

Asset Management

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MAYBANK ASIAN CREDIT INCOME FUND

**Annual report
For the financial year ended 30 April 2023**

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)

BUSINESS OFFICE

Level 12 Tower C
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2 Battery Road
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MAYBANK ASIAN CREDIT INCOME FUND

CONTENTS	PAGE
Manager's report	1 - 8
Trustee's report	9
Statement by Manager	10
Independent auditors' report	11 - 14
Statement of comprehensive income	15 - 16
Statement of financial position	17
Statement of changes net assets attributable to unitholders	18
Statement of cash flows	19
Notes to the financial statements	20 - 44

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial year ended 30 April 2023

A. Fund Information

1. Name of the Fund

Maybank Asian Credit Income Fund (the "Fund")

2. Type of Fund

Fixed Income

3. Category of Fund

Feeder Fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date/ Commencement date

Class	Currency denomination	Launch date	Commencement date
MYR Class	Malaysian Ringgit ("MYR")	7 July 2020	7 August 2020
SGD (Hedged) Class	Singapore Dollar ("SGD")	7 July 2020	7 August 2020

6. Fund's investment objective

The Fund aims to maximise investment returns by investing in the Target Fund, the Maybank Asian Income Fund.

7. Fund's distribution policy

Income (if any) shall be distributed bi-monthly basis at the discretion of the Manager, subject to Trustee's approval. Distribution will be made from realised income and realised gains of the Fund.

8. Fund's performance benchmark

J.P. Morgan Asian Credit Index ("JACI")

9. The Fund's asset allocation policy

The principal activity of the Fund is to invest a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets*.

* Liquid assets include but are not limited to deposits and money market instruments.

10. The Fund's investment policy and principal investment strategy

The Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in Class A (Distribution) - SGD of the Target Fund. The Target Fund is a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds. The Fund will use derivatives such as currency forwards for hedging purposes to manage the currency risk of the Fund's investments and the Classes not denominated in RM. Although the Fund is passively managed by us, we will ensure proper and efficient management of the Fund so that the Fund is able to meet redemption requests by unitholders.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial year ended 30 April 2023 (cont'd)

A. Fund Information (cont'd)

11. Net income distribution for the financial year ended 30 April 2023

The Fund distributed a net income of RM14,063 from SGD (Hedged) Class to unitholders for the financial year ended 30 April 2023.

Below is the impact of the distributions to the Fund's NAV:

Ex Date	Payment date	NAV per unit (before distribution)	NAV per unit (after distribution)	Gross/ Net distribution per unit	Changes %
SGD (Hedged) Class (SGD cent)					
25.08.2022	30.08.2022	0.8167	0.8133	0.3400	(0.42)
26.04.2023	28.04.2023	0.8377	0.8293	0.8400	(1.00)
				<u>1.1800</u>	

B. Performance Review

1. Key performance data of the Fund

Category	30.04.2023	30.04.2022	30.04.2021
Portfolio Composition (%)			
Collective investment scheme (%)	96.60	96.87	98.98
Cash and other net assets (%)	3.40	3.13	1.02
Total (%)	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
MYR Class			
NAV (RM'000)	41,696	48,923	104,046
Units in circulation (units'000)	48,982	56,086	104,046
NAV per unit (RM)	0.8513	0.8723	1.0000
Highest NAV per unit (RM)	0.8723	1.0035	1.0306
Lowest NAV per unit (RM)	0.7964	0.8669	0.9937
Annual total return (%) ⁽¹⁾			
- Capital growth (%)	(2.41)	(12.77)	-
- Income distribution (%)	-	3.19	1.75
Total return (%)	(2.41)	(9.99)	1.75
Benchmark (%)	0.47	(9.70)	0.12
Net distributions (RM)	-	2,486,723	2,078,587
Gross/ Net distribution per unit (RM sen)	-	3.06	1.76
Distribution dates (ex-date)	Refer to Note 14		

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial year ended 30 April 2023 (cont'd)

B. Performance Review (cont'd)

1. Key performance data of the Fund (cont'd)

Category	30.04.2023	30.04.2022	30.04.2021
SGD (Hedged) Class			
NAV (RM'000)	1,030	1,252	1,696
Units in circulation (units'000)	368	460	557
NAV per unit (SGD)	0.8378	0.8631	0.9907
Highest NAV per unit (SGD)	0.8639	0.9938	1.0240
Lowest NAV per unit (SGD)	0.7858	0.8590	0.9849
Annual total return (%) ⁽¹⁾			
- Capital growth (%)	(2.93)	(12.88)	(0.93)
- Income distribution (%)	1.42	1.76	1.77
Total return (%)	(1.55)	(11.35)	0.82
Benchmark (%)	(0.27)	(9.65)	0.10
Net distributions (RM)			
	14,063	28,353	40,992
Gross/ Net distribution per unit (SGD cent)	1.18	1.69	1.76
Distribution dates (ex-date)	Refer to Note 14		
Total Expenses Ratio ("TER") (%)			
	0.36	0.34	0.31
Portfolio Turnover Ratio ("PTR") (times)			
	0.13	0.31	0.82

Notes:

- (1) Actual return of the Fund for the financial year ended is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's TER increased to 0.36 due to lower daily average NAV during the current financial year.
- (3) The Fund's PTR decreased to 0.13 times due to lower investing activities during the current financial year.

Investors are reminded that past performance of the Fund is not necessarily an indicative of its future performance and that unit prices and investment returns may fluctuate.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial year ended 30 April 2023 (cont'd)

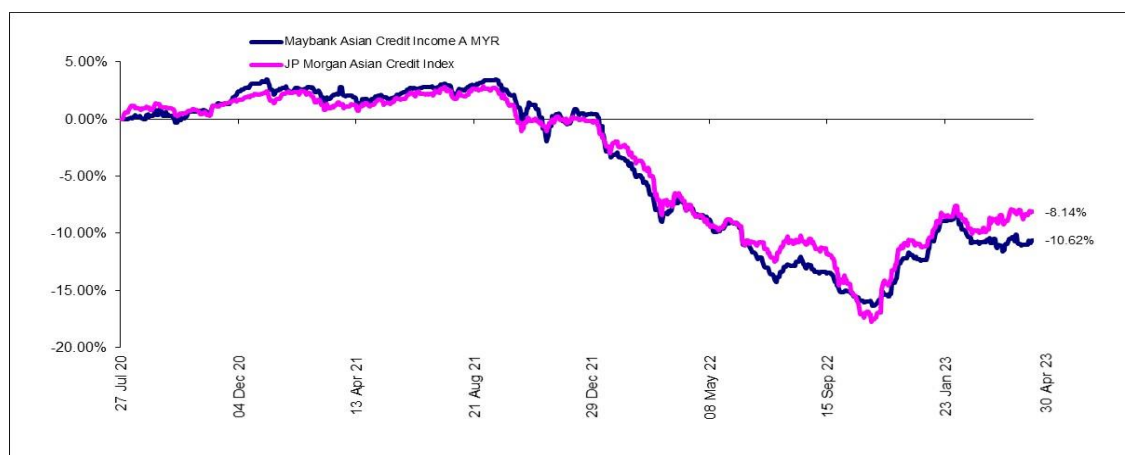
B. Performance Review (cont'd)

