



# United Absolute Return Equity Fund

**Quarterly Report**  
**30 June 2018**



# UNITED ABSOLUTE RETURN EQUITY FUND

## GENERAL INFORMATION ABOUT THE FUND

### Commencement Date

United Absolute Return Equity Fund (the “Fund”) was launched on 28 September 2017 and the initial offer period was 1 days. The Fund commenced investment on 29 September 2017.

### Fund Category and Type

Fund Category - Equity

Fund Type - Growth

### Investment Objective, Policy and Strategy of the Fund

#### Investment Objective of the Fund

The Fund aims to provide investors with Medium to Long Term capital appreciation by investing in equities.

#### Investment Policy and Strategy

The Fund seeks to achieve its objective by investing in a portfolio of equities and equity-related securities (e.g. warrants) which are able to achieve a positive absolute return over the Medium to Long Term regardless of market conditions. The Fund will be investing a minimum of 70% of its NAV in equities and equity-related securities (e.g. warrants) and the balance of the Fund's NAV that is not invested in equities and equity-related securities (e.g. warrants) will be invested in money market instruments or placements in deposits with financial institutions.

Generally, the Manager will focus on equities and equity-related securities (e.g. warrants) traded and/or listed in the Asia Pacific region (excluding Japan), which includes but is not limited to Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Philippines, Indonesia and Thailand. The Manager may also invest in companies that have substantial business in Asia Pacific region (excluding Japan). These companies are defined as companies that have at least 50% of its revenue or profits derived from Asia Pacific region (excluding Japan) and/or have a least 50% of its business operations located in the Asia Pacific region (excluding Japan). Notwithstanding the above, the Fund can invest in any foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO.

The Fund is actively managed and the Manager employs fundamental and bottom-up analysis as an integral part of its equity investment process. This approach emphasizes the analysis of individual companies including the evaluation of a company's operating and earning prospects, competitive positioning, quality of management, corporate governance standards, valuation, profitability measures and risk factors.

As the Fund's investments may be denominated in foreign currencies, the Fund may use financial derivatives instruments such as options, futures contracts, forward contracts and swaps for the purposes of hedging, where necessary, to reduce the Fund's exposure to foreign exchange fluctuations.

The risk management strategies and techniques employed by the Manager include diversification across various industries, sectors, companies and countries. The Manager may also take temporary defensive positions that may be inconsistent with the Fund's investment strategy in response to adverse economic, political or any market conditions. In such circumstances, the Fund may hold up to 100% of its NAV in liquid assets as a defensive strategy.

### Asset Allocation

- A minimum of 70% of the Fund's NAV in equities and equity-related securities; and
- A minimum of 30% of the Fund's NAV in money market instruments or placement of deposits with financial institutions.

### Performance Benchmark

The performance of this Fund is benchmarked against a target return of 8% per annum.

### Permitted Investments

Unless otherwise prohibited by the relevant regulatory authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- (1) Equities and equity-related securities traded in or under the rules of an Eligible Market;
- (2) Unlisted securities including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer;
- (3) Money market instruments;
- (4) Deposits;
- (5) Collective investment schemes (both local and foreign);
- (6) Financial derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes; and
- (7) Any other form of investments as may be agreed upon by the Manager and the Trustee from time to time.

### Distribution Policy

Subject to the availability of income, distribution is incidental.

### Distribution Mode

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.

The distribution declared will be reinvested based on the NAV per unit at the end of the business day of the income declaration date.

**MANAGER'S REPORT – UNITED ABSOLUTE RETURN EQUITY FUND**  
**QUARTERLY REPORT**  
**[1 April 2018 to 30 June 2018]**

*Market Review*

During the period under review, the MSCI All Country World Index posted a marginal decline of 0.1% in United States Dollar ("USD") terms. Within the index, there was a significant divergence between the performance of developed markets and emerging markets. The MSCI World Index (for developed markets) was up by 1.1% but the MSCI Emerging Market Index was down by 8.7%.

The United States of America ("U.S.") market was one of the strongest performers during the period, with the Standard & Poor's ("S&P") 500 Index and Nasdaq Composite Index up by 2.9% and 6.3% respectively. This was driven by the robust U.S. economy, strong earnings growth and returning fund flows. Technology stocks, particularly the FANG names like Amazon and Facebook, continued to do well due to their higher growth relative to the other sectors in the market.

