



United Global Quality Equity Fund

**Annual Report
30 June 2020**

UNITED GLOBAL QUALITY EQUITY FUND

Audited Annual Report and Financial Statements For the Financial Year Ended 30 June 2020

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(A) MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the audited accounts of United Global Quality Equity Fund (the "Fund") for the financial year ended 30 June 2020.

(1) Key Data of the Fund

1.1	Fund name	United Global Quality Equity Fund																																																		
1.2	Name of target fund	United Global Quality Growth Fund																																																		
1.3	Fund category	Equity (feeder fund)																																																		
1.4	Fund type	Growth																																																		
1.5	Investment objective	The Fund seeks to provide Long Term (i.e. a period of at least five (5) years) capital appreciation by investing in the United Global Quality Growth Fund ("Target Fund") which invests in equities and equity-related securities of companies listed and traded on stock exchanges globally.																																																		
1.6	Performance benchmark	Morgan Stanley Capital Investment All Country World Index ("MSCI All Country World Index"), which is also the performance benchmark of the Target Fund.																																																		
1.7	Duration	The Fund was launched on 26 September 2016 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.																																																		
1.8	Distribution policy	Subject to the availability of income, distribution is incidental. Distribution declared (if any) will be automatically reinvested into the unit holders’ accounts in the form of additional units in the Fund at no cost.																																																		
1.9	Breakdown of unit holdings by size	<u>MYR hedged Class</u> <table><tr><th colspan="3">As at 30 June 2020</th></tr><tr><th>Size of holding</th><th>No. of unit holders</th><th>No. of units held</th></tr><tr><td>• 5,000 and below</td><td>2</td><td>3,761</td></tr><tr><td>• 5,001 to 10,000</td><td>1</td><td>8,303</td></tr><tr><td>• 10,001 to 50,000</td><td>5</td><td>110,169</td></tr><tr><td>• 50,001 to 500,000</td><td>4</td><td>731,358</td></tr><tr><td>• 500,001 and above</td><td>10</td><td>459,347,805</td></tr><tr><td>Total</td><td>22</td><td>460,201,396</td></tr></table> <u>USD Class</u> <table><tr><th colspan="3">As at 30 June 2020</th></tr><tr><th>Size of holding</th><th>No. of unit holders</th><th>No. of units held</th></tr><tr><td>• 5,000 and below</td><td>2</td><td>2,709</td></tr><tr><td>• 5,001 to 10,000</td><td>0</td><td>0</td></tr><tr><td>• 10,001 to 50,000</td><td>1</td><td>24,994</td></tr><tr><td>• 50,001 to 500,000</td><td>1</td><td>94,374</td></tr><tr><td>• 500,001 and above</td><td>3</td><td>11,172,801</td></tr><tr><td>Total</td><td>7</td><td>11,294,880</td></tr></table>			As at 30 June 2020			Size of holding	No. of unit holders	No. of units held	• 5,000 and below	2	3,761	• 5,001 to 10,000	1	8,303	• 10,001 to 50,000	5	110,169	• 50,001 to 500,000	4	731,358	• 500,001 and above	10	459,347,805	Total	22	460,201,396	As at 30 June 2020			Size of holding	No. of unit holders	No. of units held	• 5,000 and below	2	2,709	• 5,001 to 10,000	0	0	• 10,001 to 50,000	1	24,994	• 50,001 to 500,000	1	94,374	• 500,001 and above	3	11,172,801	Total	7	11,294,880
As at 30 June 2020																																																				
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1.9	Breakdown of unit holdings by size (continued)	SGD hedged Class		
		As at 30 June 2020		
		Size of holding	No. of unit holders	No. of units held
		• 5,000 and below	1	3,861
		• 5,001 to 10,000	0	0
		• 10,001 to 50,000	3	89,165
		• 50,001 to 500,000	2	638,729
		• 500,001 and above	2	8,843,428
		Total	8	9,575,183

(2) Performance Data of the Fund

2.1	Portfolio composition	Details of portfolio composition of the Fund for the financial years as at 30 June are as follows:			
		Sectors, category of investments & cash holdings	As at 30 June 2020 (%)	As at 30 June 2019 (%)	As at 30 June 2018 (%)
		Collective investment scheme	94.74	98.40	97.17
		Cash	5.26	1.60	2.83
		Total	100.00	100.00	100.00
2.2	Performance details	Performance details of the Fund for the financial years as at 30 June are as follows:			
			As at 30 June 2020	As at 30 June 2019	As at 30 June 2018
		Net Asset Value ("NAV") (RM)			
		- MYR hedged Class	321,973,454	287,086,989	356,463,398
		- USD Class	33,534,740	45,762,520	61,069,046
		- SGD hedged Class	17,594,597	22,294,962	47,512,246
		- AUD hedged Class	23,124,759	--	--
		NAV per unit in RM			
		- MYR hedged Class	0.6996	0.7064	0.6428
		- USD Class	2.9690	2.8755	2.5854
		- SGD hedged Class	1.8375	1.8816	1.6721
		- AUD hedged Class	1.4937	--	--
		NAV per unit in respective currencies			
		- MYR hedged Class (RM)	0.6996	0.7064	0.6428
		- USD Class (USD)	0.6934	0.6962	0.6403
		- SGD hedged Class (SGD)	0.5987	0.6164	0.5647
		- AUD hedged Class (AUD)	0.5067	--	--
		Units in circulation			
		- MYR hedged Class	460,201,396	406,389,411	554,553,486
		- USD Class	11,294,880	15,914,614	23,620,579
		- SGD hedged Class	9,575,183	11,848,956	28,414,133
		- AUD hedged Class	15,481,932	--	--

2.2	Performance details (continued)	Highest NAV per unit in respective currencies			
		- MYR hedged Class (RM)	0.7833	0.7108	0.6633
		- USD Class (USD)	0.7692	0.6999	0.6621
		- SGD hedged Class (SGD)	0.6794	0.6201	0.5828
		- AUD hedged Class (AUD)	0.5556	--	--
		Lowest NAV per unit in respective currencies			
		- MYR hedged Class (RM)	0.4264	0.4813	0.4813
		- USD Class (USD)	0.5282	0.4780	0.4780
		- SGD hedged Class (SGD)	0.4593	0.4913	0.4913
		- AUD hedged Class (AUD)	0.3768	--	--
		Total return (%)			
		- MYR hedged Class	6.49	10.86	16.05
		- USD Class	7.06	9.70	16.29
		- SGD hedged Class	4.44	10.11	--
		- AUD hedged Class	1.34	--	--
		Capital growth (%)			
		- MYR hedged Class	-1.52	9.89	16.05
		- USD Class	-0.94	8.75	16.29
		- SGD hedged Class	-3.44	9.16	--
		- AUD hedged Class	1.34	--	--
		Income distribution (%)			
		- MYR hedged Class	8.01	0.97	--
		- USD Class	8.00	0.95	--
		- SGD hedged Class	7.88	0.95	--
		- AUD hedged Class	--	--	--
		Gross distribution (sen per unit) in respective currencies			
		- MYR hedged Class (RM)	5.03 [#]	0.62	--
		- USD Class (USD)	4.96 [#]	0.61	--
		- SGD hedged Class (SGD)	4.33 [#]	0.54	--
		- AUD hedged Class (AUD)	--	--	--
		Net distribution (sen per unit) in respective currencies			
		- MYR hedged Class (RM)	5.03 [#]	0.62	--
		- USD Class (USD)	4.96 [#]	0.61	--
		- SGD hedged Class (SGD)	4.33 [#]	0.54	--
		- AUD hedged Class (AUD)	--	--	--
		Management expense ratio ("MER") (%) ¹	0.80	0.41	0.56
		Portfolio turnover ratio ("PTR") (times) ²	1.47	0.31	0.82
Note: The AUD hedged Class commenced on 20 August 2019.					
Notes :					
# Date of distribution is shown in part 2.8 - Income distribution / Unit splits.					
¹ MER is higher against previous financial year mainly due to increase in expenses.					
² PTR is higher against previous financial year mainly due to higher trading activity.					

