



# United Golden Opportunity Fund

**Annual Report  
30 September 2018**



# UNITED GOLDEN OPPORTUNITY FUND

## GENERAL INFORMATION ABOUT THE FUND

### Commencement Date

United Golden Opportunity Fund (the "Fund") was launched on 7 November 2016 and the initial offer period was 21 days, up to 27 November 2016. The Fund commenced investment on 28 November 2016.

### Fund Category and Type

Fund Category - Mixed Assets

Fund Type - Growth

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

#### Investment Objective of the Fund

The Fund seeks to achieve Long Term (i.e. a period of at least five (5) years) capital appreciation by investing in gold related instruments.

#### Investment Policy and Strategy

The Fund seeks to achieve its investment objective by investing a minimum of 95% of the Fund's net asset value ("NAV") in gold related collective investment schemes and/or exchange traded funds globally. The Manager (i.e. UOB Asset Management (Malaysia) Berhad) will invest in gold related collective investment schemes and/or exchange traded funds listed and/or traded in the global markets where regulatory authorities are ordinary or associate members of the International Organization of Securities Commissions ("IOSCO").

The Manager may opt to invest a minimum of 95% of the Fund's NAV in a single collective investment scheme or exchange traded fund if the Manager is of the view that such instrument would give a better reflection of the performance of gold. For avoidance of doubt, the Fund will neither be investing in physical gold nor hold physical gold.

In addition, the Fund is also permitted to invest in equities and/or equity-related securities listed and/or traded in markets where the regulatory authorities are ordinary or associate members of the IOSCO, for the purpose of seeking potential upside when the investment opportunity is attractive. Under such circumstances, the Manager will invest in equities and/or equity related securities of companies whose business is in gold related activities such as mining, production, or extraction of gold. The Manager may also invest in companies who have substantial business in gold related activities as mentioned above. These companies are defined as companies that have at least 50% of its revenues or profits derived from gold related activities.

The remainder of the Fund's NAV not invested in gold related collective investment schemes and/or exchange traded funds and/or gold related equities will be invested in money market instrument and/or deposits for liquidity purposes.

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 Manager may take temporary defensive positions that may be inconsistent with the Fund's principal investment strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, the Manager may allocate up to 100% of the Fund's assets into money market instruments and deposits, which are defensive in nature.

### Asset Allocation

- A minimum of 95% of the Fund's NAV in gold related instruments.
- Up to 5% of the Fund's NAV in money market instruments and/or deposits.

### Performance Benchmark

Gold Spot Exchange Rate in United States Dollar ("USD")

Bloomberg ticker: XAUUSD Curncy

### 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 to invest in the following:

- (1) Collective investment schemes (both local and foreign);
- (2) Equities and equity-related securities traded in or under the rules of an eligible market;
- (3) 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;
- (4) Money market instruments;
- (5) Deposits;
- (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.

### Classes of Units

- (1) MYR Class; (2) MYR hedged Class; (3) USD Class; (4) SGD hedged Class; (5) AUD hedged Class and (6) GBP hedged Class.

## Fund Distribution Policy

Subject to the availability of income, distribution is incidental. Distribution of income will only be made from realized gains or realized income.

**MANAGER'S REPORT – UNITED GOLDEN OPPORTUNITY FUND  
ANNUAL REPORT  
[1 OCTOBER 2017 TO 30 SEPTEMBER 2018]**

***MARKET REVIEW***

Gold started on a soft note in October 2017 on expectations of a United States of America ("U.S.") interest rate hike in December and uncertainty over the potential successor to Federal Reserve ("Fed") Chair Janet Yellen pushed treasury yields and the greenback higher. In December 2017, the gold price hit a monthly low of USD1,237/t oz as investors sold ahead of the Fed meeting. Gold rallied after the rate hike as United States Dollar ("USD") weakened amid a less hawkish Federal Open Market Committee ("FOMC") statement.

Gold started off year 2018 on a positive tone, rallying to a high of USD1,358/t oz largely driven by the weaker greenback. A key driver to the softer USD was the hawkish tone set by the European Central Bank ("ECB") which signaled that the central bank could wind down their bond buying program in the near future. In addition, heightened geopolitical tensions and fears of a U.S.-China trade war also supportive of gold price.

Subsequently, gold started its downward trend from mid-April on a stronger USD. U.S. treasury yields shifted higher as minutes to the March U.S. FOMC meeting showed that the committee was becoming more upbeat on growth and more confident that inflation would return to the 2 percent objective over the medium term.

Gold traded firmer in early June, on sustained safe haven buying as escalating trade tensions between the U.S. and its trade partners propped up the metal. However, the price of gold weakened eventually due to a stronger USD. The greenback strength was underpinned by faster than expected interest rate hikes in the U.S. after the U.S. Fed raised its outlook for rate hikes this year from three to four.

In August, gold slipped to USD1,174/t oz, the lowest level since January 2017, as investors sold gold for U.S. treasury as a safe haven asset at the onset of financial market volatility driven by the tumbling Turkish Lira. Gold managed to regain some lost ground after the USD weakened on the back of President Trump's criticism of the Fed's monetary tightening stance.

As close, gold fell 7% to last traded at USD1,191/t oz from USD1,280/t oz while the USD Index ("DXY") gained 2.2% to end at 95.13.

