



# United Money Market Fund

**Annual Report**  
**21 June 2021**





## (A) MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of United Income Plus Fund (the "Fund") for the financial period from 1 August 2020 to 31 January 2021.

### (1) Key Data of the Fund

#### 1.1 Fund name

United Money Market Fund (the "Fund")

#### 1.2 Fund category

Money Market

#### 1.3 Fund type

Income

#### 1.4 Investment Objective

The Fund seeks to provide income and liquidity by investing primarily in fixed income securities, money market instruments and deposits.

#### 1.5 Performance Benchmark

Bank Negara Malaysia Interbank Weighted Average Overnight Rate

#### 1.6 Duration

The Fund was launched on 26 March 2015 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 will be paid on a monthly basis. Distribution declared 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 31 January 2021

Size of holding	No. of unit holders	No. of units held
5,000 and below	6	4613.57
5,001 to 10,000	4	30692.49
10,001 to 50,000	15	373607.68
50,001 to 500,000	25	6030126.01
500,001 and above	153	5543101589.37
<b>Total</b>	<b>203</b>	<b>5549540629.12</b>

## (2) Performance Data of the Fund

### 2.1 Portfolio Composition

Details of portfolio composition of the Fund for the financial years as at 30 November are as follows:

Sectors, category of investments & cash holdings	As at 30 Nov 2020 (%)	As at 30 Nov 2019 (%)	As at 30 Nov 2018 (%)
Cash	100	100	100
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 2.2 Performance Details

Performance details of the Fund for the financial years as at 30 November are as follows:

Types	As at 30 Nov 2020	As at 30 Nov 2019	As at 30 Nov 2018
Net Asset Value ("NAV") (RM)	2818954357	2765860112	638298753
NAV per unit (RM)	0.508	0.5084	0.5059
Units in circulation	5549540629	5440149145	1261688241
Highest NAV per unit (RM)	0.5096	0.5094	0.5068
Lowest NAV per unit (RM)	0.5078	0.5059	0.4989
Total return (%)	2.53	3.51	3.52
- Capital growth	-0.06	0.50	0.38
- Income distribution (%)	2.59	3.01	3.14
Gross distribution (sen per unit)	1.31 (#)	1.5	1.56
Net distribution (sen per unit)	1.31 (#)	1.5	1.56
Management expense ratio ("MER") (%)	0.32 (1)	0.31	0.36
Portfolio turnover ratio ("PTR") (times)	2.61 (2)	6.71	5.28

Notes:

# Date of distribution is shown in part 2.7 - Income distribution / Unit splits.

1 MER is higher against previous financial period mainly due to a decrease in average fund size.

2 PTR is lower against previous financial period mainly due to lower trading activity.

Year	As at 30 November 2020 (%) (annualised)
Since commencement (15 April 2015)	3.2
1 year	2.53
3 years	3.19
5 years	5.35

Financial year ended 30 November	The Fund (%)
2020	2.53
2019	3.51
2018	3.52

2017	3.31
2016	2.98
Since launch (26 March 2015) - 30 November 2015	2.18

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.

