



United Gold & General Fund

Annual Report

for the financial year ended
30th June 2018

United Gold & General Fund
(Constituted under a Trust Deed in the Republic of Singapore)

MANAGER

UOB Asset Management Ltd
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Singapore 048624
Company Registration No. : 198600120Z
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DIRECTORS OF UOB ASSET MANAGEMENT

Lee Wai Fai
Eric Tham Kah Jin
Peh Kian Heng
Thio Boon Kiat

TRUSTEE

State Street Trust (SG) Limited
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CUSTODIAN / ADMINISTRATOR / REGISTRAR

State Street Bank and Trust Company, acting through its Singapore Branch
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AUDITOR

PricewaterhouseCoopers LLP
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United Gold & General Fund

(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 28 July 1995 Ann Comp Ret
United Gold & General Fund	8.01	0.34	10.84	12.32	4.92	-6.22	0.84
Benchmark	4.71	-2.62	5.95	11.68	3.90	-5.21	2.18

Source: Morningstar.

Note: The performance returns of the Fund are in Singapore Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.

The benchmark of the Fund: Since inception – Jan 97: 100% FT Gold Mines; Feb 97 – June 01: 75% MSCI Gold Mines, 25% MSCI Metals Non-Ferrous; July 01 – Dec 13: 70% FT Gold, 30% HSBC GM; Jan 14 – Present: 70% FT Gold, 30% Euromoney Global Mining (formerly known as HSBC GM).

For the twelve months ended 30 June 2018, the Fund's net asset value (NAV) **increased by 10.84%**, compared with a 5.95% increase in the composite benchmark index, in Singapore Dollar terms. The benchmark index comprises 70% FT Gold Mines Index and 30% Euromoney Global Mining Index.

During the period under review, the FT Gold Mines Index lost 2.4% compared with a 19.7% increase in the EMIX Global Mining Index, in Singapore Dollar terms. Physical gold prices fell 0.1% in Singapore Dollar terms over the same period. The Fund maintained a moderately *overweight* position in **gold** equities for the majority of the reporting period.

The main factors influencing the physical gold price were market expectations of future US interest rates increases, and periodic geopolitical tension - particularly the North Korean missile crisis, the US-China trade dispute, European elections and continuing conflict in the Middle East. The European Central Bank ("ECB") and the Bank of Japan enabled economic growth by maintaining quantitative easing programs throughout the reporting period. This was in marked contrast with plans from the US Federal Reserve (Fed) towards interest rate normalisation.

The Fed and the expected level of US real interest rates were an ever-present factor influencing gold prices, with the Federal Open Market Committee (FOMC) raising US policy rates three times during the reporting period. This pushed US real interest rates into positive territory, and proved a headwind for physical gold, which does not pay interest. However, the recent flattening of the US yield curve suggests market uncertainty as to the sustainability of US growth and the timing of future US interest rate increases.

Performance from listed gold companies was mixed. While the overall FTSE Gold Index performance was negative, there were strong gains for companies that delivered on production growth while lowering production costs through economies of scale. Nearly all companies were profitable, with all-in sustaining costs (AISC) mostly significantly below the gold price.

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A) Fund Performance (continued)

The Fund benefited from its *overweight* holdings in gold companies with solid management teams that delivered on production targets whilst also boosting net cash reserves through low production costs and relatively low capital expenditure. This included companies such as ***Evolution Mining, Northern Star Resources, Regis Resources, Saracen Mineral*** and ***St. Barbara***.

Although the broad US Dollar Index (DXY) was flat over the reporting period, certain emerging market currencies fell against the US currency, resulting in lower USD-based operating costs. The Fund benefited from its holding in companies such as ***B2Gold, Iamgold, Endeavour Mining*** and ***SEMAFO***. While the Fund was fortunate to avoid share price declines that were associated with country specific risks, it was negatively impacted by factors including ownership issues (***Tahoe Resources*** in ***Guatemala***) and union disputes (***Torex Gold*** in ***Mexico***).

The Fund continued to benefit from the trend of US producers selling Australasian assets at low valuations to Australian producers, only to see those assets subsequently outperform. ***Aurelia Metals*** completed the purchase of the Peak mine from ***New Gold*** in 1Q18, and achieved an immediate increase in gold production. ***OceanaGold*** achieved excellent extension drilling results from the Waihi mine purchased from ***Newmont Mining***.

The Euromoney Global Mining Index strengthened during the reporting period, helped by the continuation of supply side curtailments in ***China***, as well as strong industrial production growth and expansionary Manufacturing PMI data for all major economies. There was a particularly notable rebound in ***bulk commodities*** such as ***coking coal*** and ***iron ore***, and the Fund benefited from positive contributions from ***BHP Billiton, Rio Tinto*** and ***Teck Resources*** (all ***diversified mining***). The Fund saw positive performances from certain energy and "new energy" companies, such as ***Hess Corporation*** (crude oil) and ***Galaxy Resources*** (lithium).