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

## United Golden Opportunity Fund - MYR hedged Class

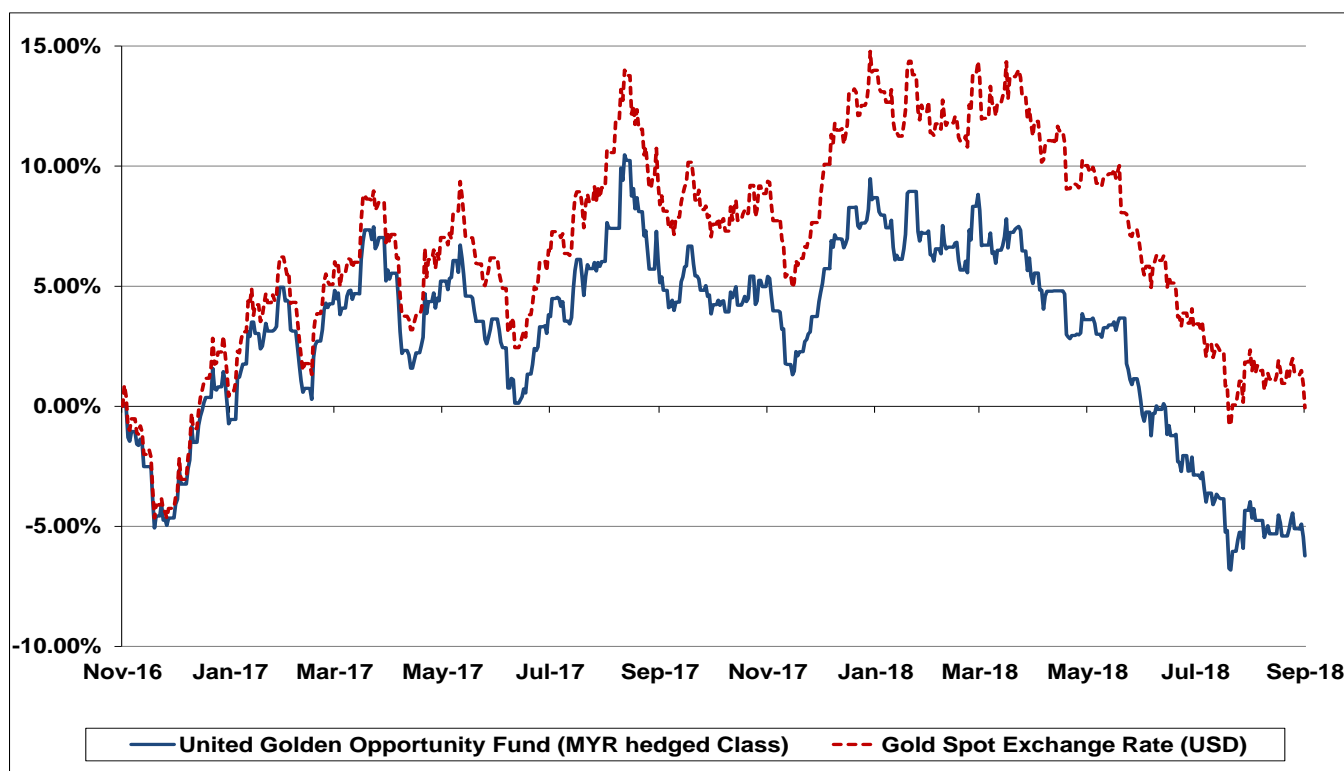
### Fund Performance Review

For the period under review, United Golden Opportunity Fund (MYR hedged Class) registered a return of -10.00%, compared to the benchmark return of -6.94%.

### Fund Performance Data (as at 30 September 2018)

	1 m	3 m	6 m	12 m	YTD	Since inception (28 November 2016)
United Golden Opportunity Fund (MYR hedged Class)	-0.94%	-5.42%	-11.58%	-10.00%	-10.76%	-5.65%
Benchmark: Gold Spot Exchange Rate (USD)	-0.76%	-4.93%	-10.15%	-6.94%	-8.59%	0.62%

Source: UOBAM(M), Bloomberg as at 30 September 2018



Source: UOBAM(M), Bloomberg as at 30 September 2018

Note: The performance of the Fund is benchmarked against the Gold Spot Exchange Rate in USD.

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

United Golden Opportunity Fund - MYR hedged Class	As at 30 September 2018
Net Asset Value (RM million)	6.78
Units In Circulation (million)	7.19
Net Asset Value Per Unit (RM)	0.9435
Highest Net Asset Value Per Unit (RM)	1.1047
Lowest Net Asset Value Per Unit (RM)	0.9318