### 2.3 Has the Fund achieved its investment objective?

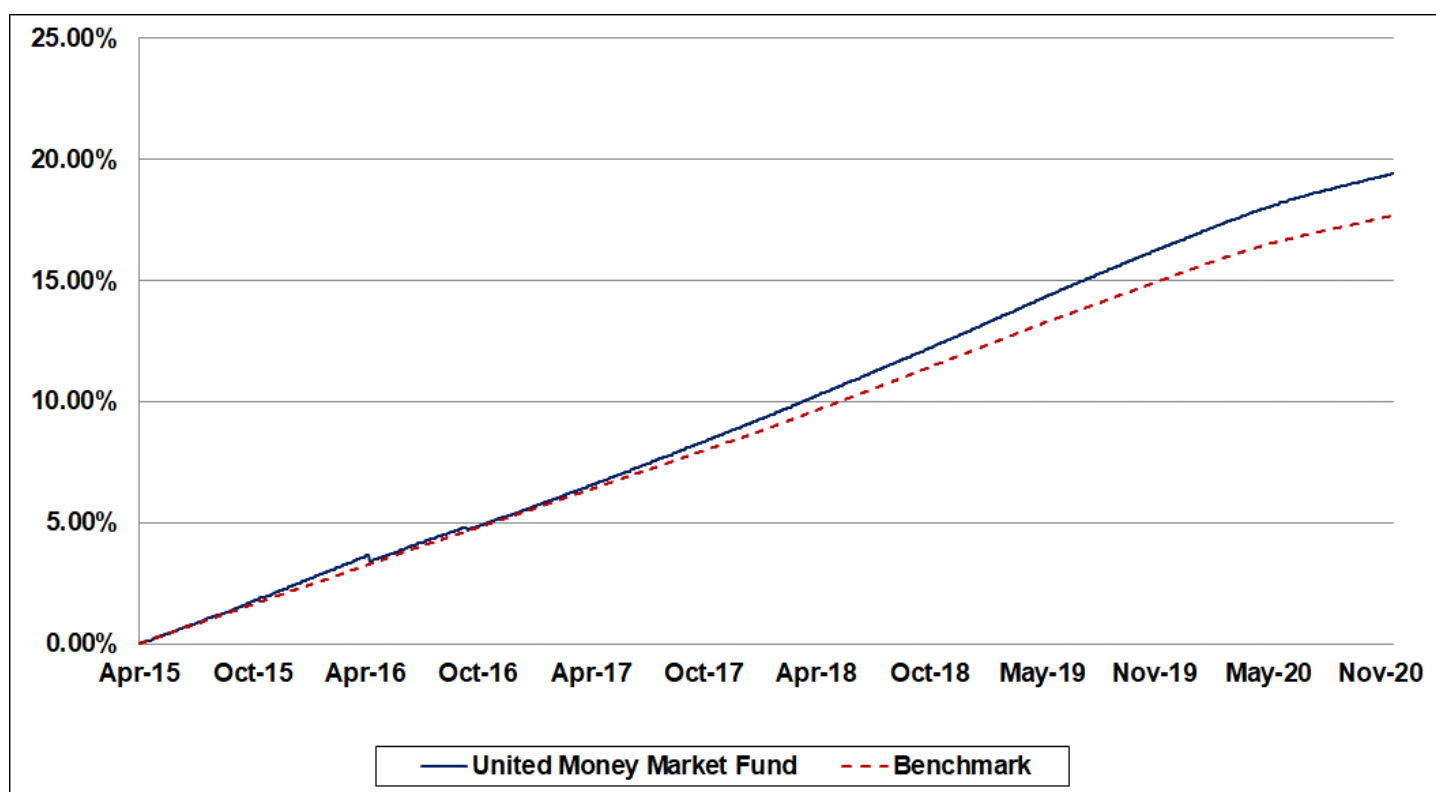
The Fund registered a return of 19.43% since commencement, outperforming the benchmark return of 17.68%. The Fund declared an income distribution of 1.31 sen per unit for the financial year under review.

### 2.4 Performance Review

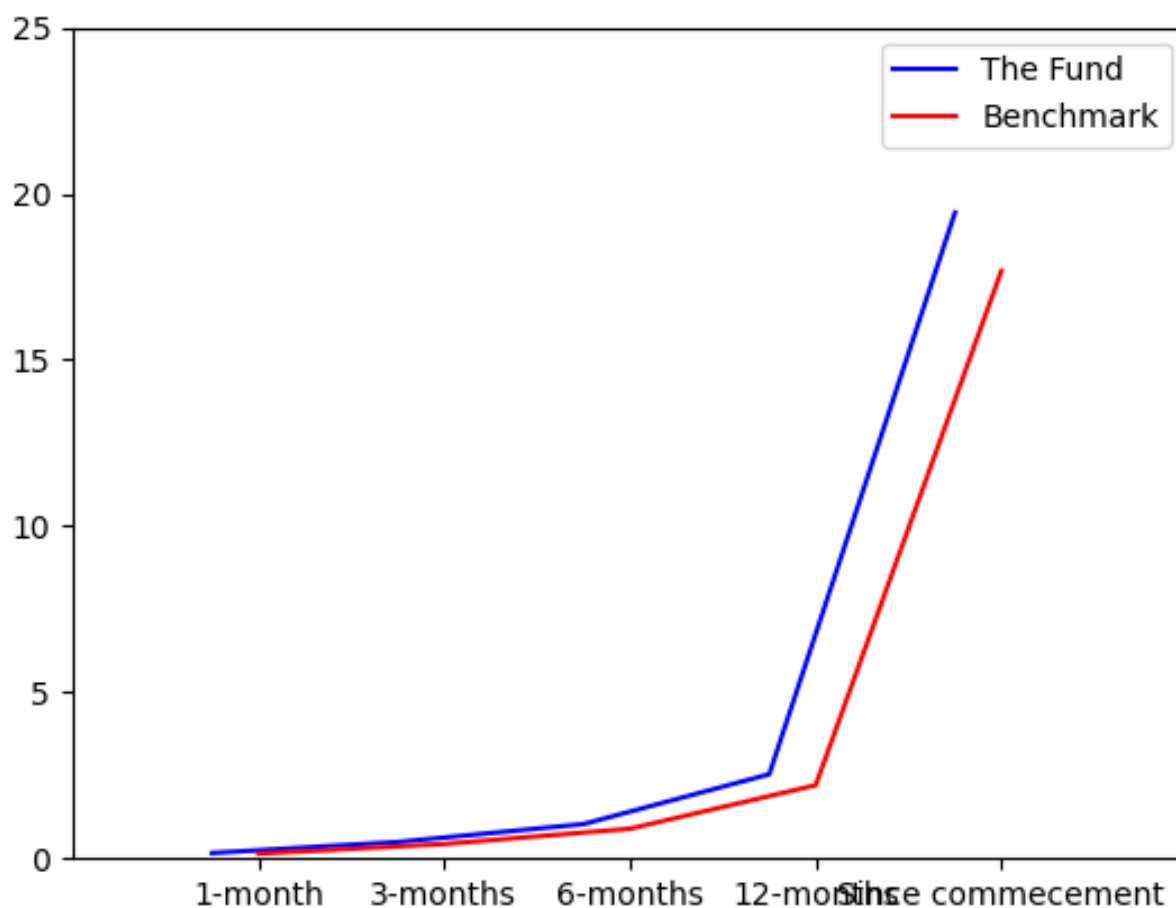
For the financial year under review, the Fund registered a return of 2.53% outperforming the benchmark return of 2.20%. The outperformance was mainly due to portfolio duration positioning.