2.2	Performance details (continued)	Average total return	
			As at 30 June 2020 (%) (annualized)
		Since commencement (17 October 2016)	
		- MYR hedged Class	11.91
		- USD Class	11.64
		Since commencement (31 July 2017)	
		- SGD hedged Class	9.38
		Since commencement (20 August 2019)	
		- AUD hedged Class	1.55
		1 year	
		- MYR hedged Class	6.47
		- USD Class	7.04
		- SGD hedged Class	4.43
		- AUD hedged Class	--
		3 year	
		- MYR hedged Class	11.05
		- USD Class	10.94
		- SGD hedged Class	--
		- AUD hedged Class	--
		Annual total return	
			As at 30 June 2020 (%)
		1 July 2019 - 30 June 2020	
		- MYR hedged Class	6.49
		- USD Class	7.06
		- SGD hedged Class	4.44
		- AUD hedged Class*	1.34
		1 July 2018 - 30 June 2019	
		- MYR hedged Class	10.86
		- USD Class	9.70
		- SGD hedged Class	10.11
		1 July 2017 - 30 June 2018	
		- MYR hedged Class	16.05
		- USD Class	16.29
		- SGD hedged Class	--
		Since commencement (17 October 2016) - 30 June 2017	
		- MYR hedged Class	10.78
		- USD Class	10.12
		Since commencement (31 July 2017) - 30 June 2017	
		- SGD hedged Class	--
		* The AUD hedged Class commenced on 20 August 2019.	
		Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.	
2.3	Has the Fund achieved its investment objective?	For the financial period under review, the Fund achieved its investment objective to provide capital appreciation by investing in the Target Fund which invests in equities and equity-related securities of companies listed and traded on stock exchanges globally.	

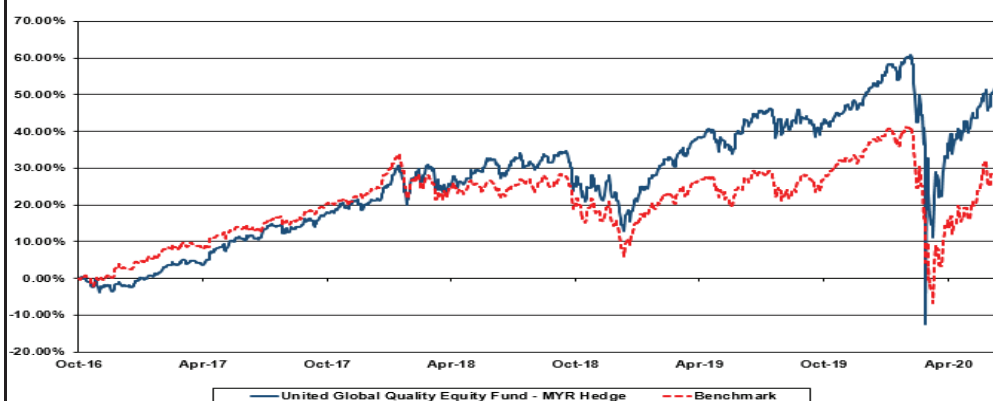
2.4 Performance review

MYR hedged Class

For the financial period under review, the Fund registered a return of 6.49%, outperforming the benchmark return of 0.28%, which was mainly from income distribution.

For the period under review, the NAV per unit of the Fund decreased by 1.52% from RM 0.7104 to RM 0.6996.

The line chart below shows comparison between the performance of the Fund and its benchmark, MSCI All Country World Index, from the commencement of the Fund to 30 June 2020.



Source: UOBAM(M) as at 30 June 2020.

	1-month	3-months	6-months	12-months	Since commencement (17 Oct 2016)
The Fund	3.40%	19.88%	-0.28%	6.49%	51.77%
Benchmark*	3.03%	18.66%	-7.14%	0.28%	27.65%

Source: UOBAM(M), Lipper and Bloomberg as at 30 June 2020.

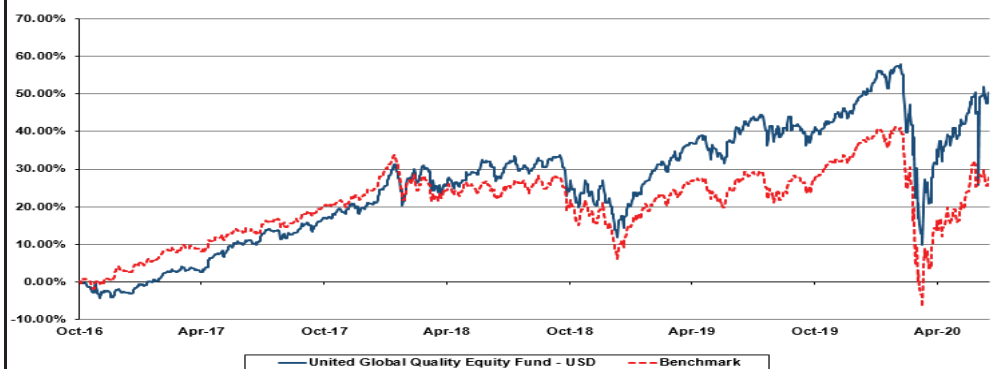
* The benchmark of the Fund is MSCI All Country World Index.

USD Class

For the financial period under review, the Fund registered a return of 7.06%, outperforming the benchmark return of 0.28%, which was mainly from income distribution.

For the period under review, the NAV per unit of the Fund decreased by 0.94% from USD0.7000 to USD0.6934.

The line chart below shows comparison between the performance of the Fund and its benchmark, MSCI All Country World Index, from the commencement of the Fund to 30 June 2020.



Source: UOBAM(M) as at 30 June 2020.

2.4

Performance review (continued)

	1-month	3-months	6-months	12-months	Since commencement (17 Oct 2016)
The Fund	3.74%	20.14%	0.30%	7.06%	50.40%
Benchmark*	3.03%	18.66%	-7.14%	0.28%	27.65%

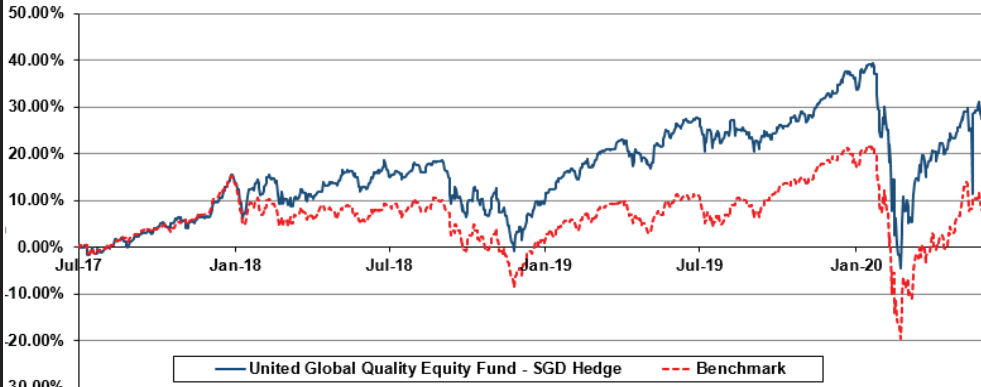
Source: UOBAM(M), Lipper and Bloomberg as at 30 June 2020.
* The benchmark of the Fund is MSCI All Country World Index.

SGD hedged Class

For the financial period under review, the Fund registered a return of 4.44% outperforming the benchmark return of 0.28%, which was mainly from income distribution.

For the period under review, the NAV per unit of the Fund decreased by 3.44% from SGD0.6200 to SGD0.5987.

The line chart below shows comparison between the performance of the Fund and its benchmark, MSCI All Country World Index, from the commencement of the Fund to 30 June 2020.



Source: UOBAM(M) as at 30 June 2020.