## United Golden Opportunity Fund - USD Class

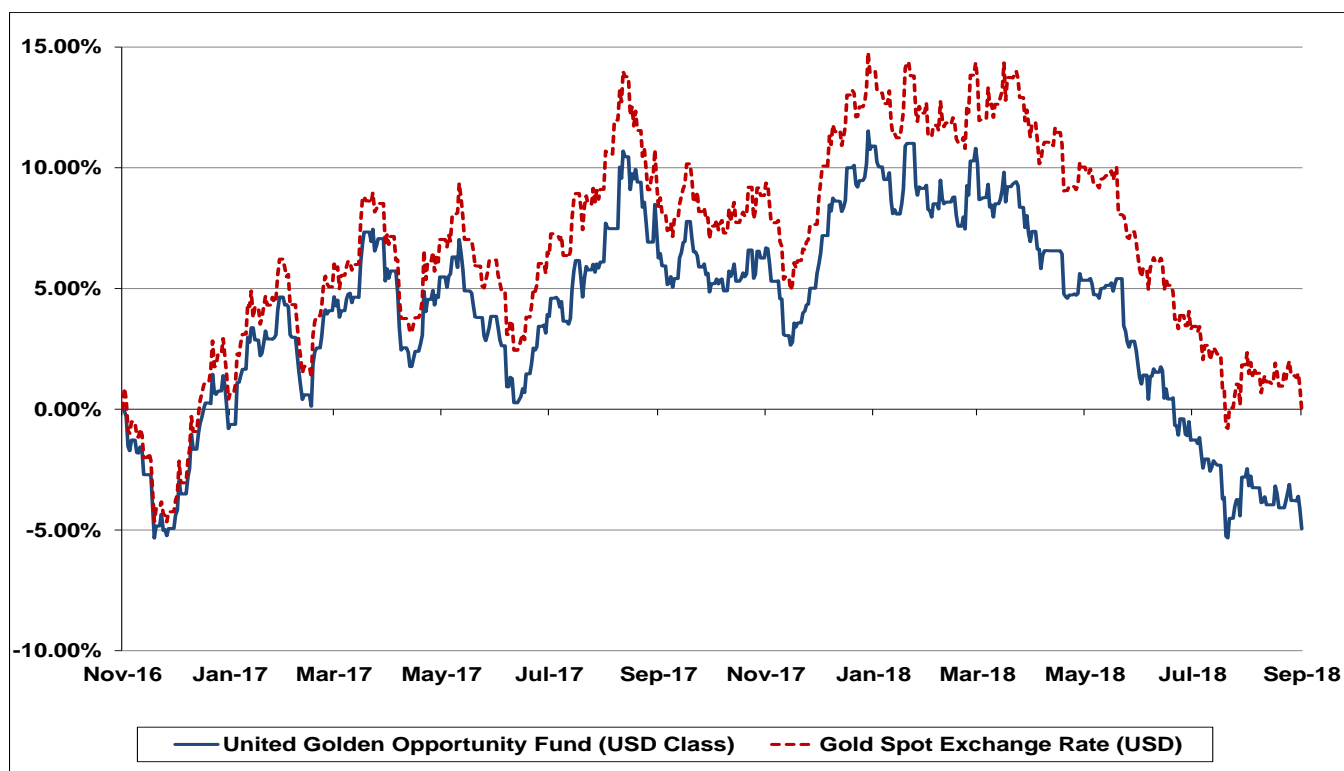
### Fund Performance Review

For the period under review, United Golden Opportunity Fund (USD Class) registered a return of -9.72%, compared to the benchmark return of -6.94%.

### Fund Performance Data (as at 30 September 2018)

	1 m	3 m	6 m	12 m	YTD	Since inception (28 November 2016)
United Golden Opportunity Fund (USD Class)	-1.15%	-5.70%	-12.06%	-9.72%	-10.78%	-4.36%
Benchmark: Gold Spot Exchange Rate (USD)	-0.76%	-4.93%	-10.15%	-6.94%	-8.59%	0.62%

Source: UOBAM(M), Bloomberg as at 30 September 2018



Source: UOBAM(M), Bloomberg as at 30 September 2018

Note: The performance of the Fund is benchmarked against the Gold Spot Exchange Rate in USD.

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

United Golden Opportunity Fund - USD Class	As at 30 September 2018
Net Asset Value (USD million)	0.02
Units In Circulation (million)	0.02
Net Asset Value Per Unit (USD)	0.9564
Highest Net Asset Value Per Unit (USD)	1.1153
Lowest Net Asset Value Per Unit (USD)	0.9466



## FINANCIAL REVIEW

The table below is the asset allocation of the Fund for the financial period under review.

	<b>As at 30 September 2018</b> %
Collective investment schemes / Exchange traded funds	99.59
Cash	0.41
<b>Total</b>	<b>100.00</b>

## PORTFOLIO STRUCTURE

As at 30 September 2018, the Fund was 99.59% invested in fixed income securities and the remaining of 0.41% invested in money market instruments and cash.

## OTHER MATTER

There were six classes i.e. MYR Class, MYR hedged Class, USD Class, SGD hedged Class, AUD hedged Class and GBP hedged Class launched, but only three classes i.e. MYR hedged Class, USD Class and AUD hedged Class are available for subscription. As at 30 September 2018, there was no subscription of units in AUD hedged Class. As such, for the period under review, there was no return for AUD hedged Class.