For the financial year under review, the NAV per unit of the Fund decreased by 0.06% from RM 0.5083 to RM 0.5080.

The line chart below shows comparison between the performance of the Fund and its benchmark Bank Negara Malaysia Interbank Weighted Average Overnight Rate from the commencement of the Fund to 30 November 2020.



Source: UOBAM(M) as at 30 November 2020



Source: UOBAM(M) as at 30 November 2020

Types	1-month (%)	3-months (%)	6-months (%)	12-months (%)	Since commencement (%)
The Fund	0.16	0.49	1.03	2.53	19.43
Benchmark*	0.14	0.43	0.89	2.2	17.68

\* The benchmark of the Fund is Bank Negara Malaysia Interbank Weighted Average Overnight Rate.(obtainable via [www.bnm.gov.my](http://www.bnm.gov.my))

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.

## 2.5 Strategies and policies employed

During the period under review, the Fund invested in term deposits with longer maturity for portfolio enhancement while the remaining of funds were placed in short tenor deposits in order to meet the fund's liquidity requirement.

## 2.6 Asset allocation

This table below shows the asset allocation of the Fund for the financial years as at 30 November :

Assets	As at 30 Nov 2020 (%)	As at 30 Nov 2019 (%)	Changes (%)
Fixed Income Securities	--	--	--
Cash	100	100	--
Total	100	100	--

#### Reason for the differences in asset allocation

As at 30 November 2020, the asset allocation of the Fund stood at 100% in cash, maintaining its previous stance. The Fund invested mainly in bank deposits to ensure a more efficient liquidity management.

#### 2.7 Income distribution/Unit splits

For the financial year under review, the Fund has declared the following income distribution:

Distribution Date	Gross/ Net per unit (RM)	Cum-NAV per unit (RM)	Ex-NAV per unit (RM)
23 December 2019	0.0013	0.5094	0.5081
23 January 2020	0.0013	0.5095	0.5082
25 February 2020	0.0013	0.5096	0.5083
25 March 2020	0.0012	0.5095	0.5083
23 April 2020	0.0012	0.5094	0.5082
21 May 2020	0.0012	0.5093	0.5081
25 June 2020	0.0012	0.5093	0.5081
23 July 2020	0.001	0.5089	0.5079
25 August 2020	0.0009	0.5088	0.5079
24 September 2020	0.0008	0.5087	0.5079
26 October 2020	0.0008	0.5087	0.5079
25 November 2020	0.0009	0.5087	0.5078
Total	0.0131	--	--

The Fund did not carry out any unit split exercise during the financial year under review.

#### 2.8 State of affairs

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.

#### 2.9 Rebates and soft commission

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.

During the financial year 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.

#### 2.10 Market review

Ringgit government debts rallied in January as Bank Negara Malaysia ("BNM") cut the Overnight Policy Rate ("OPR") by 25 basis points ("bps") to 2.75%. The rate cut was a pre-emptive measure to secure improving

growth trajectory.

Local debts saw strong buying interest in the following month driven by heightened risk aversion following the escalation of the Covid-19 outbreak outside of China. Bond yields declined further after BNM reduced the policy rate by another 25 bps to 2.50% in early March. However, bond yields subsequently moved higher following portfolio outflows from emerging markets, a sharp decline in crude oil price and an escalation of domestic Covid-19 cases.

