



United ASEAN Discovery Fund

**Interim Report
28 February 2017**

UNITED ASEAN DISCOVERY FUND

**Unaudited Interim Report and Financial Statements
For the Financial Period Ended 28 February 2017**

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(A) MANAGER'S REPORT

Dear unit holders,

We are pleased to present you the Manager's report and the unaudited accounts of United ASEAN Discovery Fund (the "Fund") for the financial period from 1 September 2016 to 28 February 2017.

(1) Key Data of the Fund

1.1	Fund name	United ASEAN Discovery Fund (the "Fund")		
1.2	Fund category	Equity		
1.3	Fund type	Growth		
1.4	Investment objective	The Fund seeks to provide investors with Medium to Long Term (i.e. a period of three (3) years or more) capital appreciation by investing in small and medium sized ASEAN companies.		
1.5	Performance benchmark	The performance of this Fund is benchmarked against a target return of 8% per annum. However, this is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but intends to achieve this percentage of growth over the Medium to Long Term.		
1.6	Duration	The Fund was launched on 8 December 2014 and shall exist for as long as it appears to the Manager and Trustee that it is in the interests of the unit holders for it to continue. In some circumstances, the unit holders can resolve at a meeting to terminate the Fund.		
1.7	Distribution policy	Subject to the availability of income, distribution is incidental. Distribution declared (if any) will be automatically reinvested into the unit holders' accounts in the form of additional units in the Fund at no cost.		
1.8	Breakdown of unit holdings by size	As at 28 February 2017		
		Size of holding	No. of unit holders	No. of units held
		• 5,000 and below	0	0.00
		• 5,001 to 10,000	0	0.00
		• 10,001 to 50,000	1	17,942.50
		• 50,001 to 500,000	0	0.00
		• 500,001 and above	4	390,230,558.37
		Total	5	390,248,500.87

(2) Performance Data of the Fund

2.1	Portfolio composition	Details of portfolio composition of the Fund for the financial period as at 28 February 2017 and two financial years as at 31 August are as follows:			
		Sectors, category of investments & cash holdings	Financial period ended 28 Feb 2017 (%)	As at 31 Aug 2016 (%)	As at 31 Aug 2015 (%)
		Consumer Products	15.97	11.49	27.66
		Trading/Services	7.05	10.77	20.43

2.1	Portfolio composition (continued)	Industrial Products	21.26	7.61	11.96	
		Finance	3.38	5.98	--	
		Energy	2.03	4.74	--	
		Telecommunication	--	3.06	--	
		Construction	5.92	1.72	10.22	
		Utilities	0.69	1.62	--	
		Technology / Information Technology	3.03	--	6.98	
		Healthcare	--	--	4.33	
		Real Estate Investment Trusts ("REITs")	10.70	--	0.87	
		Special Purpose Acquisition Company ("SPAC")	2.19	--	--	
		Cash	27.78	53.01	17.55	
		Total	100.00	100.00	100.00	
		2.2	Performance details	Performance details of the Fund for the financial period ended 28 February 2017 and two financial years as at 31 August are as follows:		
	Financial period ended 28 Feb 2017			As at 31 Aug 2016	As at 31 Aug 2015	
Net Asset Value ("NAV") (RM)	111,910,926			47,256,484	35,805,968	
NAV per unit (RM)	0.2868			0.2866	0.2491	
Units in circulation	390,248,501			164,897,787	143,725,296	
Highest NAV per unit (RM)	0.2936			0.2936	0.2836	
Lowest NAV per unit (RM)	0.2437			0.2437	0.2437	
Total return (%)	4.22			25.91	(0.32)	
• Capital growth (%)	0.07			15.05	(0.32)	
• Income distribution (%)	4.15			10.86	--	
Gross distribution (sen per unit)	1.15 [#]			2.50	--	
Net distribution (sen per unit)	1.15 [#]			2.50	--	
Management expense ratio ("MER") (%) ¹	1.02			2.14	1.42	
Portfolio turnover ratio ("PTR") (times) ²	0.84			2.60	2.85	
<i>Notes:</i>						
[#] Date of distribution is shown in part 2.7 - Income distribution / Unit splits.						
¹ MER is lower against previous financial year mainly due to increase in average fund size.						
² PTR is lower against previous financial year mainly due to lower trading activity.						
Average total return						
	As at 28 February 2017 (%) (annualised)					
Since launch (8 December 2014)	13.14					
1 year	12.17					
3 years	--					
5 years	--					