## **TRUSTEE'S REPORT**

### **TO THE UNIT HOLDERS OF UNITED GOLDEN OPPORTUNITY FUND**

We have acted as Trustee for United Golden Opportunity Fund (the "Fund") for the financial year ended 30 September 2018. To the best of our knowledge, for the financial year 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 Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

For TMF Trustees Malaysia Berhad  
(Company No: 610812-W)

**Norhayati Binti Azit**  
Director - Fund Services

Kuala Lumpur, Malaysia  
23 November 2018

## **UNITED GOLDEN OPPORTUNITY FUND**

### **STATEMENT BY MANAGER**

We, **Lim Suet Ling** and **Seow Lun Hoo**, 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 14 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 Golden Opportunity Fund** as at 30 September 2018 and of its financial performance, changes in net asset value and cash flows for the financial year then ended 30 September 2018 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

**SEOW LUN HOO**  
Director

Kuala Lumpur, Malaysia  
23 November 2018

## **Independent auditors' report to the unitholders of United Golden Opportunity Fund**

### **Report on the audit of the financial statements**

#### Opinion

We have audited the financial statements of United Golden Opportunity Fund ("the Fund"), which comprise the statement of financial position as at 30 September 2018, and the statement of comprehensive income, statement of changes in net asset value and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2018 and of its financial performance and cash flows for the first financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

#### Basis for opinion

We conducted our audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and other ethical responsibilities

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

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

The Manager is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

## **Independent auditors' report to the unitholders of United Golden Opportunity Fund (continued)**

Information other than the financial statements and auditors' report thereon (continued)

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager of the Fund and take appropriate action.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements of the Fund in accordance with MFRS and IFRS. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

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

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

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

## **Independent auditors' report to the unitholders of United Golden Opportunity Fund (continued)**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent auditors' report to the unitholders of  
United Golden Opportunity Fund (continued)**

Other Matters

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

Ernst & Young  
AF: 0039  
Chartered Accountants

Chan Hooi Lam  
No. 02844/02/2020 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
23 November 2018

**UNITED GOLDEN OPPORTUNITY FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2018**

	Note	2018 USD	2017 USD
<b>ASSETS</b>			
Investments	3	1,652,896	834,478
Forward foreign currency contracts	4	-	12,329
Cash at bank		15,854	4,099
<b>TOTAL ASSETS</b>		<u>1,668,750</u>	<u>850,906</u>
<b>LIABILITIES</b>			
Forward foreign currency contracts	4	704	-
Amount due to Manager	5	1,371	23,304
Amount due to Trustee	6	276	276
Accruals		6,835	5,747
<b>TOTAL LIABILITIES</b>		<u>9,186</u>	<u>29,327</u>
<b>UNITHOLDERS' EQUITY</b>			
Unitholders' capital	7	1,783,192	616,517
(Accumulated losses)/Retained earnings	7	(123,628)	205,062
<b>TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS</b>	7	<u>1,659,564</u>	<u>821,579</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,668,750</u>	<u>850,906</u>
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>			
- MYR HEDGED CLASS		1,638,997	787,698
- USD CLASS		20,567	33,881
		<u>1,659,564</u>	<u>821,579</u>
<b>UNITS IN CIRCULATION</b>			
- MYR HEDGED CLASS	7(a)	7,187,086	3,170,409
- USD CLASS	7(b)	21,506	31,985

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



**UNITED GOLDEN OPPORTUNITY FUND**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 30 SEPTEMBER 2018**

	<b>2018</b>	<b>2017</b>
<b>NET ASSET VALUE PER UNIT IN USD</b>		
- MYR HEDGED CLASS	0.2280	0.2485
- USD CLASS	<u>0.9563</u>	<u>1.0593</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
- MYR HEDGED CLASS (MYR)	0.9434	1.0482
- USD CLASS (USD)	<u>0.9563</u>	<u>1.0593</u>

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

**UNITED GOLDEN OPPORTUNITY FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

	Note	01.10.2017 to 30.09.2018 USD	28.11.2016 to 30.09.2017 USD
<b>INVESTMENT (LOSS)/INCOME</b>			
Interest income from deposits with a licensed financial institution		996	948
Net (loss)/gain on investments at fair value through profit or loss (“FVTPL”):	3		
- net realised (loss)/gain on sale of investments at FVTPL		(38,807)	116,943
- net unrealised (loss)/gain on changes in fair value	7(d)	(194,176)	45,165
Net realised (loss)/gain on forward foreign currency contracts		(52,505)	39,658
Net realised (loss)/gain on foreign currency exchange		(5,875)	14,915
Net unrealised (loss)/gain on forward foreign currency contracts	7(d)	(13,033)	12,329
		<u>(303,400)</u>	<u>229,958</u>
<b>EXPENSES</b>			
Manager’s fee	8	15,681	14,087
Trustee’s fee	9	3,362	2,828
Auditors’ remuneration		2,207	2,017
Tax agent’s fee		1,135	1,077
Other expenses		2,905	4,887
		<u>25,290</u>	<u>24,896</u>
<b>NET (LOSS)/INCOME BEFORE TAXATION</b>		(328,690)	205,062
Tax expense	10	-	-
<b>NET (LOSS)/INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR/PERIOD</b>		<u>(328,690)</u>	<u>205,062</u>
Net (loss)/income after taxation is made up of the following:			
Realised amount	7(c)	(121,481)	147,568
Unrealised amount	7(d)	(207,209)	57,494
		<u>(328,690)</u>	<u>205,062</u>