Ringgit debt extended its gains after the central bank reduced the policy rate by 50 bps in May followed by another 25 bps cut in July, bringing the policy rate to a record low of 1.75%. The reduction in rates by the central bank was to provide additional policy stimulus to support the economic recovery. Subsequently, bond yields edged higher as the market adjusted its rate expectations when BNM maintained the policy rate in September.

At the end of the period, the 3-years, 5-years, 7-years, 10-years and 20-years Malaysia Government Securities ("MGS") benchmarks yields fell by 4 to 113 bps to 1.91%, 2.20%, 2.58%, 2.74% and 3.72%. Meanwhile, the overnight, 1-month, 3-months, 6-months and 12-months rates eased by 123 to 153 bps to 1.75%, 1.83%, 1.90%, 1.98% and 2.08% respectively.

On the economic front, Malaysia's real Gross Domestic Product ("GDP") contracted by a record 17.1% yoy in 2Q2020 (1Q2020: +0.7%). The contraction surpassed the 11.2% contraction registered in the Asian Financial Crisis in 4Q1998. Nonetheless, the country recorded a narrower GDP contraction of 2.7% yoy in 3Q2020 mainly driven by the improvement in the manufacturing sector.

Meanwhile, in response to the impact from COVID-19, the United States of America ("U.S.") Federal Reserve ("Fed") delivered an emergency 50 bps interest rate cut on 3 March followed by another 100 bps cut on 15 March, bringing the federal funds rate to 0.00-0.25%. The rate cut on 3 March was the first inter-meeting policy easing by the Fed since the 2008 financial crisis. In addition, a record USD3 trillion stimulus package - the largest in U.S. history - was also launched to aid households, businesses and public services.

## 2.11 Market outlook

The U.S. Federal Open Market Committee ("FOMC") maintained the federal funds rate in November 2020 and pledged to keep the policy rate at the target range of 0%- 0.25% through 2023 to support the recovery of employment and inflation. The committee continued to see the uncertainty surrounding the economic outlook with the path of the economy highly dependent on the course of the virus. The latest economic forecast from the committee showed a significant improvement to GDP and unemployment projections for 2020. The U.S. economy is expected to contract by 3.7% in 2020 compared to the previous projection of -6.5% while the unemployment rate is forecast at 7.6% at end 2020 vs the previous forecast of 9.3%.

Malaysia unveiled an expansionary budget on 6 November focused on supporting businesses and the low income segment to alleviate the impact of the pandemic. The fiscal deficit is projected to decline to 5.4% of GDP in 2021 from an estimated 6.0% in 2020. The fiscal outlook was helped by forecasts of a robust GDP recovery in 2021. The Malaysian economy is projected to rebound between 6.5%-7.5% in 2021 (2020F: -4.5%) amid improvement in private consumption and investments.

BNM kept the Overnight Policy Rate ("OPR") at 1.75% in November. The central bank highlighted that the latest indicators suggest significant improvement in economic activity in 3Q2020 though measures to contain the resurgence of COVID-19 infections have impacted the recovery momentum in 4Q2020. Nonetheless, growth for the year 2020 is expected to be within the earlier forecasted range. In addition, the central bank views the current monetary policy to be appropriate and accommodative. The cumulative 125 basis points reduction in the policy rate in 2020 will continue to provide stimulus to the economy. We expect OPR to



remain at current level for now, barring any significant downside risks to growth.

Kuala Lumpur, Malaysia

UOB Asset Management (Malaysia) Berhad

21 June 2021

## **(B) TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF UNITED MONEY MARKET FUND**

We have acted as Trustee for United Money Market Fund (the "Fund") for the financial year ended 30 November 2020. 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 Unit Trust Funds, 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.

We are of the view that the distributions made during this financial year ended 30 November 2020 by the Manager are not inconsistent with the objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong  
Head, Trustee Operations

Gerard Ang Boon Hock  
Chief Executive Officer

Kuala Lumpur, Malaysia

21 June 2021

## **(C) 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 35 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 Money Market Fund as at 30 November 2020 and of its financial performance, changes in net asset value and cash flows for the financial year 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

SEOW LUN HOO  
Director

Kuala Lumpur, Malaysia

21 June 2021

## **(D) Independent auditors' report to the unitholders of**

United Money Market Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of United Money Market Fund ("the Fund"), which comprise the statement of financial position as at 30 November 2020, 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 14 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 2020 and of its financial performance and cash flows for the 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

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.

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:

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

(e) 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.