2.2	Performance details (continued)	<p>Annual total return</p> <table border="1" data-bbox="532 197 1450 344"> <thead> <tr> <th></th> <th>The Fund (%)</th> </tr> </thead> <tbody> <tr> <td>31 Aug 2015 - 31 Aug 2016</td> <td>25.91</td> </tr> <tr> <td>Since launch (8 December 2014) - 31 August 2015</td> <td>(0.32)</td> </tr> </tbody> </table> <p>Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures have been extracted from Bloomberg.</p>		The Fund (%)	31 Aug 2015 - 31 Aug 2016	25.91	Since launch (8 December 2014) - 31 August 2015	(0.32)																																							
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Since launch (8 December 2014) - 31 August 2015	(0.32)																																														
2.3	Has the Fund achieved its investment objective?	<p>Since launch, the Fund has achieved its investment objective of providing investors with Medium to Long Term capital appreciation by investing in small and medium sized ASEAN companies. The Fund has registered a return of 30.75% since launch, outperforming the benchmark return of 18.95%. Although income distribution is not part of the Fund's investment objective, the Fund declared income distribution of 1.15 sen per unit in view of its outperformance for the financial period under review.</p>																																													
2.4	Performance review	<p>For the financial period under review, the Fund registered a return of 4.22%, outperforming the benchmark return of 3.96%. The outperformance was mainly due to stock selection. During the financial period, the top performing equity holdings for the Fund were Tiphone Mobile Indonesia, Press Metal and Bank Tabungan Negara.</p> <p>For the period under review, the NAV per unit of the Fund increased by 0.07% from RM 0.2866 to RM 0.2868.</p> <p>The line chart below shows comparison between the performance of the Fund and its benchmark, a target return of 8% per annum, for the financial period ended 28 February 2017.</p> <div data-bbox="532 1241 1450 1738" data-label="Figure"> <table border="1"> <caption>Approximate data points from the performance chart</caption> <thead> <tr> <th>Date</th> <th>United ASEAN Discovery Fund (%)</th> <th>8% per annum Benchmark (%)</th> </tr> </thead> <tbody> <tr> <td>Dec-14</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Feb-15</td> <td>5.00</td> <td>1.60</td> </tr> <tr> <td>Apr-15</td> <td>8.00</td> <td>3.20</td> </tr> <tr> <td>Jun-15</td> <td>10.00</td> <td>4.80</td> </tr> <tr> <td>Aug-15</td> <td>5.00</td> <td>6.40</td> </tr> <tr> <td>Oct-15</td> <td>15.00</td> <td>8.00</td> </tr> <tr> <td>Dec-15</td> <td>18.00</td> <td>9.60</td> </tr> <tr> <td>Feb-16</td> <td>20.00</td> <td>11.20</td> </tr> <tr> <td>Apr-16</td> <td>22.00</td> <td>12.80</td> </tr> <tr> <td>Jun-16</td> <td>25.00</td> <td>14.40</td> </tr> <tr> <td>Aug-16</td> <td>28.00</td> <td>16.00</td> </tr> <tr> <td>Oct-16</td> <td>26.00</td> <td>17.60</td> </tr> <tr> <td>Dec-16</td> <td>28.00</td> <td>19.20</td> </tr> <tr> <td>Feb-17</td> <td>32.00</td> <td>20.80</td> </tr> </tbody> </table> </div> <p><i>Source: UOBAM(M), Bloomberg as at 28 February 2017.</i></p>	Date	United ASEAN Discovery Fund (%)	8% per annum Benchmark (%)	Dec-14	0.00	0.00	Feb-15	5.00	1.60	Apr-15	8.00	3.20	Jun-15	10.00	4.80	Aug-15	5.00	6.40	Oct-15	15.00	8.00	Dec-15	18.00	9.60	Feb-16	20.00	11.20	Apr-16	22.00	12.80	Jun-16	25.00	14.40	Aug-16	28.00	16.00	Oct-16	26.00	17.60	Dec-16	28.00	19.20	Feb-17	32.00	20.80
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2.4	Performance review (continued)	<table border="1" data-bbox="534 142 1446 285"> <thead> <tr> <th></th> <th>1-month</th> <th>3-months</th> <th>6-months</th> <th>12-months</th> <th>Since launch</th> </tr> </thead> <tbody> <tr> <td>The Fund</td> <td>1.96%</td> <td>4.59%</td> <td>4.22%</td> <td>12.17%</td> <td>30.75%</td> </tr> <tr> <td>Benchmark*</td> <td>0.61%</td> <td>1.97%</td> <td>3.96%</td> <td>8.00%</td> <td>18.95%</td> </tr> </tbody> </table> <p data-bbox="534 289 1446 321">* The benchmark of the Fund is a target return of 8% per annum.</p> <p data-bbox="534 363 1446 499">Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up. All performance figures have been extracted from Bloomberg.</p>		1-month	3-months	6-months	12-months	Since launch	The Fund	1.96%	4.59%	4.22%	12.17%	30.75%	Benchmark*	0.61%	1.97%	3.96%	8.00%	18.95%
	1-month	3-months	6-months	12-months	Since launch															
The Fund	1.96%	4.59%	4.22%	12.17%	30.75%															
Benchmark*	0.61%	1.97%	3.96%	8.00%	18.95%															
2.5	Strategies and policies employed	<p data-bbox="534 516 1446 688">Post-Brexit, Asian markets rallied in July - September 2016. We took some profit after the strong rally in August 2016 and reduced our exposure to 47%. During the financial period under review, we increased our equity weighting to the 70+% level as pullbacks in selected markets presented investment opportunities.</p> <p data-bbox="534 730 1446 1045">The Fund focused on several investment themes including rising consumption and infrastructure spending in ASEAN. ASEAN is projected to require an annual infrastructure investment of at least USD 110 billion between 2015 and 2025 (United Nations Conference on Trade and Development, 2015). The spending in infrastructure would present investment opportunities including the construction and building material sector. We also like the plantation sector as Crude Palm Oil ("CPO") prices rallied due to below average inventory level after the impact of El Nino and a slowdown in new plantings in the past few years.</p>																		
2.6	Asset allocation	<p data-bbox="534 1062 1446 1125">This table below shows the asset allocation of the Fund for the financial period as at 28 February 2017 and financial year as at 31 August 2016.</p> <table border="1" data-bbox="534 1161 1446 1350"> <thead> <tr> <th>Assets</th> <th>As at 28 Feb 2017 (%)</th> <th>As at 31 Aug 2016 (%)</th> <th>Changes (%)</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>72.22</td> <td>46.99</td> <td>25.23</td> </tr> <tr> <td>Cash</td> <td>27.78</td> <td>53.01</td> <td>-25.23</td> </tr> <tr> <td>Total</td> <td>100.00</td> <td>100.00</td> <td>--</td> </tr> </tbody> </table> <p data-bbox="534 1392 1446 1528">Reason for the differences in asset allocation As at 28 February 2017, the asset allocation of the Fund stood at 72.22% in equities and 27.78% in cash. We increased our equities exposure as pullbacks in selected markets presented investment opportunities.</p>	Assets	As at 28 Feb 2017 (%)	As at 31 Aug 2016 (%)	Changes (%)	Equities	72.22	46.99	25.23	Cash	27.78	53.01	-25.23	Total	100.00	100.00	--		
Assets	As at 28 Feb 2017 (%)	As at 31 Aug 2016 (%)	Changes (%)																	
Equities	72.22	46.99	25.23																	
Cash	27.78	53.01	-25.23																	
Total	100.00	100.00	--																	
2.7	Income distribution/ Unit splits	<p data-bbox="534 1545 1446 1608">For the financial period under review, the Fund has declared the following income distribution:</p> <table border="1" data-bbox="534 1644 1446 1875"> <thead> <tr> <th>Distribution Date</th> <th>Gross/Net Distribution per unit (RM)</th> <th>Cum - NAV per unit (RM)</th> <th>Ex - NAV per unit (RM)</th> </tr> </thead> <tbody> <tr> <td>4 January 2017</td> <td>0.0115</td> <td>0.2887</td> <td>0.2772</td> </tr> <tr> <td>Total</td> <td>0.0115</td> <td>0.2887</td> <td>0.2772</td> </tr> </tbody> </table> <p data-bbox="534 1917 1446 1980">The Fund did not carry out any unit split exercise during the financial period under review.</p>	Distribution Date	Gross/Net Distribution per unit (RM)	Cum - NAV per unit (RM)	Ex - NAV per unit (RM)	4 January 2017	0.0115	0.2887	0.2772	Total	0.0115	0.2887	0.2772						
Distribution Date	Gross/Net Distribution per unit (RM)	Cum - NAV per unit (RM)	Ex - NAV per unit (RM)																	
4 January 2017	0.0115	0.2887	0.2772																	
Total	0.0115	0.2887	0.2772																	