As at 30 June 2018, the Fund held 74.1% in ***Gold*** equities, 18.7% in ***Diversified Metals & Mining*** equities, 4.4% in ***Silver*** equities, 1.6% in ***Oil & Gas Exploration & Production*** equities and held 1.2% cash.

In terms of country allocation, the Fund was invested 48.51% in ***Canada***, 22.61% in ***Australia***, 9.88% in the ***United States***, 9.17% in the ***United Kingdom***, 2.94% in ***Switzerland***, 5.62% in other countries and held 1.27% cash.

Economic and Market Review

Physical gold started the reporting period at US\$1,241/oz and finished it at US\$1,253/oz, an increase of 1.0% in US Dollar terms. However, this relatively flat price change belied several sharp swings between the US\$1,250/oz – US\$1,350/oz levels. In general, the gold price approached the upper level on at least five occasions and would strengthen on geopolitical tensions and weaken ahead of FOMC rate increases or positive global economic data.

A) Fund Performance (continued)

The gold price fell to a reporting period low of US\$1,213/oz in early - July 2017 as Fed Chair Janet Yellen gave an upbeat assessment of the US economy. However, economic considerations were overtaken by geopolitical events, as North Korea began a programme of missile launches in July 2017 that culminated on 29 August 2017 with a missile that overflowed Japan before crashing into the Pacific Ocean. Sharp rhetoric between the US and North Korea pushed the gold price upwards throughout July and August, with the gold price hitting a high of US\$1,349/oz in early September 2017.

Subsequent diplomatic efforts by China, Russia and South Korea helped reduce geopolitical tensions, with the gold price drifting downwards. Generally positive US economic data and the imminent passage of a pro-growth US tax bill eventually saw the gold price to US\$1,244/oz in early December 2017, just ahead of the FOMC decision to raise the US Fed Funds rate to 1.50% on 13 December 2017.

The safe haven qualities of gold took the spotlight in 1Q2018, with the US-China rhetoric on trade tariffs escalating that increased uncertainty surrounding global economic growth prospects. Geopolitical concerns were also evident with the US withdrawing from the Iran Nuclear deal, and with Trump's appointment of perceived hard-liners as Secretary of State and as National Security Advisor around 2Q2018.

Despite geopolitical uncertainties, global economic data remained expansionary in the second half of the reporting period. This resulted in the FOMC increasing policy rates to 2.0% in June 2018, with the FOMC's related commentary suggesting two further rate hikes in 2H18. This caused the gold price to finish the reporting period on a down-trend, with the US-North Korean summit in June 2018 also suggesting a de-escalation in political tensions on the Korean Peninsula.

Bloomberg data showed that aggregate gold Exchange-Traded-Fund (ETF) holdings increased during the reporting period from 2,144 tonnes to 2,255 tonnes, a 5.2% gain. Gold ETF holdings have now recovered all the ground lost in the sharp sell-off immediately following Trump's electoral victory in November 2016. Data from the International Monetary Fund (IMF) showed continuing net buying from central banks. Although the People's Bank of China stopped adding to its reserves in October 2016, the Russian Central Bank has remained an enthusiastic buyer over the past twelve months, purchasing 211 tonnes of gold to increase Russia's official gold holdings to 1,928 tonnes at the end of the reporting period.

Outlook and Fund Strategy

The future performance of gold prices will remain linked to the perceived timing of future US interest rate increases and the level of real US interest rates. Bullish macroeconomic data and more hawkish FOMC statements in recent months suggest higher real rates and monetary headwinds for the gold price. Yet the flattening of the US yield curve also suggests that some investors believe the Fed is being too aggressive in raising US policy rates. Any indication to a pause in hiking interest rates, or the possibility of cutting rates, would be very bullish for gold-related assets.

A) Fund Performance (continued)

A constructive view for gold assumes leading central banks – the Fed, ECB and Bank of Japan – will be data-dependant when determining future monetary policy. Although central banks are currently signalling higher interest rates and the end of quantitative easing, the Fund does not expect doctrinal steps to “normalise” monetary conditions in the face of weakening economic data. In particular, we expect the Fed to act cautiously with regards to future US rate hikes and the size of its balance sheet.

The past three years of net buying of physical gold ETFs shows gold’s continued status as a safe haven asset to protect against financial market volatility, as a component in portfolio diversification, and as a store of value that exists independently of any individual monetary system. Gold-related assets are likely to retain their appeal given the potential for problems with countries such as North Korea, Syria, Libya, Iran and Venezuela. Global currency markets may also be volatile given current interest rate differentials and unexpected developments related to the “America First” stance of the Trump administration.