Other matter

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 PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Chan Hooi Lam  
No. 2844/02/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia

21 June 2021

**(E) FINANCIAL STATEMENTS**

## STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2020

Types	Note	2020 (RM)	2019 (RM)
<b>ASSETS</b>	-	-	-
Amount due from Manager	4	-	7767434
Deposits with licensed financial institutions	3	2822540095	2758115677
Cash at bank	-	11682	31035
<b>TOTAL ASSETS</b>	-	2822551777	2765914146
<b>LIABILITIES</b>	-	-	-
Amount due to Manager	4	3544646	-
Amount due to Trustee	5	23334	23085
Accruals	-	29440	30949
<b>TOTAL LIABILITIES</b>	-	3597420	54034
<b>UNITHOLDERS' EQUITY</b>	-	-	-
Unitholders' capital	6	2809104473	2753459963
Retained earnings	6	9849884	12400149
<b>TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS</b>	6	2,818,954,357	2,765,860,112
<b>TOTAL EQUITY AND LIABILITIES</b>	-	2822551777	2765914146
<b>UNITS IN CIRCULATION</b>	6(a)	5549540629	5440149145
<b>NET ASSET VALUE PER UNIT (RM)</b>	-	0.508	0.5084

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

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

Types	Note	2020 (RM)	2019 (RM)
INVESTMENT INCOME	-	-	-
Interest income from deposits with licensed financial institutions	-	75799680	101364622
EXPENSES	-	-	-
Manager's fee	7	8495987	8103536
Trustee's fee	8	268110	265788
Auditors' remuneration	-	8800	8800
Tax agent's fee	-	4600	7000
Other expenses	-	4460	6488
Total Expenses	-	8781957	8391612
NET INCOME BEFORE TAXATION	-	67017723	92973010
Tax expense	9	-	-
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	-	67017723	92973010
Net income after taxation is made up of the following:	-	-	-
Realised amount	6(b)	67017723	92973010
Distributions for the financial year	10	69567988	82152395

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



STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

Types	Note	Unitholders' capital (RM)	Retained earnings (RM)	Total net asset value (RM)
Balance as at 1 December 2018	-	636719219	1579534	638298753
Movement in net asset value:	-	-	-	-
Total comprehensive income for the financial year	-	-	92,973,010	92,973,010
Creation of units	6(a)	-	5332761593	5332761593
Reinvestment of units	6(a),10	82152395	-	82152395
Cancellation of units	6(a)	-3298173244	-	-3298173244
Distributions	10	-	-82152395	-82152395
Balance as at 30 November 2019	-	2753459963	12400149	2765860112
Balance as at 1 December 2019	-	2753459963	12400149	2765860112
Movement in net asset value:	-	-	-	-
Total comprehensive income for the financial year	-	-	67,017,723	67,017,723
Creation of units	6(a)	3747230905	-	3747230905
Reinvestment of units	6(a),10	69567988	-	69567988
Cancellation of units	6(a)	-3761154383	-	-3761154383
Distributions	10	-	-69567988	-69567988
Balance as at 30 November 2020	-	2809104473	9849884	2818954357

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

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

Types	2020 (RM)	2019 (RM)
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>	-	-
Placement of deposits with financial institutions	-889012205	-1335555568
Interest received from deposits with licensed financial institutions	75,799,680	101,364,622
Manager's fee paid	-8453525	-7458065
Trustee's fee paid	-267861	-247411
Auditors' remuneration paid	-9064	-8800
Tax agent's fee paid	-5488	-4600
Payment of other fees and expenses	-4817	-6488
Net cash used in operating and investing activities	-821953280	-1241916310
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
Proceeds from creation of units	3749470905	5471397073
Payment for cancellation of units	-3752124765	-3296693226
Net cash (used in)/generated from financing activities	-2653860	2174703847
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	-824607140	932,787,537
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	1,050,920,496	118132959
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	226313356	1,050,920,496
Cash and cash equivalents comprises the following:		
Deposits with licensed financial institutions with maturity less than 3 months (Note 3)	226301674	1,050,889,461
Cash at bank	11682	31035
<b>Total</b>	<b>226313356</b>	<b>1050920496</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

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

The United Money Market Fund (hereinafter referred to as "the Fund") was constituted pursuant to the execution of the Deed dated 18 June 2014 and a Supplemental Deed dated 26 February 2015 (collectively referred to as Deeds") between UOB Asset Management (Malaysia) Berhad ("the Manager") and Deutsche Trustees Malaysia Berhad ("the Trustee").

The Fund seeks to provide income and liquidity by investing primarily in fixed income securities, money market instruments and deposits. The Fund was launched on 26 March 2015 and commenced for operation on 16 April 2015. As provided in the Master Deed, the accrual period or financial year shall end on 30 November.