2. Performance of the Fund up to 30 April 2023

Returns of the different classes and its benchmark for the financial year ended 30 April 2023 are as follows:

(a) MYR Class

Category	1 year to 30.04.2023 %	S.I. to 30.04.2023 %
Capital growth	(2.41)	(14.87)
Income distribution	-	4.99
Total return of the Fund	(2.41)	(10.62)
Benchmark	0.47	(8.14)
Average total return	(2.41)	(3.91)



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 April 2023

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

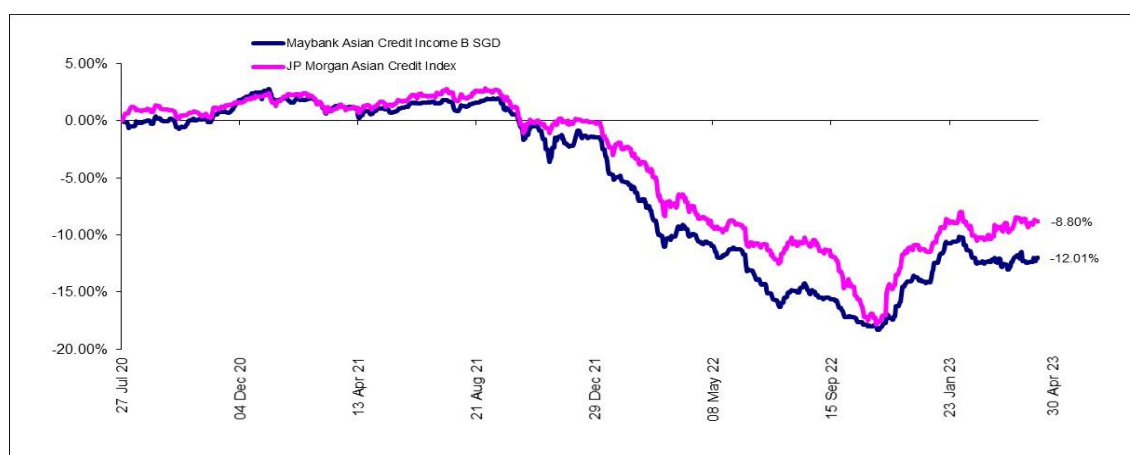
For the financial year ended 30 April 2023 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 April 2023 (cont'd)

(b) SGD (Hedged) Class

Category	1 year to 30.04.2023 %	S.I. to 30.04.2023 %
Capital growth	(2.93)	(16.22)
Income distribution	1.42	5.03
Total return of the Fund	(1.55)	(12.01)
Benchmark	(0.27)	(8.80)
Average total return	(1.55)	(4.44)



Source: Novagani Analytics and Advisory Sdn Bhd, as at 30 April 2023

Has the Fund achieved its investment objective?

For the financial year under review, the MYR Class has generated a total return of -2.41%, as compared to the benchmark which registered a return of 0.47% over the same period. The MYR class underperformed the benchmark by 288 basis points ("bps"). The underperformance of the MYR class was mainly due to higher treasury yields and credit spreads especially in high yield space widened. The underperformance was also due to holdings in China property and financial bonds out of Asia, as well as underweight in duration. Similarly, currency hedging cost for SGDMYR was also a negative contributor for the performance, hence the MYR class underperformed as compared to SGD (Hedged) class.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial year ended 30 April 2023 (cont'd)

B. Performance Review (cont'd)

3. Annual total return of the Fund

MYR Class

For the financial year ended	30.04.2023 %	30.04.2022 %	30.04.2021 %
Capital growth	(2.41)	(12.77)	-
Income distribution	-	3.19	1.75
Total return	(2.41)	(9.99)	1.75
Benchmark	0.47	(9.70)	0.12

SGD (Hedged) Class

For the financial year ended	30.04.2023 %	30.04.2022 %	30.04.2021 %
Capital growth	(2.93)	(12.88)	(0.93)
Income distribution	1.42	1.76	1.77
Total return	(1.55)	(11.35)	0.82
Benchmark	(0.27)	(9.65)	0.10

4. Basis of calculation made in calculating the returns:

The performance figures are a comparison of the growth/ decline in NAV after taking into account all the distributions payable (if any) during the stipulated period.

An illustration of the above would be as follows:

Capital return	=	(NAV per unit end/ NAV per unit begin) - 1
Income return	=	Income distribution per unit / NAV per unit ex-date
Total return	=	(1+Capital return) x (1+Income return) - 1

C. Market Review

In second quarter 2022, investors were confronted with concerning news on several fronts. Inflation rates continued to rise around the world. In April 2022, the United States ("US") consumer inflation rate for March 2022 was reported at 8.5%, the highest it had been since the 1980s. Prices rose at similar rates in Europe and elsewhere. The Federal Reserve ("Fed") raised rates by 0.5% in May to 1.0%, and began to warn that rate hikes might become more aggressive. Elsewhere around the world, central banks began to raise rates or indicated that they soon would. Mortgage rates around the world began to rise sharply, and it became clear that already overheated housing markets were in trouble. The 2-year/ 10-year treasury yield curve inverted, suggesting recession is in the offing. US first quarter Gross Domestic Product ("GDP") surprised with a negative print. As investors digested these developments, markets plunged. The Morgan Stanley Capital International ("MSCI") World Index fell 14%, during the quarter while Standard and Poor's 500 ("S&P 500") fell 16%. Most major indexes around the world fell into bear market territory, more than 20% off their highs. Riskier assets fared even worse. US 10-year treasury yield rose to 3%, double where they started the year. The only asset to own was the United States Dollar ("USD") which continued to rally for the fourth consecutive quarter. The US Fed raised interest rates by 0.75% in June meeting to 1.75%.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial year ended 30 April 2023 (cont'd)

C. Market Review (cont'd)

The fourth quarter started with the United Kingdom ("UK") in turmoil. Lizz Truss had replaced Boris Johnson as Prime Minister, but her economic plan was quickly rejected by investors. The UK stock market and bond markets were hammered and the British pound touched a record low of \$1.035. By the end of October 2022, the UK had its third Prime Minister in two months as Rishi Sunak took the reins. Economic forecasts during the fourth quarter have suggested that most countries will come close to a recession in 2023, with a recovery toward the end of the year. While profits are under pressure, consumers have shown resilience. Despite the lack of encouraging news, markets have rebounded during the fourth quarter. The US Fed raised interest rates by 0.75% in November 2022 meeting to 4.00%. Cyclical sectors, particularly oil and energy began to show relative strength amidst a growing case for a new commodity super cycle. As of 14th December 2022, despite the US Fed raised interest rates by 0.50% in December meeting to 4.50%, the MSCI world index, and US and European indexes have recovered around half their losses for the year. In general investors seem to be pricing in a Santa Claus rally and a soft landing.