2.8	State of affairs	<p>There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the financial period under review.</p> <p>With effect from 24 August 2016, Mr. Leow Chi Jung resigned as the compliance officer of the Manager. Mr. Zach Goh Kah Heng is the designated person responsible for legal and compliance matters of the Manager effective 25 August 2016.</p>
2.9	Rebates and soft commission	<p>It is our policy to pay all rebates to the Fund. Soft commissions received from brokers/dealers are retained by the Manager only if the goods and services provided are of demonstrable benefit to unit holders of the Fund.</p> <p>During the financial period under review, the Manager had received on behalf of the Fund, soft commissions in the form of fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund. These soft commissions received by the Manager are deemed to be beneficial to the unit holders of the Fund.</p>
2.10	Market review	<p>During the financial period under review, with the exception of Singapore, the performance of ASEAN markets was generally lacklustre. Singapore market (+9.8%) was the best performing market followed by Malaysia (+0.9%), Thailand (+0.7%), Indonesia (+0%) and Philippines (-7.4%).</p> <p>ASEAN markets were jittery in the run-up to the United States of America ("U.S.") Presidential election. The unexpected Trump presidency triggered outflows from emerging markets to the U.S. as investors anticipate stronger U.S. growth due to pro-growth policies by the new president and concerns about trade protectionism. However, the ASEAN markets recovered strongly in 2017, shrugging off concerns about the uncertainty from Trump's policies.</p> <p>The Dollar index rose 5% during the financial period under review. Meanwhile, oil prices continued its upward trajectory; Brent futures closed 18% higher on the back of expectations on production curbs. Despite stronger oil prices, the Ringgit weakened by 8% to the U.S. Dollar for the financial period under review, most likely due to portfolio outflows. Bank Negara Malaysia announced several measures to enhance onshore foreign exchange liquidity effective 5 December 2016.</p>
2.11	Market outlook	<p>We believe that markets would be volatile in 2017 due to uncertainties from Trump's policies and elections in Eurozone. We believe that market expectations on reflation in the U.S. may be too high in the near term as the policy impact from the Trump presidency would take time to implement. As expectations get recalibrated, we could see some portfolio inflows into emerging markets.</p> <p>There are questions on global trade under Trump's presidency due to concerns about protectionism. A significant rise in protectionism would have a negative impact on emerging markets. When the dust settles down, we believe that market concerns about rising protectionism could be overblown.</p>

2.11	Market outlook (continued)	<p>Meanwhile, the U.S. Federal Reserve has increased interest rates in March 2017 and there could be two more potential hikes in 2017. We expect U.S. interest rates would only be raised on the premise of a stronger U.S. economy. Historical evidence suggests that there could be some volatility for Asian markets in the run-up to an interest rate adjustment but Asian markets recover eventually.</p> <p>The strength in the U.S. economy bodes well for the macro environment. Apart from the strong U.S. economic growth recovery, China's growth may have shown signs of bottoming.</p> <p>Meanwhile, we see investment opportunities in ASEAN as growth is expected to be supported by rising investment in several large economies like Indonesia, Malaysia and Thailand, and strong consumption growth in Thailand, Philippines and Vietnam. The International Monetary Fund ("IMF") forecasts ASEAN-5, which comprises of Indonesia, Thailand, Malaysia, Philippines and Vietnam, to grow by 5.1 percent in 2017.</p> <p>We also see promising growth prospects from the Mekong Mainland (Cambodia, Thailand, Laos, Vietnam and Myanmar). Growth in the Mekong region is expected to exceed 7%, according to Organisation for Economic Co-operation and Development ("OECD") Development Centre. We see promising investment opportunities within the ASEAN region.</p>
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Kuala Lumpur, Malaysia
UOB Asset Management (Malaysia) Berhad

5 April 2017

(B) TRUSTEE’S REPORT

TO THE UNITHOLDERS OF UNITED ASEAN DISCOVERY FUND

We have acted as Trustee for United ASEAN Discovery Fund (“the Fund”) for the financial period ended 28 February 2017. To the best of our knowledge, for the financial period under review, UOB Asset Management (Malaysia) Berhad (“the Manager”) has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund have been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

We are of the view that the distribution made during this financial period ended 28 February 2017 by the Manager is not inconsistent with the objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur, Malaysia
5 April 2017

(C) STATEMENT BY MANAGER

We, **Lim Suet Ling** and **Khoo Chock Seang**, being two of the directors of UOB Asset Management (Malaysia) Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 10 to 38 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of **United ASEAN Discovery Fund** as at 28 February 2017 and of its financial performance, changes in net asset value and cash flows for the financial period then ended and comply with requirements of the Deed(s).

For and on behalf of the Manager,
UOB Asset Management (Malaysia) Berhad

LIM SUET LING
Executive Director /
Chief Executive Officer

KHOO CHOCK SEANG
Director

Kuala Lumpur, Malaysia
5 April 2017

(D) FINANCIAL STATEMENTS**UNITED ASEAN DISCOVERY FUND****UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2017**

	Note	28.02.2017 RM	31.08.2016 RM
ASSETS			
Investments	3	80,987,796	23,274,528
Forward foreign currency contracts	4	-	28,341
Amount due from brokers		-	2,187,593
Amount due from Manager	5	3,403,094	3,549,355
Dividend receivables		405,741	11,663
Other receivable		17,745	-
Cash at a bank		27,816,738	20,249,975
TOTAL ASSETS		112,631,114	49,301,455
LIABILITIES			
Forward foreign currency contracts	4	106,011	-
Amount due to brokers		569,956	2,005,335
Amount due to Trustee	6	5,528	2,442
Other payables and accruals		38,693	37,194
TOTAL LIABILITIES		720,188	2,044,971
UNITHOLDERS' EQUITY			
Unitholders' capital	7	106,476,365	42,237,248
Retained earnings	7	5,434,561	5,019,236
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS	7	111,910,926	47,256,484
TOTAL EQUITY AND LIABILITIES		112,631,114	49,301,455
UNITS IN CIRCULATION	7(a)	390,248,501	164,897,787
NET ASSET VALUE PER UNIT (RM)		0.2868	0.2866

The accompanying notes form an integral part of the unaudited financial statements.

UNITED ASEAN DISCOVERY FUND**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

		01.09.2016 to 28.02.2017 RM	01.09.2015 to 29.02.2016 RM
INVESTMENT INCOME			
Dividend income from quoted equities		572,587	251,821
Income distribution from financial assets at fair value through profit or loss ("FVTPL")		9,162	18,435
Interest income from deposits with a licensed financial institution		161,217	121,906
Net gain on financial assets at FVTPL:	3		
- net realised gain on sale of financial assets at FVTPL		105,327	4,975,227
- net unrealised gain on changes in fair values		4,487,946	857,573
Net realised loss on forward foreign currency contracts		(336,986)	-
Net realised foreign currency exchange loss		(544,094)	(58,770)
Net unrealised loss on forward foreign currency contracts		(134,352)	-
Net unrealised foreign currency exchange gain		21	475
		<u>4,320,828</u>	<u>6,166,667</u>
EXPENSES			
Manager's fee	8	(664,688)	(277,125)
Trustee's fee	9	(25,911)	(10,837)
Auditors' remuneration		(4,463)	(4,475)
Tax agent's fee		(3,223)	(3,232)
Other expenses		(62,382)	(41,322)
		<u>(760,667)</u>	<u>(336,991)</u>
NET INCOME BEFORE TAXATION		3,560,161	5,829,676
Tax expense	10	<u>(11,677)</u>	<u>-</u>
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>3,548,484</u>	<u>5,829,676</u>
Net income after taxation is made up of the following:			
Realised amount		(805,131)	4,971,628
Unrealised amount		4,353,615	858,048
		<u>3,548,484</u>	<u>5,829,676</u>
Distribution for the financial period	11	<u>3,133,159</u>	<u>2,079,520</u>

The accompanying notes form an integral part of the unaudited financial statements.