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

## UNITED GOLDEN OPPORTUNITY FUND

### STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	Unitholders' capital USD	Retained earnings/ (Accumulated losses) USD	Total net asset value USD
Balance as at 28 November 2016 (date of commencement)		-	-	-
Movement in net asset value:				
Total comprehensive income for the financial period		-	205,062	205,062
Creation of units				
- MYR HEDGED CLASS	7(a)	2,044,652	-	2,044,652
- USD CLASS	7(b)	1,159,944	-	1,159,944
Cancellation of units				
- MYR HEDGED CLASS	7(a)	(1,394,234)	-	(1,394,234)
- USD CLASS	7(b)	(1,193,845)	-	(1,193,845)
Balance as at 30 September 2017		<u>616,517</u>	<u>205,062</u>	<u>821,579</u>
Balance as at 1 October 2017		616,517	205,062	821,579
Movement in net asset value:				
Total comprehensive income for the financial year		-	(328,690)	(328,690)
Creation of units				
- MYR HEDGED CLASS	7(a)	2,244,291	-	2,244,291
- USD CLASS	7(b)	63,871	-	63,871
Cancellation of units				
- MYR HEDGED CLASS	7(a)	(1,068,423)	-	(1,068,423)
- USD CLASS	7(b)	(73,064)	-	(73,064)
Balance as at 30 September 2018		<u>1,783,192</u>	<u>(123,628)</u>	<u>1,659,564</u>

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

**UNITED GOLDEN OPPORTUNITY FUND****STATEMENT OF CASH FLOWS****FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

	<b>01.10.2017 to 30.09.2018 USD</b>	<b>28.11.2016 to 30.09.2017 USD</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	925,819	2,320,304
Purchase of investments	(1,977,220)	(2,992,675)
Interest received from deposits with a licensed financial institution	996	948
Manager's fee paid	(15,129)	(13,266)
Trustee's fee paid	(3,362)	(2,552)
Auditors' remuneration paid	(2,017)	-
Tax agent's fee paid	(1,077)	-
Payment of other fees and expenses	(2,066)	(2,234)
Net realised (loss)/gain on foreign currency exchange	(5,875)	14,915
Net realised (loss)/gain on forward foreign currency contracts	(52,504)	39,658
Net cash used in operating and investing activities	<u>(1,132,435)</u>	<u>(634,902)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	2,308,162	3,204,596
Payment for cancellation of units	(1,163,972)	(2,565,595)
Net cash generated from financing activities	<u>1,144,190</u>	<u>639,001</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	11,755	4,099
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/ AT DATE OF COMMENCEMENT</b>	<u>4,099</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD</b>	<u>15,854</u>	<u>4,099</u>
Cash and cash equivalents comprise the following:		
Cash at bank	<u>15,854</u>	<u>4,099</u>

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

## UNITED GOLDEN OPPORTUNITY FUND

### NOTES TO THE FINANCIAL STATEMENTS

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

The United Golden Opportunity Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of the Deed dated 30 September 2016 between UOB Asset Management (Malaysia) Berhad (“the Manager”) and TMF Trustees Malaysia Berhad (“the Trustee”).

The Fund seeks to achieve long term capital appreciation by investing in gold related instruments. The Fund was launched on 7 November 2016 and commenced for operations on 28 November 2016. As provided in the Deed, the accrual period or financial year shall end on 30 September.

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

The financial statements were authorised for issue by the Manager on 23 November 2018.

#### 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 United States Dollar (“USD”).

##### 2.2 Changes in accounting policies

###### *Standards issued and effective*

The accounting policies adopted that could have material impact to the financial statements are consistent with those of the previous financial period.

###### *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 MFRS9.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.2 Changes in accounting policies (continued)**

#### *Standards issued but not yet effective (continued)*

##### ***MFRS9 Financial Instruments (“MFRS9”)***

In November 2014, MASB issued the final version of MFRS9 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 MFRS9. MFRS9 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.

##### ***MFRS9 Financial Instruments: Classification and measurement***

MFRS9 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 (without recycling to profit or loss). 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 in profit or loss, unless this creates an accounting mismatch.

##### ***MFRS9 Financial Instruments: Impairment***

The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income (with recycling to profit or loss) 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.

##### ***MFRS9 Financial Instruments: Hedge Accounting***

The Fund has not applied hedge accounting under MFRS 139 nor will it apply hedge accounting under MFRS9.

## 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 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 fixed income 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 unrealised gain/(loss) on changes in fair value of investments at FVTPL' and 'Net unrealised gain/(loss) on forward foreign currency contracts'.

For investment in collective investment schemes, fair value is determined based on the closing net asset value per unit of the collective investment schemes. The difference between the cost and fair value is treated as unrealised gain or loss and is recognised in the profit or loss. Unrealised gains or losses recognised in the profit or loss 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 profit or loss.

##### (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 cash at bank in this classification.

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of significant accounting policies (continued)**

#### **(a) Financial assets (continued)**

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 profit or loss.

#### **(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 profit or loss.

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 profit or loss.

#### **(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.

Return on investments, distribution from collective investment schemes, foreign exchange translation differences of cash and bank balances denominated in foreign currencies and accrued interest on deposits which have not matured as at the reporting date are classified as realised income in the financial statements.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of significant accounting policies (continued)**

#### **(d) Financial liabilities**

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

The Fund's financial liabilities which include the amount due to Manager and amount due to Trustee 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 profit or loss when the liabilities are derecognised, and through the amortisation process.

