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MAYBANK ETHICAL TRUST FUND

(Formerly known as AMB ETHICAL TRUST FUND)

Annual Report
For financial year ended 31 August 2019

CORPORATE INFORMATION

MANAGER (with effect from 1 November 2018)

Maybank Asset Management Sdn Bhd (421779-M)
Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
Facsimile +603 2715 0071
www.maybank-am.com

The previous Manager and external investment Manager were:

MANAGER (until 31 October 2018)

Amanah Mutual Berhad (195414-U)
34th Floor Menara PNB
201-A Jalan Tun Razak
50400 Kuala Lumpur, Malaysia

EXTERNAL INVESTMENT MANAGER (until 31 October 2018)

UOB Asset Management (Malaysia) Berhad
Level 22, Vista Tower
The Intermark
348 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia

TRUSTEE

HSBC (Malaysia) Trustee Berhad (001281T)
13th Floor, HSBC South Tower
No. 2, Leboh Ampang
Kuala Lumpur Sentral
50100 Kuala Lumpur

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

Manager's report
For the financial year ended 31 August 2019

A. Fund Information

1. Name of the Fund

Maybank Ethical Trust Fund (formerly known as AMB Ethical Trust Fund) ("the Fund")

2. Type of Fund

Income and growth

3. Category of Fund

Equity

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

7 January 2003 / 28 January 2003

6. Fund's investment objective

The Fund seeks to provide investors with income and capital growth for Medium to Long Term through investments that comply with ethical principles.

7. Fund distribution policy

Income distribution (if any) is declared at the end of the financial year of the Fund or for any specified period at the Manager's discretion, subject to Trustee's approval.

8. Ethical Principles

The Fund will screen its investments and remove companies whose principal business involves the promotion of gambling, tobacco and alcohol. This screen is known as the *negative filter*. The Fund will also abstain from investing in companies that have violated ethical principles. The remaining securities after the negative filters are deemed as ethical. The Fund also has *positive filters* as follows:

	Positive Filters	Examples
i.	Environmentally friendly	- Provides eco-friendly products and services - Prevention of pollution - Recycling
ii.	Promotes healthy social values	- Promotes sports, community projects - Fulfils social obligations - Charitable - Good community relations
iii.	Maintain good corporate governance	- Ensures compliance to regulations and proper dissemination of information to stakeholders and employees - Steering management to enhance well-being of employees and customers

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

Manager's report

For the financial year ended 31 August 2019 (cont'd)

A. Fund Information (cont'd)

9. Fund's performance benchmark

FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI")

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

The principal activity of the Fund is to invest between 70% to 98% of the Fund's net asset value ("NAV") in shares, and between 2% to 30% of the Fund's NAV in cash or fixed income securities (or a combination of both).

11. Net income distribution for the financial year ended 31 August 2019

The Fund declared a distribution of RM 9,061,884 for the financial year ended 31 August 2019.

Below are details of distribution declared during the financial year:

Distribution date	Gross distribution per unit (sen)	Net distribution per unit (sen)
30 September 2018	2.50	2.49

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

Distribution date	Before distribution (RM)	After distribution (RM)	Changes %
30 September 2018	0.3638	0.3389	(6.84)

12. Breakdown of unitholdings by size

Fund size

As at 31 August 2019, the size of the Fund was 364,352,464 units.

Breakdown of unitholdings as at 31 August 2019

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	252	10.52	700	0.19
5,001 to 10,000 units	261	10.89	1,926	0.53
10,001 to 50,000 units	1,003	41.86	26,037	7.15
50,001 to 500,000 units	815	34.02	101,456	27.85
500,001 units and above	65	2.71	234,233	64.28
Total	2,396	100.00	*364,352	100.00

* Included units held under Institutional Unit Trust Scheme Advisers ("IUTAs")