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

The financial statements were authorised for issue by the Manager on 25 January 2021.

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

#### 2.3 Summary of significant accounting policies

##### (a) Financial instruments

##### Classification

In accordance with MFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective

hedging instrument).

## Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss ("FVTPL") on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### (i) Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Fund includes in this category amount due from Manager, deposits with licensed financial institutions and cash balances.

### (ii) Financial assets at FVTPL

A financial asset is measured at FVTPL if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
- (b) It is held within a business model whose objective is to sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

## Financial liabilities

### (i) Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL if it meets the definition of held for trading.

### (ii) Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at FVTPL. The Fund includes in this category amount due to Manager and amount due to Trustee.

## Impairment of financial assets

The Fund holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under MFRS 9 to all its trade receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Fund's approach to ECL reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### (b) Classification of realised and unrealised gains and losses

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

(c) 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.

(d) 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.

(e) 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.

(f) Cash and cash equivalents

Cash and cash equivalents comprise deposits with licensed financial institutions and cash at bank and which have an insignificant risk of changes in value.

(g) 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 licensed financial institutions is recognised using the effective interest method.

(h) 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.

(i) 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.

(j) 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.

(k) 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 and in making accounting estimates. 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. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Types	2020 (RM)	2019 (RM)
Deposits with licensed financial institutions comprise the following:	-	-
maturity less than 3 months	226301674	1050889461
maturity more than 3 months	2596238421	1707226216
Total	2822540095	2758115677

Deposits with licensed financial institutions include interest receivables of RM20,691,332 (2019: RM22,083,064).

Types	2020	2019
Weighted average effective interest rate	2.22%	3.47%
Average maturities	99 days	35 days

### 4. AMOUNT DUE (TO)/FROM MANAGER

Types	2020 (RM)	2019 (RM)
Creation of units	7760000	10000000
Cancellation of units	-10569636	-1540018
Manager's fee payable	-735010	-692548
Total	-3544646	7767434

The normal credit period for the Manager's fee payable is one month (2019: one month)

## 5. AMOUNT DUE TO TRUSTEE

Types	2020 (RM)	2019 (RM)
Trustee's fee payable	23334	23085

The normal credit period for the Trustee's fee payable is one month (2019: one month).

## 6. UNITHOLDERS' EQUITY

Net asset value attributable to unitholders is represented by:

Types	Note	2020 (RM)	2019 (RM)
Unitholders' capital	(a)	2809104473	2753459963
Retained earnings - Realised	(b)	9849884	12400149
Total equity, representing NAV attributable to unitholders	-	2818954357	2765860112

### (a) UNITHOLDERS' CAPITAL/ UNITS IN CIRCULATION

Types	Units	2020 (RM)	Units	2019 (RM)
At the beginning of the financial year	5,440,149,145	2,753,459,963	1,261,688,241	636,719,219
Creation of units during the financial year	7,370,509,359	3,747,230,905	10,508,165,853	5,332,761,593
Reinvestment for the financial year	134,560,361	69,567,988	161,874,935	82,152,395
Cancellation of units during the financial year	-7,395,678,236	-3,761,154,383	-6,491,579,884	-3,298,173,244
At the end of the financial year	5,549,540,629	2,809,104,473	5,440,149,145	2,753,459,963

The Manager and parties related to the Manager did not hold any units in the Fund as at 30 November 2020 (2019: Nil).

### (b) RETAINED EARNINGS - REALISED

Types	2020 (RM)	2019 (RM)
At the beginning of the financial year	12400149	1579534
Total comprehensive income for the financial year	67017723	92973010
Distributions for the financial year (Note 10)	-69567988	-82152395
At the end of the financial year	9849884	12400149

## 7. 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% (2019: 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 0.30% (from 16 April 2015 to 31 December 2019) and 0.315% (from 1 January 2020 to 30 November 2020) 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.

## 8. 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% (2019: 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 (2019: RM15,000) per annum (excluding foreign custodian fees and charges).

The Trustee's fee provided in the financial statements is 0.01% (2019: 0.01%) per annum based on the net asset value of the Fund subject to a minimum fee of RM15,000 (2019: 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.