In first quarter 2023, inflation was again in the forefront of the news. Market had to quickly reprice a much higher terminal Fed Fund Target Rate given the stubbornly high inflation print and tight labour market. These factors were enough to keep the market volatile throughout the quarter as investors priced out any Fed's cuts in 2023. The global market saw the US Treasury ("UST") yields went through a roller-coaster ride during the quarter as expectations on the Fed Fund Target Rates were rather transient as well as US economy finally showed more signs of economic damage after the aggressive rate-hiking path pursuit by Fed since March 2022. The fallout of Silicon Valley Bank ("SVB") and other US regional banks in mid-March 23 have showed the aggressive rate-hiking cycle in US is cracking the real economy. The outburst has spread over to Credit Suisse, however, the swift action taken by Swiss financial authority has managed to stem the spreading of banking crisis globally. The impact from US regional banks fallout abated in April. Data wise, US headline and core Consumer Price Index ("CPI") came in within consensus at 5.0% year-on-year ("yoy") and 5.6% yoy respectively and we witnessed some softening in US job data and housing figures.

D. Market Outlook & Strategy

Inflation is falling very slowly and the market seems to be expecting rates to stop rising soon. However, the market may still be at odds with Fed policy, as the latest projection from the central banks see forward interest rates at 4.375% by the end of 2023.

A hard landing would mean that central banks really struggle to bring inflation under control. If that happens, they would keep raising interest rates which would put more strain on consumer spending, investment, and ultimately on corporate profits. This would probably mean a severe recession with rising unemployment.

The soft landing would occur if inflation falls to a manageable level, allowing central banks to stop raising rates. Economic growth rates might fall to around zero but would recover quite quickly. Both of these scenarios could still play out. Economic forecasts are mixed, though some are starting to improve.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial year ended 30 April 2023 (cont'd)

D. Market Outlook & Strategy (cont'd)

Contrary to the noise around inflation, rising rates and plunging equity valuations, many major economies are expected to deliver decent growth. While 2023 is expected to be somewhat weak for global markets, some economies such as India and Korea are expected to deliver growth. As for the rest of the world, it appears investors will have to wait until 2024 to start seeing signs of a recovery.

Markets are also re-pricing risks and volatility given the multiple headline risks and geo-political uncertainties we have experienced in just one quarter. While overall bond yields continue to look attractive, current credit spreads are only a tad above last 5-year average and look tight if we are to price in increasing recession risks. Hence we prefer to remain more defensive in 2Q2023 until we see bond markets on a more stable footing.

The recent Fed move is likely to lead to stronger UST yield curve steepening inclination, as such we continue our constructive stance on fixed income, in particular, Asia and Middle East investment grade credits. We are still slightly underweight European bank AT1s as we opine that funding stress in the banking sector has not fully abated. Notwithstanding the above, we will not add portfolio duration excessively given the looming US debt ceiling and ongoing US regional banks concerns. Given the signalled pause by Fed, we expect emerging market Asian Foreign Exchange to perform better as the interest rate differential with the dollar may narrow.

E. Significant financial risk of the Fund

As the base currency of the Fund ("Base Currency") is denominated in Ringgit Malaysia ("RM") and the investments of the Fund in the Target Fund is denominated in Singapore Dollar ("SGD"), the Fund is exposed to currency risk. Any fluctuation in the exchange rates between RM and the currency denomination of the class (other than MYR Class) will affect the unit holder's investments in those classes (other than MYR Class). The impact of the exchange rate movement between the Base Currency and the currency denomination of the class (other than MYR Class) may result in a depreciation of the unit holder's holdings as expressed in the Base Currency.

In order to manage currency risk, the Manager may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Fund's investments and the classes not denominated in RM. However, every hedge comes with a cost and will be borne by the respective class.

F. Soft Commissions and Rebates

The Manager and its delegates will not retain any form of soft commissions and rebates from or otherwise share in any commission with any broker in consideration for directing dealings in the investments of the Fund unless the soft commissions received are retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

During the financial year ended 30 April 2023, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

TRUSTEE'S REPORT

To the unit holders of Maybank Asian Credit Income Fund ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 April 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Maybank Asset Management Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

- (a) Limitations imposed on the investment powers of the Management Company under the Deed, securities laws and the Guidelines on Unit Trust Funds;
- (b) Valuation and pricing were carried out in accordance with the Deed;
- (c) Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements; and

We are of the opinion that the distribution of income by the Fund is appropriate and does reflect the investment objective of the Fund.

For and on behalf of

TMF TRUSTEES MALAYSIA BERHAD

(Company No: 200301008392/ 610812-W)

NORHAYATI BINTI AZIT

DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia

16 June 2023

STATEMENT BY MANAGER

TO THE UNITHOLDERS OF MAYBANK ASIAN CREDIT INCOME FUND FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

We, Dr Hasnita Binti Dato' Hashim and Ahmed Muzni Bin Mohamed, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements 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 the Maybank Asian Credit Income Fund as at 30 April 2023 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year ended 30 April 2023 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Chairman

Ahmed Muzni Bin Mohamed
Director

Kuala Lumpur, Malaysia
16 June 2023

Independent auditors' report to the Unitholders of Maybank Asian Credit Income Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Asian Credit Income Fund ("the Fund"), which comprise the statement of financial position as at 30 April 2023 of the Fund, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 April 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on 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 audit 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 which 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 Maybank Asian Credit Income Fund (cont'd)

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

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. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. 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 have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also 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 a 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
Maybank Asian Credit Income Fund (cont'd)**

Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, 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 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 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 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
Maybank Asian Credit Income Fund (cont'd)**

Other matters

This report is made solely to the Unitholders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Yeo Beng Yean
03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
16 June 2023