On the other hand, Asia markets were under pressure with the MSCI Asia ex Japan Index down by 6.2%. Emerging markets in general were impacted by capital outflow and strength in the USD. China was a key laggard due to its trade tension with the U.S., rising bond default cases in the property sector and continued deleveraging. Philippines, Thailand, and Indonesia were also badly affected due to foreign portfolio outflows.

Meanwhile, Malaysia's FBM KLCI was down by 9.2% during the period as the market was sold down in May and June following the unexpected outcome of the general election. Investors were uncertain about the country's fiscal position as the new government revealed that the country's national debt amounted to Malaysia Ringgit ("RM")1 trillion, reduced Good & Services Tax ("GST") to zero, and introduced fuel subsidies. The construction sector was significantly affected as the new government signaled its intention to cancel the Kuala Lumpur ("KL") -Singapore high-speed rail and Mass Rapid Transit3 ("MRT3") projects.

*Source: UOB Asset Management (Malaysia) Berhad (UOBAM(M))*

**FUND PERFORMANCE REVIEW**

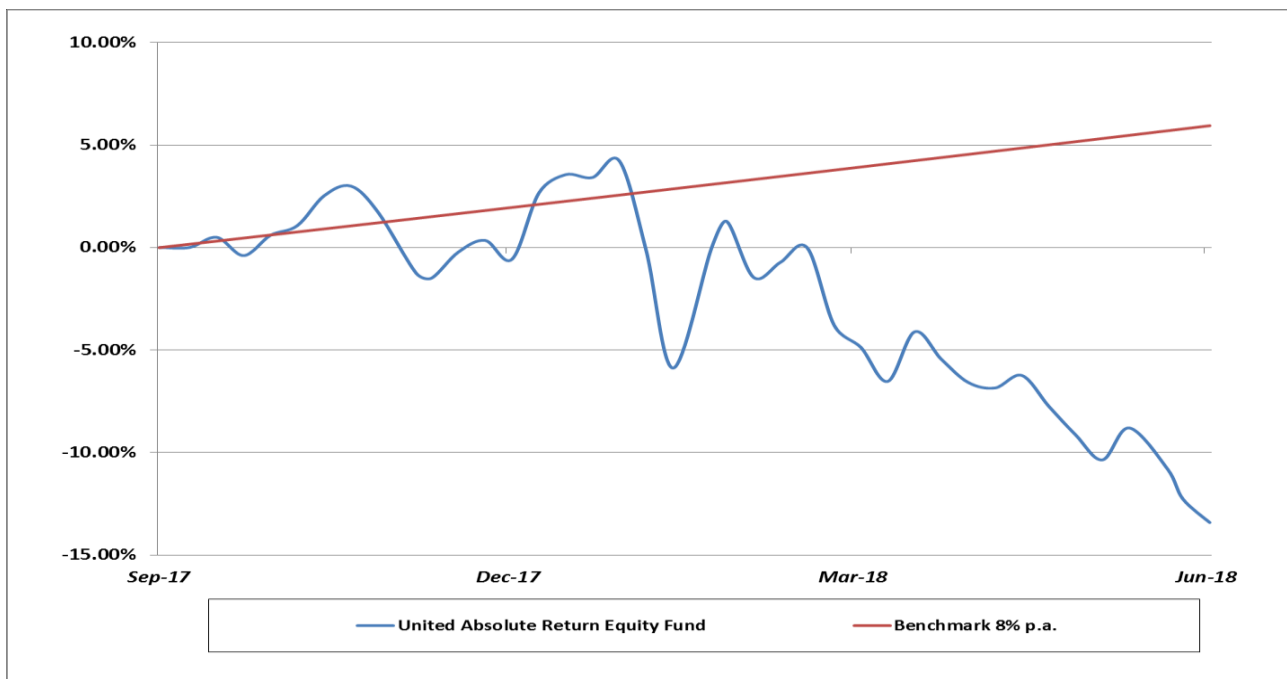
For the period under review, the Fund was down by 9.0%, underperforming the absolute benchmark return of 1.9%. The key drags to the Fund were positions in the Malaysia construction sector. We positioned the Fund premised on the scenario that Barisan Nasional would remain in power. This included having some exposure to Malaysian contractors given the significant infrastructure investments that the previous government was implementing. After the unexpected result of the general election, the Fund was hit by the sell-off in construction stocks due to the new government's plan to review mega infrastructure projects. The Fund's positions in Malaysia banking stocks were also impacted as foreigners exited the market given the uncertainty over the government's fiscal position.

