>	<u>5,034,309</u>

\* 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.

	<b>Less than <u>1 month</u> RM</b>	<b>Between <u>1 month</u> to 1 year RM</b>
<b><u>2017</u></b>		
Amount due to Manager	333,942	
Accrued management fee	313,284	-
Amount due to Trustee	10,443	-
Other payables and accruals	-	16,050
	<u>657,669</u>	<u>16,050</u>
	<u><u>657,669</u></u>	<u><u>16,050</u></u>
<b><u>2016</u></b>		
Accrued management fee	231,618	-
Amount due to Trustee	7,721	-
Other payables and accruals	-	18,000
	<u>239,339</u>	<u>18,000</u>
	<u><u>239,339</u></u>	<u><u>18,000</u></u>

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

#### 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.

#### 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 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 year 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 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 year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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

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

The 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.

### 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:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<b><u>2017</u></b>				
Financial assets at fair value through profit or loss				
- Collective investment				
Scheme - foreign	194,056,909	-	-	194,056,909
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>2016</u></b>				
Financial assets at fair value through profit or loss				
- Collective investment				
Scheme - foreign	151,291,771	-	-	151,291,771
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

	<u>2017</u> RM	<u>2016</u> RM
Financial assets designated as FVTPL:		
- Collective investment scheme - foreign	194,056,909	151,291,771
	<u>2017</u> RM	<u>2016</u> RM
Net (loss)/gain on financial assets at FVTPL comprised:		
- Net realised loss on sale of financial assets at FVTPL	(531,232)	(35,236,904)
- Unrealised (loss)/gain on change in fair value	(14,547,502)	96,774,475
	<u>(15,078,734)</u>	<u>61,537,571</u>

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

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

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

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at <u>30.06.2016</u> RM	<u>Fair value as</u> at 30.06.2016 expressed as a percentage of value of <u>the Fund</u> %
<b>COLLECTIVE INVESTMENT SCHEME - FOREIGN</b>				
<b><u>Singapore</u></b>				
UOB United Gold and General Fund	41,856,003	170,259,387	<u>151,291,771</u>	<u>96.94</u>
<b>ACCUMULATED UNREALISED LOSS</b>		<u>(18,967,616)</u>		
<b>TOTAL FINANCIAL ASSETS AT FVTPL</b>		<u>151,291,771</u>		

## 6 CASH AND CASH EQUIVALENTS

	<u>2017</u> RM	<u>2016</u> RM
Deposits with a licensed financial institution	7,029,547	1,701,657
Bank balance	905,632	39,198
	<u>7,935,179</u>	<u>1,740,855</u>

Deposits with a licensed financial institution include interest receivable of RM713 (2016: RM149).

	<u>2017</u>	<u>2016</u>
Weighted average effective interest rate	3.70%	3.20%
Average maturity	3 days	1 day

## 7 OTHER RECEIVABLE

Other receivable is the rebate on management fee receivable from the fund manager of the Target Fund.

## 8 OTHER PAYABLES AND ACCRUALS

	<u>2017</u> RM	<u>2016</u> RM
Audit fee payable	6,350	6,000
Tax agent's fee payable	7,100	4,200
Sundry payables and accruals	2,600	7,800
	<u>16,050</u>	<u>18,000</u>

## 9 UNITS IN CIRCULATION

	<u>2017</u> Units	<u>2016</u> Units
At the beginning of the financial year	501,960,000	607,879,000
Creation of units arising from applications during the financial year	377,070,000	216,058,000
Cancellation of units during the financial year	(168,187,000)	(321,977,000)
	<hr/>	<hr/>
At the end of the financial year	<u>710,843,000</u>	<u>501,960,000</u>

## 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% (2016: 1.80%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year. 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% (2016: 0.06%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

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

## 12 TAXATION

### (a) Tax charge for the financial year

	<u>2017</u> RM	<u>2016</u> RM
Current taxation	-	-

### (b) Numerical reconciliation of income tax expense

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

	<u>2017</u> RM	<u>2016</u> RM
(Loss)/profit before taxation	(16,139,771)	60,982,216
Tax calculated at a tax rate of 24%	(3,873,545)	14,635,732
Tax effects of:		
- Investment loss not deductible for tax purposes/ (investment income not subject to tax)	3,619,281	(14,790,563)
- Expenses not deductible for tax purposes	30,523	52,066
- Restriction on tax deductible expenses for unit trust funds	223,741	102,765
Tax expense	-	-

### 13 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>2017</u> %	<u>2016</u> %
MER	0.55	0.52

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 year, calculated on a daily basis

The average net asset value of the Fund for the financial year, calculated on a daily basis is RM190,934,193 (2016: RM123,627,992).