MAYBANK ASIAN CREDIT INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	Note	2023 RM	2022 RM
INVESTMENT LOSS			
Dividend income		2,088,894	3,057,493
Interest/ Profit income		17,694	12,138
Net loss from financial assets at fair value through profit or loss ("FVTPL")			
- Realised loss		(2,463,111)	(2,574,989)
- Unrealised loss		(1,050,812)	(7,697,354)
Net gain on foreign exchange and forward currency contracts	3	329,854	1,242,834
		<u>(1,077,481)</u>	<u>(5,959,878)</u>
EXPENSES			
Manager's fee	4	112,744	191,759
Trustee's fee	5	27,059	46,024
Auditors' remuneration		6,500	6,500
Tax agent's fee		8,920	3,900
Administrative expenses		5,129	11,736
		<u>160,352</u>	<u>259,919</u>
Net loss before distribution and taxation		(1,237,833)	(6,219,797)
Distribution to unitholders			
MYR Class	14(a)	-	(2,523,773)
SGD (Hedged) Class	14(b)	(14,063)	(37,453)
		<u>(14,063)</u>	<u>(2,561,226)</u>
Net loss before taxation		(1,251,896)	(8,781,023)
Taxation	6	-	-
Net loss after taxation, and total comprehensive loss for the financial year		<u>(1,251,896)</u>	<u>(8,781,023)</u>
Net loss after taxation is made up of the following:			
Net realised loss		(1,902,789)	(2,556,360)
Net unrealised gain/ (loss)		650,893	(6,224,663)
		<u>(1,251,896)</u>	<u>(8,781,023)</u>

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

MAYBANK ASIAN CREDIT INCOME FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONT'D)**

	Note	2023 RM	2022 RM
Distributions for the financial year:			
<u>MYR Class</u>			
Net distributions (in Fund currency)	14(a)	-	2,486,723
Gross/ Net distribution per unit (RM sen)	14(a)	-	3.06
Distribution dates (ex-date)		Refer to Note 14	Refer to Note 14
<u>SGD (Hedged) Class</u>			
Net distributions (in Fund currency)	14(b)	14,063	28,353
Net distributions (in Class currency)	14(b)	4,270	9,114
Gross/ Net distribution per unit (SGD cent)	14(b)	1.18	1.69
Distribution dates (ex-date)		Refer to Note 14	Refer to Note 14

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

MAYBANK ASIAN CREDIT INCOME FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2023**

	Note	2023 RM	2022 RM
ASSETS			
Financial assets at FVTPL	7	41,273,010	48,603,602
Deposit with a licensed financial institution	8	787,475	270,708
Derivative assets	9	78,638	285,292
Dividend receivables		170,067	180,368
Interest/ Profit receivables		178	26
Cash at bank	11	1,757,499	1,500,195
TOTAL ASSETS		44,066,867	50,840,191
LIABILITIES			
Derivative liabilities	9	1,311,445	632,896
Amount due to Manager	10	10,285	10,411
Amount due to Trustee	12	2,109	2,498
Other payables and accruals		16,668	19,972
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		1,340,507	665,777
NET ASSETS VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS OF THE FUND		42,726,360	50,174,414
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS OF THE FUND COMPRISE:			
Unitholders' contribution	13(a)	52,612,752	58,808,910
Accumulated losses	13(b) & 13(c)	(9,886,392)	(8,634,496)
		42,726,360	50,174,414
NET ASSET VALUE ("NAV")			
- MYR Class		41,696,465	48,922,854
- SGD (Hedged) Class		1,029,895	1,251,560
		42,726,360	50,174,414
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- MYR Class	13(a)	48,981,774	56,085,979
- SGD (Hedged) Class	13(a)	367,741	460,251
		49,349,515	56,546,230
NAV PER UNIT			
- MYR Class (RM)		0.8513	0.8723
- SGD (Hedged) Class (SGD)		0.8378	0.8631

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

MAYBANK ASIAN CREDIT INCOME FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	Unitholders' contribution Note 13(a) RM	Accumulated losses Note 13(b) & 13(c) RM	Net assets attributable to unitholders RM
At 1 May 2022	58,808,910	(8,634,496)	50,174,414
Total comprehensive loss for the financial year	-	(1,251,896)	(1,251,896)
Creation of units	1,732,742	-	1,732,742
Reinvestment of units	14,063	-	14,063
Cancellation of units	(7,942,963)	-	(7,942,963)
At 30 April 2023	<u>52,612,752</u>	<u>(9,886,392)</u>	<u>42,726,360</u>
At 1 May 2021	105,595,416	146,527	105,741,943
Total comprehensive loss for the financial year	-	(8,781,023)	(8,781,023)
Creation of units	1,049,351	-	1,049,351
Reinvestment of units	2,515,076	-	2,515,076
Cancellation of units	(50,397,083)	-	(50,397,083)
Distributions (Note 14)	46,150	-	46,150
At 30 April 2022	<u>58,808,910</u>	<u>(8,634,496)</u>	<u>50,174,414</u>

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

MAYBANK ASIAN CREDIT INCOME FUND

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023**

	2023 RM	2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from disposal of financial assets at FVTPL	9,219,108	48,399,390
Net payments for purchase of financial assets at FVTPL	(2,099,311)	(809,479)
Net realised loss on forward foreign exchange contracts	(2,109,828)	(901,106)
Dividend income received	2,106,314	3,243,396
Interest/ Profit income received	17,542	12,127
Manager's fee paid	(114,375)	(203,744)
Trustee's fee paid	(27,448)	(48,901)
Payment of other fees and expenses	(23,839)	(23,582)
Net cash generated from operating and investing activities	<u>6,968,163</u>	<u>49,668,101</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,732,843	1,050,713
Payments for cancellation of units	(7,942,710)	(50,899,874)
Net cash used in financing activities	<u>(6,209,867)</u>	<u>(49,849,161)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR	758,296	(181,060)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1,770,903	1,949,871
Effect of foreign exchange	<u>15,775</u>	<u>2,092</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>2,544,974</u>	<u>1,770,903</u>
Cash and cash equivalents comprise of:		
Cash at bank (Note 11)	1,757,499	1,500,195
Deposit with a licensed financial institution with maturity of less than 3 months (Note 8)	<u>787,475</u>	<u>270,708</u>
	<u>2,544,974</u>	<u>1,770,903</u>

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

MAYBANK ASIAN CREDIT INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Asian Credit Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 22 May 2020 between the Manager, Maybank Asset Management Sdn Bhd ("MAM") and the Trustee, TMF Trustee Malaysia Bhd. Subsequently, MAM and the Trustee have entered the First Supplemental Deed dated 2 November 2022. The Deed and Supplemental Deed are hereinafter referred to as "Deeds".

The Fund aims to achieve long-term consistent positive return by investing in the Maybank Asian Income Fund ("Target Fund") offered in Singapore.

The principal activity of the Fund is to investing a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets. The Target Fund is a Singapore-authorised open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds.

The Target Fund is constituted as a unit trust in Singapore established on 24 November 2014. The Fund Manager of the Target Fund is Maybank Asset Management Singapore Pte. Ltd. ("MAMS") a fully owned subsidiary of Maybank Asset Management Group Berhad and is licensed and regulated by the Monetary Authority of Singapore. The investment objective of the Target Fund is to provide investors with capital growth and income primarily through investing in a portfolio of Asian fixed income securities and U.S. government debt.