#### **(e) Derivative financial instruments**

Derivatives are financial assets or liabilities at FVTPL 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).

#### **(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 USD, 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 USD at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in the profit or loss.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of significant accounting policies (continued)**

#### **(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. Any distribution to unitholders is recorded as a reduction from retained earnings within equity.

#### **(i) Cash and cash equivalents**

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

#### **(j) 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.

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

#### **(k) Net asset value attributable to unitholders**

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

#### **(l) 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.

#### **(m) 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of significant accounting policies (continued)

#### (n) 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

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Investments designated as FVTPL:		
- collective investment schemes	1,652,896	834,478
	<b>01.10.2017</b>	<b>28.11.2016</b>
	<b>to 30.09.2018</b>	<b>to 30.09.2017</b>
	<b>USD</b>	<b>USD</b>
Net (loss)/gain on investments at FVTPL comprised:		
- net realised (loss)/gain on sale of investments at FVTPL	(38,807)	116,943
- net unrealised (loss)/gain on changes in fair value	(194,176)	45,165
	<b>(232,983)</b>	<b>162,108</b>

### 3. INVESTMENTS (CONTINUED)

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

Name of Counter	Quantity	Cost USD	Fair value USD	Fair value expressed as a percentage of value of the Fund %
<b>COLLECTIVE INVESTMENT SCHEMES</b>				
<b><u>Exchange Traded Funds</u></b>				
ETFS Physical Swiss Gold Shares	1,700	196,694	195,601	11.79
iShares Gold Trust	70,920	902,611	810,616	48.84
SPDR Gold Trust	5,735	702,602	646,679	38.97
<b>TOTAL COLLECTIVE INVESTMENT SCHEMES</b>		<b>1,801,907</b>	<b>1,652,896</b>	<b>99.60</b>
<b>SHORTFALL OF FAIR VALUE OVER COST:</b>				
<b>- UNREALISED FAIR VALUE LOSS</b>		<b>(149,011)</b>		
<b>TOTAL INVESTMENTS AT FVTPL</b>		<b>1,652,896</b>		

### 4. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 2 (2017: 3) forward foreign currency contracts outstanding.

The notional principal amount of the outstanding forward foreign currency contracts amounted to USD 1,556,000 (2017: USD699,167).

The forward foreign currency contracts entered into were for hedging against the currency exposure arising from the subscriptions in other classes denominated in MYR.

As the Fund has not adopted hedge accounting, the changes in fair value of the forward foreign currency contracts are recognised immediately in the profit or loss.

## 5. AMOUNT DUE TO MANAGER

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Cancellation of units	-	22,484
Manager's fee payable	1,371	820
	<u>1,371</u>	<u>23,304</u>

The normal credit period for the Manager's fee payable is one month.

## 6. AMOUNT DUE TO TRUSTEE

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Trustee's fee payable	<u>276</u>	<u>276</u>

Amount due to Trustee represents Trustee's fee payable.

## 7. UNITHOLDERS' EQUITY

Unitholders should note that the NAV of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at a particular valuation point.

The NAV per Unit of a Class of Units is the NAV of the Fund attributable to a Class of Units divided by the number of units in circulation for that particular Class of Units, at the same valuation point. The valuation of the Fund will be carried out in the base currency (USD). Accordingly, all assets that are not denominated in USD will be translated to USD for valuation purposes. The net gain/loss arising from forward foreign currency contracts used for hedging purpose is included in MYR Hedged Class's NAV.

Due to multiple Classes of Units in the Fund, the income, expenses, indirect fees and/or charges for the Fund are apportioned based on the value of the Class of Units of the Fund (quoted in the Base Currency) relative to the value of the whole Fund (also quoted in the Base Currency), which is shown as multi-class ratio. As at 30 September 2018, the multi-class ratio used in apportionment for MYR Hedged Class is 98.76 (2017: 95.88) and for USD Class is 1.24 (2017: 4.12) respectively.

## 7. UNITHOLDERS' EQUITY (CONTINUED)

Net asset value attributable to unitholders is represented by:

	Note	2018 USD	2017 USD
Unitholders' capital			
- MYR HEDGED CLASS	(a)	1,826,286	650,418
- USD CLASS	(b)	(43,094)	(33,901)
		<u>1,783,192</u>	<u>616,517</u>
(Accumulated losses)/Retained earnings			
- Realised gain	(c)	26,087	147,568
- Unrealised (loss)/gain	(d)	(149,715)	57,494
		<u>(123,628)</u>	<u>205,062</u>
Total equity, representing NAV attributable to unitholders		<u>1,659,564</u>	<u>821,579</u>

### (a) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION - MYR HEDGED CLASS

	Units	2018 USD	Units	2017 USD
At the beginning of the financial year/date of commencement	3,170,409	650,418	-	-
Creation of units during the financial year/period	8,267,856	2,244,291	8,836,534	2,044,652
Cancellation of units during the financial year/period	(4,251,179)	(1,068,423)	(5,666,125)	(1,394,234)
At the end of the financial year/period	<u>7,187,086</u>	<u>1,826,286</u>	<u>3,170,409</u>	<u>650,418</u>