UNITED ASEAN DISCOVERY FUND**UNAUDITED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

	Note	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 September 2015		37,082,101	(1,276,133)	35,805,968
Movement in net asset value:				
Total comprehensive income for the financial period		-	5,829,676	5,829,676
Creation of units		16,075,265	-	16,075,265
Reinvestment of units		2,079,520	-	2,079,520
Cancellation of units		(28,982,321)	-	(28,982,321)
Distribution	11	-	(2,079,520)	(2,079,520)
Balance as at 29 February 2016		<u>26,254,565</u>	<u>2,474,023</u>	<u>28,728,588</u>
Balance as at 1 September 2016		42,237,248	5,019,236	47,256,484
Movement in net asset value:				
Total comprehensive income for the financial period	7	-	3,548,484	3,548,484
Creation of units	7(a)	71,810,729	-	71,810,729
Reinvestment of units	7(a)	3,133,160	-	3,133,160
Cancellation of units	7(a)	(10,704,772)	-	(10,704,772)
Distribution	11	-	(3,133,159)	(3,133,159)
Balance as at 28 February 2017		<u>106,476,365</u>	<u>5,434,561</u>	<u>111,910,926</u>

The accompanying notes form an integral part of the unaudited financial statements.

UNITED ASEAN DISCOVERY FUND**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

	01.09.2016 to 28.02.2017 RM	01.09.2015 to 29.02.2016 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	39,262,461	51,239,590
Purchase of investments	(91,647,904)	(36,040,567)
Dividends received from quoted equities	166,770	272,444
Income distribution received from financial assets at FVTPL	9,162	18,435
Interest received from deposits with a licensed financial institution	161,217	121,906
Manager's fee paid	(585,301)	(295,311)
Trustee's fee paid	(22,825)	(11,547)
Auditors' remuneration paid	(9,000)	-
Payment of other fees and expenses	(59,570)	(49,693)
Net realised gain on forward foreign currency contracts	(336,986)	-
Net realised foreign currency exchange loss	(544,093)	(58,770)
Net cash (used in)/generated from operating and investing activities	<u>(53,606,069)</u>	<u>15,196,487</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	70,868,104	15,591,550
Payment for cancellation of units	(9,695,272)	(29,495,980)
Net cash generated from/(used in) financing activities	<u>61,172,832</u>	<u>(13,904,430)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,566,763	1,292,057
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>20,249,975</u>	<u>5,684,961</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>27,816,738</u>	<u>6,977,018</u>
Cash and cash equivalents comprise the following:		
Cash at a bank	<u>27,816,738</u>	<u>6,977,018</u>

The accompanying notes form an integral part of the unaudited financial statements.

UNITED ASEAN DISCOVERY FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 28 FEBRUARY 2017

1. INFORMATION ON THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

United ASEAN Discovery Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the executed deed dated 14 March 2014 as amended by a First Supplemental Deed dated 26 February 2015 between UOB Asset Management (Malaysia) Berhad (“the Manager”) and Deutsche Trustees Malaysia Berhad (“the Trustee”).

The Fund seeks to provide investors with medium to long term capital appreciation by investing in small and medium sized ASEAN companies. The Fund was launched on 8 December 2014 and commenced for operation on 29 December 2014. As provided in the Master Deed, the accrual period or financial year shall end on 31 August.

The Manager is a subsidiary of UOB Asset Management Limited, headquartered in Singapore.

The financial statements were authorised for issue by the Manager on 18 October 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia (“RM”).

2.2 Changes in accounting policies

Standards issued and effective

The Fund has adopted the new and amendments to MFRS mandatory for financial periods beginning on or after 1 January 2016. The adoption of the new and amendments to MFRS did not have any material effect on the financial performance and position of the Fund.

Standards issued but not yet effective

The Fund has not yet adopted the MFRS and amendments to MFRS that have been issued but not yet effective as at the reporting date. The Manager expects that the adoption of these MFRS and amendments which have been issued but not yet effective will have no material impact on the financial statements in the period of initial application except as described below. The Fund is in the process of assessing financial implication for adopting the MFRS 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

Standards issued but not yet effective (continued)

MFRS 9 Financial Instruments (“MFRS 9”)

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The standard introduces new requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

MFRS 9 Financial Instruments: Classification and measurement

MFRS 9 has three measurement categories - amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For financial 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 fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch.

MFRS 9 Financial Instruments: Impairment

The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income and certain loan commitments as well as financial guarantee contracts. At initial recognition, allowance for impairment is required for expected credit losses ('ECL'). In the event of a significant increase in credit risk, allowance for impairment is required for ECL resulting from all possible default events over the expected life of the financial instrument. The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies

(a) Financial assets

Financial assets 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition, and the categories may include financial assets at FVTPL and loans and receivables.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading by the Fund include equity securities acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at FVTPL'. Dividend revenue and interest earned elements of such instruments are recorded separately in 'Dividend income from quoted equities' and 'Income distribution from financial assets at FVTPL', respectively.

For investments in local quoted securities, market value is determined based on the closing price quoted on Bursa Malaysia Securities Berhad and for investments in foreign listed securities, which are quoted in the respective stock exchanges, market value will be determined based on the published market price quoted by the respective stock exchanges at the end of each business day. For investment in collective investment scheme, fair value is determined based on the closing net asset value per unit of the collective investment scheme. The difference between the cost and fair value is treated as unrealised gain or loss and is recognised in the statement of comprehensive income. Unrealised gains or losses recognised in the statement of comprehensive income are not distributable in nature.

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(a) Financial assets (continued)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Fund includes amount due from brokers, amount due from Manager, dividend receivables, other receivable and cash at a bank in this classification.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

Financial assets are derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income.

(b) Impairment of financial assets

The Fund assesses at each reporting date whether there is any objective evidence that its financial assets carried at amortised cost is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Fund considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(c) Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments at FVTPL. Realised gains and losses on disposals of financial instruments at FVTPL are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Accrued interest on deposits which have not matured as at the reporting date are classified as realised income in the financial statements.

(d) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liabilities.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

The Fund's financial liabilities which include the amount due to brokers, 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 derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

(e) Derivative financial instruments

Derivatives are financial assets or liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.3(a)(i).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(f) Functional and presentation currency

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 RM, which is also the Fund’s functional currency.

(g) Foreign currency translation

Transactions in currencies other than the Fund’s functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in the statement of comprehensive income. The financial statements are presented in RM, which is also the Fund’s functional currency.

(h) Unitholders’ capital

Unitholders’ capital of the Fund meets the definition of puttable instruments classified as equity instruments under the revised MFRS 132 Financial Instruments: Presentation and is classified as equity instruments.

(i) Distribution of income

Distribution of income is made at the discretion of the Manager. A distribution to the Fund’s unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as a deduction from unitholders’ capital. A proposed distribution is recognised as a liability in the period in which it is approved.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at a bank which have an insignificant risk of changes in value.

(k) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Dividend income from quoted equities is recognised when the Fund’s right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(k) Income recognition (continued)

Income distribution from collective investment schemes is recognised when the Fund's right to receive payment is established.

Interest income from deposits with a licensed financial institution is recognised using the effective interest method.

(l) Net asset value attributable to unitholders

Net asset value attributable to unitholders represents the redemption amount that would be payable if the unitholders exercised the right to redeem units of the Fund at the end of the reporting year.

(m) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

No deferred tax is recognised as there are no material temporary differences.

