

RHB GLOBAL FORTUNE FUND

INTERIM REPORT 2017

**Incorporating The Unaudited
Financial Statements**

For the six months financial period ended 31 August 2017

RHB◆Asset Management

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GENERAL INFORMATION ABOUT THE FUND

Commencement Date

RHB Global Fortune Fund (“the Fund”) commenced operations on 8 August 2006.

Fund Category and Type

Fund Category - Feeder fund

Fund Type - Income fund

Investment Objective, Policy and Strategy

Objective of the Fund

The Fund aims to provide total return from dividend income, option premiums and capital appreciation, sustainable distributions and typically lower portfolio volatility compared to a normal equity investment.

Strategy

The Fund is a feeder fund that invests principally in the Allianz Global High Payout Fund (“Target Fund”), which is managed by Allianz Global Investors Singapore Limited, a part of Allianz Global Investors.

Allianz Global High Payout Fund is regulated by the Monetary Authority of Singapore under the Securities and Futures Act, Singapore.

When the investments in the Target Fund does not meet the objectives of the Fund, the Manager may choose to replace it with another collective investment scheme with similar objectives, subject to the approval from unitholders.

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

At least 95% of - Investments in the Target Fund
Net Asset Value

Up to 5% of - Investments in liquid assets
Net Asset Value

Performance Benchmark

60% Morgan Stanley Capital International (“MSCI”) World and 40% Dividend Yield (MSCI World)

Investment Policies and Restrictions

The Fund may invest in local or foreign collective investment schemes (including exchange traded funds), financial derivatives, liquid assets and any other investment permitted by the Securities Commission Malaysia from time to time.

In undertaking the Fund’s investments, the Fund must not invest in a fund-of-funds, a feeder fund or any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.

Fund Distribution Policy

Income (if any) will be distributed during the financial period.

MANAGER'S REPORT

REVIEW OF FUND PERFORMANCE DURING THE PERIOD

During the period under review, RHB Global Fortune Fund (“the Fund”) decreased marginally by 0.40%, compared to 1.79% for the benchmark**. The Fund provides income from stock dividends and option premiums.

Total stock selection effects were negative in the reporting period. Country allocation effects were negative due to the overweight of Emerging Markets and a structural underweight of North America. Overweighting Europe could add to performance since the region serves as an overweight where many high yielding stocks can be found there. Sector allocation effects were negative due to the Fund’s defensive positioning with overweighting in the Utilities and Telecom sectors and its underweight in volatile and low yielding sectors such as Information Technology. Positive sector allocation effects came from overweighting Health Care stocks and underweighting Financials. Negative attribution effects came from allocating to stocks with high and sustainable dividend payments and stocks with attractive valuation.

** 60% MSCI World and 40% Dividend Yield (MSCI World)

STRATEGY AND POLICIES

The Fund has a two-part investment strategy. Firstly, the investment manager invests in stocks from a globally diversified universe that offer a high and sustainable dividend yield. Secondly, call options on these stocks are sold to generate option premium, enhancing dividends and reducing overall portfolio risk. By systematically selling call options on stocks in the fund, we are able to generate additional income, profiting from an increase in uncertainty. In a market that is trending sideways or highly volatile, this helps to achieve superior returns to an equity-only fund. By these means, the Fund’s investment objective to provide a total return from dividend income, option premiums and capital appreciation should lead to sustainable distributions to investors.

The strategy undertaken by the manager during the period under review was of a passive mode, as the Fund is a feeder fund.

MARKET REVIEW

Global equities rallied strongly throughout the reporting period, with many markets touching record highs amid growing optimism over the outlook for global growth. Emerging market equities led the rally, posting double-digit returns, followed by euro-zone shares. Almost all sectors advanced, with information technology stocks the strongest performers, followed by healthcare companies. However, energy stocks retreated as oil prices slid to their lowest levels this year.

US equities posted robust gains, with major indices touching a series of fresh highs. Shares were boosted by strong corporate earnings growth and hopes of tax and regulatory reform. However, the rally appeared to run out of steam in the second quarter amid signs of moderating economic activity. Almost all sectors rallied, with technology stocks the strongest performers, although they gave back some of their gains during June 2017. Healthcare companies came a close second, boosted by hopes that President Trump would resist cracking down on drug prices. In contrast, energy companies fell sharply as oil prices fell to their lowest levels this year. The telecommunication services sector also retreated amid heightened competition in the sector.

Euro-zone equities delivered robust gains, buoyed by signs that economic activity in the region was continuing to pick up momentum. Almost all sectors advanced, with the information technology, industrials, healthcare and utilities stocks generating double-digit returns. Energy was the only sector to retreat, undermined by declining oil prices which fell to their lowest levels this year.