The Fund launched 2 share classes of units as at the date of this report, which are MYR Class and SGD (Hedged) Class.

The Manager of the Fund is MAM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services License with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of MAM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

The financial statements were authorised for issue by the Board of Directors of the Manager ("the Directors") in accordance with a resolution of the directors on 16 June 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.15 to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM").

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and amendments to standards issued but not yet effective

The following are Standards and Amendments to Standards and Interpretations issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Fund expects that the adoption of the above standards and amendments to standards will not have any material impact on the financial statements in the period of initial application.

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

(i) Financial assets at amortised cost

The Fund classifies cash and cash equivalents, interest receivables, dividend receivables, and amount due from Manager as financial assets at amortised cost. These assets are subsequently measured using the effective interest rate ("EIR")/ effective profit rate ("EPR") method and are subject to impairment. The EIR/ EPR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the interest income in profit or loss over the relevant period.

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial assets (cont'd)

(i) Financial assets at amortised cost (cont'd)

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest/ profit on the principal amount outstanding.

Debt instruments that do not meet the criteria above are classified as either fair value through other comprehensive income ("FVTOCI") or FVTPL.

(ii) Financial assets at FVTPL

Investments in collective investment scheme and derivatives are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is recognised at FVTPL if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of the portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. Accumulated unrealised gains or losses are reclassified to realised gains or losses when the associated assets are sold.

Interest/ Profit income on debt instruments and dividend income on equity securities classified as FVTPL are disclosed separately in the profit or loss.

Changes in the fair value of FVTPL investments are recognised in 'unrealised loss on FVTPL investments' in profit and loss. Accumulated unrealised gains or losses are reclassified to 'realised gain/ loss on FVTPL investments' in profit or loss when the associated assets are sold.

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial assets (cont'd)

(iii) Impairment

Credit losses are recognised based on the Expected Credit Loss ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. The impairment model does not apply to equity investments.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- Financial assets that are not credit-impaired at the reporting date:
As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).
- Financial assets that are credit-impaired at the reporting date:
As the difference between the gross carrying amount and the present value of estimated future cash flows.

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or counterparty;
- Significant downgrade in credit rating of the instrument by a rating agency;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

For balances with short-term nature, full impairment will be recognised on uncollected balances after the grace period.

(iv) Derecognition

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest/ profit in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

On derecognition of financial asset at amortised cost, gains and losses previously are recognised in profit or loss when the asset is derecognised, modified or impaired.

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial liabilities

(i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The Fund classifies amount due to Trustee, amount due to Manager, and other payables and accruals as other financial liabilities.

(ii) Recognition and measurement

Financial liabilities, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR/ EPR method.

The EIR/ EPR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the interest/ profit expense in profit or loss over the relevant period.

(iii) Derecognition

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.6 Unitholders' contribution

The unitholders' contributions to the Fund are classified as liabilities under MFRS 132 *"Financial Instruments: Presentation"*. Those criteria include:

- (i) the units entitle the holder to a proportionate share of the Fund's NAV;
- (ii) the units are the most subordinated class and class features are identical;
- (iii) there is no contractual obligations to deliver cash or another financial asset other the obligation on the Fund to repurchase; and
- (iv) the total expected cash flows from the units over its life are based substantially on the statement of comprehensive income of the fund

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. The amount is either refunded to unitholders by way of distribution and/ or adjusted accordingly when units are cancelled.

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Revenue/ Income

Revenue is measured at the fair value of consideration received or receivable.

Interest/ Profit income from short-term deposits is recognised on the accruals basis using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Realised gain on disposal of investments is measured as the difference between the net proceeds and its carrying amount.

Other revenue/ income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposit with a licensed financial institution with maturities of 3 months or less, which have an insignificant risk of changes in value.

2.9 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from profit or loss in statement of comprehensive income except where distribution is sourced out of distribution equalisation which is accounted for as an adjustment to the unitholders' contribution. A proposed distribution is recognised as a liability in the period in which it is approved.

Distribution is declared at the discretion of the Fund Manager based on the availability of distributable income.

Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment is based on the NAV per unit on the income payment date, which is also the time of creation.

2.10 Taxation

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.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable income earned during the financial period. Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

No deferred tax is recognised as there are no material temporary differences have been identified.

In some jurisdictions, investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income.

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Derivatives and hedge accounting

Derivatives are financial assets or liabilities at fair value through profit or loss 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 for FVTPL.

The Fund does not apply hedge accounting to the forward currency contracts entered during the financial year. However, future events or conditions may cause the Fund to apply hedge accounting in the future.

2.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Functional and foreign currency

(i) 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 Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period end exchange rates of monetary assets and liabilities in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

2.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

2.15 Significant accounting estimates and judgements

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

No major judgement 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. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

	2023 RM	2022 RM
Net realised gain on foreign exchange	790,915	682,778
Net unrealised gain on foreign exchange	2,586,907	1,136,563
Net realised loss on forward foreign exchange contracts	(2,162,766)	(912,635)
Net unrealised (loss)/ gain on forward foreign exchange contracts	(885,202)	336,128
	<u>329,854</u>	<u>1,242,834</u>

MAYBANK ASIAN CREDIT INCOME FUND

4. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 0.25% per annum ("p.a.") (2022: 0.25% p.a.) of the NAV of each Class before deducting the Manager's fee and Trustee's fee for the particular day. The annual management fee is calculated and accrued daily in the Fund's base currency which is RM, which is also the Fund's functional currency and paid monthly to the Manager.

5. TRUSTEE'S FEE

If the Fund is invested locally only, the Trustee's fee is computed up to 0.06% p.a. (including local custodian fee) (2022: 0.06% p.a.) of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, calculated on a daily basis.

6. TAXATION

	2023 RM	2022 RM
Current income tax expense	-	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable income for the financial year.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, dividend income and interest/ profit income earned by the Fund is exempted from tax. With effect from 1 January 2021, the current income tax exemption on foreign-sourced income ("FSI") received in Malaysia by Malaysian residents has been removed.

Income derived from sources outside Malaysia may be subject to tax in the country from which it is derived. Tax on dividend income from foreign quoted equities is based on the tax regime of the respective countries that the Fund invests in. A reconciliation of income tax expense applicable to net loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	2023 RM	2022 RM
Net loss before taxation	(1,251,896)	(8,781,023)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(300,455)	(2,107,446)
Income not subject to tax*	(1,316,258)	(1,254,024)
Loss not deductible for tax purposes	1,574,853	2,684,395
Expenses not deductible for tax purposes	41,860	677,075
Tax expense for the financial year	-	-

* The dividend income from Target Fund in Singapore was fully reinvested during the financial year. Given that there is no foreign dividend income was received in Malaysia, the dividend income from Target Fund is not subject to tax.