*Source: UOBAM(M)*

**PERFORMANCE DATA** (as at 30 June 2018)

	1 m	3 m	6 m	12 m	YTD	Since inception (29 September 2017)
United Absolute Return Equity Fund	-4.71%	-8.99%	-12.92%	N/A	-12.92%	-13.42%
Target return of 8% per annum	0.71%	1.92%	3.84%	N/A	3.91%	5.95%

Source: UOBAM(M), Lipper as at 30 June 2018



Source: UOBAM(M), Lipper as at 30 June 2018

Note: The performance of the Fund is benchmarked against a target return of 8% per annum.

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

**FINANCIAL REVIEW**

For the period under review, the Fund reported a total investment income of negative RM 0.14 million. After taking into consideration the Fund's expenses, the Fund achieved a net income of RM 0.15 million.

**PORTFOLIO STRUCTURE**

As at 30 June 2018, the Fund was 76.67% invested in equities and the remaining of 23.33% invested in cash.

## FUND SIZE

As at 30 June 2018, the Fund's units in circulation stood at 1.78 million units.

<b>Fund Size</b>	<b>As at 30-Jun-18</b>
Net Asset Value (RM million)	1.54
Units In Circulation (million)	1.78
Net Asset Value Per Unit (RM)	0.8657
Highest Net Asset Value Per Unit (RM)	1.0423
Lowest Net Asset Value Per Unit (RM)	0.8658



# UNITED ABSOLUTE RETURN EQUITY FUND

## STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 JUNE 2018

	Note	30.06.2018 MYR
<b>ASSETS</b>		
Investments	1	1,189,190
Dividend receivables		4,476
Amount due from brokers		129,951
Cash at a bank		362,162
<b>TOTAL ASSETS</b>		<u>1,685,779</u>
<b>LIABILITIES</b>		
Amount due to Trustee		1,233
Amount due to brokers		120,602
Accruals		19,051
<b>TOTAL LIABILITIES</b>		<u>140,886</u>
<b>UNITHOLDERS' EQUITY</b>		
Unitholders' capital		1,784,623
Accumulated loss		(239,730)
<b>TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,544,893</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,685,779</u>
<b>UNITS IN CIRCULATION</b>		<u>1,784,483</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>0.8657</u>

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

**UNITED ABSOLUTE RETURN EQUITY FUND**

**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER OF 1 APRIL 2018 TO 30 JUNE 2018**

	<b>01.04.2018</b>
	<b>to</b>
	<b>30.06.2018</b>
<b>Note</b>	<b>MYR</b>
<b>INVESTMENT LOSS</b>	
Dividend income from quoted equities	18,043
Interest income from deposits with a licensed financial institution	1,426
Net loss on investments at fair value through profit or loss ("FVTPL")	1
- net realised loss on sale of investments at FVTPL	(161,047)
- net unrealised gain on changes in fair value	22,506
Net realised loss on foreign currency exchange	(4,278)
Net realised loss on forward foreign currency contracts	(11,057)
Net unrealised loss on foreign currency exchange	(61)
Net unrealised loss on forward foreign currency contracts	(4,132)
	<u>(138,600)</u>
<b>EXPENSES</b>	
Trustee's fee	3,740
Auditors' remuneration	2,306
Tax agent's fee	1,190
Other expenses	6,152
	<u>13,388</u>
<b>NET LOSS BEFORE TAXATION</b>	(151,988)
Tax expense	(656)
	<u>(152,644)</u>
<b>NET LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<u>(152,644)</u>
Net loss after taxation is made up of the following:	
Realised amount	(170,957)
Unrealised amount	18,313
	<u>(152,644)</u>