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

Manager's report

For the financial year ended 31 August 2019 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	FY2019	FY2018	FY2017
Portfolio			
Quoted equities - Local			
Construction	5.81	2.15	6.75
Consumer Products & Services	9.10	11.10	7.77
Energy	-	-	0.02
Financial Services	24.68	24.52	27.20
Healthcare	0.83	2.77	2.97
Industrial Products & Services	4.97	7.95	10.73
Plantations	1.01	10.80	9.61
Properties	4.35	4.84	4.78
Technology	1.05	-	2.52
Telecommunications & Media	4.24	2.24	-
Trading/Services	-	-	3.93
Real Estate Investment Trust ("REIT")	6.31	-	-
Transportation & Logistics	11.59	7.16	5.05
Utilities	6.78	5.67	5.74
Quoted equities - Foreign			
Hong Kong	3.05	5.99	-
Singapore	1.54	-	-
Cash and other net assets (%)	14.69	14.81	12.93
Total (%)	100.00	100.00	100.00

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

Manager's report

For the financial year ended 31 August 2019 (cont'd)

B. Performance Review (cont'd)

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

Category	FY2019	FY2018	FY2017
NAV (RM'000)	115,055	132,734	156,718
Units in circulation (units'000)	364,352	366,839	427,354
NAV per unit (RM)	0.3158	0.3618	0.3667
Highest NAV per unit (RM)	0.3639	0.3914	0.4022
Lowest NAV per unit (RM)	0.3072	0.3429	0.3479
Net income distributed (RM'000)	9,062	-	12,308
Distribution date	30/9/2018	-	31/7/2017
Gross distribution per unit (sen)	2.50	-	2.88
Net distribution per unit (sen)	2.49	-	2.88
Annual total return (%) ⁽¹⁾			
- Capital growth (%)	(12.74)	(1.34)	2.17
- Income distribution (%)	7.40	-	8.02
Benchmark (%)	(11.40)	2.62	5.67
Management Expense Ratio ("MER") (%)	1.62	1.74	1.73
Portfolio Turnover Ratio ("PTR") (times) ⁽²⁾	0.43	0.60	0.51

Notes:

(1) Actual return of the Fund for the financial year is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.

(2) The PTR of the Fund reduced to 0.43 times due to lower investing activities during the current financial year under review.

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 ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