(n) Segment reporting

For internal management reporting purposes, all of the investments of the Fund are managed as one portfolio and reviewed as such by the Manager. The Manager is the decision maker for performance assessment purposes and makes decisions about resource allocation. Accordingly, the Fund does not have any operating segment information to be disclosed in the financial statements.

(o) Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

No major judgments have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. INVESTMENTS

	28.02.2017	31.08.2016
	RM	RM
Financial assets designated as FVTPL:		
- collective investment schemes - local	1,077,218	1,062,092
- quoted investments - local	25,737,842	9,176,605
- quoted investments - foreign	54,172,736	13,035,831
	<u>80,987,796</u>	<u>23,274,528</u>
	01.09.2016	01.09.2015
	to 28.02.2017	to 29.02.2016
	RM	RM
Net gain on financial assets at FVTPL comprised:		
- net realised gain on sale of financial assets at FVTPL	105,327	4,975,227
- net unrealised gain on changes in fair values	4,487,946	857,573
	<u>4,593,273</u>	<u>5,832,800</u>

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

Name of Counter	Quantity	Cost RM	Fair value as at 28.02.2017 expressed as a percentage of value of the Fund	
			Fair Value as at 28.02.2017 RM	%
COLLECTIVE INVESTMENT SCHEMES				
- LOCAL				
United Money Market Fund	2,142,012	1,072,605	1,077,218	0.96
TOTAL COLLECTIVE INVESTMENT SCHEMES - LOCAL		<u>1,072,605</u>	<u>1,077,218</u>	<u>0.96</u>

QUOTED INVESTMENTS - LOCAL

Malaysia

Ekovest Berhad	2,699,000	2,804,742	3,157,830	2.82
Gadang Holdings Berhad	33,300	31,243	35,964	0.03
GD Express Carrier Berhad	357,834	575,332	561,799	0.50
GHL Systems Berhad	1,472,500	1,351,192	1,457,775	1.30
Hiap Teck Venture Berhad	2,347,500	618,421	751,200	0.67
Malaysia Airports Holdings Berhad	426,600	2,876,806	2,764,368	2.47
Only World Group Holdings Berhad	734,000	1,589,369	1,401,940	1.25

3. INVESTMENTS (CONTINUED)

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

Name of Counter	Quantity	Cost RM	Fair value as at 28.02.2017 expressed as a percentage of value of the Fund %	
			Fair Value as at 28.02.2017 RM	

QUOTED INVESTMENTS - LOCAL (CONTINUED)

Malaysia (continued)

Pesona Metro Holdings Berhad	5,171,800	3,414,100	3,361,670	3.01
Press Metal Berhad	903,400	1,462,410	2,240,432	2.00
Reach Energy Berhad	3,900,000	2,540,037	2,418,000	2.16
Salutica Berhad	806,500	981,552	1,177,490	1.05
Serba Dinamik Holdings Berhad	945,000	1,432,526	1,606,500	1.44
Supermax Corporation Berhad	340,000	765,668	683,400	0.61
SYF Resources Berhad	2,682,600	1,479,227	1,582,734	1.42
V.S. Industry Berhad	690,000	982,389	1,076,400	0.96
Yong Tai Berhad	1,043,100	1,122,032	1,460,340	1.31

TOTAL QUOTED INVESTMENTS

- LOCAL		24,027,046	25,737,842	23.00
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QUOTED INVESTMENTS - FOREIGN

By country

Indonesia

PT Adhi Karya (Persero) Tbk	4,001,100	2,907,871	2,835,384	2.53
PT Bank Tabungan Negara (Persero) Tbk	5,246,200	3,119,167	3,735,179	3.34
PT Bumi Serpong Damai Tbk	5,596,900	3,376,419	3,407,622	3.04
PT Jasa Marga (Persero) Tbk	1,897,474	3,018,527	3,017,564	2.70
PT Pembangunan Perumahan (Persero) Tbk	2,647,794	3,271,376	3,065,605	2.74
PT Tiphone Mobile Indonesia Tbk	8,769,200	1,768,442	2,859,163	2.55
PT Wijaya Karya (Persero) Tbk	4,301,451	3,490,536	3,577,732	3.20
		20,952,338	22,498,249	20.10

3. INVESTMENTS (CONTINUED)

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

Name of Counter	Quantity	Cost RM	Fair Value as at 28.02.2017 RM	Fair value as at 28.02.2017 expressed as a percentage of value of the Fund %
QUOTED INVESTMENTS - FOREIGN (CONTINUED)				
By country (continued)				
<u>Philippines</u>				
Megawide Construction Corporation	2,171,700	2,941,960	3,068,715	2.74
Robinsons Retail Holdings, Inc.	351,640	2,449,097	2,523,288	2.26
		<u>5,391,057</u>	<u>5,592,003</u>	<u>5.00</u>
<u>Singapore</u>				
Bumitama Agri Limited	1,233,100	2,802,903	3,012,627	2.69
China Jinjiang Environment Holding Company Limited	297,200	816,698	763,819	0.68
First Resources Limited	431,300	2,320,242	2,579,569	2.31
Fraser and Neave Limited	132,000	777,077	887,904	0.79
Manulife US Real Estate Investment Trust	245,300	812,079	914,459	0.82
Singapore Post Limited	821,700	3,720,436	3,610,933	3.23
Venture Corporation Limited	55,500	1,766,862	1,893,032	1.69
Yoma Strategic Holdings Limited	1,552,500	2,664,265	2,906,297	2.60
		<u>15,680,562</u>	<u>16,568,640</u>	<u>14.81</u>
<u>Thailand</u>				
Bangkok Expressway and Metro Public Company Limited	1,415,400	1,126,418	1,269,274	1.13
IRPC Public Company Limited	3,555,700	2,068,674	2,243,334	2.01
Land and Houses Public Company Limited	1,290,900	1,359,897	1,609,184	1.44
Sino-Thai Engineering & Construction Public Company Limited	431,400	1,492,755	1,399,289	1.25
Supalai Public Company Limited	944,900	2,987,924	2,992,763	2.67
		<u>9,035,668</u>	<u>9,513,844</u>	<u>8.50</u>

3. INVESTMENTS (CONTINUED)

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

Name of Counter	Quantity	Cost RM	Fair Value as at 28.02.2017 RM	Fair value as at 28.02.2017 expressed as a percentage of value of the Fund %
QUOTED INVESTMENTS - FOREIGN (CONTINUED)				
TOTAL QUOTED INVESTMENTS - FOREIGN		51,059,625	54,172,736	48.41
TOTAL INVESTMENTS		76,159,276	80,987,796	72.37
EXCESS OF COST OVER FAIR VALUE		4,828,520		

Analysis of quoted investments by sectors

<u>Sectors:</u>	Quantity	Cost RM	Fair Value as at 28.02.2017 RM	Fair value as at 28.02.2017 expressed as a percentage of value of the Fund %
Construction	7,904,100	6,250,085	6,555,464	5.86
Consumer products	16,578,040	15,520,500	17,691,490	15.81
Energy	3,555,700	2,068,674	2,243,334	2.01
Finance/Real estate investment trusts	14,876,700	14,319,751	15,565,504	13.91
Industrial products	23,697,219	25,396,844	25,945,213	23.18
Information technology	55,500	1,766,862	1,893,032	1.69
Technology	1,472,500	1,351,192	1,457,775	1.30
Trading/Services	3,506,534	7,596,065	7,794,947	6.97
Utilities	297,200	816,698	763,819	0.68
	71,943,493	75,086,671	79,910,578	71.41

4. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 3 (2016: 2) forward foreign currency contracts outstanding.