## 9. INCOME TAX EXPENSE

Income from deposit placements is exempted from tax in accordance with Schedule 6, Paragraph 35A of the Income Tax Act, 1967 ("ITA"), subject to certain exclusion. Distribution income derived from sources outside Malaysia and received in Malaysia is exempted from tax in accordance with Schedule 6, Paragraph 28 of the ITA. Pursuant to Section 61(1)(b) of the ITA, gains from realisation of investment will not be treated as income of the Fund and hence are not subject to income 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:

Types	2020 (RM)	2019 (RM)
Net income before taxation	67017723	92973010
Taxation at Malaysian statutory rate of 24% (2019: 24%)	16084254	22313522
Tax effects of:	-	-
Income not subject to tax	-18191923	-24327509
Restriction on tax deductible expenses for unit trust funds	66372	67026
Expenses not deductible for tax purposes	2041297	1946961
Tax expense for the financial year	-	-



## 10. DISTRIBUTIONS

Final distributions to unitholders are derived from the following sources:

Types	2020 (RM)	2019 (RM)
Interest income	65949796	88964473
Previous financial year's realised income	12400149	1579534
Total	78349945	90544007
Less:	-	-
Expenses	-8781957	-8391612
Net distributable amount	69567988	82152395

Included in the above distributions was an amount of RM12,400,149 (2019: RM1,579,534) made from previous financial year's realised gain.

Details of distributions to unitholders during the financial year ended 30 November are as follows:

Distributions Ex-date	Reinvestment settlement date	Distributions per unit (RM)	Total Distributions (RM)
2020	-	-	-
23 December 2019	24 December 2019	0.0013	7113958
23 January 2020	24 January 2020	0.0013	7039091
25 February 2020	26 February 2020	0.0013	6603069
25 March 2020	26 March 2020	0.0012	5583208
23 April 2020	24 April 2020	0.0012	6050529
21 May 2020	22 May 2020	0.0012	6110631
25 June 2020	26 June 2020	0.0012	6312154
23 July 2020	24 July 2020	0.001	6010102
25 August 2020	26 August 2020	0.0009	4973277
24 September 2020	25 September 2020	0.0008	4165906
26 October 2020	27 October 2020	0.0008	4408569
25 November 2020	26 November 2020	0.0009	5197494
Total	Total	0.0131	69567988

Distributions Ex-date	Reinvestment settlement date	Distributions per unit (RM)	Total Distributions (RM)
2020	-	-	-
26 December 2018	27 December 2018	0.0008	2726168
24 January 2019	25 January 2019	0.0012	6141833
25 February 2019	26 February 2019	0.0013	7285167
25 March 2019	26 March 2019	0.0013	7411039
25 April 2019	26 April 2019	0.0013	7606379
23 May 2019	24 May 2019	0.0013	7495487
25 June 2019	26 June 2019	0.0013	7599223
25 July 2019	26 July 2019	0.0013	7515987
22 August 2019	23 August 2019	0.0013	7182044
26 September 2019	27 September 2019	0.0013	6889287
24 October 2019	25 October 2019	0.0013	7144054
25 November 2019	26 November 2019	0.0013	7155727
Total	Total	0.015	82152395

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

Types	2020 (%)	2019 (%)
Manager's fee	0.31	0.3
Trustee's fee	0.01	0.01
Other expenses	_*	_*
Total MER	0.32	0.31

\* represents less than 0.01%

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.

#### 12. PORTFOLIO TURNOVER RATIO ("PTR")

Portfolio Turnover Ratio	2020.0	2019.0
PTR (times)	2.61	6.71

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.

### 13. TRANSACTIONS WITH RELATED AND OTHER FINANCIAL INSTITUTIONS

Details of transactions with related and other financial institutions by the Fund for the financial year ended 30 November 2020 are as follows:

Financial Institutions	Value of trades (RM)	Percentage of total trades (%)
Alliance Bank Malaysia Berhad	2851864000	40.97
AmBank (M) Berhad	812381000	11.67
RHB Bank Berhad	548680000	7.88
Malayan Banking Berhad	512547000	7.36
Bank Islam Malaysia Berhad	367047000	5.27
CIMB Bank Berhad	365284000	5.25
Public Bank Berhad	307840219	4.42
Kuwait Finance House (Malaysia) Berhad	232423000	3.34
Kenanga Investment Bank Berhad	213641000	3.07
CIMB Islamic Bank Berhad	210920000	3.03
Others *	538627000	7.74
Total	6961254219	100

\* United Overseas Bank (Malaysia) Berhad is included in others as a financial institution related to the Manager with transactions value of RM40,500,000.

The Directors of the Manager are of the opinion that any transactions with the related party are 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 party. These dealings with related party are transacted at arm's length 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 financial assets, comprising amount due from Manager, deposits with licensed financial institutions and cash at bank are classified as financial assets measured at amortised cost; and

(ii) 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.