### 14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>2017</u>	<u>2016</u>
The portfolio turnover ratio for the financial year (times)	0.26	0.46

The portfolio turnover ratio is derived from the following calculation:

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

where:

$$\text{total acquisition for the financial year} = \text{RM78,803,325} \\ \text{(2016: RM23,587,970)}$$

$$\text{total disposal for the financial year} = \text{RM21,490,686} \\ \text{(2016: RM90,688,569)}$$

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

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

<u>Related parties</u>	<u>Relationship</u>
RHB Asset Management Sdn Bhd	The Manager
RHB Investment Bank 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:

	<u>2017</u>		<u>2016</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	117,447	33,555	287,496	89,383

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

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



## 16 TRANSACTIONS BY THE FUND

Details of transactions by the Fund for the financial year ended 30 June 2017 are as follows:

<u>Fund Manager/ financial institution</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
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	-	-
	<u>227,691,194</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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

<u>Fund Manager/ financial institution</u>	<u>Value of trades</u> RM	<u>Percentage of total trades</u> %	<u>Brokerage fees</u> RM	<u>Percentage of total brokerage fees</u> %
UOB Asset Management Ltd	79,039,636	63.29	-	-
CIMB Bank Bhd	45,840,189	36.71	-	-
	<u>124,879,825</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

## 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 is derived from the collective investment scheme domiciled in Singapore.

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

## 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 financial statements set out on pages 13 to 41 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 30 June 2017 and of its financial performance and cash flows for the financial year 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  
21 August 2017

## TRUSTEE'S REPORT

We have acted as Trustee of RHB Gold and General Fund (“the Fund”) for the financial year ended 30 June 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  
21 August 2017

# INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB GOLD AND GENERAL FUND

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of RHB Gold and General Fund (“the Fund”) give a true and fair view of the financial position of the Fund as at 30 June 2017 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

### What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 41.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB GOLD AND GENERAL FUND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Information other than the financial statements and auditors' report thereon

The Managers of the Fund is responsible for the other information. The other information comprises Manager's report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Fund or to terminate the Fund, or have no realistic alternative but to do so.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB GOLD AND GENERAL FUND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

## INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF RHB GOLD AND GENERAL FUND (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Auditors' responsibilities for the audit of the financial statements (continued)

- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### OTHER MATTERS

This report is made solely to the members of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur

21 August 2017



## CORPORATE INFORMATION

### MANAGER

RHB Asset Management Sdn Bhd

### PRINCIPAL AND REGISTERED OFFICE

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

### BUSINESS OFFICE

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

Email address: [rham@rhbgroup.com](mailto:rham@rhbgroup.com)

Tel: 03-9205 8000

Fax: 03-9205 8100

Website: <http://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 Suen (*Managing Director*)

Dr. Ngo Get Ping (*Independent Non-Executive Director*)

Ms Choo Shan (*Independent Non-Executive Director*)

(*Appointed on 03 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)

## BRANCH OFFICE

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, Lebuah 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	4 <sup>th</sup> 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: 088-628 686/692 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
<b>TRUSTEE</b>	HSBC (Malaysia) Trustee Berhad
<b>BANKER</b>	RHB Bank Berhad
<b>AUDITORS</b>	PricewaterhouseCoopers
<b>TAX ADVISER</b>	PricewaterhouseCoopers Taxation Services Sdn Bhd

## **DISTRIBUTORS**

Affin Bank Berhad  
AmBank (M) Berhad  
AmInvestment Bank Berhad  
Areca Capital Sdn Bhd  
CIMB Bank Berhad  
CIMB Wealth Advisors Berhad  
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