The notional principal amount of the outstanding forward foreign currency contracts amounted to RM11,231,369 (2016: RM3,007,499).

The forward foreign currency contracts entered into were for hedging against the currency exposure arising from the investments in the equity securities denominated in USD and SGD.

As the Fund has not adopted hedge accounting, the change in fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

5. AMOUNT DUE FROM MANAGER

	28.02.2017	31.08.2016
	RM	RM
Net creation of units	3,545,003	3,611,877
Manager's fee payable	(141,909)	(62,522)
	<u>3,403,094</u>	<u>3,549,355</u>

The normal credit period for the Manager's fee payable is one month (2016: one month).

6. AMOUNT DUE TO TRUSTEE

	28.02.2017	31.08.2016
	RM	RM
Trustee's fee payable	<u>5,528</u>	<u>2,442</u>

Amount due to Trustee represents Trustee's fee payable.

7. UNITHOLDERS' EQUITY

Net asset value attributable to unitholders is represented by:

	Note	28.02.2017	31.08.2016
		RM	RM
Unitholders' capital	(a)	106,476,365	42,237,248

7. UNITHOLDERS' EQUITY (CONTINUED)

		28.02.2017	31.08.2016
		RM	RM
Retained earnings			
- Realised gain	(b)	719,646	4,657,936
- Unrealised gain	(c)	4,714,915	361,300
		5,434,561	5,019,236
Total equity, representing NAV attributable to unitholders		111,910,926	47,256,484

(a) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION

		28.02.2017		31.08.2016	
	Units	RM	Units	RM	
At the beginning of the financial period/year	164,897,787	42,237,248	143,725,296	37,082,101	
Creation of units during the financial period/year	251,268,274	71,810,730	194,963,260	54,469,754	
Reinvestment for the financial period/year	11,302,885	3,133,159	7,847,242	2,079,519	
Cancellation of units during financial period/year	(37,220,445)	(10,704,772)	(181,638,011)	(51,394,126)	
At the end of the financial period/year	390,248,501	106,476,365	164,897,787	42,237,248	

The Manager and parties related to the Manager did not hold any units in the Fund as at 28 February 2017.

(b) RETAINED EARNINGS - REALISED

	28.02.2017	31.08.2016
	RM	RM
At the beginning of the financial period/year	4,657,936	(890,944)
Total comprehensive income for the financial period/year	3,548,484	8,374,888
Net unrealised gain attributable to investments and others held transferred from unrealised reserve	(4,353,615)	(746,489)
	(805,131)	7,628,399
Distribution for the financial year/period	(3,133,159)	(2,079,519)
Net (decrease)/increase in realised reserve for the financial period/year	(3,938,290)	5,548,880
At the end of the financial period/year	719,646	4,657,936

7. UNITHOLDERS' EQUITY (CONTINUED)

(c) RETAINED EARNINGS - UNREALISED

	28.02.2017 RM	31.08.2016 RM
At the beginning of the financial period/year	361,300	(385,189)
Net unrealised gain attributable to investments and others held transferred to unrealised reserve	4,353,615	746,489
At the end of the financial period/year	<u>4,714,915</u>	<u>361,300</u>

8. MANAGER'S FEE

Schedule 8 of the Deed provides that the Manager shall be entitled to a fee at a rate agreed between the Manager and the Trustee which the rate shall not exceed 2.00% (2016: 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 1.80% (2016: 1.80%) 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 Manager in respect of manager's fee other than the amount recognised in the financial statements.

9. TRUSTEE'S FEE

Schedule 9 of the Deed provides that the Trustee shall be entitled to a fee at a rate agreed between the Manager and the Trustee which the rate shall not exceed 0.20% (2016: 0.20%) per annum of the net asset value of the Fund, calculated on a daily basis; subject to a minimum fee of RM15,000 (2016: RM15,000) per annum.

The Trustee's fee provided in the financial statements is 0.07% (2016: 0.07%) 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 in the financial statements.

10. INCOME TAX EXPENSE

Income from deposit placements is exempted from tax in accordance with Schedule 6, Para 35 of the Income Tax Act (ITA), 1967. Pursuant to Section 61(1)(b) of the ITA, 1967, gains from realisation of investment will not be treated as income of the Fund and hence are not subject to income tax. In accordance with Sections 61 and 63B of the Income Tax Act, 1967, interest income and gain on sale of investment are exempted from tax.

A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

10. INCOME TAX EXPENSE (CONTINUED)

	01.09.2016 to 28.02.2017 RM	01.09.2015 to 29.02.2016 RM
Net income before taxation	3,560,161	5,829,676
Taxation at Malaysian statutory rate of 24%	854,439	1,399,122
Tax effects of:		
Income not subject to tax	(1,280,702)	(1,480,000)
Loss not deductible for tax purposes	243,703	-
Restriction on tax deductible expenses for unit trust funds	144,537	68,539
Expenses not deductible for tax purposes	38,023	12,339
	(854,439)	(1,399,122)
Foreign withholding tax	11,677	-
Tax expense for the financial year/period	11,677	-

11. DISTRIBUTION

Distribution to unitholders is from the following sources:

	01.09.2016 to 28.02.2017 RM	01.09.2015 to 29.02.2016 RM
Dividend income	-	124,634
Interest income	-	56,220
Net realised gain on sale of investments	-	1,993,567
Net realised gain on foreign currency exchange	-	242,090
Previous financial year's realised gain	3,905,503	-
	3,905,503	2,416,511
Less:		
Expenses	(760,667)	(336,991)
Tax expense	(11,677)	-
Net distributable amount	3,133,159	2,079,520

Details of distribution to unitholders during the financial period ended 28 February 2017 are as follows:

Distribution Ex-date	Reinvestment settlement date	Distribution per unit RM	Total distribution RM
4 January 2017	5 January 2017	0.0115	3,133,159

Details of distribution to unitholders during the financial period ended 29 February 2016 are as follows:

Distribution Ex-date	Reinvestment settlement date	Distribution per unit RM	Total distribution RM
18 December 2015	21 December 2015	0.0250	2,079,520

12. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

Details of transactions with brokers and financial institutions by the Fund for the financial period ended 28 February 2017 are as follows:

Brokers/Financial institutions	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Investment Bank Berhad	27,360,439	21.76	64,806	17.89
UOB Kay Hian Securities (M) Sdn. Bhd.**	14,188,553	11.29	33,267	9.18
JP Morgan Securities (Asia Pacific)	11,269,312	8.96	37,099	10.24
China International Capital Corporation				
Hong Kong Securities Limited	10,545,214	8.39	27,919	7.71
Credit Suisse (Hong Kong) Limited	9,673,233	7.70	37,577	10.37
CLSA Limited (Hong Kong)	9,327,045	7.42	38,995	10.77
Macquarie Bank Limited (Hong Kong)	9,223,922	7.34	29,237	8.07
Affin Hwang Investment Bank Bhd	8,118,771	6.46	30,778	8.50
Public Investment Bank Berhad	5,295,519	4.21	11,197	3.09
Hong Leong Investment Bank	4,581,444	3.64	8,377	2.31
Others	16,135,151	12.83	42,985	11.87
	125,718,603	100.00	362,237	100.00

** A company related to the Manager.

The directors of the Manager are of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. These dealings with the related parties have been transacted at arm's length basis.