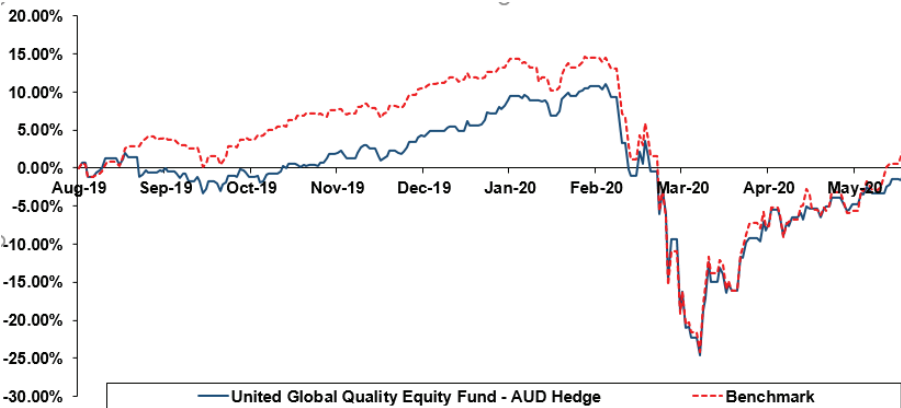
	1-month	3-months	6-months	12-months	Since commencement (31 Jul 2017)
The Fund	3.36%	19.30%	-1.69%	4.44%	29.89%
Benchmark*	3.03%	18.66%	-7.14%	0.28%	9.91%

Source: UOBAM(M), Lipper and Bloomberg as at 30 June 2020.
* The benchmark of the Fund is MSCI All Country World Index.

AUD hedged Class

For the financial period under review, the Fund registered a return of 1.34% underperforming the benchmark return of 3.61%, which was entirely capital growth in nature since the commencement of the class on 20 August 2019.

For the period under review, the NAV per unit of the Fund increased by 1.34% from AUD0.5000 to AUD0.5067.

2.4	<p>Performance review (continued)</p>	<p>The line chart below shows comparison between the performance of the Fund and its benchmark, MSCI All Country World Index, from the commencement of the Fund to 30 June 2020.</p>  <p>Source: UOBAM(M) as at 30 June 2020.</p> <table><tr><th></th><th>1-month</th><th>3-months</th><th>6-months</th><th>12-months</th><th>Since commencement (31 Jul 2017)</th></tr><tr><td>The Fund</td><td>2.88%</td><td>17.73%</td><td>-3.34%</td><td>--</td><td>1.34%</td></tr><tr><td>Benchmark*</td><td>3.03%</td><td>18.66%</td><td>-7.14%</td><td>--</td><td>3.61%</td></tr></table> <p>Source: UOBAM(M), Lipper and Bloomberg as at 30 June 2020. * The benchmark of the Fund is MSCI All Country World Index.</p> <p>Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.</p>		1-month	3-months	6-months	12-months	Since commencement (31 Jul 2017)	The Fund	2.88%	17.73%	-3.34%	--	1.34%	Benchmark*	3.03%	18.66%	-7.14%	--	3.61%
	1-month	3-months	6-months	12-months	Since commencement (31 Jul 2017)															
The Fund	2.88%	17.73%	-3.34%	--	1.34%															
Benchmark*	3.03%	18.66%	-7.14%	--	3.61%															
2.5	<p>Target Fund performance</p>	<p><u>Target Fund performance review</u></p> <p>The Global Quality Growth portfolio outperformed for the twelve-month period driven by sector allocation. Sector allocation, a byproduct of the security selection process of the Sub-Manager of the Target Fund (i.e. Wellington Management Singapore Pte. Ltd), contributed to the relative performance with the overweight to information technology, lack of exposure to energy and underweight to financials. Security selection also aided relative performance with positive selection in communication services, financials and real estate. Regionally, holdings in North America contributed the most to relative results.</p> <p>Source: UOB Asset Management Ltd</p> <p><u>Target Fund performance data</u></p> <table><tr><th></th><th>1-month</th><th>3-months</th><th>6-months</th><th>12-months</th><th>Since commencement (21 Oct 2016)</th></tr><tr><td>Target Fund (USD)</td><td>4.17%</td><td>21.82%</td><td>2.12%</td><td>9.54%</td><td>13.11%</td></tr><tr><td>Benchmark (USD)*</td><td>3.20%</td><td>19.22%</td><td>-6.25%</td><td>2.11%</td><td>8.77%</td></tr></table> <p>Source: UOB Asset Management Ltd, Morningstar as at 30 June 2020. * The benchmark of the Target Fund is MSCI All Country World Index.</p>		1-month	3-months	6-months	12-months	Since commencement (21 Oct 2016)	Target Fund (USD)	4.17%	21.82%	2.12%	9.54%	13.11%	Benchmark (USD)*	3.20%	19.22%	-6.25%	2.11%	8.77%
	1-month	3-months	6-months	12-months	Since commencement (21 Oct 2016)															
Target Fund (USD)	4.17%	21.82%	2.12%	9.54%	13.11%															
Benchmark (USD)*	3.20%	19.22%	-6.25%	2.11%	8.77%															

2.6	Strategies and policies employed	<p><u>Strategies and policies of the Fund</u></p> <p>For the financial period under review, the Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in the Target Fund at all times. Accordingly, this Fund will have a passive strategy as all the investment decisions will be made at the Target Fund level.</p> <p><u>Strategies and policies of the Target Fund</u></p> <p>The Sub-Manager initiated a position in Hong Kong Exchanges during the period. The Sub-Manager believes that the company is likely to benefit from increased trading volumes as well as future market recovery. The company ranks attractively in the process for quality, with good growth and valuation upside.</p> <p>At the end of the period, the largest overweight was to information technology, health care and communication services and largest underweight to financials, consumer staples and materials. From a regional perspective, the largest overweight was to North America and the largest underweight to Japan.</p> <p><i>Source: UOB Asset Management Ltd</i></p>																												
2.7	Asset allocation	<p>This table below shows the asset allocation of the Fund for the financial years ended 30 June:</p> <table><tr><th>Assets</th><th>As at 30 June 2020 (%)</th><th>As at 30 June 2019 (%)</th><th>Changes (%)</th></tr><tr><td>Collective investment scheme</td><td>94.74</td><td>98.40</td><td>-3.66</td></tr><tr><td>Cash</td><td>5.26</td><td>1.60</td><td>3.66</td></tr><tr><td>Total</td><td>100.00</td><td>100.00</td><td>--</td></tr></table> <p>Reason for the differences in asset allocation</p> <p>As at 30 June 2020, the asset allocation of the Fund stood at 94.74% in collective investment scheme and 5.26% in cash. The asset allocation in the collective investment scheme is in accordance with the Fund's investment objective of investing a minimum of 90% of the Fund's NAV in the Target Fund at all times. The increase in exposure to cash during the period under review was maintained for liquidity purpose.</p>	Assets	As at 30 June 2020 (%)	As at 30 June 2019 (%)	Changes (%)	Collective investment scheme	94.74	98.40	-3.66	Cash	5.26	1.60	3.66	Total	100.00	100.00	--												
Assets	As at 30 June 2020 (%)	As at 30 June 2019 (%)	Changes (%)																											
Collective investment scheme	94.74	98.40	-3.66																											
Cash	5.26	1.60	3.66																											
Total	100.00	100.00	--																											
2.8	Income distribution/ Unit splits	<p>For the financial year under review, the Fund has declared the following income distribution:</p> <p><u>MYR hedged Class</u></p> <table><tr><th>Distribution Date</th><th>Gross/Net Distribution per unit (RM)</th><th>Cum - NAV per unit (RM)</th><th>Ex - NAV per unit (RM)</th></tr><tr><td>23-Jun-20</td><td>0.0244</td><td>0.7306</td><td>0.7062</td></tr><tr><td>12-Jun-20</td><td>0.0061</td><td>0.7045</td><td>0.6984</td></tr><tr><td>16-Mar-20</td><td>0.007</td><td>0.5791</td><td>0.5721</td></tr><tr><td>20-Dec-19</td><td>0.0065</td><td>0.7456</td><td>0.7391</td></tr><tr><td>25-Sep-19</td><td>0.0063</td><td>0.7078</td><td>0.7015</td></tr><tr><td>Total</td><td>0.0503</td><td>--</td><td>--</td></tr></table>	Distribution Date	Gross/Net Distribution per unit (RM)	Cum - NAV per unit (RM)	Ex - NAV per unit (RM)	23-Jun-20	0.0244	0.7306	0.7062	12-Jun-20	0.0061	0.7045	0.6984	16-Mar-20	0.007	0.5791	0.5721	20-Dec-19	0.0065	0.7456	0.7391	25-Sep-19	0.0063	0.7078	0.7015	Total	0.0503	--	--
Distribution Date	Gross/Net Distribution per unit (RM)	Cum - NAV per unit (RM)	Ex - NAV per unit (RM)																											
23-Jun-20	0.0244	0.7306	0.7062																											
12-Jun-20	0.0061	0.7045	0.6984																											
16-Mar-20	0.007	0.5791	0.5721																											
20-Dec-19	0.0065	0.7456	0.7391																											
25-Sep-19	0.0063	0.7078	0.7015																											
Total	0.0503	--	--																											