Equity markets in the Pacific Ex Japan rallied strongly over the first months of the year, buoyed by optimism over the outlook for the global economy as well as by signs of stronger-than-expected economic activity in China. All countries in the region gained, with China and Hong Kong leading the advance. Japanese equities delivered solid gains over the reporting period, boosted by generally positive economic news. While Japan's first-quarter Gross Domestic Product ("GDP") growth was revised down to 1.0% on an annual basis, from an initial estimate of 2.20%, this was mainly due to an unexpected decline in oil inventories, meaning that the underlying pace of growth was not affected.

MARKET OUTLOOK AND STRATEGY GOING FORWARD

The United States (“US”) economy expanded by an upwardly revised 1.40% on an annualized basis in the first quarter, but data releases indicated that the economy was losing momentum in the second quarter. Job growth slowed, with a lower-than-expected 138,000 new jobs added in May 2017, while data for April 2017 was revised down to 174,000 from an initial estimate of 211,000. Purchasing managers’ indices also dropped in May 2017, with the reading for the manufacturing sector falling to a nine-month low. However, inflation eased, with the core personal consumption expenditures price index, the Federal Reserve’s (“Fed”) preferred measure of inflation, sliding to a year-on-year pace of 1.40% in May 2017 compared to 1.80% in January 2017.

As widely expected, the Fed raised rates twice, in March 2017 and again in June 2017, taking the federal funds rate to a range of 1.00% to 1.25%. However, against the backdrop of moderating growth and easing inflation, the Fed surprised investors by maintaining its forecasts for a further rise in rates during the second half of year 2017, followed by three further increases in year 2018. It also set out plans to scale back its balance sheet.

Economic news indicated that growth in the Euro zone was strengthening. The Euro-zone composite purchasing managers’ index held steady at a six-year high for much of the period and the Ifo survey of German business confidence hit a record high in June 2017. Having hit a four-year high of 2.00% in February 2017, headline inflationary pressures subsequently eased, falling to 1.30% in June 2017, but core inflation picked up from 0.70% in March 2017 to 1.10% in June 2017.

The European Central Bank (“ECB”) kept interest rates on hold and maintained its bond-buying programme. However, in June 2017 the ECB dropped its easing bias, saying it now judged risks to be “broadly balanced”, and raised its growth forecasts. During the month, speculation grew that the ECB was considering tapering its asset-purchase programme when Mario Draghi described the recent weakness in inflation as temporary, saying “deflationary forces have been replaced by reflationary ones”.

United Kingdom (“UK”) equities also rose, but lagged those in the Euro zone. UK growth slowed amid signs that higher prices were starting to impact consumer spending. Political uncertainty also weighed on sentiment as Prime Minister Theresa May 2017’s bid to strengthen her hand in the Brexit negotiations spectacularly backfired when the general election left the Conservative Party with no overall parliamentary majority.

The global equity markets are currently pricing in a pick-up in growth, which means that there is a chance of further price increases. However, while the economic data are indeed favourable, investors are currently not paying enough attention to risks, such as geopolitical tensions. The equity markets might enter choppier waters if the global economic data weaken, a development which appears possible and the international central banks gradually normalise their monetary policies. In the US, the Fed is likely to start reducing its Treasury and Mortgage Backed Securities holdings by the end of year 2017. The ECB will probably act a bit later than its US counterpart. We continue to expect a reduction in the bond purchase volume and a first rate hike later in year 2018.

PERFORMANCE REVIEW

During the financial period under review, the Fund has registered a loss of 0.40%* as compared to its benchmark return of 1.79%*. The Fund has underperformed the benchmark for the period under review and hence has not achieved its investment objective during the period.

* Source: Lipper Investment Management (“Lipper IM”), 16 September 2017

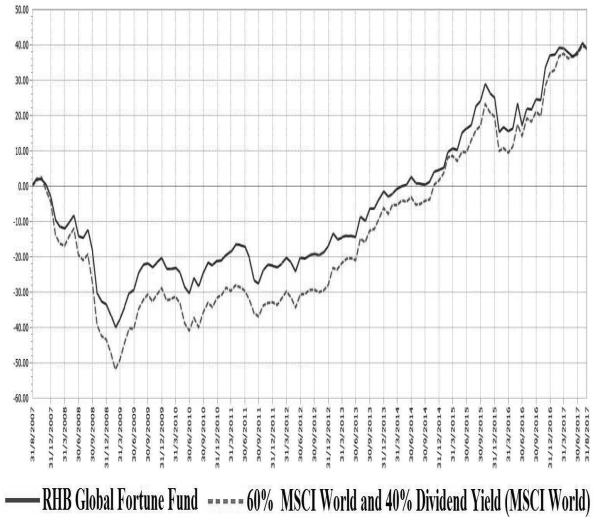
PERFORMANCE DATA

	Total Return		
	1-month (31.07.2017- 31.08.2017) %	3-month (31.05.2017- 31.08.2017) %	6-month (28.02.2017- 31.08.2017) %
RHB Global Fortune Fund	(1.37)	1.57	(0.40)
60% MSCI World and 40% Dividend Yield (MSCI World)	(0.35)	1.66	1.79