MAYBANK ASIAN CREDIT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL

			2023 RM	2022 RM
Collective investment scheme			41,273,010	48,603,602
	Quantity Unit	Aggregate cost RM	Market value	Percentage of NAV %
2023				
Maybank Asian Income Fund Class A (Dist) - SGD	15,187,217	47,384,007	41,273,010	96.60
Unrealised loss on financial assets at FVTPL *			(6,110,997)	
2022				
Maybank Asian Income Fund Class A (Dist) - SGD	17,890,834	56,235,696	48,603,602	96.87
Unrealised loss on financial assets at FVTPL *			(7,632,094)	

* The unrealised loss on collective investment scheme comprise the amounts arising from changes in fair values and effects from foreign exchange.

8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 RM	2022 RM
Deposit with a licensed financial institution with maturity of: - less than 3 months	787,475	270,708

The weighted average effective interest rates ("WAEIR")/ weight average effective profit rates ("WAEPR") p.a. and average maturity of deposit with a licensed financial institution as at the reporting date were as follows:

	2023 WAEIR/ WAEPR % p.a.	Average maturity Days	2022 WAEIR/ WAEPR % p.a.	Average maturity Days
Deposits with maturity of less than 3 months	2.75	1	1.75	4

MAYBANK ASIAN CREDIT INCOME FUND

9. DERIVATIVE ASSETS/ (LIABILITIES)

As at the reporting date, there were 10 forwards currency contracts (2022: 19 forwards currency contracts) outstanding. The details of the forwards foreign exchange are shown below:

	Notional principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
2023			
Currency forwards - less than 1 year	6,336,280	78,638	-
	SGD	RM	RM
Currency forwards - less than 1 year	14,052,850	-	(1,311,445)
	RM	RM	RM
2022			
Currency forwards - less than 1 year	18,792,235	285,292	-
	SGD	RM	RM
Currency forwards - less than 1 year	21,335,695	-	(632,896)

The Fund entered into forward currency contracts during the financial year to hedge the Fund's exposure to foreign currencies, arising mainly from investment in the Target Fund which is denominated in SGD and subscriptions in the SGD (Hedged) Class. As the Fund did not adopt hedge accounting during the financial year, the change in the fair value of the forward currency contracts is recognised in the statement of comprehensive income.

10. AMOUNT DUE TO MANAGER

		2023 RM	2022 RM
Amount due to Manager is in respect of:			
Manager's fee	(i)	8,789	10,411
Cancellation of units	(ii)	1,496	-
		<u>10,285</u>	<u>10,411</u>

- (i) The amount relates to the amount payable to the Fund Manager arising from the accruals for Manager's fee at the end of the financial year. The normal credit term for Manager's fee is 15 days (2022: 15 days).
- (ii) The amount represents amount payable to the Manager for units redeemed or cancelled.

11. CASH AT BANK

	2023 RM	2022 RM
SGD	1,750,475	1,492,752
RM	7,024	7,443
	<u>1,757,499</u>	<u>1,500,195</u>

MAYBANK ASIAN CREDIT INCOME FUND

12. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable to the Trustee arising from the accruals for Trustee's fee at the end of the financial year. The normal credit term for Trustee's fee is 15 days (2022: 15 days).

13. NAV ATTRIBUTABLE TO UNITHOLDERS

	Note	2023 RM	2022 RM
Unitholders' contribution	(a)	52,612,752	58,808,910
Accumulated realised (loss)/ income	(b)	(1,813,866)	88,923
Accumulated unrealised loss	(c)	(8,072,526)	(8,723,419)
		<u>42,726,360</u>	<u>50,174,414</u>

(a) Unitholders' contribution

The units are distributed based on the following share classes:

	2023		2022	
	No. of units	RM	No. of units	RM
(i) MYR Class	48,981,774	51,422,593	56,085,979	57,370,522
(ii) SGD (Hedged) Class	367,741	1,190,159	460,251	1,438,388
	<u>49,349,515</u>	<u>52,612,752</u>	<u>56,546,230</u>	<u>58,808,910</u>

(i) MYR Class

	2023		2022	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	56,085,979	57,370,522	104,045,973	103,880,165
Creation of units	2,011,926	1,712,012	951,393	914,107
Reinvestment of units	-	-	2,546,175	2,486,723
Cancellation of units	(9,116,131)	(7,659,941)	(51,457,562)	(49,947,523)
Distribution equalisation (Note 14)	-	-	-	37,050
As at end of the financial year	<u>48,981,774</u>	<u>51,422,593</u>	<u>56,085,979</u>	<u>57,370,522</u>

(ii) SGD (Hedged) Class

	2023		2022	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	460,251	1,438,388	557,227	1,715,251
Creation of units	7,428	20,730	45,171	135,244
Reinvestment of units	5,138	14,063	9,404	28,353
Cancellation of units	(105,076)	(283,022)	(151,551)	(449,560)
Distribution equalisation (Note 14)	-	-	-	9,100
As at end of the financial year	<u>367,741</u>	<u>1,190,159</u>	<u>460,251</u>	<u>1,438,388</u>

MAYBANK ASIAN CREDIT INCOME FUND

13. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

(a) Unitholders' contribution (cont'd)

As of end of the financial year, the total number and value of units held legally or beneficially by the Manager and a related party are as follows:

	2023		2022	
	No. of units	Valued at NAV	No. of units	Valued at NAV
The Manager (MYR Class)	1,050	RM894	1,036	RM904
The Manager (SGD (Hedged) Class)	1,050	SGD880	1,050	SGD906

(b) Accumulated realised (loss)/ income

	2023 RM	2022 RM
At beginning of financial year	88,923	2,645,283
Net realised loss for the financial year	(1,902,789)	(2,556,360)
At the end of the financial year	(1,813,866)	88,923

(c) Accumulated unrealised loss

	2023 RM	2022 RM
At beginning of financial year	(8,723,419)	(2,498,756)
Net unrealised gain/ (loss) for the financial year	650,893	(6,224,663)
At the end of the financial year	(8,072,526)	(8,723,419)

(d) Classes of shares

(i) Types of classes of units

Class	Currency
MYR Class	RM
SGD (Hedged) Class	SGD

There are different charges and features for each class as follows:

- (a) Initial investment for each class
- (b) Different additional minimum investment

(ii) NAV computation

The computation of NAV of the Fund is based on the Fund's functional currency, RM, irrespective of the multiple classes of units (denominated in other currencies). Due to multiple classes in this Fund, the non-class designated income and expenses incurred by the Fund are apportioned based on the multi-class ratio, which is the size of the respective class relative to the whole Fund. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

MAYBANK ASIAN CREDIT INCOME FUND

13. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

(d) Classes of shares (cont'd)

(iii) Redemption/ Cancellation of units by Unitholders

These units are cancellable at the unitholder's option. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

There is no restriction on the putting of the units back to the Fund (i.e. redemption), subject to the minimum redemption amount of units of each class and the minimum unit holding for each class. If the unit holdings of a unitholder are, after a redemption request, falls below the minimum unit holdings for the Fund, a request for full redemption is deemed to have been made.