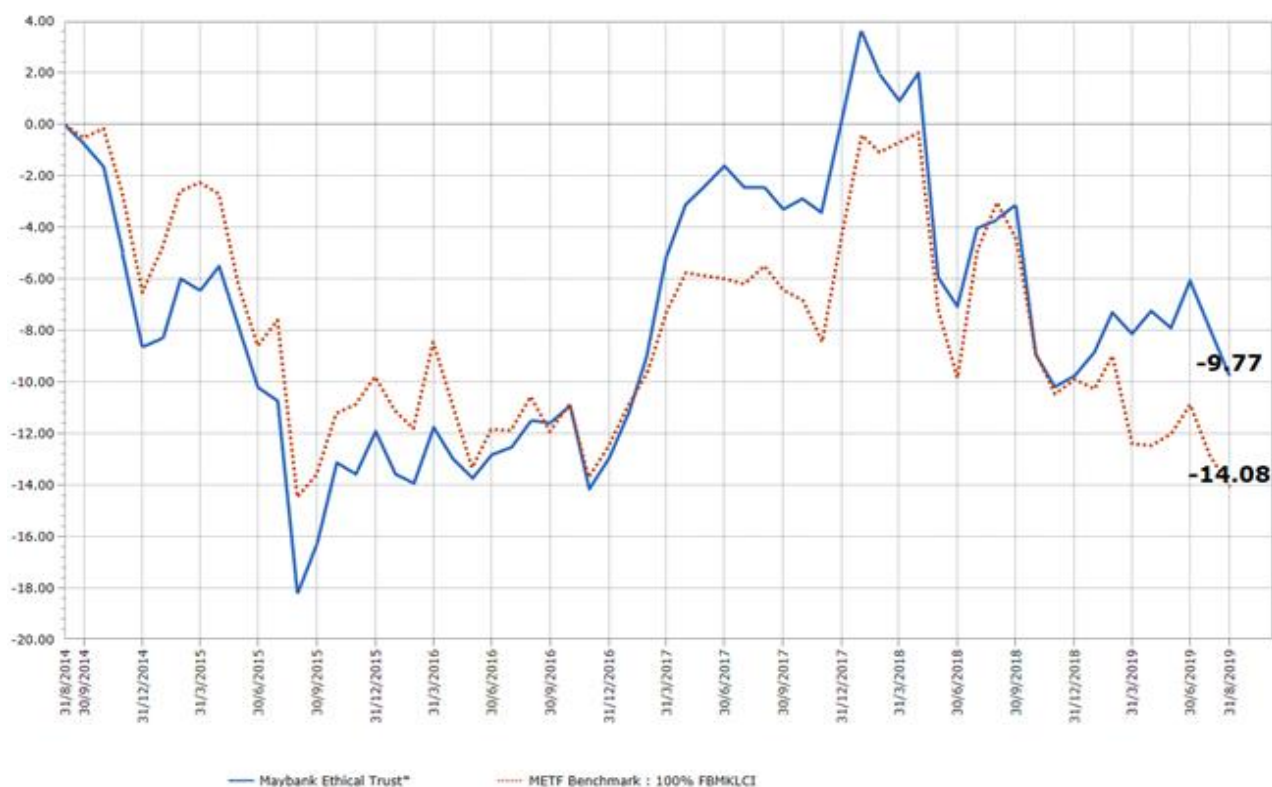
Manager's report

For the financial year ended 31 August 2019 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 31 August 2019

Category	1 year to 31.08.2019 %	3 year to 31.08.2019 %	5 year to 31.08.2019 %
Capital growth	(12.74)	(20.86)	(38.36)
Income distribution	7.40	28.85	46.39
Total return of the Fund	(6.29)	1.97	(9.77)
Benchmark	(11.40)	(3.93)	(14.08)
Average total return	(6.29)	0.65	(2.03)



Source: Lipper

For the financial year ending 31 August 2019, the fund achieved a total return of -6.3%, outperforming its benchmark, FBMKLCI which registered a return of -11.4%. This was mainly due to the overweighting of positions in the transportation/logistic sector which performed well such as Westport Holdings, AirAsia Group, Lingkaran Trans Kota Holdings as well as DRB Hicom. Besides that, the strategy to underweight positions in the financials also contributed to the outperformance, as this sectors was sold down on the back of weaker economic outlook and concerns of compression in net interest margin in a declining interest rate environment. All investment whose principal activity involves gaming, tobacco and alcohol have been excluded under the negative screening for this fund. The companies are reviewed on their ethical criteria annually or when there is significant development.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

Manager's report

For the financial year ended 31 August 2019 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 31 August 2019 (cont'd)

Has the Fund met its objective?

For the period under review, the Fund managed to outperform its benchmark but did not generate a positive total return due to the weak market condition. Dividend was declared for financial period ending 2015, 2016, 2017 and 2019. In summary, the Fund met its income objective but did not meet its objective of capital growth for the period under review.

3. Annual total return of the Fund

For the financial year ended	31.08.2019	31.08.2018	31.08.2017	31.08.2016	31.08.2015
	%	%	%	%	%
Capital growth	(12.74)	(1.34)	2.17	(2.68)	(28.00)
Income distribution	7.40	-	8.02	10.84	9.76
Total return	(6.29)	(1.34)	10.20	8.16	(18.24)
Benchmark	(11.40)	2.62	5.67	4.57	(14.88)

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

MAYBANK ETHICAL TRUST FUND
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Manager's report
For the financial year ended 31 August 2019 (cont'd)

C. Market Review

During the period under review, the equity markets were broadly weak as investor weighed-in the on-going United States ("US")-China trade tensions and uncertainty on the global economic outlook. Within the period, only Indonesia (+5.2%) and Philippines (1.6%) were in positive territory in ASEAN, together with China (Shanghai +5.9%) for North Asia. On the contrary, Singapore, Thailand, Hong Kong, Taiwan, Japan, South Korea and India closed lower by 3.3%, 3.9%, 7.8%, 4.0%, 9.5%, 15.3% and 3.4% respectively. Meanwhile, over in US and Europe, Dow Jones, S&P 500 and Euro Stoxx 50 recorded gains of 1.7%, 0.9% and 1.0% respectively while German Dax fell by 3.4% for the period.