13. MANAGEMENT EXPENSE RATIO ("MER")

	01.09.2016 to 28.02.2017 %	01.09.2015 to 29.02.2016 %
Manager's fee	0.89	0.89
Trustee's fee	0.03	0.04
Other expenses	0.10	0.15
Total MER	1.02	1.08

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.09.2016 to 28.02.2017	01.09.2015 to 29.02.2016
PTR (times)	0.84	1.39

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis.

15. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund’s financial assets and financial liabilities are measured on an ongoing basis based on their respective classification. The significant accounting policies in Note 2.3 describe how the classes of financial instruments are measured, and how income and expenses are recognised:

- (i) the Fund’s investment, comprising quoted equities and collective investment schemes, are classified as financial assets at FVTPL which are measured at fair value;
- (ii) the Fund’s financial assets, comprising forward foreign currency contracts is measured at fair value;
- (iii) the Fund’s financial assets, comprising amount due from brokers, amount due from Manager, dividend receivables, other receivable and cash at a bank, are classified as loans and receivables which are measured at amortised cost; and
- (iv) all of the Fund’s financial liabilities, comprising amount due to brokers, amount due to Trustee and other payables and accruals, are classified as other financial liabilities which are measured at amortised cost.

	Financial assets/ liabilities at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
28.02.2017				
Assets				
Investments	80,987,796	-	-	80,987,796
Amount due from Manager	-	3,403,094	-	3,403,094
Dividend receivables	-	405,741	-	405,741
Other receivables	-	17,745	-	17,745
Cash at a bank	-	27,816,738	-	27,816,738
Total financial assets	80,987,796	31,643,318	-	112,631,114

15. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	Financial assets/ liabilities at FVTPL RM	Loans and receivables at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
28.02.2017				
Liabilities				
Forward foreign currency contracts	106,011	-	-	106,011
Amount due to brokers	-	-	569,956	569,956
Amount due to Trustee	-	-	5,528	5,528
Other payables and accruals	-	-	38,693	38,693
Total financial liabilities	106,011	-	614,177	720,188
31.08.2016				
Assets				
Investments	23,274,528	-	-	23,274,528
Forward foreign currency contracts	28,341	-	-	28,341
Amount due from brokers	-	2,187,593	-	2,187,593
Amount due from Manager	-	3,549,355	-	3,549,355
Dividend receivables	-	11,663	-	11,663
Cash at a bank	-	20,249,975	-	20,249,975
Total financial assets	23,302,869	25,998,586	-	49,301,455
Liabilities				
Amount due to brokers	-	-	2,005,335	2,005,335
Amount due to Trustee	-	-	2,442	2,442
Other payables and accruals	-	-	37,194	37,194
Total financial liabilities	-	-	2,044,971	2,044,971

(b) Financial instruments that are carried at fair value

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

15. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments that are carried at fair value (continued)

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
28.02.2017				
Financial instruments				
- Collective investment schemes	-	1,077,218	-	1,077,218
- Forward foreign currency contracts	-	(106,011)	-	(106,011)
- Quoted investments	79,910,578	-	-	79,910,578
	<u>79,910,578</u>	<u>971,207</u>	<u>-</u>	<u>80,881,785</u>
31.08.2016				
Financial instruments				
- Collective investment schemes	-	1,062,092	-	1,062,092
- Forward foreign currency contracts	-	28,341	-	28,341
- Quoted investments	22,212,436	-	-	22,212,436
	<u>22,212,436</u>	<u>1,090,433</u>	<u>-</u>	<u>23,302,869</u>

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Amount due from brokers
- Amount due from Manager
- Dividend receivables
- Other receivable
- Cash at a bank
- Amount due to brokers
- Amount due to Trustee
- Other payables and accruals

There were no financial instruments which are not carried at fair values and whose carrying amounts are not reasonable approximation of their respective fair values.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks, which include market risk, manager risk, non-compliance risk, equity risk, currency risk, liquidity risk, credit risk and geographical 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's Guidelines on Unit Trust Funds.

(a) Market risk

Market risk refers to potential losses that may arise from changes in the market conditions which in turn affect the market prices of the investments of the Fund. Market conditions are generally affected by, amongst others, social environment, political and economic stability. The Fund that seeks to invest in various geographical markets will be subjected to risks arising from general and sector specific economic conditions in the markets in which the Fund invests. However, if one of the markets which the Fund invests in suffers a downturn or instability due to economic and/or political conditions, the possible adverse impact on the Fund's value may be softened by the fact that the Fund is also invested in other markets that are not experiencing similar downturn or instability. In the event the downturn or instability affects multiple markets within the region or globally, the benefits of diversification in multiple markets enjoyed by the Fund will be reduced as each of the markets it invests in experiences the downturn or instability.

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

	28.02.2017	31.08.2016
	RM	RM
Financial assets at FVTPL	80,987,796	23,274,528
Forward foreign currency contracts	(106,011)	-
	<u>80,881,785</u>	<u>23,274,528</u>

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

	Change in price of investments	Market value	Impact on profit after tax and net asset value
	%	RM	RM
28.02.2017			
	-5	76,837,696	(4,044,089)
	0	80,881,785	-
	5	84,925,874	4,044,089
		<u>80,881,785</u>	<u>23,274,528</u>
31.08.2016			
	-5	22,110,802	(1,163,726)
	0	23,274,528	-
	5	24,438,254	1,163,726
		<u>23,274,528</u>	<u>23,274,528</u>

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) **Manager risk**

The performance of the Fund depends on, amongst other things, the expertise of the Manager. A failure on the part of the Manager to display the requisite experience and expertise expected of them in making investment decisions for the Fund may jeopardize the Fund's performance and returns.

(c) **Non-compliance risk**

Non-adherence with laws, rules, regulations, prescribed practices, internal policies and procedures may result in tarnished reputation, limited business opportunities and reduced expansion potential for the management company. Investment goals may also be affected should the Manager not adhere to the investment mandate, such as the Fund's investment objective and investment policy and strategy. The non-adherence may be the outcome from human error, for instance the oversight of the Manager or system failure causing unnecessary downtime. The magnitude of such risk and its impact on the Fund and/or unit holders are dependent on the nature and severity of the non-compliance. In order to mitigate this risk, the Manager has stringent internal controls and ensures that compliance monitoring processes are undertaken.

(d) **Equity risk**

As the Fund will be investing in equities and equity-related securities, the Fund will be affected by equity risk. Generally, equity risk may arise in the following forms, i.e., equity risks related to external factors and equity risks related to company-specific factors. All of these related equity risks can adversely affect the prices of equities, which would negatively impact the performance of the Fund.