2.8	Income distribution/ Unit splits (continued)	<u>USD Class</u>			
		Distribution Date	Gross/Net Distribution per unit (RM)	Cum - NAV per unit (RM)	Ex - NAV per unit (RM)
		23-Jun-20	0.0241	0.7244	0.7003
		12-Jun-20	0.0060	0.6991	0.6931
		16-Mar-20	0.0069	0.5687	0.5618
		20-Dec-19	0.0064	0.7336	0.7272
		25-Sep-19	0.0062	0.6972	0.6910
		Total	0.0496	--	--
		<u>SGD hedged Class</u>			
		Distribution Date	Gross/Net Distribution per unit (RM)	Cum - NAV per unit (RM)	Ex - NAV per unit (RM)
		23-Jun-20	0.0209	0.6253	0.6044
		12-Jun-20	0.0052	0.6038	0.5986
		16-Mar-20	0.0061	0.4997	0.4936
		20-Dec-19	0.0056	0.6468	0.6412
		25-Sep-19	0.0055	0.6164	0.6109
		Total	0.0433	--	--
		<u>AUD hedged Class</u>			
		The class did not carry out any distribution exercise during the financial year under view.			
		Note: The Fund did not carry out any unit split exercise during the financial year under view.			
2.9	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.			
2.10	Rebates and soft commission	<p>It is our policy to pay all rebates to the Fund. Soft commissions received from brokers/dealers are retained by the Manager only if the goods and services provided are of demonstrable benefit to unit holders of the Fund.</p> <p>During the financial period under review, the Manager had received on behalf of the Fund, soft commissions in the form of fundamental database, financial wire services, technical analysis software and stock quotation system incidental to investment management of the Fund. These soft commissions received by the Manager are deemed to be beneficial to the unit holders of the Fund.</p>			
2.11	Market review	<p>For the one-year period ended 30 June 2020, global equities rose 2.6% as measured by the MSCI ACWI Index. In the third quarter of 2019, Boris Johnson was appointed as the new prime minister of the UK after his victory in the Conservative Party leadership contest. UK opposition parties vowed to block Prime Minister Johnson's bid for a general election and Parliament passed legislation requiring him to request an extension to the Brexit process if he fails to secure an acceptable deal. On the monetary front, the US Federal Reserve cut interest rates in July, September and October to extend the US economic expansion amid a slowdown in growth and trade uncertainty. The European Central Bank ("ECB") unveiled a sweeping, long-term economic stimulus package to bolster the eurozone economy against slowing growth and trade frictions, including an open-ended asset purchase program and more favourable bank lending conditions.</p>			

2.11	Market review (continued)	<p>In the fourth quarter of 2019, waning recession fears and forecasts for improving global growth in 2020 helped to bolster risk sentiment, while geopolitics and trade disputes continued to be major drivers of market volatility. The United States of America ("US") cancelled tariffs that were scheduled to take effect on December 15 in effort to secure a phase one trade deal with China. US President Donald Trump subsequently announced that the first phase of a trade agreement will be signed on January 15, providing significant relief to global markets. UK equities rose after the Conservative Party's victory in the general election lifted the uncertainty about the country's departure from the European Union ("EU") and eliminated concerns about the Labour Party's plans to nationalize large swaths of the nation's economy.</p> <p>In the first-quarter of 2020, global equities ended sharply lower. The coronavirus spread rapidly across the globe, causing unprecedented disruption to financial markets and economies and overshadowing optimism about a phase-one trade deal between the US and China. The World Health Organization declared the coronavirus outbreak a pandemic. Market volatility remained extremely high, and liquidity plunged to record lows. Most global central banks and governments took extraordinary measures in an effort to limit financial market stress, mitigate the economic fallout, and cushion household and business income. US government unleashed a massive fiscal stimulus plan to stem economic damage. The EU suspended budget and borrowing rules to give governments more fiscal flexibility to deal with the crisis. The price of oil plunged to its lowest level since 2002, as the world's largest oil producers failed to agree on whether to reduce output as demand collapsed. The UK officially departed the EU on January 31, and discussions about a new UK-EU trade agreement have been delayed due to the coronavirus outbreak.</p> <p>Global equities surged during the second quarter of 2020. Markets were fuelled by optimism about successful early-stage trials for a potential coronavirus vaccine, ongoing fiscal and monetary stimulus, and signs that global economic activity is improving. As new infections declined in most countries, governments shifted their focus toward gradually lifting lockdown restrictions and supporting the recovery of their economies; however, new cases rose sharply in some areas of the US, while India and much of Latin America struggled to bring the virus under control. The European Commission ("EC") announced a proposal for a €750 billion recovery fund to provide grants and loans to eurozone economies that have been devastated by the coronavirus pandemic. Tensions between the US and China escalated during the quarter after China's decision to impose a controversial national security law on Hong Kong invoked a host of retaliatory responses from the US and increased concerns about the city's future as a global financial centre. After plummeted to historic lows in April amid a pandemic-induced collapse in demand, oil rebounded later in the quarter as the global economy began to recover.</p> <p><i>Source: UOB Asset Management Ltd</i></p>
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2.12	Market outlook	<p>Entering 2020, the Global Cycle Index ("GCI") monitored by the Sub-Manager showed signs of improvement and it anticipated growth to inflect positively. However, the spread of COVID-19 halted economic growth as governments slowed activity in attempts to contain the virus. The Sub-Manager's macroeconomics team guided to a near-term economic recession, so it shifted to an overweight in Quality and Capital Return factors and an underweight Growth and Valuation factors.</p> <p>The subsequent response by central banks to support global economies throughout the pandemic has been abundant, with global fiscal announcements totalling an estimated 7% of Gross Domestic Product ("GDP"). Swift monetary and fiscal stimulus have been effective in supporting equity markets by compressing downside market volatility. The Sub-Manager's macroeconomics team now expects the GCI to bottom in June-July before entering a period of muted global growth. Simultaneously, advancements to develop effective therapies that treat the virus can create a bridge until a safe vaccine can be made available globally. As a result, the Sub-Manager shifted to equal weight its four factors of Quality, Growth, Capital Return and Valuation Upside.</p> <p><i>Source: UOB Asset Management Ltd</i></p>
2.13	Additional information	<p>With effect from 23 March 2020, the following information has been updated in the Master Prospectus dated 23 March 2020 :-</p> <ul style="list-style-type: none"> • All the units in United Global Quality Equity Fund will be switched from Class USD Dist to Class Z USD Dist which is a lower fee class. • The Target Fund intends to invest in collective investment scheme. • If the transfer request leaves a unit holder with less than the required minimum holdings of units in the account, we will request the unit holder to transfer the remaining units from the transferor's account to the transferee's account. • The unit holders are given an option to receive their income distribution.

Kuala Lumpur, Malaysia

UOB Asset Management (Malaysia) Berhad

26 August 2020

(B) TRUSTEE’S REPORT

TO THE UNIT HOLDERS OF UNITED GLOBAL QUALITY EQUITY FUND

We have acted as Trustee for United Global Quality Equity Fund (“the Fund”) for the financial year ended 30 June 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 June 2020 by the Manager is not inconsistent with the objective of the Fund.