14. DISTRIBUTIONS

The sources of distribution and the gross/ net distribution rates declared for the various classes of units are as follows:

(a) MYR Class

	2023 RM	2022 RM
Dividend income	-	2,861,667
Interest/ Profit income	-	24,240
Less: Expenses	-	(362,134)
Distribution out of realised income	-	2,523,773
Effects of distribution equalisation (Note13(a)(i))	-	(37,050)
Distribution for the financial year	-	2,486,723

The distributions declared were settled in the form of units and presented as "reinvestment of units" in Note 13.

The gross/ net distribution per unit and the distribution dates are as follows:

Distribution dates (ex-date)	Gross/ Net distribution per unit (RM sen)
2022	
27 May 2021	0.68
28 June 2021	0.34
26 August 2021	0.34
27 October 2021	0.68
28 December 2021	0.68
24 February 2022	0.34
	<u>3.06</u>

MAYBANK ASIAN CREDIT INCOME FUND

14. DISTRIBUTIONS (CONT'D)

(b) SGD (Hedged) Class

	2023 RM	2022 RM
Dividend income	17,323	43,457
Interest/ Profit income	146	368
Less: Expenses	(3,406)	(6,372)
Distribution out of realised income	14,063	37,453
Effects of distribution equalisation (Note13(a)(ii))	-	(9,100)
Distribution for the financial year	14,063	28,353

The distribution declared are settled in the form of units and presented as "reinvestment of units" in Note 13.

The gross/ net distribution per unit and the distribution dates are as follows:

Distribution dates (ex-date)	Gross/ Net distribution per unit (SGD cent)
2023	
25 August 2022	0.34
26 April 2023	0.84
	<u>1.18</u>
2022	
27 May 2021	0.67
28 June 2021	0.34
26 August 2021	0.34
24 February 2022	0.34
	<u>1.69</u>

15. TRANSACTIONS WITH BROKER AND FINANCIAL INSTITUTION

The Manager subscribes and redeems the units in the Target Fund directly from the Manager of the Target Fund, which is also a related party of the Manager, in the financial year.

Detail of transactions, primarily deposit with a financial institutions is as follows:

	2023	Percentage of total placement %	2022	Percentage of total placement %
Financial institutions	Value of placements RM		Value of placements RM	
MBB*	171,091,815	100.00	173,875,259	93.57
Maybank Islamic Bhd ("MIB")**	-	-	11,952,487	6.43
	<u>171,091,815</u>	<u>100.00</u>	<u>185,827,746</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager

** MIB is a subsidiary of MBB, the ultimate holding company of the Manager

MAYBANK ASIAN CREDIT INCOME FUND

16. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties maybe individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there are no other significant related party transaction and balances of the Fund during the financial year.

In addition to the related party information disclosed elsewhere in the financial statements, there are no other significant related party transaction and balances of the Fund during the financial year.

	2023 RM	2022 RM
(i) <u>Significant related party transaction</u>		
MBB:		
Interest income from deposits	17,694	11,401
MBB:		
Profit income from deposits	-	737
(ii) <u>Significant related party balances</u>		
MBB:		
Deposit with a licensed financial institution	787,475	270,708
Interest receivables	178	26
Derivative assets	416	28,284
Derivative liabilities	(83,176)	-

The Manager is of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable with unrelated parties.

17. TOTAL EXPENSES RATIO ("TER")

The TER 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. The fees and expenses include Trustee's fee and other administrative expenses. For the financial year ended, the TER of the Fund stood at 0.36% (2022: 0.34%).

18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial year, the PTR of the Fund stood at 0.13 times (2022: 0.31 times).

MAYBANK ASIAN CREDIT INCOME FUND

19. SEGMENT REPORTING

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieves its targeted return with an acceptable level of risk within the portfolio. The PMC is responsible for the performance of the Fund by investing a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets.

On this basis, the PMC considers the business of the Fund to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investments strategy and the Fund's performance is evaluated on an overall basis.

The internal reporting of the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. There were no changes in the reportable operating segments during the financial year.

20. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.15 describe how the classes of financial instruments are measured and how income and expenses are recognised.

The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

2023	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	41,273,010	-	-	41,273,010
Deposit with a licensed financial institution	-	787,475	-	787,475
Derivative assets	78,638	-	-	78,638
Dividend receivables	-	170,067	-	170,067
Interest/ Profit receivable	-	178	-	178
Cash at bank	-	1,757,499	-	1,757,499
Total financial assets	41,351,648	2,715,219	-	44,066,867
Financial liabilities				
Derivative liabilities	1,311,445	-	-	1,311,445
Amount due to Manager	-	-	10,285	10,285
Amount due to Trustee	-	-	2,109	2,109
Other payables and accruals	-	-	16,668	16,668
Total financial liabilities	1,311,445	-	29,062	1,340,507

MAYBANK ASIAN CREDIT INCOME FUND

20. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

2022	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	48,603,602	-	-	48,603,602
Deposit with a licensed financial institution	-	270,708	-	270,708
Derivative assets	285,292	-	-	285,292
Dividend receivables	-	180,368	-	180,368
Interest/ Profit receivable	-	26	-	26
Cash at bank	-	1,500,195	-	1,500,195
Total financial assets	48,888,894	1,951,297	-	50,840,191
Financial liabilities				
Derivative liabilities	632,896	-	-	632,896
Amount due to Manager	-	-	10,411	10,411
Amount due to Trustee	-	-	2,498	2,498
Other payables and accruals	-	-	19,972	19,972
Total financial liabilities	632,896	-	32,881	665,777

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL, derivative assets and derivative liabilities are carried at fair value.

Collective investment scheme

The Fund's investment in the collective investment scheme is carried at fair value. The fair value of the collective investment scheme is determined by reference to its last published NAV per unit at the reporting date.

Derivative assets and liabilities

The fair value of over-the-counter forward foreign exchange contracts are obtained by using valuation models which incorporate various observable market inputs such as changes in spot rate, and changes in the forward points. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

(c) Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

MAYBANK ASIAN CREDIT INCOME FUND

20. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy (cont'd)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL	41,273,010	-	-	41,273,010
Derivative assets	-	78,638	-	78,638
	<u>41,273,010</u>	<u>78,638</u>	<u>-</u>	<u>41,351,648</u>
Derivative liabilities	-	(1,311,445)	-	(1,311,445)
2022				
Financial assets at FVTPL	48,603,602	-	-	48,603,602
Derivative assets	-	285,292	-	285,292
	<u>48,603,602</u>	<u>285,292</u>	<u>-</u>	<u>48,888,894</u>
Derivative liabilities	-	(632,896)	-	(632,896)

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

Other than its financial assets at FVTPL and derivative assets and liabilities, the Fund's financial instruments were not carried at fair value but their carrying amounts were reasonable approximations of fair value due to their short-term maturity.