2020	Financial assets at amortised cost (RM)	Financial Liabilities at amortised cost (RM)	Total (RM)
ASSETS	-	-	-
Deposits with licensed financial institutions	2,822,540,095	-	2,822,540,095
Cash at bank	11682	-	11682
Total financial assets	2822551777	-	2822551777
LIABILITY	-	-	-
Amount due to Manager	-	3544646	3544646
Amount due to Trustee	-	23334	23334
Total financial liability	-	3567980	3567980

2019	Financial assets at amortised cost (RM)	Financial Liabilities at amortised cost (RM)	Total (RM)
ASSETS	-	-	-
Amount due from Manager	7767434	-	7767434
Deposits with licensed financial institutions	2,758,115,677	-	2,758,115,677
Cash at bank	31035	-	31035
Total financial assets	2765914146	-	2765914146
LIABILITY	-	-	-
Amount due to Trustee	-	23085	23085
Total financial liability	-	23085	23085

(b) 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/(to) Manager

~ Deposits with licensed financial institutions

~ Cash at bank

~ 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 management risk, non-compliance risk, credit/default risk, liquidity risk and profit rate risk. Whilst these are the most important types of financial risks inherent in each

type of financial instrument, 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) Management 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

(b) Non-compliance risk

Non-adherence with laws, rules, regulations, prescribed practices, internal policies and procedures may adversely affect the Fund's investment when the Manager takes action to rectify the non-compliance. 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.

(c) 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 unit trust fund holds many securities that are illiquid, or difficult to dispose of, the value of the unit trust 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.

Where necessary, the Manager can withdraw the Fund's deposits ahead of the contractual maturity dates to meet the Fund's liquidity requirements.

The undiscounted contractual cash flows for financial assets and financial liabilities of the Fund are not presented as:

(i) 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.

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

(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.

(d) Credit risk

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 creditworthiness of the financial institutions.

The following table analyses the Fund's cash and deposits by rating categories:

2020	Cash and cash equivalents (RM)	As a % of cash and cash equivalents	As a % of net asset value
AAA	1035877930	36.7	36.75
AA1	11682	*	*
AA2	938376636	33.25	33.29
AA3	528942525	18.74	18.76
AA+	183312110	6.49	6.5
A+	119970146	4.25	4.26
A1	16060748	0.57	0.57
Total	2822551777	100	100.13

\* represents less than 0.01%

2019	Cash and cash equivalents (RM)	As a % of cash and cash equivalents	As a % of net asset value
AAA	750847135	27.22	27.15
AA1	31035	*	*
AA2	828499599	30.04	29.95
AA3	760237608	27.56	27.49
AA+	120131922	4.36	4.34
A1	212125357	7.69	7.67
A3	86274056	3.13	3.12
Total	2758146712	100	99.72

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

#### (e) Interest rate risk

Interest rates offered by banks and financial institutions will fluctuate according to the Overnight Policy Rate ("OPR") determined by Bank Negara Malaysia and this has direct correlation with the return on the Fund's Shariah-based placements with licensed financial institutions. The Fund will enjoy higher interest income when interest rates rise and vice versa. Upon the revision of the OPR, rates for pre-existing Shariah-based placements with licensed financial institutions will remain unchanged. The change in the OPR will only affect new placements made after such

The Fund's exposure to interest rate risk is managed according to the Manager's view of the interest rate environment.

The following table demonstrates the sensitivity of the Fund's profit or loss for the period to change in interest rates, with all other variables held constant.

2020	% Change in interest	Sensitivity of interest income increase/(decrease) (RM)
Assets	-	-
Deposits with licensed financial institutions	+1/-1	28,225,401 (28,225,401)

2019	% Change in interest	Sensitivity of interest income increase/(decrease) (RM)
Assets	-	-
Deposits with licensed financial institutions	+1/-1	27,581,157 (27,581,157)

## 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 6(a).

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

## 18 SUBSEQUENT EVENT

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Fund, the impact on business operations has not been a direct consequence of the COVID-19 outbreak, but a result of the measures taken by the Government of Malaysia to contain it. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy.

The management is currently assessing the potential business and financial impact, but fully expects that the Fund has sufficient capital and resilience to weather the impact of COVID-19 on its business.

**(F) CORPORATE INFORMATION**

Manager	UOB Asset Management (Malaysia) Berhad 199101009166(219478-X)  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>
Board of Directors	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) Mr Wong Yoke Leong Mr Lim Kheng Swee En Syed Naqiz Shahabuddin Bin Syed Abdul Jabbar Ms Lim Suet Ling (Executive Director & CEO)
Trustee	Deutsche Trustees Malaysia Berhad 200701005591 (763590-H)
Auditor of the Fund	Ernst & Young
Tax Agent of the Fund	Ernst & Young Tax Consultants Sdn Bhd