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

Norhayati Binti Azit
Director - Fund Services

Kuala Lumpur, Malaysia
26 August 2020

UNITED GLOBAL QUALITY EQUITY FUND

(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 19 to 46 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 Global Quality Equity Fund** as at 30 June 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
26 August 2020

**(D) Independent auditors' report to the unitholders of
United Global Quality Equity Fund**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of United Global Quality Equity Fund ("the Fund"), which comprise the statement of financial position as at 30 June 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 19 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020 and of its financial performance and cash flows for the 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.

Independent auditors' report to the unitholders of United Global Quality Equity 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 Global Quality Equity 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 Global Quality Equity Fund (Continued)**

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
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
26 August 2020

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

UNITED GLOBAL QUALITY EQUITY FUND

(E) FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 RM	2019 RM
ASSETS			
Investments	3	369,443,300	349,336,674
Forward foreign currency contracts	4	4,454,050	2,796,934
Amount due from Manager	5	13,836,290	-
Other receivables		-	114,400
Cash at bank		20,525,031	14,204,856
TOTAL ASSETS		408,258,671	366,452,864
LIABILITIES			
Amount due to Target Fund Manager		11,989,600	-
Amount due to Manager	5	-	11,257,121
Amount due to Trustee	6	12,028	12,673
Accruals		29,493	38,599
TOTAL LIABILITIES		12,031,121	11,308,393
UNITHOLDERS' EQUITY			
Unitholders' capital	7	320,100,217	276,780,216
Retained earnings	7	76,127,333	78,364,255
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS	7	396,227,550	355,144,471
TOTAL EQUITY AND LIABILITIES		408,258,671	366,452,864
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS			
- AUD HEDGED CLASS		23,124,759	-
- MYR HEDGED CLASS		321,973,454	287,086,989
- SGD HEDGED CLASS		17,594,597	22,294,962
- USD CLASS		33,534,740	45,762,520
		396,227,550	355,144,471
UNITS IN CIRCULATION			
- AUD HEDGED CLASS	7(a)	15,481,932	-
- MYR HEDGED CLASS	7(b)	460,201,396	406,389,411
- SGD HEDGED CLASS	7(c)	9,575,183	11,848,956
- USD CLASS	7(d)	11,294,880	15,914,614

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

UNITED GLOBAL QUALITY EQUITY FUND

STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 30 JUNE 2020

	2020	2019
NET ASSET VALUE PER UNIT IN MYR		
- AUD HEDGED CLASS	1.4937	-
- MYR HEDGED CLASS	0.6996	0.7064
- SGD HEDGED CLASS	1.8375	1.8816
- USD CLASS	2.9690	2.8755
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- AUD HEDGED CLASS (MYR)	0.5067	-
- MYR HEDGED CLASS (MYR)	0.6996	0.7064
- SGD HEDGED CLASS (SGD)	0.5987	0.6164
- USD CLASS (USD)	0.6934	0.6962

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

UNITED GLOBAL QUALITY EQUITY FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM	2019 RM
INVESTMENT INCOME			
Income distribution from investment at fair value through profit or loss ("FVTPL")		11,750,791	4,578,560
Interest income from deposits with a licensed financial institution		85,606	258,717
Other income		3,113	-
Net gain on investments at fair value through profit or loss ("FVTPL"):	3		
- net realised gain on sale of investments at FVTPL		27,803,488	29,213,074
- net unrealised (loss)/gain on changes in fair value	7(f)	(6,626,822)	24,829,408
Net realised foreign currency exchange loss		(944,485)	(1,413,573)
Net realised forward foreign currency contracts loss		(11,228,109)	(16,911,554)
Net unrealised foreign currency exchange (loss)/gain	7(f)	(122,578)	121,036
Net unrealised forward foreign currency contracts gain	7(f)	1,657,116	11,875,830
		<u>22,378,120</u>	<u>52,551,498</u>
EXPENSES			
Manager's fee	8	(2,138,561)	(1,738,554)
Trustee's fee	9	(114,996)	(249,686)
Auditors' remuneration		(9,300)	(9,300)
Tax agent's fee		(3,900)	(4,200)
Other expenses		(32,131)	(43,413)
		<u>(2,298,888)</u>	<u>(2,045,153)</u>
NET INCOME BEFORE TAXATION		20,079,232	50,506,345
Tax expense	10	-	-
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>20,079,232</u>	<u>50,506,345</u>
Net income after taxation is made up of the following:			
Realised amount	7(d)	25,171,516	13,680,071
Unrealised amount	7(e)	(5,092,284)	36,826,274
		<u>20,079,232</u>	<u>50,506,345</u>
Distributions for the financial year	11	<u>22,316,154</u>	<u>3,363,030</u>

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

UNITED GLOBAL QUALITY EQUITY FUND

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 July 2018		433,823,750	31,220,940	465,044,690
Movement in net asset value:				
Total comprehensive income for the financial year			50,506,345	50,506,345
Creation of units				
- MYR HEDGED CLASS	7(a)	216,754,257	-	216,754,257
- SGD HEDGED CLASS	7(b)	22,560,920	-	22,560,920
- USD CLASS	7(c)	25,646,390	-	25,646,390
Reinvestment of units				
- MYR HEDGED CLASS	7(a)	2,725,100	-	2,725,100
- SGD HEDGED CLASS	7(b)	202,393	-	202,393
- USD CLASS	7(c)	435,537	-	435,537
Cancellation of units				
- MYR HEDGED CLASS	7(a)	(324,998,645)	-	(324,998,645)
- SGD HEDGED CLASS	7(b)	(52,846,890)	-	(52,846,890)
- USD CLASS	7(c)	(47,522,596)	-	(47,522,596)
Distributions	11	-	(3,363,030)	(3,363,030)
Balance as at 30 June 2019		<u>276,780,216</u>	<u>78,364,255</u>	<u>355,144,471</u>
Balance as at 1 July 2019		276,780,216	78,364,255	355,144,471
Movement in net asset value:				
Total comprehensive income for the financial year		-	20,079,232	20,079,232
Creation of units				
- AUD HEDGED CLASS	7(a)	26,525,924	-	26,525,924
- MYR HEDGED CLASS	7(b)	328,906,897	-	328,906,897
- SGD HEDGED CLASS	7(c)	14,444,283	-	14,444,283
- USD CLASS	7(d)	13,699,228	-	13,699,228

UNITED GLOBAL QUALITY EQUITY FUND

STATEMENT OF CHANGES IN NET ASSET VALUE (CONTINUED) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Reinvestment of units				
- MYR HEDGED CLASS	7(b)	18,931,689	-	18,931,689
- SGD HEDGED CLASS	7(c)	1,039,209	-	1,039,209
- USD CLASS	7(d)	2,345,256	-	2,345,256
Cancellation of units				
- AUD HEDGED CLASS	7(a)	(4,305,288)	-	(4,305,288)
- MYR HEDGED CLASS	7(b)	(308,706,200)	-	(308,706,200)
- SGD HEDGED CLASS	7(c)	(19,920,378)	-	(19,920,378)
- USD CLASS	7(d)	(29,640,619)	-	(29,640,619)
Distributions	11	-	(22,316,154)	(22,316,154)
Balance as at 30 June 2020		<u>320,100,217</u>	<u>76,127,333</u>	<u>396,227,550</u>

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

UNITED GLOBAL QUALITY EQUITY FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020 RM	2019 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	423,285,831	225,468,795
Cash received from capital reduction	-	12,941,180
Purchase of investments	(410,226,190)	(84,621,092)
Other income received	3,113	-
Income distribution from investment at fair value through profit or loss ("FVTPL")	11,750,791	4,578,560
Interest received from deposits with a licensed financial institution	85,606	258,717
Manager's fee paid	(1,699,604)	(1,768,631)
Trustee's fee paid	(115,641)	(259,755)
Tax agent's fee paid	(3,900)	-
Payment of other fees and expenses	(50,537)	(38,912)
Net realised foreign currency exchange loss	(944,485)	(1,413,573)
Net realised forward foreign currency contracts loss	(11,228,109)	(16,911,554)
Net cash generated from operating and investing activities	<u>10,856,875</u>	<u>138,233,735</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	371,276,581	270,111,495
Payment for cancellation of units	(375,813,281)	(414,627,797)
Net cash used in financing activities	<u>(4,536,700)</u>	<u>(144,516,302)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,320,175	(6,282,567)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	14,204,856	20,487,423
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>20,525,031</u>	<u>14,204,856</u>
Cash and cash equivalents comprise the following:		
Cash at banks	<u>20,525,031</u>	<u>14,204,856</u>

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

UNITED GLOBAL QUALITY EQUITY FUND

(E) FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

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

The United Global Quality Equity Fund (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of the Deed dated 6 June 2016 between UOB Asset Management (Malaysia) Berhad (“the Manager”) and TMF Trustees Malaysia Berhad (“the Trustee”).