There were no financial instruments which were not carried at fair value and whose carrying amounts were not reasonable approximations of their respective fair values.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unit Trust Funds and CMSA.

MAYBANK ASIAN CREDIT INCOME FUND

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's cash and bank investments in collective investment scheme denominated in foreign currency, derivative assets and derivative liabilities. The Fund is also exposed to interest/ profit rate risk arising from deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments other than investment in Target Fund as at the reporting date.

(i) Interest/ Profit rate risk

Cash is sensitive to movement in interest rates. When interest/ profit rates rise, the return on cash will rise. The deposit with a licensed financial institution carries a fixed rate, and therefore, is not affected by the movements in market interest rates.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below analyses the net positions of the Fund's financial assets and financial liabilities (excluding derivative assets and liabilities) which are exposed to foreign exchange risk as at 30 April 2023. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and liabilities) in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liabilities of the Fund that may affect the value of the NAV attributable to unitholders.

SGD	2023 RM	2022 RM
Financial assets		
Financial assets at FVTPL	41,273,010	48,603,602
Dividend receivables	170,067	180,368
Cash at bank	1,750,475	1,492,752
Total assets	43,193,552	50,276,722
Financial liabilities		
Amount due to Manager	-	259
Total financial liabilities excluding NAV attributable to unitholders	-	259
Net on-balance sheet open position	43,193,552	50,276,463
Principal amount of forward exchange contracts (Note 9) *	14,052,850	21,335,695

* The Fund has entered into forward currency contracts to hedge its SGD exposure arising mainly from investment in the Target Fund which is denominated in SGD and subscriptions in the SGD (Hedged) Class.

MAYBANK ASIAN CREDIT INCOME FUND

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Market risk (cont'd)

(ii) Foreign exchange risk (cont'd)

The table below summarises the sensitivity of the Fund's net on-balance sheet open position (excluding derivative assets and derivative liabilities) to movements in exchange rates. The analysis is based on the assumptions that the exchange rates will increase or decrease by 5% with all other variables held constant.

	2023		2022	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
SGD	+5	2,159,678	+5	2,513,823
	-5	(2,159,678)	-5	(2,513,823)

The impact to net results after taxation and NAV is expected to be the same.

(iii) Price risk

Price risk is the risk of unfavourable changes in the fair values of investments as the result of changes in market prices (other than those arising from interest/ profit rate risk and forward exchange currency risk). The price risk exposure arises from the Fund's investments in Target Fund.

Management's best estimate of the effect on the income for the period due to a reasonably possible change in price, with all other variables held constant is indicated in the table below:

	2023		2022	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
Collective investment scheme	+5	2,063,651	+5	2,430,180
	-5	(2,063,651)	-5	(2,430,180)

The impact to net results after taxation and NAV is expected to be the same.

MAYBANK ASIAN CREDIT INCOME FUND

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk

Credit risk is the risk that the issuer/ counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/ counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of interest/ profit, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/ counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

(i) Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

(ii) Credit quality of financial assets

The following table analyses the Fund's cash at bank, deposit with a licensed financial institution and interest/ profit receivable by rating categories. The rating is obtained from RAM Holdings Berhad.

Financial assets	2023	As a percentage of NAV	2022	As a percentage of NAV
	RM	%	RM	%
AAA	2,545,152	5.96	1,770,929	3.53

(d) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected.

The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholder's option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Trust Deeds.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

MAYBANK ASIAN CREDIT INCOME FUND

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (cont'd)

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise of cash, deposit with financial institution and other instruments which are capable of being converted into cash within 7 days.

The following table summarises the maturity profile of the Fund's undiscounted financial assets, liabilities and unitholders' contribution to provide a complete view of the Fund's contractual commitments and liquidity. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

	Less than 1 month RM	More than 1 month RM	Total RM
2023			
Financial assets			
Financial assets at FVTPL	41,273,010	-	41,273,010
Deposit with a licensed financial institution	787,475	-	787,475
Derivative assets	78,638	-	78,638
Dividend receivables	170,067	-	170,067
Interest/ Profit receivables	178	-	178
Cash at bank	1,757,499	-	1,757,499
Total undiscounted financial assets	44,066,867	-	44,066,867
Financial liabilities and net assets attributable to unitholders of the Fund			
Derivative liabilities	1,311,445	-	1,311,445
Amount due to Manager	10,285	-	10,285
Amount due to Trustee	2,109	-	2,109
Other payables and accruals	16,668	-	16,668
NAV attributable to unitholders	42,726,360	-	42,726,360
Total undiscounted financial liabilities and net assets attributable to unitholders	44,066,867	-	44,066,867
Liquidity (gap)/ surplus	-	-	-

MAYBANK ASIAN CREDIT INCOME FUND

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (cont'd)

2022	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets			
Financial assets at FVTPL	48,603,602	-	48,603,602
Deposit with a licensed financial institution	270,708	-	270,708
Derivative assets	114,676	170,616	285,292
Dividend receivables	180,368	-	180,368
Interest/ Profit receivables	26	-	26
Cash at bank	1,500,195	-	1,500,195
Total undiscounted financial assets	50,669,575	170,616	50,840,191
Financial liabilities and net assets attributable to unitholders of the Fund			
Derivative liabilities	632,896	-	632,896
Amount due to Manager	10,411	-	10,411
Amount due to Trustee	2,498	-	2,498
Other payables and accruals	19,972	-	19,972
NAV attributable to unitholders	50,174,414	-	50,174,414
Total undiscounted financial liabilities and net assets attributable to unitholders	50,840,191	-	50,840,191
Liquidity (gap)/ surplus	(170,616)	170,616	-

(i) Financial assets

The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

Financial assets exclude tax-related matters such as tax recoverable, if any.

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

Financial liabilities exclude tax-related matters such as tax payables, if any.

MAYBANK ASIAN CREDIT INCOME FUND

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (cont'd)

(iii) Unitholders' contribution

As unitholders can request for cancellation on their units by giving the Manager a 10-days notice period, the unitholders' contribution has been categorised as having a maturity of "less than 1 month".

As a result, it appears that the Fund has a liquidity gap within "less than 1 month". However, the Fund believes that it would be able to liquidate its investments should the need arise to satisfy all the redemption requirements.

22. UNITHOLDERS' CONTRIBUTION MANAGEMENT

The unitholders' contribution can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing the unitholders' contribution are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to provide unitholders with regular and stable distributions and to meet the expenses of the Fund and other obligations as they arise; and
- (d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current and previous financial year.