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

**UNITED ABSOLUTE RETURN EQUITY FUND**

**STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)  
FOR THE QUARTER OF 1 APRIL 2018 TO 30 JUNE 2018**

	<b>Unitholders' capital MYR</b>	<b>Accumulated loss MYR</b>	<b>Total net asset value MYR</b>
Balance as at 1 April 2018	1,784,623	(87,086)	1,697,537
Movement in net asset value: Total comprehensive loss for the financial period	-	(152,644)	(152,644)
Balance as at 30 June 2018	<u>1,784,623</u>	<u>(239,730)</u>	<u>1,544,893</u>

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

**UNITED ABSOLUTE RETURN EQUITY FUND**

**STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE QUARTER OF 1 APRIL 2018 TO 30 JUNE 2018**

	<b>01.04.2018 to 30.06.2018 MYR</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>	
Proceeds from sale of investments	1,360,051
Purchase of investments	(1,379,910)
Interest income received from deposits with a licensed financial institution	1,426
Dividend received	15,927
Trustee's fee paid	(3,781)
Foreign withholding tax paid	(656)
Payment of other fees and expenses	(3,523)
Net realised loss on forward foreign currency contracts	(11,057)
Net realised foreign currency exchange loss	(4,278)
Net cash used in operating and investing activities	<u>(25,801)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(25,801)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	387,963
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>362,162</u>
Cash and cash equivalents comprise the following:	
Cash at a bank	<u>362,162</u>

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

# UNITED ABSOLUTE RETURN EQUITY FUND

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

### 1. INVESTMENTS

	<b>30.06.2018</b>
	<b>MYR</b>
Investments designated as FVTPL:	
- quoted investments - local	884,846
- quoted investments - foreign	304,344
	<u>1,189,190</u>
	<b>01.04.2018 to</b>
	<b>30.06.2018</b>
	<b>MYR</b>
Net loss on investments at FVTPL comprised:	
- net realised loss on sale of investments at FVTPL	(161,047)
- net unrealised gain on changes in fair value	22,506
	<u>(138,541)</u>

Investments designated as FVTPL as at 30 June 2018 are as follows:

Name of Counter	Quantity	Cost MYR	Fair value MYR	Fair value expressed as a percentage of value of the Fund %
<b>QUOTED INVESTMENTS - LOCAL</b>				
<b><u>Malaysia</u></b>				
Aeon Co. (M) Berhad	25,000	59,717	56,750	3.67
Alliance Bank Malaysia Berhad	13,400	57,891	54,136	3.50
Bermaz Auto Berhad	11,000	24,281	24,200	1.57
Carlsberg Brewery Malaysia Berhad	2,100	40,595	40,530	2.62
CCK Consolidated Holdings Berhad	61,000	56,319	55,815	3.61
CCK Consolidated Holdings Berhad - Warrant	18,000	-	4,500	0.29
CIMB Group Holdings Berhad	11,287	73,161	61,514	3.98

## 1. INVESTMENTS (CONTINUED)

Investments designated as FVTPL as at 30 June 2018 are as follows: (continued)

Name of Counter	Quantity	Cost MYR	Fair value MYR	Fair value expressed as a percentage of value of the Fund %
<b>QUOTED INVESTMENTS - LOCAL (CONTINUED)</b>				
<b><u>Malaysia (continued)</u></b>				
Formosa Prosonic Industries Berhad	20,000	27,926	26,600	1.72
Fraser & Neave Holdings Berhad	1,000	35,281	39,020	2.53
Genting Malaysia Berhad	7,000	36,846	34,160	2.21
Hai-O Enterprise Berhad	13,000	69,892	63,700	4.12
Heineken Malaysia Berhad	1,500	31,176	32,820	2.13
KESM Industries Berhad	2,000	33,018	33,200	2.15
Kossan Rubber Industries Berhad	4,000	33,903	33,760	2.19
Malayan Banking Berhad	4,800	51,590	43,200	2.80
MI Equipment Holdings Berhad	19,000	27,250	36,100	2.34
Pecca Group Berhad	34,300	28,140	29,841	1.93
RHB Bank Berhad	4,000	22,968	21,840	1.41
Serba Dinamik Holdings Berhad	13,500	43,818	43,875	2.84
Supermax Corporation Berhad	14,500	49,590	60,465	3.91
Tenaga Nasional Berhad	2,000	29,401	29,280	1.90
Yinson Holdings Berhad	13,000	58,269	59,540	3.86
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>		<b>891,032</b>	<b>884,846</b>	<b>57.28</b>
<b>QUOTED INVESTMENTS - FOREIGN</b>				
<b><u>Hong Kong</u></b>				
Pentamaster International Limited	68,000	43,746	34,676	2.24
Tencent Holdings Limited	300	65,239	60,853	3.94
		<b>108,985</b>	<b>95,529</b>	<b>6.18</b>