Although the equity markets movements snapshot were broadly mixed, markets were volatile as the trade deal between the US-China remains an impasse as any discussion on trade negotiations are subsequently followed by trade threats. In yet in a new twist saga, the US announced fresh 10% tariff on US\$300 billion ("bn") Chinese goods starting in 1 September 2019. China retaliated by depreciating the currency to breach 7.00/Chinese Yuan ("CNY") to the greenback, additional 5-10% tariffs on US\$75bn of US goods, in addition to ordering state-owned companies to halt purchase of US agriculture product. US did however, decide to postpone the new 10% tariff to 15 December 2019 (from 1 September 2019) citing to lessen the impact for the upcoming holiday season. Markets did see some reprieve following the announcement. While the delay does give hope to an eventual deal, the persistent on-off tit-for-tat tariff translates to poor visibility on the trade progress. Trade tensions also sparked elsewhere in other nations, Japan announced that it has removed South Korea from the whitelist of trusted trade partners.

Domestically, the large cap FBM KLCI closed -11.4% for the period, while the broader market FBM Emas Index also posted a loss of 10.8%. The local market failed to see strong rally in early 2019 as compared to its peers due to the overhang on the potential exclusion of Malaysia from FTSE Russell World Government Bond Index ("WGBI"), political uncertainties as well as government policies. Meanwhile, the FBM SmallCap Index registered a decline of 10.9% for the period.

In August 2019, Malaysia saw its 8th straight foreign net outflow (-RM2.6bn) and the largest outflow for the year bringing Year-to-Date ("YTD") outflow of RM7.3bn as sentiment weakened amid heightened risk. While foreign investors outflow is seen in the equities, this is contrary to the local bonds. The prolonged low and negative yields in developed markets could be positive for higher-yield bonds in Emerging Markets ("EM"). However, the FTSE Russell review on Malaysia's status in WGBI is expected to be due on the 27 September 2019. The fall in Malaysia's weight could lead to substantial foreign outflows.

MAYBANK ETHICAL TRUST FUND
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Manager's report
For the financial year ended 31 August 2019 (cont'd)

C. Market Review (cont'd)

Since taking over in May 2018, the Pakatan Harapan coalition has brought a couple of changes in several policies that affected the local equity market such as the abolition of the goods and services tax ("GST") on 1 June 2018 and reintroduction of sales and service tax ("SST") on September 2018, review of mega infrastructure projects, change and restructuring of government-linked companies as well as introduction of cheaper broadband services in the country. Some of these changes sent the construction and telecommunication stocks as well as stocks that were perceived to be closely linked to previous government on a downward spiral.

In November 2018, the local government announced its Budget 2019 focusing on fiscal discipline and alleviating the rising cost of living for the lower income household. The government expects the Malaysian economy to expand at 4.9% in 2019, slightly higher than 4.8% in 2018 supported by domestic demand. However, following the release of Bank Negara Malaysia ("BNM") Annual Report 2018 in March 2019, the Gross Domestic Product ("GDP") growth forecast for 2019 has been revised to a range of 4.3%-4.8%. Besides that, the fiscal deficit targets were set at 3.4% for 2019 as they continue to exercise prudent spending in 2019. In terms of the introduction of new taxes which was briefly talked about in "The New Dawn" conference held by local brokers, the absence of the highly speculated capital gain tax and inheritance tax which spooked the market post the conference was a relief to the market but the soda and casino tax were raised, sending the casino stocks down. Overall, Budget 2019 could be viewed as slightly negative for certain sectors but positive in the medium to long-term to the Malaysian economy as the government lays out appropriate measures in the short term for a longer term view.