	Average Annual Return			
	1 Year (31.08.2016- 31.08.2017) %	3 Years (31.08.2014- 31.08.2017) %	5 Years (31.08.2012- 31.08.2017) %	10 Years (31.08.2007- 31.08.2017) %
RHB Global Fortune Fund	14.07	11.24	11.50	3.32
60% MSCI World and 40% Dividend Yield (MSCI World)	17.71	13.58	14.54	3.35

	Annual Total Return Financial Year Ended 28/29 February				
	2017 %	2016 %	2015 %	2014 %	2013 %
RHB Global Fortune Fund					
- Capital Return	19.27	6.37	12.12	15.23	8.67
- Income Return	-	-	-	-	-
- Total Return	19.27	6.37	12.12	15.23	8.67
60% MSCI World and 40% Dividend Yield (MSCI World)	23.43	2.45	14.16	18.89	9.76

**Performance of RHB Global Fortune Fund
for the period from 31 August 2007 to 31 August 2017
Cumulative Return Over The Period (%)**



Source: Lipper IM, 16 September 2017

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

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

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

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

Fund Size	As at	As At 28/29 February		
	31.08.2017	2017	2016	2015
Net Asset Value (RM million)	5.20	6.02	7.52	9.26
Units In Circulation (million)	9.13	10.53	15.71	20.56
Net Asset Value Per Unit (RM)	0.5691	0.5714	0.4791	0.4504

Historical Data	01.03.2017-	Financial Year Ended		
	31.08.2017	2017	2016	2015
Unit Prices				
NAV Price - Highest (RM)	0.5802	0.5753	0.5328	0.4540
- Lowest (RM)	0.5595	0.4675	0.4469	0.2849
Distribution and Unit Split				
	-	-	-	-
Others				
Management Expense Ratio (MER) (%) #	0.37	0.63	0.46	0.43
Portfolio Turnover Ratio (PTR) (times) ##	0.07	0.28	0.21	0.24

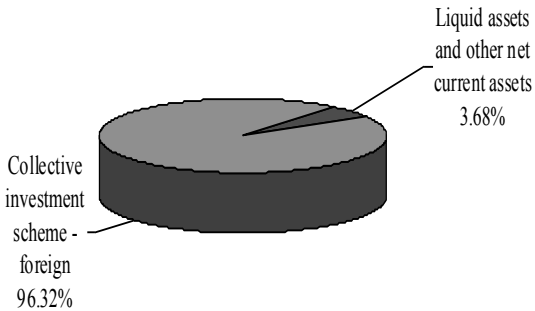
The MER for the financial period was higher compared with previous financial period due to lower average net asset value for the financial period under review (refer to Note 13).

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

DISTRIBUTION

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

PORTFOLIO STRUCTURE AS AT 31 AUGUST 2017



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

	As at 31.08.2017 %	As at 28/29 February		
		2017 %	2016 %	2015 %
Sectors				
Collective investment scheme - foreign	96.32	94.18	95.95	98.00
Liquid assets and other net current assets	3.68	5.82	4.05	2.00
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The asset allocation reflects the Fund's strategy to have maximum exposure to the investments. During the financial period under review, the asset allocation was relatively unchanged and was well-invested.

FUND SIZE AND PROFILE OF UNIT HOLDINGS BY SIZE

As at 31 August 2017, the Fund's units in circulation stood at 9.13 million units with a total of 217 accounts.

Size of Holdings	Account Holders		No. Of Units Held*	
	No.	%	('000)	%
5,000 and below	78	35.94	153	1.68
5,001 to 10,000	18	8.30	136	1.49
10,001 to 50,000	99	45.62	2,278	24.96
50,001 to 500,000	20	9.22	3,037	33.28
500,001 and above	2	0.92	3,521	38.59
Total	217	100.00	9,125	100.00

* Excluding Manager's stock

REBATES AND SOFT COMMISSION

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

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

During the financial period under review, the Manager did not receive or utilise any soft commission from brokers/dealers in consideration for directing dealings in the investment of the Fund. However, in the event the Manager were to receive any soft commission in the future, these will only be retained by the Manager if they were in the form of goods and services which were of demonstrable benefit to the unitholders.