## 1. INVESTMENTS (CONTINUED)

Investments designated as FVTPL as at 30 June 2018 are as follows: (continued)

Name of Counter	Quantity	Cost MYR	Fair value MYR	Fair value expressed as a percentage of value of the Fund %
<b>QUOTED INVESTMENTS - FOREIGN (CONTINUED)</b>				
<b><u>Indonesia</u></b>				
Perusahaan Perseroan (Persero)				
PT Telekomunikasi Indonesia TBK	55,000	57,760	58,101	3.76
Pt Ace Hardware Indonesia TBK	100,000	33,254	35,776	2.32
		<u>91,014</u>	<u>93,877</u>	<u>6.08</u>
<b><u>Japan</u></b>				
Shin-Etsu Chemical Company Limited	100	43,934	35,997	2.33
<b><u>Singapore</u></b>				
Aem Holdings Limited	6,800	35,554	22,753	1.47
<b><u>United States of America</u></b>				
Alibaba Group Holding Limited	75	54,739	56,188	3.64
<b>TOTAL QUOTED INVESTMENTS - FOREIGN</b>		<u>334,226</u>	<u>304,344</u>	<u>19.70</u>
<b>TOTAL INVESTMENTS</b>		<u>1,225,258</u>	<u>1,189,190</u>	<u>76.98</u>
<b>SHORTFALL OF FAIR VALUE OVER COST</b>		<u>(36,068)</u>		

## 1. INVESTMENTS (CONTINUED)

### Analysis of quoted investments by sectors

Sectors:	Quantity	Cost MYR	Fair value MYR	Fair value
				expressed as a percentage of value of the Fund %
Consumer Discretionary	100,000	33,254	35,776	2.32
Consumer Products	103,600	191,297	199,285	12.90
Finance	33,487	205,610	180,690	11.70
Industrial Products	52,800	111,633	124,066	8.03
Information Technology	75,175	199,278	174,470	11.29
Materials	100	43,934	35,997	2.33
Technology	2,000	33,018	33,200	2.15
Telecommunication Services	55,000	57,760	58,101	3.76
Trading/Services	103,500	349,474	347,605	22.50
		<u>1,225,258</u>	<u>1,189,190</u>	<u>76.98</u>

## 2. MANAGEMENT EXPENSE RATIO (“MER”)

	01.04.2018 to 30.06.2018 %
Trustee’s fee	0.23
Other expenses	0.59
Total MER	<u>0.82</u>

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.

## 3. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.04.2018 to 30.06.2018
PTR (times)	<u>0.91</u>

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.

## 4. QUARTERLY REPORT

The quarterly report for the quarter of 01 April 2018 to 30 June 2018 is unaudited.



## **CORPORATE INFORMATION**

<b>Manager</b>	UOB Asset Management (Malaysia) Berhad (219478-X)
<b>Registered &amp; Principal Office</b>	Level 22, Vista Tower The Intermark 348, Jalan Tun Razak 50400 Kuala Lumpur  Tel: 03-2732 1181 Fax: 03-2164 8188
<b>Board of Directors</b>	Mr Wong Kim Choong Mr Thio Boon Kiat (alternate to Mr Wong Kim Choong) Mr Seow Lun Hoo Mr Seow Voon Ping (alternate to Mr Seow Lun Hoo*) Dato' Dr Choong Tuck Yew Mr Khoo Chock Seang En Syed Naqiz Shahabuddin Bin Syed Abdul Jabbar Ms Lim Suet Ling (Executive Director & CEO)
<b>Trustee</b>	Deutsche Trustees Malaysia Berhad (763590-H)
<b>Auditor of the Fund</b>	Ernst & Young (AF0039)
<b>Tax Agent of the Fund</b>	Deloitte Tax Services Sdn Bhd
<b>Solicitor</b>	Wei Chien & Partners

**Note:**

*\* Please note that with effect from 17 January 2018, Mr. Seow Voon Ping was appointed to be alternate director of Mr. Seow Lun Hoo.*

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