Central banks in general are expected to remain net buyers of gold, with the Russian Central Bank continuing to be the most sizeable buyer. Investment flows from private investors should remain positive as investors seek to diversify portfolios given the uncertain macroeconomic environment.

Current valuation levels for gold companies remain attractive given the general improvement in operational discipline, positive free cash flows and stronger balance sheets. The Fund will continue to search for lower-cost gold producers in safe political jurisdictions that also offer production volume growth. Potential gold price volatility makes it important to invest in companies with healthy balance sheets that do not require financial market help to Fund capital investment. The Fund may position itself in special situations to benefit from merger & acquisition activity.

The outlook for general **commodity** prices is positive given current forecasts for global GDP growth, continued cuts in Chinese domestic commodity production and low levels of capital investment by listed commodity companies. The supply-demand balance has tightened for most **base metal** and **bulk commodity** prices. However, the potential negative impact of a US-China trade war is a risk to future demand, particularly as China remains the dominant consumer of most commodities. The Fund expects to have a neutral to *underweight* exposure to general commodities relative to benchmark, and will avoid listed companies that have high net gearing.

The performance of gold-backed assets – and of commodities generally – remains highly volatile, and investors should continue to expect both sharp rallies and corrections. Such corrections should be viewed as good buying opportunities given our expectation of resilient gold prices, particularly in a period of currency volatility. We believe that gold should feature in an investors’ asset allocation strategy given its generally negative correlation against stocks and bonds.

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B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 30 June 2018 under review classified by

i) Country

	Fair Value (S\$)	% of NAV
Australia	40,052,342	22.61
Canada	85,924,999	48.51
Cote D'Ivoire	4,890,336	2.76
Jersey CI	2,619,235	1.48
South Africa	2,447,212	1.38
Switzerland	5,213,268	2.94
United Kingdom	16,233,273	9.17
United States	17,508,362	9.88
Portfolio of investments	174,889,027	98.73
Other net assets/(liabilities)	2,258,154	1.27
Total	177,147,181	100.00

ii) Industry

	Fair Value (S\$)	% of NAV
Energy	2,736,135	1.55
Materials	172,152,892	97.18
Portfolio of investments	174,889,027	98.73
Other net assets/(liabilities)	2,258,154	1.27
Total	177,147,181	100.00

iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted equities	174,889,027	98.73
Other net assets/(liabilities)	2,258,154	1.27
Total	177,147,181	100.00

iv) Credit rating of quoted bonds

N/A

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C) Top Ten Holdings

10 largest holdings as at 30 June 2018

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
NEWMONT MINING CORP	13,111,484	7.40
TECK RESOURCES LTD	8,678,326	4.90
GOLDCORP INC	8,419,194	4.75
RIO TINTO PLC	7,940,603	4.48
BARRICK GOLD CORP	7,161,102	4.04
OCEANAGOLD CORP	6,620,819	3.74
FIRST MAJESTIC SILVER CORP	6,242,103	3.52
NORTHERN STAR RESOURCES LTD	6,216,800	3.51
EVOLUTION MINING LTD	6,188,088	3.49
SARACEN MINERAL HOLDINGS LTD	6,177,510	3.49

10 largest holdings as at 30 June 2017

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
NEWMONT MINING CORP	14,792,550	8.64
BARRICK GOLD CORP	10,952,842	6.39
GOLDCORP INC	8,065,392	4.71
EVOLUTION MINING LTD	8,017,480	4.68
TECK RESOURCES LTD	7,149,824	4.17
CENTERRA GOLD INC	5,629,532	3.29
REGIS RESOURCES LTD	5,588,949	3.26
AGNICO EAGLE MINES LTD	5,579,916	3.26
PERSEUS MINING LTD	5,359,772	3.13
KINROSS GOLD CORP	5,168,091	3.02

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D) Exposure to derivatives

i) Fair value of derivative contracts and as a percentage of NAV as at 30 June 2018

	Contract or underlying principal amount	Positive fair value	% of NAV	Negative fair value	% of NAV
	\$	\$		\$	
Foreign currency contracts	9,659	-	-	58	-*

* denotes amount less than 0.01%

- ii) There was a net realised loss of SGD 79,897 on derivative contracts during the financial year ended 30 June 2018.
- iii) There was a net unrealised loss of SGD 58 on outstanding derivative contracts marked to market as at 30 June 2018.

E) Amount and percentage of NAV invested in other schemes as at 30 June 2018

N/A

F) Amount and percentage of borrowings to NAV as at 30 June 2018

N/A

G) Amount of redemptions and subscriptions for the financial year ended 30 June 2018

Total amount of redemptions	SGD	74,290,302
Total amount of subscriptions	SGD	60,919,340

H) The amount and terms of related-party transactions for the financial year ended 30 June 2018

Please refer to Note 9 of the Notes to the Financial Statements.