RHB GLOBAL FORTUNE FUND
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2017

	<u>Note</u>	<u>31.08.2017</u> RM	<u>28.02.2017</u> RM
ASSETS			
Financial assets at fair value through profit or loss (“FVTPL”)	5	5,005,758	5,667,717
Deposits with a licensed financial institution	6	162,092	232,331
Bank balances	6	3,203	24,215
Amount due from Manager		-	54,434
Other receivable	7	43,827	58,595
		<hr/>	<hr/>
TOTAL ASSETS		5,214,880	6,037,292
		<hr/>	<hr/>
LIABILITIES			
Accrued management fee		8,719	8,957
Amount due to Trustee		283	291
Other payables and accruals	8	9,075	9,895
		<hr/>	<hr/>
TOTAL LIABILITIES		18,077	19,143
		<hr/>	<hr/>
NET ASSET VALUE		5,196,803	6,018,149
		<hr/> <hr/>	<hr/> <hr/>
UNITHOLDERS’ FUNDS			
Unitholders’ capital		42,200,481	42,998,764
Accumulated losses		(37,003,678)	(36,980,615)
		<hr/>	<hr/>
		5,196,803	6,018,149
		<hr/> <hr/>	<hr/> <hr/>
UNITS IN CIRCULATION (UNITS)	9	9,132,000	10,533,000
		<hr/> <hr/>	<hr/> <hr/>
NET ASSET VALUE PER UNIT (RM)		0.5691	0.5714
		<hr/> <hr/>	<hr/> <hr/>

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

RHB GLOBAL FORTUNE FUND
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2017

		01.03.2017	01.03.2016
	<u>Note</u>	<u>to 31.08.2017</u>	<u>to 31.08.2016</u>
		RM	RM
INVESTMENT (LOSS)/INCOME			
Distribution of income from financial assets at FVTPL		132,232	273,930
Interest income from deposits with licensed financial institutions		1,946	1,542
Net (loss)/gain on financial assets at FVTPL	5	(123,419)	49,181
Net foreign currency exchange loss		(13,324)	(6,109)
		<u>(2,565)</u>	<u>318,544</u>
EXPENSES			
Management fee	10	(7,394)	(8,951)
Trustee's fee	11	(1,661)	(2,195)
Audit fee		(3,525)	(3,000)
Tax agent's fee		(1,900)	(1,900)
Other expenses		(6,017)	(4,888)
		<u>(20,497)</u>	<u>(20,934)</u>
(Loss)/profit before taxation		(23,062)	297,610
Taxation	12	-	-
		<u>(23,062)</u>	<u>297,610</u>
(Loss)/profit after taxation and total comprehensive (loss)/income for the financial period		<u><u>(23,062)</u></u>	<u><u>297,610</u></u>
 (Loss)/profit after taxation is made up of the following:			
Realised amount		(172,256)	23,543
Unrealised amount		149,194	274,067
		<u>(23,062)</u>	<u>297,610</u>

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

RHB GLOBAL FORTUNE FUND
UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2017

	Unitholders' capital RM	Accumulated losses RM	Total net asset value RM
Balance as at 1 March 2016	45,623,840	(38,099,805)	7,524,035
Movement in net asset value:			
Total comprehensive income for the financial period	-	297,610	297,610
Creation of units arising from applications	219,817	-	219,817
Cancellation of units	(1,082,536)	-	(1,082,536)
Balance as at 31 August 2016	<u>44,761,121</u>	<u>(37,802,195)</u>	<u>6,958,926</u>
Balance as at 1 March 2017	42,998,764	(36,980,615)	6,018,149
Movement in net asset value:			
Total comprehensive loss for the financial period	-	(23,062)	(23,062)
Creation of units arising from applications	262,572	-	262,572
Cancellation of units	(1,060,856)	-	(1,060,856)
Balance as at 31 August 2017	<u>42,200,480</u>	<u>(37,003,677)</u>	<u>5,196,803</u>

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

RHB GLOBAL FORTUNE FUND
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2017