The Fund seeks to provide investors with long term capital appreciation by investing in the United Global Quality Growth Fund which invests in equity and equity-related securities of companies listed and traded on stock exchanges globally. The Fund was launched on 26 September 2016 and commenced for operations on 17 October 2016. As provided in the Deed, the accrual period or financial year shall end on 30 June.

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

The financial statements were authorised for issue by the Manager on 26 August 2020.

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 a 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.

UNITED GLOBAL QUALITY EQUITY FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Classification (continued)

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 and bank 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.

UNITED GLOBAL QUALITY EQUITY FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Financial assets (continued)

The Fund includes in this category investment in collective investment schemes. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value

Financial liabilities

(i) Financial liabilities measured at FVTPL

A financial liability is measured at FVTPL if it meets the definition of held for trading. The Fund does not have such liabilities at this juncture.

(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 Target Fund 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.

UNITED GLOBAL QUALITY EQUITY FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(b) 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 foreign collective investment schemes, foreign exchange translation differences of cash at 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.

(c) 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 on FVTPL.

(d) 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.

(e) Foreign currency translation

Transactions in currencies other than the Fund's functional currency (foreign currencies) are recorded in the functional currency using exchange rates prevailing at the transaction dates. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at the reporting date. All exchange gains or losses are recognised in the profit or loss.

(f) 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.

UNITED GLOBAL QUALITY EQUITY FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(g) 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.

(h) Cash and cash equivalents

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

(i) 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. Distribution income from investments is recognised when it has been declared with the right to receive the income established.

(j) Net asset value attributable to unitholders

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

(k) 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.

(l) 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.

UNITED GLOBAL QUALITY EQUITY FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

(m) 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

	2020 RM	2019 RM
Investments designated as FVTPL:		
- foreign collective investment schemes	369,443,300	349,336,674
	2020 RM	2019 RM
Net gain on investments at FVTPL comprised:		
- net realised gain on sale of investments at FVTPL	27,803,488	29,213,074
- net unrealised (loss)/gain on changes in fair value	(6,626,822)	24,829,408
	21,176,666	54,042,482

Investments designated as FVTPL as at 30 June 2020 are as follows:

Name of Counter	Quantity	Cost RM	Fair value RM	Fair value expressed as a percentage of value of the Fund %
COLLECTIVE INVESTMENT SCHEMES - FOREIGN				
United Global Quality Growth Fund - USD Distribution Class ("Target Fund")	72,870,111	322,087,009	369,443,300	93.24
EXCESS OF FAIR VALUE OVER COST:				
- UNREALISED FAIR VALUE GAIN		50,793,529		
- UNREALISED FOREIGN EXCHANGE LOSS		(3,437,238)		
TOTAL INVESTMENTS AT FVTPL		369,443,300		

UNITED GLOBAL QUALITY EQUITY FUND

4. FORWARD FOREIGN CURRENCY CONTRACTS

As at the date of statement of financial position, there are 21 (2019: 4) forward foreign currency contracts outstanding.

The notional principal amount of the outstanding forward foreign currency contracts amounted to RM309,596,570 (2019: RM258,902,514).

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

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 FROM/(TO) MANAGER

	2020 RM	2019 RM
Creation of units	15,190,755	2,889,510
Cancellation of units	(813,190)	(14,044,314)
Manager's fee payable	(541,275)	(102,317)
	<u>13,836,290</u>	<u>(11,257,121)</u>

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

6. AMOUNT DUE TO TRUSTEE

	2020 RM	2019 RM
Trustee's fee payable	<u>12,028</u>	<u>12,673</u>

Amount due to Trustee represents Trustee's fee payable.

UNITED GLOBAL QUALITY EQUITY FUND

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 (RM). Accordingly, the assets denominated in SGD and USD will be translated to MYR for valuation purposes. The foreign exchange rate used for this purpose shall be the bid foreign exchange rate quoted by Reuters or other reputable information service providers at 4.00 p.m. United Kingdom time as at the valuation point of the Fund or such rate or method as may be prescribed under the relevant laws from time to time.

Due to multiple Classes of Units in the Fund, the indirect fees and/or charges for the Fund are apportioned by using the multi-class ratio, which is 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 (quoted in the base currency). As at 30 June 2020, the multi-class ratio used in apportionment for MYR Hedged Class is 81.07 (2019: 80.84), SGD Hedged Class is 4.50 (2019: 6.28), USD Class is 8.57 (2019: 12.89) and for AUD Class is 5.86.

Net asset value attributable to unitholders is represented by:

	Note	2020 RM	2019 RM
Unitholders' capital			
- AUD HEDGED CLASS	(a)	22,220,636	-
- MYR HEDGED CLASS	(b)	263,842,824	224,710,438
- SGD HEDGED CLASS	(c)	12,102,510	16,539,396
- USD CLASS	(d)	21,934,247	35,530,382
		<u>320,100,217</u>	<u>276,780,216</u>
Retained earnings			
- Realised gain	(e)	24,315,482	21,460,120
- Unrealised gain	(f)	51,811,851	56,904,135
		<u>76,127,333</u>	<u>78,364,255</u>
Total equity, representing NAV attributable to unitholders		<u>396,227,550</u>	<u>355,144,471</u>

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

	Units	2020 RM	Units	2019 RM
At the beginning of the financial year	-	-	-	-
Creation of units during the financial year	18,670,299	26,525,924	-	-
Cancellation of units during the financial year	(3,188,367)	(4,305,288)	-	-
At the end of the financial year	<u>15,481,932</u>	<u>22,220,636</u>	<u>-</u>	<u>-</u>

The Manager and parties related to the Manager did not hold any units in the Fund as at 30 June 2020.

UNITED GLOBAL QUALITY EQUITY FUND

7. UNITHOLDERS' EQUITY (CONTINUED)

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

	Units	2020 RM	Units	2019 RM
At the beginning of the financial year	406,389,411	224,710,438	554,553,486	330,229,726
Creation of units during the financial year	461,679,858	328,906,897	329,748,211	216,754,257
Reinvestment of units	27,600,480	18,931,689	3,871,980	2,725,100
Cancellation of units during the financial year	<u>(435,468,353)</u>	<u>(308,706,200)</u>	<u>(481,784,266)</u>	<u>(324,998,645)</u>
At the end of the financial year	<u>460,201,396</u>	<u>263,842,824</u>	<u>406,389,411</u>	<u>224,710,438</u>

The Manager and parties related to the Manager did not hold any units in the Fund as at 30 June 2020.

(c) UNITHOLDERS' CAPITAL/UNITS IN CIRCULATION - SGD HEDGED CLASS

	Units	2020 RM	Units	2019 RM
At the beginning of the financial year	11,848,956	16,539,396	28,414,133	46,622,973
Creation of units during the financial year	7,817,599	14,444,283	12,987,073	22,560,920
Reinvestment of units	573,441	1,039,209	107,931	202,393
Cancellation of units during the financial year	<u>(10,664,813)</u>	<u>(19,920,378)</u>	<u>(29,660,181)</u>	<u>(52,846,890)</u>
At the end of the financial year	<u>9,575,183</u>	<u>12,102,510</u>	<u>11,848,956</u>	<u>16,539,396</u>

The Manager and parties related to the Manager did not hold any units in the Fund as at 30 June 2020.