I) Expense ratios

Please refer to Note 10 of the Notes to the Financial Statements.

J) Turnover ratios

Please refer to Note 10 of the Notes to the Financial Statements.

K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts

N/A

L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme")¹ should be disclosed as well

- i) Top 10 holdings at fair value and as percentage of NAV as at 30 June 2018 and 30 June 2017

N/A

- ii) Expense ratios for the financial year ended 30 June 2018 and 30 June 2017

N/A

- iii) Turnover ratios for the financial year ended 30 June 2018 and 30 June 2017

N/A

¹ Where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.

M) Soft dollar commissions/arrangements

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The products and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management's duties to clients. As such services generally benefit all of UOB Asset Management's clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts

N/A

REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of United Gold & General Fund (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 15 to 41, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
STATE STREET TRUST (SG) LIMITED

Authorised signatory
21 September 2018

United Gold & General Fund
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STATEMENT BY THE MANAGER

In the opinion of UOB Asset Management Ltd, the accompanying financial statements set out on pages 15 to 41, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of United Gold & General Fund (the "Fund") as at 30 June 2018, and the financial performance and movements of unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
UOB ASSET MANAGEMENT LTD

THIO BOON KIAT
Authorised signatory
21 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GOLD & GENERAL FUND

Our Opinion

In our opinion, the accompanying financial statements of United Gold & General Fund (the "Fund"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 June 2018, and of the financial performance and movements of unitholders' funds for the financial year ended on that date.

What we have audited

The financial statements of the Fund comprise:

- the Statement of Total Return for the financial year ended 30 June 2018;
- the Statement of Financial Position as at 30 June 2018;
- the Statement of Movements of Unitholders' Funds for the financial year ended 30 June 2018;
- the Statement of Portfolio as at 30 June 2018; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's 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 audit opinion.

Independence

We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Fund's Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GOLD & GENERAL FUND

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GOLD & GENERAL FUND

- 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 the 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 auditor's report to the related disclosures in the financial statements 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 auditor's 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, including the disclosures, and whether the financial statements 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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 21 September 2018

United Gold & General Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Dividends		1,976,764	1,462,973
Interest		<u>3,636</u>	<u>433</u>
Total		<u>1,980,400</u>	<u>1,463,406</u>
Less: Expenses			
Management fee	9	2,639,557	2,605,256
Trustee fee	9	61,443	67,306
Audit fee		14,599	14,201
Registrar fee	9	219,385	215,884
Custody fee	9	72,977	31,067
Transaction costs		338,098	567,094
Interest expenses		886	25
Other expenses		<u>220,351</u>	<u>96,898</u>
Total		<u>3,567,296</u>	<u>3,597,731</u>
Net income/(losses)		<u>(1,586,896)</u>	<u>(2,134,325)</u>
Net gains/(losses) on value of investments and financial derivatives			
Net gains/(losses) on investments		21,186,736	(18,000,916)
Net gains/(losses) on financial derivatives		(79,955)	(41,109)
Net foreign exchange gains/(losses)		<u>(125,907)</u>	<u>(77,500)</u>
		<u>20,980,874</u>	<u>(18,119,525)</u>
Total return/(deficit) for the year before income tax		19,393,978	(20,253,850)
Less: Income tax	3	<u>(176,166)</u>	<u>(200,781)</u>
Total return/(deficit) for the year		<u>19,217,812</u>	<u>(20,454,631)</u>

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

United Gold & General Fund
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STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Portfolio of investments		174,889,027	168,349,293
Receivables	4	554,308	688,668
Cash and bank balances		<u>2,930,037</u>	<u>3,839,462</u>
Total assets		<u>178,373,372</u>	<u>172,877,423</u>
Liabilities			
Payables	5	1,226,133	1,577,085
Financial derivatives at fair value	6	<u>58</u>	<u>7</u>
Total liabilities		<u>1,226,191</u>	<u>1,577,092</u>
Equity			
Net assets attributable to unitholders	7	<u>177,147,181</u>	<u>171,300,331</u>

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

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STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the financial year ended 30 June 2018

	Note	2018 \$	2017 \$
Net assets attributable to unitholders at the beginning of the financial year		171,300,331	161,916,524
Operations			
Change in net assets attributable to unitholders resulting from operations		19,217,812	(20,454,631)
Unitholders' contributions/(withdrawals)			
Creation of units		60,919,340	100,026,300
Cancellation of units		<u>(74,290,302)</u>	<u>(70,187,862)</u>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(13,370,962)	29,838,438
Total increase/(decrease) in net assets attributable to unitholders		<u>5,846,850</u>	<u>9,383,807</u>
Net assets attributable to unitholders at the end of the financial year	7	<u>177,147,181</u>	<u>171,300,331</u>