	<u>01.03.2017</u> <u>to 31.08.2017</u>	<u>01.03.2016</u> <u>to 31.08.2016</u>
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investment	532,936	358,620
Distribution of income received from financial assets at FVTPL	132,843	273,930
Interest received from deposits with licensed financial institutions	1,946	1,542
Rebate on management fee received	50,265	67,672
Management fee paid	(51,459)	(67,455)
Trustee's fee paid	(1,669)	(2,188)
Payment for other fees and expenses	(12,262)	(4,193)
Net realised foreign currency exchange loss	-	(6,108)
Net cash generated from operating activities	<u>652,600</u>	<u>621,820</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	317,006	242,675
Payment for cancellation of units	(1,060,856)	(1,038,309)
Net cash used in financing activities	<u>(743,850)</u>	<u>(795,634)</u>
Net decrease in cash and cash equivalents	(91,250)	(173,814)
Foreign currency translation differences	(1)	(1)
Cash and cash equivalents at the beginning of the financial period	<u>256,546</u>	<u>223,702</u>
Cash and cash equivalents at the end of the financial period	<u><u>165,295</u></u>	<u><u>49,887</u></u>
Cash and cash equivalents comprise:		
Deposits with a licensed financial institution	162,092	-
Bank balances	3,203	49,887
	<u>165,295</u>	<u>49,887</u>

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

RHB GLOBAL FORTUNE FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 AUGUST 2017

1 THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

The RHB Global Fortune Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Master deed (conventional funds) dated 12 June 2008 as amended via its supplemental master deed (conventional funds) dated 25 August 2008, second supplemental master deed (conventional funds) dated 12 December 2008, third supplemental master deed (conventional funds) dated 19 June 2009, fifth supplemental master deed (conventional funds) dated 26 April 2010, sixth supplemental master deed (conventional funds) dated 28 June 2010, ninth supplemental master deed (conventional funds) dated 7 March 2012, tenth supplemental master deed (conventional funds) dated 13 April 2012, fifteenth supplemental master deed (conventional funds) dated 30 April 2013, sixteenth supplemental master deed (conventional funds) dated 24 September 2013, seventeenth supplemental master deed (conventional funds) dated 2 March 2015, eighteenth supplemental master deed (conventional funds) dated 20 May 2015 and nineteenth supplemental master deed (conventional funds) 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 8 August 2006 and will continue its operations until terminated according to the conditions in the Deeds. The principal activity of the Fund is to invest in Permitted Investments as defined in the Deeds.

The main objective of the Fund is to provide total return from dividend income, option premiums and capital appreciation, sustainable distributions and typically lower portfolio volatility compared to a normal equity investment.

The Fund is a feeder fund that invests in the Allianz Global Investors Premier Funds - Allianz Global High Payout Fund, a “Target Fund” that is managed by Allianz Global Investors Singapore Limited.

When the investment in the Target Fund does not meet the objectives of the Fund, or when acting in the interest of the unitholders, the Manager may choose to replace it with other collective investment scheme with similar objectives, subject to the approval from the unitholders.

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.

1 THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (CONTINUED)

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 23 October 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 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 period beginning on 1 March 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.

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

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:

(i) Financial period beginning on/after 1 March 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)

(i) Financial period beginning on/after 1 March 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 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.

2.2 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 receivables 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 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 at end of each financial period.

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

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

Impairment of financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial assets (continued)

Impairment of financial assets (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in 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 accrued management fee, amount due to Trustee, other payables and accruals are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Unitholder's capital

The unit holders' 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 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.

2.5 Income recognition

Distribution of income from collective investment scheme is recognised when the Fund's right to receive payment is established.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (“RM”), which is the Fund’s presentation and functional currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- i) The Fund’s cash is denominated in RM for the purpose of making settlement of the creation and cancellation.
- ii) Units of the Fund are denominated in RM.
- iii) Expenses of the Fund are denominated in RM.

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 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 general market risk, stock and issuer risk, price risk, currency risk, interest rate risk, liquidity risk, credit risk, country and transfer risk, fund manager risk, regulatory 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.

General market risk

As the Target Fund invests in equities, it is exposed to various general trends and tendencies in the equities market which are particularly attributable to irrational factors. Such factors may lead to a more significant and long lasting decline in prices affecting the entire market.