Equity risks related to external factors include economic, political or general market factors which impact equities generally. For example, adverse political developments may cause the economy of the country in which the Fund invests to become unstable, which in turn affects the profitability of a company that operates in that country due to weakening of the economy.

Equity risks related to company-specific factors include how the companies in which the Fund invests are managed; the performance of any given company depends on the quality of its management. A company that has competent management with the necessary experience and skill sets will contribute to the effectiveness of the operations of the company as indicated by such metrics as revenue growth and profitability. Company specific factors also include how the company is doing relative to its competitors or other companies in its industry or related industries.

These types of equity risks can work individually or in combination to negatively affect the value of equities held by the Fund.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Currency risk

This risk is associated with investments denominated in currencies different from the base currency of the Fund. As the Fund is denominated in Ringgit Malaysia, investments in countries other than Malaysia will cause the Fund to be exposed to currency risks. When foreign currencies move unfavourably against the RM, these investments may face currency loss in addition to any capital gains or losses, which will affect the net asset value of the Fund, and consequently the net asset value per unit of the Fund. The Manager may mitigate this risk by hedging the foreign currency exposure. However, by employing this hedging, it will limit the potential upside of these currencies where investors would not be able to enjoy the additional returns when these currencies move favourably against the RM.

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

	Financial assets at FVTPL RM	Dividend receivables RM	Cash at a bank RM	Total RM
28.02.2017				
Singapore Dollar ("SGD")	15,654,181	13,036	-	15,667,217
Indonesia Rupiah ("IDR")	22,498,249	-	-	22,498,249
Philippines ("PHP")	5,592,003	-	-	5,592,003
Thailand Baht ("THB")	9,513,844	93,623	-	9,607,467
United States Dollar ("USD")	914,459	20,902	-	935,361
31.08.2016				
Singapore Dollar ("SGD")	5,605,433	3,664	-	5,609,097
Indonesia Rupiah ("IDR")	4,572,546	-	-	4,572,546
Thailand Baht ("THB")	2,045,574	7,039	-	2,052,613
United States Dollar ("USD")	840,619	-	-	840,619

The table below summarises the sensitivity of the Fund's net asset value and profit after tax 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.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Currency risk (Continued)

	Change in foreign exchange rate %	Impact in profit after tax/net asset value RM
28.02.2017		
SGD	-5	(783,361)
	+5	<u>783,361</u>
IDR	-5	(1,124,912)
	+5	<u>1,124,912</u>
PHP	-5	(279,600)
	+5	<u>279,600</u>
THB	-5	(480,373)
	+5	<u>480,373</u>
USD	-5	(46,768)
	+5	<u>46,768</u>
31.08.2016		
SGD	-5	(280,455)
	+5	<u>280,455</u>
IDR	-5	(228,627)
	+5	<u>228,627</u>
THB	-5	(102,631)
	+5	<u>102,631</u>
USD	-5	(42,031)
	+5	<u>42,031</u>

(f) Liquidity risk

Liquidity risk refers to the ease of liquidating an investment depending on the investment's volume traded in the market. Generally, if the Fund holds many securities that are illiquid, or difficult to dispose of, the value of the Fund may be affected when it has to sell such securities at an unfavourable price. This in turn will depress the value of the Fund. This risk may be mitigated by avoiding securities or markets with poor liquidity.

The undiscounted contractual cash flows for financial assets of the Fund are:

- (i) The investments have no maturity period; and
- (ii) Other financial assets and financial liabilities will contractually mature less than one year from the reporting date at amounts not significantly different from that presented on the statement of financial position.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Credit risk

This refers to the creditworthiness of the issuers of fixed income securities and/or money market instruments and its expected ability to make timely payment of interest and/or principal. Default happens when the issuers are not able to make timely payments of interest and/or principal. Fixed income securities and/or money market instruments are subject to both actual and perceived measures of creditworthiness. The downgrading of a rated fixed income security and/or money market instrument or adverse publicity and investor perception could decrease the value and liquidity of the fixed income security and/or money market instrument, particularly in a thinly traded market.

An economic recession may adversely affect an issuer's financial condition and the market value of fixed income securities and/or money market instruments issued by such entity. The issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts. All this may impact the valuation of the Fund or result in the Fund experiencing losses.

Deposits that the Fund has placed with financial institutions are also exposed to credit/default risk. If the financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and interest foregone, causing the performance of the Fund to be adversely affected. Placement of deposits with financial institutions will also be made based on prudent selection by the Manager according to its analysis on credit worthiness of the financial institutions.

The following table sets out maximum exposure to credit risk and the credit risk concentrations of the Fund.

	Cash and cash equivalents RM	Other financial assets* RM	Total RM	As a % of net asset value
28.02.2017				
- AA1	27,816,738	-	27,816,738	24.86
- Non-Rated	-	3,826,580	3,826,580	3.42
	<u>27,816,738</u>	<u>3,826,580</u>	<u>31,643,318</u>	<u>28.28</u>
31.08.2016				
- AA1	20,249,975	-	20,249,975	42.85
- Non-Rated	-	5,748,611	5,748,611	12.16
	<u>20,249,975</u>	<u>5,748,611</u>	<u>25,998,586</u>	<u>55.01</u>

* Comprise amount due from brokers, amount due from Manager and dividend receivables.

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

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(h) Geographical risk

The Fund is also subject to geographical risk. The value of the assets of the Fund may also be affected by the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in the Asia Pacific region excluding Japan in which the Fund may invest. Further, when investing in foreign markets, there are countries which may require prior approvals before investments can take place. For example, if and when the Fund invests in countries such as China, Taiwan, South Korea, India and Vietnam, such countries require the prior application or registration of an investment license or investor code before any investment can be made in these countries.

As such, if investments in such countries are undertaken, there may be a risk that the registration or license may be revoked or is not renewed by the relevant authority and the Fund's investment in these countries may be affected. The effect on the Fund's investments will depend on the regulatory requirements of the respective countries. For example, if a foreign market requires the Fund to obtain an investment license which is subject to renewal and if such investment license is not renewed in a timely manner, this may result in the Fund's investment account in that country being frozen by the regulator resulting in investment activities for the Fund in that country being suspended. To mitigate this, the Manager will monitor closely the adherence of investment regulatory requirements in such countries.

16. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's units in issue at the end of the financial period are disclosed in Note 7.

No changes were made to the Fund's objectives, policies or processes during the current financial year.

(E) CORPORATE INFORMATION

Manager

UOB Asset Management (Malaysia) Berhad
(219478-X)

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Website: www.uobam.com.my

Board of Directors

Mr Wong Kim Choong
Mr Thio Boon Kiat
(alternate to Mr Wong Kim Choong)
Mr Seow Lun Hoo
Dato' Dr Choong Tuck Yew
Mr Khoo Chock Seang
En Izlan Bin Izhab
Ms Lim Suet Ling (Executive Director & CEO)

Trustee

Deutsche Trustees Malaysia Berhad
(763590-H)

Fund Valuation Service Provider

Deutsche Bank (Malaysia) Berhad
(312552-W)

Auditor of the Fund

Ernst & Young
(AF0039)

Tax Agent of the Fund

Ernst & Young Tax Consultants Sdn Bhd
(179793-K)

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