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

United Gold & General Fund
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STATEMENT OF PORTFOLIO

As at 30 June 2018

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
By Geography - Primary			
Quoted equities			
AUSTRALIA			
AURELIA METALS LTD	5,000,000	2,871,152	1.62
EVOLUTION MINING LTD	1,750,000	6,188,088	3.49
GASCOYNE RESOURCES LTD	2,468,228	1,230,841	0.69
INDEPENDENCE GROUP NL	400,000	2,071,259	1.17
NEWCREST MINING LTD	125,000	2,745,224	1.55
NORTHERN STAR RESOURCES LTD	850,000	6,216,800	3.51
REGIS RESOURCES LTD	1,100,000	5,673,799	3.20
RESOLUTE MINING LTD	1,000,000	1,284,463	0.73
SARACEN MINERAL HOLDINGS LTD	2,800,000	6,177,510	3.49
ST BARBARA LTD	1,000,000	4,865,847	2.75
WEST AFRICAN RESOURCES LTD	1,900,000	727,359	0.41
TOTAL AUSTRALIA		40,052,342	22.61
CANADA			
AGNICO EAGLE MINES LTD	60,000	3,748,291	2.12
B2GOLD CORP	1,500,000	5,301,838	2.99
BARRICK GOLD CORP	400,000	7,161,102	4.04
CENTERRA GOLD INC	400,000	3,030,806	1.71
DETOUR GOLD CORP	300,000	3,675,526	2.08
FIRST MAJESTIC SILVER CORP	600,000	6,242,103	3.52
FRANCO-NEVADA CORP	20,000	1,989,096	1.12
GOLDCORP INC	450,000	8,419,194	4.75
IAMGOLD CORP	450,000	3,572,910	2.02
KINROSS GOLD CORP	500,000	2,565,405	1.45
NEW GOLD INC	250,000	710,021	0.40

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

United Gold & General Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2018

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
By Geography - Primary (continued)			
Quoted equities			
CANADA (continued)			
OCEANAGOLD CORP	1,750,000	6,620,819	3.74
PREMIER GOLD MINES LTD	1,000,000	2,705,337	1.53
PRETIUM RESOURCES INC	600,000	6,013,932	3.40
SEMAFO INC	800,000	3,159,336	1.78
TAHOE RESOURCES INC	150,000	1,005,950	0.57
TECK RESOURCES LTD	250,000	8,678,326	4.90
TOREX GOLD RESOURCES INC	200,000	2,427,547	1.37
TREVALI MINING CORP	1,800,000	1,679,174	0.95
WHEATON PRECIOUS METALS CORP	75,000	2,255,911	1.27
YAMANA GOLD INC	1,250,000	<u>4,962,375</u>	<u>2.80</u>
TOTAL CANADA		<u>85,924,999</u>	<u>48.51</u>
COTE D'IVOIRE			
ENDEAVOUR MINING CORP	200,000	4,890,336	2.76
JERSEY CI			
RANDGOLD RESOURCES LTD	25,000	2,619,235	1.48
SOUTH AFRICA			
GOLD FIELDS LTD	500,000	2,447,212	1.38
SWITZERLAND			
GLENCORE PLC	800,000	5,213,268	2.94

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

United Gold & General Fund
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STATEMENT OF PORTFOLIO

As at 30 June 2018

	Holdings at 30 June 2018	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %
By Geography - Primary (continued)			
Quoted equities			
UNITED KINGDOM			
BHP BILLITON PLC	150,000	4,606,614	2.60
CENTAMIN PLC	1,000,000	2,142,192	1.21
FRESNILLO PLC	75,000	1,543,864	0.88
RIO TINTO PLC	105,000	7,940,603	4.48
TOTAL UNITED KINGDOM		16,233,273	9.17
UNITED STATES			
HECLA MINING CO LTD	350,000	1,660,743	0.94
HESS CORP	30,000	2,736,135	1.54
NEWMONT MINING CORP	255,000	13,111,484	7.40
TOTAL UNITED STATES		17,508,362	9.88
Total Equities		174,889,027	98.73
Portfolio of investments		174,889,027	98.73
Other net assets/(liabilities)		2,258,154	1.27
Net assets attributable to unitholders		177,147,181	100.00

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

United Gold & General Fund
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STATEMENT OF PORTFOLIO

As at 30 June 2018

	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 30 June 2017 %
By Geography - Primary (Summary)		
Quoted equities		
Australia	22.61	24.83
Canada	48.51	51.58
Cote D'Ivoire	2.76	2.77
Jersey CI	1.48	-
Peru	-	1.39
South Africa	1.38	1.38
Switzerland	2.94	2.40
United Kingdom	9.17	3.53
United States	9.88	10.40
Portfolio of investments	98.73	98.28
Other net assets/(liabilities)	1.27	1.72
Net assets attributable to unitholders	100.00	100.00