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

	Units	2020 RM	Units	2019 RM
At the beginning of the financial year	15,914,614	35,530,382	23,620,579	56,971,051
Creation of units during the financial year	4,685,943	13,699,228	9,573,051	25,646,390
Reinvestment of units	813,453	2,345,256	150,773	435,537
Cancellation of units during the financial year	<u>(10,119,130)</u>	<u>(29,640,619)</u>	<u>(17,429,789)</u>	<u>(47,522,596)</u>
At the end of the financial year	<u>11,294,880</u>	<u>21,934,247</u>	<u>15,914,614</u>	<u>35,530,382</u>

The Manager and parties related to the Manager did not hold any units in the Fund as at 30 June 2020.

UNITED GLOBAL QUALITY EQUITY FUND

7. UNITHOLDERS' EQUITY (CONTINUED)

(e) RETAINED EARNINGS - REALISED

	2020 RM	2019 RM
At the beginning of the financial year	21,460,120	11,143,079
Total comprehensive income for the financial year	20,079,232	50,506,345
Net unrealised gain attributable to investments and others held transferred to unrealised reserve	5,092,284	(36,826,274)
Distributions for the financial year	(22,316,154)	(3,363,030)
Net increase in realised reserve for the financial year	2,855,362	10,317,041
At the end of the financial year	24,315,482	21,460,120

(f) RETAINED EARNINGS - UNREALISED

	2020 RM	2019 RM
At the beginning of the financial year	56,904,135	20,077,861
Net unrealised (loss)/gain attributable to investments and others held transferred to unrealised reserve		
- Investments at FVTPL	(6,626,822)	24,829,408
- Forward foreign currency contracts	1,657,116	11,875,830
- Foreign currency exchange	(122,578)	121,036
	(5,092,284)	36,826,274
At the end of the financial year	51,811,851	56,904,135

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 1.80% (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 1.80% (2019: 1.80%) per annum based on the net asset value of the Fund, calculated on a daily basis for the financial year.

As the Fund is investing in the Target Fund, the Target Fund Manager's fee is charged at 1.50% per annum of the net asset value of the Target Fund. There will be no double charging of annual management fee.

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

UNITED GLOBAL QUALITY EQUITY FUND

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% (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 per annum (excluding foreign custodian fee and charges).

The Trustee's fee provided in the financial statements is 0.06% (2019: 0.04%) 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 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 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. 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:

	2020 RM	2019 RM
Net income before taxation	20,079,232	50,506,345
Taxation at Malaysian statutory rate of 24% (2019: 24%)	4,819,016	12,121,523
Tax effects of:		
Income not subject to tax	(7,099,229)	(17,010,390)
Loss not deductible for tax purposes	1,728,480	4,398,030
Restriction on tax deductible expenses for unit trust funds	515,487	423,805
Expenses not deductible for tax purposes	36,246	67,032
Foreign withholding tax	-	-
Tax expense for the financial year	-	-

UNITED GLOBAL QUALITY EQUITY FUND

11. DISTRIBUTIONS

Distribution to unitholders is from the following sources:

	RM	RM
Previous financial year's realised income	24,615,042	5,408,183
Less: Expenses	(2,298,888)	(2,045,153)
Net distributable amount	<u>22,316,154</u>	<u>3,363,030</u>

Details of distributions to unitholders during the financial year ended 30 June 2020 are as follows:

Distributions Ex-date	Reinvestment settlement date	Distributions per unit RM	Total distributions RM
<u>MYR HEDGED CLASS</u>			
25 September 2019	26 September 2019	0.0063	1,890,168
20 December 2019	23 December 2019	0.0065	1,756,626
16 March 2020	20 March 2020	0.0070	2,551,293
12 June 2020	18 June 2020	0.0061	2,442,421
23 June 2020	24 June 2020	0.0244	10,291,181
		<u>0.0375</u>	<u>18,931,689</u>

Distributions Ex-date	Reinvestment settlement date	Distributions per unit SGD	Total distributions SGD	Total distributions RM
<u>SGD HEDGED CLASS</u>				
25 September 2019	26 September 2019	0.0055	38,978	118,392
20 December 2019	23 December 2019	0.0056	33,756	103,100
16 March 2020	20 March 2020	0.0061	40,477	122,726
12 June 2020	18 June 2020	0.0052	46,600	142,639
23 June 2020	24 June 2020	0.0209	179,592	552,352
		<u>0.0322</u>	<u>339,403</u>	<u>1,039,209</u>

Distributions Ex-date	Reinvestment settlement date	Distributions per unit USD	Total distributions USD	Total distributions RM
<u>USD CLASS</u>				
25 September 2019	26 September 2019	0.0062	75,522	316,286
20 December 2019	23 December 2019	0.0064	71,110	294,252
16 March 2020	20 March 2020	0.0069	74,864	322,440
12 June 2020	18 June 2020	0.0060	66,130	282,043
23 June 2020	24 June 2020	0.0241	264,506	1,130,235
		<u>0.0370</u>	<u>552,132</u>	<u>2,345,256</u>

UNITED GLOBAL QUALITY EQUITY FUND

11. DISTRIBUTIONS (CONTINUED)

Details of distributions to unitholders during the financial year ended 30 June 2019 are as follows:

Distributions Ex-date	Reinvestment settlement date	Distributions per unit RM	Total distributions RM	
<u>MYR HEDGED CLASS</u>				
19 June 2019	20 June 2019	0.0062	2,725,100	
Distributions Ex-date	Reinvestmnet settlement date	Distributions per unit SGD	Total distributions SGD	Total distributions RM
<u>SGD HEDGED CLASS</u>				
19 June 2019	20 June 2019	0.0054	66,291	202,393
Distributions Ex-date	Reinvestmnet settlement date	Distributions per unit USD	Total distributions USD	Total distributions RM
<u>USD CLASS</u>				
19 June 2019	20 June 2019	0.0061	104,395	435,537

12. TRANSACTIONS WITH INVESTMENT MANAGER OF THE TARGET FUND

Details of transactions with Investment Manager of the Target Fund for the financial year ended 30 June 2020 are as follows:

Investment Manager of the Target Fund	Value of Trade RM	Percentage of Total Trade %	Brokerage Fees RM	Percentage of Total Brokerage Fees %
UOB Asset Management Ltd, Singapore*	845,501,620	100.00	-	-

*A financial institution related to the Manager.

UNITED GLOBAL QUALITY EQUITY FUND

13. MANAGEMENT EXPENSE RATIO (“MER”)

	2020 %	2019 %
Manager’s fee*	0.74	0.35
Trustee’s fee	0.04	0.05
Other expenses	0.02	0.01
Total MER	<u>0.80</u>	<u>0.41</u>

* *Manager’s fee net of Target Fund’s management fee*

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

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	<u>1.47</u>	<u>0.31</u>

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.

15. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund’s financial assets and financial liabilities are measured on an ongoing basis based on their respective classification. The significant accounting policies in Notes 2.2 and 2.3 describe how the classes of financial instruments are measured, and how income and expenses are recognised:

- (i) the Fund’s investments, comprising foreign 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 due from Manager, other receivables and cash at bank, are classified as financial assets which are measured at amortised cost;
- (iii) all of the Fund’s financial liabilities, comprising the amount due to Manager and amount due to Trustee, are classified as other financial liabilities which are measured at amortised cost;
- (iv) the Fund’s forward foreign currency contracts are derivatives which are measured at FVTPL.