Stock and issuer risk

The performance of equities and money market instruments held by the Target Fund is also dependent on the company specific factors like the issuer's business situation. If the company-specific factors deteriorate, the price of the specific security may drop significantly and permanently, possibly even regardless of an otherwise generally positive stock market trend. Risks include but are not limited to competitive operating environments, changing industry conditions and poor management.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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>31.08.2017</u>	<u>28.02.2017</u>
	RM	RM
Financial assets at fair value through profit or loss	5,005,758	5,667,717
	<u>5,005,758</u>	<u>5,667,717</u>

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

	<u>Change in price of investment</u>	<u>Market value</u>	<u>Impact on profit or loss and net asset value</u>
	%	RM	RM
<u>31.08.2017</u>			
	-5	4,755,470	(250,288)
	0	5,005,758	-
	+5	5,256,046	250,288
	<u> </u>	<u> </u>	<u> </u>
<u>28.02.2017</u>			
	-5	5,384,331	(283,386)
	0	5,667,717	-
	+5	5,951,103	283,386
	<u> </u>	<u> </u>	<u> </u>

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency risk

While the Target Fund is denominated in Singapore Dollar (“SGD”), it may be invested in whole or in part in securities quoted in other currencies. The performance of the Target Fund will therefore be affected by movements in the exchange rate between the currencies in which its assets are held and its base currency (if foreign currency positions have not been hedged). In addition, as the Fund is denominated in Ringgit Malaysia, whereas the Target Fund is denominated in SGD, the performance of units in the Fund will be affected by movements in the exchange rate between Ringgit Malaysia and SGD. Changes in rates of exchange between currencies may cause the value of the Fund’s investment in the Target Fund to diminish or increase which in turn will affect the value of the unitholders’ investments.

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

	Financial assets at fair value through profit or loss RM	Bank balance RM	Other receivable RM	Total RM
<u>31.08.2017</u>				
SGD	5,005,758	146	43,827	5,049,731
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>28.02.2017</u>				
SGD	5,667,717	147	58,595	5,726,459
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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	
		<u>2017</u> RM	<u>2017</u> RM
SGD	5	<u>252,487</u>	<u>286,323</u>

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the cost or the value of the financial instruments will fluctuates 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.

Liquidity risk

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

The Fund invests at least 95% of its net asset value in Target Fund. The liquidity risk that exists at the Fund level is associated with the inability of the Target Fund to meet large redemption requests in a timely manner. This is related to the risk of substantial redemptions.

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
<u>31.08.2017</u>		
Accrued management fee	8,719	-
Amount due to Trustee	283	-
Other payables and accruals	-	9,075
	<u>9,002</u>	<u>9,075</u>
<u>28.02.2017</u>		
Accrued management fee	8,957	-
Amount due to Trustee	291	-
Other payables and accruals	-	9,895
	<u>9,248</u>	<u>9,895</u>

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the possibility that the issuer of a particular investment will not be able to make timely or full payments of principal or income due on that investment. The credit risk arising from placements of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions. The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

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

	Cash and cash <u>equivalents</u> RM	Other financial <u>assets*</u> RM	<u>Total</u> RM
<u>31.08.2017</u>			
Financial institution:			
AAA	3,203	-	3,203
AA3	162,092	-	162,092
Others	-	43,827	43,827
	<hr/> 165,295	<hr/> 43,827	<hr/> 209,122
<u>28.02.2017</u>			
Financial institution:			
AAA	256,546	-	256,546
Others	-	113,029	113,029
	<hr/> 256,546	<hr/> 113,029	<hr/> 369,575

* Comprise amount due from Manager and other receivables.

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

Country and transfer risk

The investments by the Target Fund in foreign markets may be subject to the changes in the country's economic fundamentals, social and political stability, currency movements and foreign investment policies. These factors may have an impact on the prices of the securities that the Target Fund invests in. Currency or transfer limitations or other legal changes may be of significance in this regard.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fund manager risk

Since the Fund invests into the Target Fund managed by another fund house, the Manager has no control over the fund house's investment technique, knowledge or management expertise. In the event of mismanagement, the net asset value of the Fund which invests into the Target Fund would be affected negatively. Although the probability of such occurrences is minute, should the situation arise, the Manager reserves the right to seek an alternative fund manager and/or other collective investment scheme that is consistent with the objective of the Fund.

Regulatory risk

Any changes in national policies and regulations may have an effect on the capital markets in which the Target Fund is investing. If this occurs there is a possibility that the unit price of the Fund may be adversely affected.

Non-compliance risk

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

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 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.

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 equity, 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.

4 FAIR VALUE ESTIMATION (CONTINUED)

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.