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

United Gold & General Fund
(Constituted under a Trust Deed in the Republic of Singapore)

STATEMENT OF PORTFOLIO

As at 30 June 2018

	Fair value at 30 June 2018 \$	Percentage of total net assets attributable to unitholders at 30 June 2018 %	Percentage of total net assets attributable to unitholders at 30 June 2017 %
By Industry - Secondary Quoted equities			
Energy	2,736,135	1.55	3.18
Materials	<u>172,152,892</u>	<u>97.18</u>	<u>95.10</u>
Portfolio of investments	174,889,027	98.73	98.28
Other net assets/(liabilities)	<u>2,258,154</u>	<u>1.27</u>	<u>1.72</u>
Net assets attributable to unitholders	<u>177,147,181</u>	<u>100.00</u>	<u>100.00</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

United Gold & General Fund (the “Fund”) is a Singapore-registered trust fund constituted under a Trust Deed dated 1 June 1995 between UOB Asset Management Ltd (the “Manager”) and HSBC Institutional Trust Services (Singapore) Limited (the “Retired Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore.

With effect from 1 April 2017, the Trustee of the Fund has changed from HSBC Institutional Trust Services (Singapore) Limited to State Street Trust (SG) Limited (the “Trustee”), and the global custodian of the Fund has changed from The Hongkong and Shanghai Banking Corporation Limited to State Street Bank and Trust Company, Singapore Branch.

The primary activity of the Fund is that of investment trading. The main objective of the Fund is to achieve returns on investment mainly in securities of corporations (whether or not listed on any stock exchange, and in any part of the world) whose business (in any part of the world) is or is substantially in the mining or extraction of gold, silver or precious metals, bulk commodities, base metals of all kinds, and other commodities, and it includes the mining or extraction of oil, gas, coal, alternative energy or other commodities or other minerals.

Subscriptions and redemptions of the units are denominated in the Singapore Dollar and the United States Dollar. Investors may subscribe in the United States Dollar at the applicable rate of exchange from the Singapore Dollar.

2 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2 Significant accounting policies (continued)

(c) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sale of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statement of Total Return.

(d) Basis of valuation of investments

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the financial year end date. The quoted market price used for investments held by the Fund is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

(e) Foreign currency translation

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in the Singapore Dollar and the United States Dollar.

The performance of the Fund is measured and reported to the investors in the Singapore Dollar. The Manager considers the Singapore Dollar as the currency of the primary economic environment in which the Fund operate. The financial statements are presented in the Singapore Dollar, which is the Fund's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

2 Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statement of Total Return within "Net gains/losses on investments".

(f) Financial derivatives

Financial derivatives including forwards and swaps may be entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provision of the Trust Deed and the Code on Collective Investment Schemes.

Financial derivatives outstanding on the financial year end date are valued at the forward rate or at the current market prices using the "mark-to-market" method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

(g) Distributions

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account, to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund. Distributions are accrued for at the financial year end date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

3 Income tax

	2018	2017
	\$	\$
Overseas income tax	176,166	200,781

The Fund was granted the status of Designated Unit Trust ("DUT") in Singapore. The Trustee of the Fund ensures that the Fund fulfill their reporting obligations under the DUT Scheme.

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

The overseas income tax represents tax withheld on foreign sourced income.

4 Receivables

	2018	2017
	\$	\$
Amounts receivable for creation of units	545,780	614,330
Dividends receivable	8,528	3,448
Other receivables	<u>-</u>	<u>70,890</u>
	<u>554,308</u>	<u>688,668</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

5 Payables

	2018	2017
	\$	\$
Amount payable for cancellation of units	468,238	808,699
Amount due to the Manager	670,992	650,181
Amount due to Trustee	15,495	15,171
Tax payables	2,137	866
Other creditors and accrued expenses	69,271	102,168
	<u>1,226,133</u>	<u>1,577,085</u>

6 Fair value of financial derivatives

Financial derivatives contracts comprise foreign currency contracts for the sale and purchase of foreign currencies. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at the financial year end date are analysed below.

	2018			2017		
	Contract or underlying principal amount \$	Positive fair value \$	Negative fair value \$	Contract or underlying principal amount \$	Positive fair value \$	Negative fair value \$
Foreign currency contracts	9,659	-	58	18,600	-	7

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

7 Units in issue

During the financial year ended 30 June 2018 and 2017, the numbers of units issued, redeemed and outstanding were as follows:

	2018	2017
Units at the beginning of the financial year	160,055,369	133,978,867
Units created	53,341,327	85,044,234
Units cancelled	<u>(64,072,751)</u>	<u>(58,967,732)</u>
Units at the end of the financial year*	<u>149,323,945</u>	<u>160,055,369</u>
 *Included above are units denominated in USD	 37,012,620	 32,232,048
	\$	\$
Net assets attributable to unitholders	177,147,181	171,300,331
Net assets value per unit	1.186	1.070

There is no difference between the net assets attributable to unitholders per unit per financial statements and the net assets attributable to unitholders per unit for issuing/redeeming of units.