### (b) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION - USD CLASS

	Units	2018 USD	Units	2017 USD
At the beginning of the financial year/date of commencement	31,985	(33,901)	-	-
Creation of units during the financial year/period	60,829	63,871	1,156,797	1,159,944
Cancellation of units during the financial year/period	(71,308)	(73,064)	(1,124,812)	(1,193,845)
At the end of the financial year/period	<u>21,506</u>	<u>(43,094)</u>	<u>31,985</u>	<u>(33,901)</u>

## 7. UNITHOLDERS' EQUITY (CONTINUED)

### (c) RETAINED EARNINGS - REALISED

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
At the beginning of the financial year/date of commencement	147,568	-
Total comprehensive (loss)/gain for the financial year/period	(328,690)	205,062
Net unrealised loss/(gain) attributable to investments and others held transferred to unrealised reserve	207,209	(57,494)
Net (decrease)/increase in realised reserve for the financial year/period	(121,481)	147,568
At the end of the financial year/period	<u>26,087</u>	<u>147,568</u>

### (d) (ACCUMULATED LOSSES)/RETAINED EARNINGS - UNREALISED

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
At the beginning of the financial year/date of commencement	57,494	-
Net unrealised (loss)/gain attributable to investments and others held transferred to realised reserves:		
- Investments at FVTPL	(194,176)	45,165
- Forward foreign currency contracts	(13,033)	12,329
	(207,209)	57,494
At the end of the financial year/period	<u>(149,715)</u>	<u>57,494</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 1.00% (2017: 1.00%) per annum of the net asset value of the Fund, calculated on a daily basis.

The management fee provided in the financial statements is 1.00% (2017: 1.00%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

There will be no further liability to the 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 0.06% (2017: 0.06%) per annum of the net asset value of the Fund, calculated on a daily basis; subject to a minimum fee of RM15,000 (2017: RM15,000) per annum or its equivalent amount in USD (excluding foreign custodian fee and charges).

The Trustee's fee provided in the financial statements is based on the minimum fee of RM15,000 (2017: RM15,000) per annum, calculated on a daily basis for the financial year.

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

## 10. INCOME TAX EXPENSE

Income from deposit placements is exempted from tax in accordance with Schedule 6, Paragraph 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 ITA, 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:

	<b>01.10.2017 to 30.09.2018 USD</b>	<b>28.11.2016 to 30.09.2017 USD</b>
Net (loss)/income before taxation	(328,690)	205,062
Taxation at Malaysian statutory rate of 24% (2017: 24%)	(78,886)	49,215
Tax effects of:		
Income not subject to tax	(239)	(55,190)
Loss not deductible for tax purposes	73,055	-
Restriction on tax deductible expenses for funds	4,520	4,403
Expenses not deductible for tax purposes	1,550	1,572
Tax expense for the financial year/period	-	-



## 11. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

Details of transactions with brokers and financial institutions for the financial year ended 30 September 2018 are as follows:

<b>Brokers/Financial institutions</b>	<b>Value of Trade USD</b>	<b>Percentage of Total Trade %</b>	<b>Brokerage Fees USD</b>	<b>Percentage of Total Brokerage Fees %</b>
Affin Hwang Investment Bank Berhad	1,608,297	55.40	11,225	82.00
CLSA Limited (Hong Kong)	642,399	22.13	969	7.08
JP Morgan Securities (Asia Pacific)	475,869	16.39	1,201	8.77
JP Morgan Securities Limited	114,795	3.95	29	0.21
Macquarie Bank Limited (Hong Kong)	61,679	2.13	266	1.94
	<u>2,903,039</u>	<u>100.00</u>	<u>13,690</u>	<u>100.00</u>

The Directors of the Manager are of the opinion that any transactions with 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.

## 12. MANAGEMENT EXPENSE RATIO ("MER")

	<b>01.10.2017 to 30.09.2018 %</b>	<b>28.11.2016 to 30.09.2017 %</b>
Manager's fee	1.00	0.84
Trustee's fee	0.21	0.17
Other expenses	0.40	0.48
Total MER	<u>1.61</u>	<u>1.49</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.

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

	<b>01.10.2017 to 30.09.2018</b>	<b>28.11.2016 to 30.09.2017</b>
PTR (times)	0.93	1.59

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

### 14. 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 investments, comprising collective investment schemes, are classified as financial assets at FVTPL which are measured at fair value;
- (ii) the Fund’s other financial assets, comprising amount cash at bank, are classified as loans and receivables which are measured at amortised cost;
- (iii) the Fund’s financial liabilities, comprising amount due to Manager and amount due to Trustee, are classified as other financial liabilities which are measured at amortised cost; and
- (iv) the Fund’s forward foreign currency contracts are derivatives which are measured at FVTPL.