UNITED GLOBAL QUALITY EQUITY FUND

15. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Derivatives at FVTPL RM	Total RM
2020					
Assets					
Investments	369,443,300	-	-	-	369,443,300
Forward foreign currency contracts	-	-	-	4,454,050	4,454,050
Amount due from Manager	-	13,836,290	-	-	13,836,290
Cash at bank	-	20,525,031	-	-	20,525,031
Total financial assets	369,443,300	34,361,321	-	4,454,050	408,258,671
Liabilities					
Amount due to Target Fund Manage	-	-	11,989,600	-	11,989,600
Amount due to Trustee	-	-	12,028	-	12,028
Total financial liabilities	-	-	12,001,628	-	12,001,628
2019					
Assets					
Investments	349,336,675				349,336,675
Forward foreign currency contracts	-	-	-	2,796,934	2,796,934
Other receivables	-	114,400	-	-	114,400
Cash at bank	-	14,204,856	-	-	14,204,856
Total financial assets	349,336,675	14,319,256	-	2,796,934	366,452,865
Liabilities					
Amount due to Manager	-	-	11,257,121	-	11,257,121
Amount due to Trustee	-	-	12,673	-	12,673
Total financial liabilities	-	-	11,269,794	-	11,269,794

UNITED GLOBAL QUALITY EQUITY FUND

15. FINANCIAL INSTRUMENTS (CONTINUED)

(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.

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial instruments				
Foreign collective investment schemes	-	369,443,300	-	369,443,300
Forward foreign currency contracts	-	4,454,050	-	4,454,050
Total financial instruments	-	373,897,350	-	373,897,350
2019				
Financial instruments				
Foreign collective investment schemes	-	349,336,675	-	349,336,675
Forward foreign currency contracts	-	2,796,934	-	2,796,934
Total financial instruments	-	352,133,609	-	352,133,609

UNITED GLOBAL QUALITY EQUITY FUND

15. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

- Amount due from Manager
- Cash at bank
- Amount due to Manager
- Amount due to Target Fund 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.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks including market risk, manager risk, inflation risk, non-compliance risk, credit risk, passive strategy 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

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

(a) Market risk

Market risk refers to potential losses that may arise from changes in the market conditions which in turn affect the market prices of the investments of the Fund. Market conditions are generally affected by, amongst others, social environment, political and economic stability.

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

	2020	2019
	RM	RM
Investments at FVTPL	<u>369,443,300</u>	<u>349,336,675</u>

UNITED GLOBAL QUALITY EQUITY FUND

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

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.

	Change in price of investments/ %	Market value RM	Impact on net income after taxation and net asset value RM
2020			
	-5	350,971,135	(18,472,165)
	0	369,443,300	-
	5	387,915,465	18,472,165
2019			
	-5	331,869,841	(17,466,834)
	0	349,336,675	-
	5	366,803,509	17,466,834

(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 jeopardise the Fund's performance and returns.

(c) Inflation risk

Inflation risk is a risk of an investor's investment not growing at a rate that keeps pace with the inflation rate, thereby decreasing the investor's purchasing power even though the investment in monetary terms may have increased.

(d) 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

UNITED GLOBAL QUALITY EQUITY FUND

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Credit risk

Credit concentration risk is associated with the number of underlying investments or financial institutions which a Fund invests in or places deposits with. For example a Fund which invests its assets in a single underlying instrument or places deposits with a single institution is more risky compared to a Fund with two or more underlying investments or institutions. This is because if the single issuer/ financial institution default, it would have a significant impact to that Fund.

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Analysis of cash and cash equivalents and other financial assets by rating agency designation are as follows:

	Cash at banks RM	Forward foreign currency contracts RM	Total RM	As a percentage of net asset value %
2020				
Financial institutions:				
- AA1	20,525,031	-	20,525,031	5.18
- AA3	-	1,697,430	1,697,430	0.43
- AAA	-	2,756,620	2,756,620	0.70
	<u>20,525,031</u>	<u>4,454,050</u>	<u>24,979,081</u>	<u>6.31</u>
2019				
Financial institutions:				
- AA1	14,204,856	-	14,204,856	4.00
- AA3	-	1,553,257	1,553,257	0.44
- AAA	-	1,243,677	1,243,677	0.35
	<u>14,204,856</u>	<u>2,796,934</u>	<u>17,001,790</u>	<u>4.79</u>

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

UNITED GLOBAL QUALITY EQUITY FUND

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Passive strategy risk

The Fund adopts a passive strategy of investing a minimum of 90% of its NAV into the Target Fund at all times. This passive strategy would result in the Fund being exposed to the risk of its NAV declining when the Target Fund's net asset value declines. All investment decisions on the Target Fund are left with the Target Fund's Investment Manager.

(g) Currency risk

This risk is associated with investments denominated in currencies different from the base currency. As the Fund is denominated in RM, investments in other currencies other than RM will cause the Fund to be exposed to currency risks. Fluctuations in the exchange rates of other currencies against the RM may affect the NAV of the Fund and consequently the NAV per unit of the Fund.

For the MYR hedged Class

The Fund will be investing in the Class USD distribution of the Target Fund which is denominated in USD, however, investors in the MYR hedged Class will be subject to a lower currency risk at the Fund level as the Manager will mitigate this risk by hedging the foreign currency exposure. Investors should note that by employing this hedging, investors would not be able to enjoy the additional currency gains when USD moves favourably against the RM. Additional transaction costs of hedging will also be borne by investors in the MYR hedged Class.

For the SGD hedged Class

The Fund will be investing in the Class USD distribution of the Target Fund which is denominated in USD, however, investors in the SGD hedged Class will be subject to a lower currency risk at the Fund level as the Manager will mitigate this risk by hedging the foreign currency exposure. Investors should note that by employing this hedging, investors would not be able to enjoy the additional currency gains when USD moves favourably against the SGD. Additional transaction costs of hedging will also be borne by investors in the SGD hedged Class.

For the USD Class

As the Fund is investing in the Class USD distribution of the Target Fund which is denominated in USD, hence unitholders in this USD Class will be exposed to currency risk against the base currency of the Fund, changes in the exchange rate between the base currency of the Fund and the currency of denomination of the USD Class may adversely affect the value of the units of the USD Class.

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

UNITED GLOBAL QUALITY EQUITY FUND

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Currency risk (continued)

	2020 RM	2019 RM
AUD		
Forward foreign currency contracts	781,550	-
Amount due from Manager	429,062	-
Cash at a bank	1,438,055	-
	<u>2,648,666</u>	<u>-</u>
SGD		
Forward foreign currency contracts	185,296	188,956
Amount due from/(to) Manager	311,491	(834,949)
Cash at a bank	1,978,980	993,679
	<u>2,475,766</u>	<u>347,686</u>
USD		
Investments at FVTPL	369,443,300	349,336,675
Amount due to Target Fund Manager	(11,989,600)	-
Amount due from/(to) Manager	73,310	(13,510,898)
Cash at bank	396,806	13,185,166
	<u>357,923,817</u>	<u>349,010,943</u>

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

	Change in foreign exchange rate %	Impact on net income after taxation and net asset value RM
2020		
AUD	+5	132,433
	-5	(132,433)
SGD	+5	123,788
	-5	(123,788)
USD	+5	17,896,191
	-5	(17,896,191)

UNITED GLOBAL QUALITY EQUITY FUND

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Currency risk (continued)

	Change in foreign exchange rate %	Impact on net income after taxation and net asset value RM
2019		
SGD	+5	17,384
	-5	(17,384)
USD	+5	17,450,547
	-5	(17,450,547)

(h) 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.

Investments by the Target Fund may be listed in some Asian and/or emerging markets often involve a greater degree of risk due to the nature of such markets which do not have fully developed services such as custodian and settlement services often taken for granted in more developed markets. There may be a greater degree of volatility in such markets because of the speculative element, significant retail participation and lack of liquidity which are inherent characteristics of these markets.

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

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

17. 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 Notes 7(a) to 7(d).

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

(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: www.uobam.com.my
Board of Directors	Mr Wong Kim Choong Mr Thio Boon Kiat (alternate to Mr Wong Kim Choong) Mr Seow Lun Hoo 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	TMF Trustees Malaysia Berhad 200301008392 (610812-W)
Auditor of the Fund	Ernst & Young
Tax Adviser of the Fund	Deloitte Tax Services Sdn Bhd
Investment Manager of the Target Fund	UOB Asset Management Ltd
Sub-Manager of the Target Fund	Wellington Management Singapore Pte. Ltd

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