8 Financial risk management

The Fund's activities expose it to a variety of market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use futures contracts, financial options contracts and/or foreign currency contracts subject to the terms of the Trust Deed to moderate certain risk exposures. 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.

The Fund's assets principally consist of financial instruments such as equity investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve its investment objectives.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices and are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

(i) Foreign exchange risk

The Fund has monetary financial assets and liabilities denominated in currencies other than the Singapore Dollar and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

United Gold & General Fund
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the Fund's exposure to foreign currencies at the end of the financial year.

As at 30 June 2018

	AUD	CAD	GBP	SGD	USD	Others	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Portfolio of investments	40,052,342	75,156,220	24,065,775	-	33,167,478	2,447,212	174,889,027
Receivables	-	-	-	276,478	277,830	-	554,308
Cash and bank balances	-	9,717	125	2,112,353	807,842	-	2,930,037
Total Assets	40,052,342	75,165,937	24,065,900	2,388,831	34,253,150	2,447,212	178,373,372
Liabilities							
Payables	-	-	-	1,063,455	162,678	-	1,226,133
Total Liabilities	-	-	-	1,063,455	162,678	-	1,226,133
Net Assets	40,052,342	75,165,937	24,065,900	1,325,376	34,090,472	2,447,212	
Foreign currency contracts (notional value)	-	(9,659)	-	9,659	-	-	
Net currency exposure	40,052,342	75,156,278	24,065,900	1,335,035	34,090,472	2,447,212	

United Gold & General Fund
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 30 June 2017

	AUD \$	CAD \$	GBP \$	SGD \$	USD \$	Others \$	Total \$
Assets							
Portfolio of investments	45,111,961	72,235,460	10,163,093	-	36,054,900	4,783,879	168,349,293
Receivables	-	-	-	685,220	3,448	-	688,668
Cash and bank balances	-	18,607	-	3,648,380	172,475	-	3,839,462
Total Assets	<u>45,111,961</u>	<u>72,254,067</u>	<u>10,163,093</u>	<u>4,333,600</u>	<u>36,230,823</u>	<u>4,783,879</u>	<u>172,877,423</u>
Liabilities							
Payables	-	-	-	1,573,673	3,412	-	1,577,085
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573,673</u>	<u>3,412</u>	<u>-</u>	<u>1,577,085</u>
Net Assets	45,111,961	72,254,067	10,163,093	2,759,927	36,227,411	4,783,879	
Foreign currency contracts (notional value)	-	(18,600)	-	18,600	-	-	
Net currency exposure	<u>45,111,961</u>	<u>72,235,467</u>	<u>10,163,093</u>	<u>2,778,527</u>	<u>36,227,411</u>	<u>4,783,879</u>	

Investments, which is the significant item in the Statement of Financial Position, is exposed to currency risk and other price risk. Other price risk sensitivity analysis includes the impact of currency risk on non-monetary investments. The Fund's net financial assets comprise significantly non-monetary investments, hence currency risk sensitivity analysis has not been presented on the remaining financial assets.

(ii) Price risk

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The table below summarises the impact of increases/decreases from the Fund's investments in equities on the Fund's net assets attributable to unitholders at 30 June 2018 and 2017. The analysis is based on the assumption that the index components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the fair value of the Fund's investments moved according to the historical correlation with the index.

Benchmark component	2018 Net impact to net assets attributable to unitholders		2017 Net impact to net assets attributable to unitholders	
	\$	%	\$	%
70% FT Gold Mines Index, 30% Euromoney Global Mining Index	52,399,042	30	62,625,937	30

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Fund's portfolio investments accordingly. However, the effects of changes in interest rates on the Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect.

Other than the cash and bank balances which are at short term market interest rates, and therefore subject to insignificant interest rate risk, the Fund's financial assets and liabilities are largely non-interest bearing.

Hence, no sensitivity analysis has been presented separately.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(b) Liquidity risk

The Fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Fund's investments in listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 30 June 2018			
Payables	1,226,133	-	-
Financial derivatives at fair value			
- Foreign currency contracts	58	-	-
	Less than 3 months \$	3 months to 1 year \$	Over 1 year \$
As at 30 June 2017			
Payables	1,577,085	-	-
Financial derivatives at fair value			
- Foreign currency contracts	7	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund's credit risk is concentrated on cash and bank balances, and amounts or securities receivable on the sale and purchase of investments respectively. In order to mitigate exposure to credit risk, all transactions in listed securities are settled/paid for upon delivery and transacted with approved counterparties using an approved list of brokers that are regularly assessed and updated by the Manager.