	<b>Financial assets at FVTPL USD</b>	<b>Loans and receivables at amortised cost USD</b>	<b>Financial liabilities at amortised cost USD</b>	<b>Derivatives at FVTPL USD</b>	<b>Total USD</b>
<b>2018</b>					
<b>Assets</b>					
Investments	1,652,896	-	-	-	1,652,896
Forward foreign currency contracts	-	-	-	-	-
Cash at bank	-	15,854	-	-	15,854
Total financial assets	1,652,896	15,854	-	-	1,668,750

## 14. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Classification of financial instruments (continued)

	Financial assets at FVTPL USD	Loans and receivables at amortised cost USD	Financial liabilities at amortised cost USD	Derivatives at FVTPL USD	Total USD
<b>2018 (continued)</b>					
<b>Liabilities</b>					
Forward foreign currency contracts	-	-	-	704	704
Amount due to Manager	-	-	1,371	-	1,371
Amount due to Trustee Trustee	-	-	276	-	276
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,647</b>	<b>704</b>	<b>2,351</b>
<b>2017</b>					
<b>Assets</b>					
Investments	834,478	-	-	-	834,478
Forward foreign currency contracts	-	-	-	12,329	12,329
Cash at bank	-	4,099	-	-	4,099
<b>Total financial assets</b>	<b>834,478</b>	<b>4,099</b>	<b>-</b>	<b>12,329</b>	<b>850,906</b>
<b>Liabilities</b>					
Amount due to Manager	-	-	23,304	-	23,304
Amount due to Trustee	-	-	276	-	276
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>23,580</b>	<b>-</b>	<b>23,580</b>

### (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.

## 14. 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 USD	Level 2 USD	Level 3 USD	Total USD
<b>2018</b>				
<b>Financial instruments</b>				
Collective investment schemes	-	1,652,896	-	1,652,896
Forward foreign currency contracts	-	(704)	-	(704)
Total financial instruments	-	1,652,192	-	1,652,192
<b>2017</b>				
<b>Financial instruments</b>				
Collective investment schemes	-	834,478	-	834,478
Forward foreign currency contracts	-	12,329	-	12,329
Total financial instruments	-	846,807	-	846,807

### (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:

- Cash at bank
- Amount due to Manager
- Amount due to Trustee

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.

## 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks including market risk, manager risk, non-compliance risk, single sector risk, currency risk and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

### (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 and hence the NAV of the Fund. Market conditions are generally affected by, amongst others, social environment, political and economic stability.

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

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
Investments at FVTPL	1,652,896	834,478

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

	<b>Change in price of investments/ %</b>	<b>Market value USD</b>	<b>Impact on net income after taxation and net asset value USD</b>
<b>2018</b>	-5	1,570,251	(82,645)
	0	1,652,896	-
	5	1,735,541	82,645
<b>2017</b>	-5	792,754	(41,724)
	0	834,478	-
	5	876,202	41,724

## 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### (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 Manager. 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 unitholders 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) Single sector risk

As the Fund will only be investing in gold sector, the Fund would be significantly affected by developments in this sector. Reason being the Fund's investment is limited to a relatively narrow segment of the economy; the Fund's investment may not be as diversified as other funds which invest in multiple sectors. Due to the sector concentration, the Fund may be more volatile than other funds and therefore its portfolio value can increase or decrease more rapidly compared to other funds.

### (e) Currency risk

This risk is associated with investments denominated in currencies different from the base currency. As the Fund is denominated in USD, investments in other currencies other than USD will cause the Fund to be exposed to currency risks. When foreign currencies move unfavourably against the USD, these investments may face currency loss in addition to any capital gains or losses, which will affect the NAV of the Fund, and consequently the NAV per Unit of the Fund.

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

	<b>2018</b>	<b>2017</b>
	<b>USD</b>	<b>USD</b>
<u>MYR</u>		
Forward foreign currency contracts	(704)	12,329
Cash at bank	15,006	3,799
	<u>14,302</u>	<u>16,128</u>

## 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Currency risk (continued)

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.

	<b>Change in foreign exchange rate %</b>	<b>Impact on net income after taxation and net asset value USD</b>
<b>2018</b>		
MYR	+5	715
	-5	(715)
	<hr/>	<hr/>
<b>2017</b>		
MYR	+5	806
	-5	(806)
	<hr/>	<hr/>

### (f) Liquidity risk

In the event of unexpectedly large realisations of units, there may be a possibility that the assets of the Target Fund may be forced to be liquidated at below their fair and expected value, especially in illiquid public exchanges or over-the-counter markets. The Investment Manager of the Target Fund will ensure that a sufficient portion of the Target Fund will be in liquid assets such as cash and cash-equivalents to meet expected realisations, net of new subscriptions.

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 not presented as:

- (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. 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 year are disclosed in Note 7(a) and (b).

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

## **17. COMPARATIVE FIGURES**

The financial statements are for the financial year from 1 October 2017 to 30 September 2018. The comparative amounts for the financial statements and its related notes are for the Fund's first financial period from 28 November 2016 to 30 September 2017. Accordingly, the comparative amounts for the statement of comprehensive income, statement of changes in net asset value, statement of cash flows and the related notes are not comparable.



## **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  Website: <a href="http://www.uobam.com.my">www.uobam.com.my</a>
<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>	TMF Trustees Malaysia Berhad (Company No. 610812-W)
<b>Auditor of the Fund</b>	Ernst & Young (AF0039)
<b>Tax Agent of the Fund</b>	Deloitte Tax Services Sdn Bhd (36421-T)
<b>Solicitor of the Fund</b>	Wei Chien & Partners

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