Fair value hierarchy

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

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

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

4 FAIR VALUE ESTIMATION (CONTINUED)

Fair value hierarchy (continued)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM	RM	RM	RM
<u>31.08.2017</u>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme - foreign	5,005,758	-	-	5,005,758
	<u><u>5,005,758</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,005,758</u></u>
<u>28.02.2017</u>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme - foreign	5,667,717	-	-	5,667,717
	<u><u>5,667,717</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,667,717</u></u>

Investment in collective investment scheme, whose value is based on published prices in active markets is classified within Level 1. The Fund does not adjust the quoted prices for those instruments. The Fund's policies and valuation of these financial assets are stated in Note 2.2.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>31.08.2017</u> RM	<u>28.02.2017</u> RM
Financial assets designated as FVTPL:		
- Collective investment scheme – foreign	<u>5,005,758</u>	<u>5,667,717</u>
	<u>01.03.2017</u> <u>to 31.08.2017</u> RM	<u>01.03.2016</u> <u>to 31.08.2016</u> RM
Net (loss)/gain on financial assets at FVTPL comprised:		
- Net realised loss on sale of financial assets at FVTPL	(272,613)	(224,886)
- Net unrealised gain on change in fair value	149,194	274,067
	<u>123,419</u>	<u>49,181</u>

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

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> as at 31.08.2017 RM	<u>Fair value as a percentage of value of the Fund</u> %
COLLECTIVE INVESTMENT SCHEME - FOREIGN				
<u>SINGAPORE</u>				
Allianz Global Investors Premier Funds - Allianz Global High Payout Fund	3,361,710	7,632,598	5,005,758	96.32
			<u>5,005,758</u>	<u>96.32</u>
ACCUMULATED UNREALISED LOSS	(2,626,840)			
TOTAL FINANCIAL ASSETS AT FVTPL			<u>5,005,758</u>	

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

Financial assets designated as FVTPL as at 28 February 2017 are as follows:

<u>Name of Counter</u>	<u>Quantity</u>	<u>Cost</u> RM	<u>Fair value</u> <u>as at</u> <u>28.02.2017</u> RM	<u>Fair value as</u> <u>at 28.02.2017</u> <u>expressed as</u> <u>a percentage</u> <u>of value of</u> <u>the Fund</u> %
COLLECTIVE INVESTMENT				
SCHEME - FOREIGN				
<u>SINGAPORE</u>				
Allianz Global Investors Premier Funds - Allianz Global High Payout Fund	3,718,975	8,443,751	5,667,717	94.18
			<u><u>5,667,717</u></u>	<u><u>94.18</u></u>
ACCUMULATED				
UNREALISED LOSS		(2,776,034)		
		<u><u>(2,776,034)</u></u>		
TOTAL FINANCIAL				
ASSETS AT FVTPL			<u><u>5,667,717</u></u>	

6 CASH AND CASH EQUIVALENTS

	<u>31.08.2017</u>	<u>28.02.2017</u>
	RM	RM
Deposits with a licensed financial institution	162,092	232,331
Bank balance	3,203	24,215
	<u>165,295</u>	<u>256,546</u>

Deposits with a licensed financial institution include interest receivable of RM26 (28.02.2017: RM19).

	<u>31.08.2017</u>	<u>28.02.2017</u>
Weighted average effective interest rate	2.95%	2.95%
	<u> </u>	<u> </u>
Average maturity	4 days	1 day
	<u> </u>	<u> </u>

7 OTHER RECEIVABLE

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

8 OTHER PAYABLES AND ACCRUALS

	<u>31.08.2017</u>	<u>28.02.2017</u>
	RM	RM
Audit fee payable	3,175	6,000
Tax agent's fee payable	5,100	3,200
Sundry payables and accruals	800	695
	<u>9,075</u>	<u>9,895</u>

9 UNITS IN CIRCULATION

	<u>31.08.2017</u> Units	<u>28.02.2017</u> Units
At the beginning of the financial period/year	10,533,000	15,706,000
Creation of units arising from applications during the financial period/year	462,000	1,109,000
Cancellation of units during the financial period/year	(1,863,000)	(6,282,000)
	<hr/>	<hr/>
At the end of the financial period/year	<u>9,132,000</u>	<u>10,533,000</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 2.00% per annum of the net asset value of the Fund, calculated on a daily basis.

The management fee provided in the financial statements is 1.85% (01.03.2016-31.08.2016: 1.85%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial period. As the Fund invests in the Target Fund, the management fee charged by the Target Fund is fully refunded in cash. Accordingly, there is no double charging of management fee.

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

11 TRUSTEE'S FEE

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 0.10% per annum of the net asset value of the Fund, calculated on a daily basis.