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 30 June 2018 and 2017.

The credit ratings are based on the Viability ratings published by Fitch.

	Credit rating as at 30 June 2018	Credit rating as at 30 June 2017
Bank and custodian		
State Street Bank and Trust Company	aa-	aa-

The maximum exposure to credit risk at the financial year end date is the carrying amount of the portfolio of investments and cash and bank balances as presented in Statement of Financial Position.

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

United Gold & General Fund
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(e) Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy, the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2018 and 2017:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2018				
Assets				
Portfolio of investments				
- Quoted equities	<u>174,889,027</u>	-	-	<u>174,889,027</u>
Total	<u>174,889,027</u>	-	-	<u>174,889,027</u>
Liabilities				
Financial derivatives at fair value	-	<u>58</u>	-	<u>58</u>
Total	-	<u>58</u>	-	<u>58</u>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2017				
Assets				
Portfolio of investments				
- Quoted equities	<u>168,349,293</u>	-	-	<u>168,349,293</u>
Total	<u>168,349,293</u>	-	-	<u>168,349,293</u>
Liabilities				
Financial derivatives at fair value	-	<u>7</u>	-	<u>7</u>
Total	-	<u>7</u>	-	<u>7</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(e) Fair value estimation (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, comprise listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Except for cash and bank balances which are classified as Level 1, the Fund's assets and liabilities not measured at fair value at 30 June 2018 and 2017 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the financial year end date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

8 Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the tables below.

Financial assets	Effects of offsetting on the Statement of Financial Position			Related amount not offset		
	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
30 June 2018						
Derivative financial instruments	9,659	(9,659)	-	-	-	-
Total	9,659	(9,659)	-	-	-	-
30 June 2017						
Derivative financial instruments	18,600	(18,600)	-	-	-	-
Total	18,600	(18,600)	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS

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8 Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities (continued)

Financial liabilities	Effects of offsetting on the Statement of Financial Position			Related amounts not offset		
	Gross amounts of financial liabilities	Statement of Financial Position	Net amount of financial liabilities presented in the Statement of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
30 June 2018						
Derivative financial instruments	9,717	(9,659)	58	-	-	58
Total	9,717	(9,659)	58	-	-	58
30 June 2017						
Derivative financial instruments	18,607	(18,600)	7	-	-	7
Total	18,607	(18,600)	7	-	-	7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

9 Related party transactions

(a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and State Street Trust (SG) Limited respectively. State Street Trust (SG) Limited replaced HSBC Institutional Trust Services (Singapore) Limited as the Trustee with effect from 1 April 2017. The Manager is a subsidiary of United Overseas Bank Limited while the Trustee is a subsidiary of State Street Bank and Trust Company.

Management fee is paid to the Manager for the financial year. Trustee fee and registrar fee were paid to the Retired Trustee for the period from 1 July 2016 to 31 March 2017.

With effect from 1 April 2017, trustee fee and registrar fee are paid to the Trustee and State Street Bank and Trust Company, Singapore Branch respectively.

Custody fee was paid to The Hongkong and Shanghai Banking Corporation Limited, a related party of the Retired Trustee, for the period from 1 July 2016 to 31 March 2017 and is paid to State Street Bank and Trust Company, Singapore Branch with effect from 1 April 2017.

These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

(b) As at the end of the financial year, the Fund maintained the following accounts with the related parties:

	2018	2017
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Cash and bank balances	2,930,037	3,839,462

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

9 Related party transactions (continued)

(c) The following transactions took place during the financial year between the Fund and related parties at terms agreed between the parties:

	2018	2017
	\$	\$
State Street Bank and Trust Company, Singapore Branch		
Bank charges	-	3,412
Interest income	3,636	-
United Overseas Bank Limited		
Bank charges	30,410	50
Interest expense	886	-
The Hongkong and Shanghai Banking Corporation Limited		
Bank charges	-	3,814
Interest income	-	334
Interest expense	-	25

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

10 Financial ratios

	2018	2017
	\$	\$
Total operating expenses	3,228,312	3,025,584
Average daily net asset value	<u>175,931,085</u>	<u>173,647,838</u>
Expense ratio ¹	<u>1.83%</u>	<u>1.74%</u>
Lower of total value of purchases or sales	76,721,598	106,558,495
Average daily net assets value	<u>175,931,085</u>	<u>173,647,838</u>
Turnover ratio ²	<u>43.61%</u>	<u>61.36%</u>

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Fund's expense ratio at financial year end was based on total operating expenses divided by the average net asset value respectively for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

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