The Trustee's fee provided in the financial statements is 0.06% (01.03.2016-31.08.2016: 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

	<u>01.03.2017</u> <u>to 31.08.2017</u> RM	<u>01.03.2016</u> <u>to 31.08.2016</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>01.03.2017</u> <u>to 31.08.2017</u> RM	<u>01.03.2016</u> <u>to 31.08.2016</u> RM
(Loss)/profit before taxation	(23,062)	297,610
Tax calculated at a tax rate of 24%	(5,535)	71,426
Tax effects of:		
- Investment loss not deductible for tax purposes/ (investment income not subject to tax)	616	(76,450)
- Expenses not deductible for tax purposes	1,167	1,989
- Restriction on tax deductible expenses for unit trust funds	3,752	3,035
Tax expense	-	-

13 MANAGEMENT EXPENSE RATIO (“MER”)

	<u>01.03.2017</u> <u>to 31.08.2017</u> %	<u>01.03.2016</u> <u>to 31.08.2016</u> %
MER	0.37	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:

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

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 cost

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 RM5,482,189 (01.03.2016-31.08.2016: RM7,252,352).

14 PORTFOLIO TURNOVER RATIO (“PTR”)

	<u>01.03.2017</u> <u>to 31.08.2017</u>	<u>01.03.2016</u> <u>to 31.08.2016</u>
The portfolio turnover ratio for the financial period (times)	0.07	0.04

The portfolio turnover ratio is derived from the following calculation:

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

where:

total acquisition for the financial period = Nil
(01.03.2016 - 31.08.2016: Nil)

total disposal for the financial period = RM811,153
(01.03.2016 - 31.08.2016: RM583,506)

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>31.08.2017</u>		<u>28.02.2017</u>	
	<u>Units</u>	<u>RM</u>	<u>Units</u>	<u>RM</u>
The Manager	7,059	4,017	2,844	1,625

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

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

16 TRANSACTIONS BY THE FUND

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

<u>Fund manager</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> %
Allianz Global Investors Singapore Ltd	538,540	100.00	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Details of transactions by the Fund for the financial year ended 28 February 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> %
Allianz Global Investors Singapore Ltd	2,294,133	50.41	-	-
Affin Bank Bhd	1,612,629	35.44	-	-
CIMB Bank Bhd	644,000	14.15	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,550,762	100.00	-	-
	<u> </u>	<u> </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, dividends 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 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 31 August 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
23 October 2017

TRUSTEE'S REPORT

We have acted as Trustee of RHB Global Fortune Fund (“the Fund”) for the financial period ended 31 August 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
23 October 2017

CORPORATE INFORMATION

MANAGER

RHB Asset Management Sdn Bhd

REGISTERED AND PRINCIPAL OFFICE

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

BUSINESS OFFICE AND OFFICE OF THE REGISTRAR

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

E-mail Address : rhbam@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 3 July 2017*)

INVESTMENT COMMITTEE MEMBERS

YBhg Dato' Khairussaleh Ramli (Chairman)

Mr Patrick Chin Yoke Chung

Mr Ong Seng Pheow

YBhg Datuk Haji Faisal Siraj

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, Lebuhraya 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 th Floor, 21-25 Jalan Seenivasagam, Greentown 30450 Ipoh, Perak Tel: 05-242 4311 Fax: 05-242 4312
Johor Bahru Office	2nd Floor, 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru, Johor Tel: 07-358 3587 Fax: 07-358 3581
Kuantan Office	B 32-34, 2nd Floor, Lorong Tun Ismail 8 Sri Dagangan II 25000 Kuantan, Pahang Tel: 09-517 3611 Fax: 09-517 3612
Kota Bharu Office	No 3953-H, 1st Floor Jalan Kebun Sultan 15350 Kota Bharu, Kelantan Tel: 09-741 8539 Fax: 09-741 8540

Kota Kinabalu Office	Lot No. C-02-04, 2nd Floor Block C, Warisan Square Jalan Tun Fuad Stephens 88000 Kota Kinabalu, Sabah Tel: 088-528 686/692 Fax: 088-528 685
Melaka Office	581B, Taman Melaka Raya 75000 Melaka Tel: 06-284 4211 Fax: 06-292 2212
Batu Pahat Office	53, 53-A and 53-B Jalan Sultanah 83000 Batu Pahat, Johor Tel: 07-438 0271 Fax: 07-438 0277
Miri Office	Lot 1268, First Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri, Sarawak Tel: 085-422 788 Fax: 085-415 243
Kuching Office	Lot 172, Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching, Sarawak Tel: 082-245 611 Fax: 082-242 712
TRUSTEE	HSBC (Malaysia) Trustee Berhad
BANKER	RHB Bank Berhad
AUDITORS	PricewaterhouseCoopers
TAX ADVISER	PricewaterhouseCoopers Taxation Services Sdn Bhd
DISTRIBUTORS	CIMB Investment Bank Berhad iFast Capital Sdn Bhd OCBC Bank (Malaysia) Berhad Standard Financial Adviser Sdn Bhd RHB Asset Management Unit Trust Consultants