Earnings continue to fall short following the second quarter 2019 corporate results with more disappointments. As compared to first quarter 2019 earnings season, disappointments came from similar sectors, construction (slower project flows albeit news flow has been fluid), financials (lower Net Interest Margin ("NIM") and loans growth), plantation (lower CPO and high operating costs), property (weak progress billings and margin compression from tougher competition), rubber gloves (higher-than-expected costs) and technology (semiconductors) (impacted by the trade war). While Malaysia should benefit from trade diversion, this has only reflected in pockets of sectors thus far e.g. port operators e.g. Westport Holdings Berhad & MMC Corporation Berhad.

D. Market Outlook & Strategy

We expect volatility to be heightened notwithstanding the occasional shift in tone and synchronized monetary easing amongst global central banks. The tit-for-tat tariffs cast a cloudy outlook on the global economy. Having said that, a trade truce between the two nations will present a catalyst for the market, but we do not see any clear visibility on that front. We therefore remain cautious and defensive. In the near term, investors will continue to watch very closely on developments on the ongoing US-China trade talks, Federal Open Market Committee ("FOMC") action and Brexit.

MAYBANK ETHICAL TRUST FUND
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Manager's report

For the financial year ended 31 August 2019 (cont'd)

D. Market Outlook & Strategy (cont'd)

Despite the recent easing in May 2019, the BNM views that it still has monetary ammunition given the depressed inflation although this is taking account the fluctuations of the Malaysia Ringgit ("MYR"). Any further rate cut by BNM, fiscal stimulus and private sector spending could act as a catalyst for the local market. Already, Budget 2020 is set to be held on the 11 October 2019 and is expected to announce various large economic sector developments and signify economic stimulus e.g. airport infrastructure, fibre broadband (reiteration of the Nationwide Fiberisation Plan), water sector investments, East Coast Rail Link ("ECRL") and etc. As data reading has shown, Malaysia's GDP growth has been resilient, with second quarter 2019 better-than-expected of +4.9% (first quarter 2019: +4.5%, consensus: +4.7). Hence, local equities should remain fairly positioned to face these various headwinds further supported by the ample liquidity represented by the large pension funds, life insurance and other institutional investor.

Strategy wise, we continue to be cautious and be very selective on stocks. Market volatility is likely to persist until there is a firm outcome in the US-China trade war, thereby necessitating more tactical trading and high cash holdings from time-to-time. We will continue to overweight in steady yielding stocks that comply with ethical principles to anchor the portfolio to weather the volatility such as the REITs sector. However, we are also looking at some sold down sectors such as the technology and construction space that are trading at attractive levels.

E. Significant Changes in the State of Affairs of the Fund

The following changes are with effect from 1 November 2018:

- The name of the Fund has been changed to Maybank Ethical Trust Fund; and
- The Manager has been changed to Maybank Asset Management Sdn Bhd.

Effective 15 August 2019, the duties of the Fund's panel of advisors will be assumed by the Investment Committee of the Fund.

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 commission received is 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 under review, the Manager and its delegates did not receive any rebates from the 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
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019**

**TO THE UNITHOLDERS OF
MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)**

We have acted as Trustee of Maybank Ethical Trust Fund (formerly known as AMB Ethical Trust Fund) ("the Fund") for the financial year ended 31 August 2019. To the best of our knowledge, Maybank Asset Management Sdn Bhd ("the Management Company"), has operated and managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, the distribution of 2.50 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring
Kuala Lumpur
23 October 2019

REPORT OF THE INVESTMENT COMMITTEE

TO THE UNITHOLDERS OF MAYBANK ETHICAL TRUST FUND (formerly known as AMB ETHICAL TRUST FUND) FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

We have acted as the Investment Committee of Maybank Ethical Trust Fund (formerly known as AMB Ethical Trust Fund) ("the Fund"). Our responsibility is to ensure that the procedures and processes employed by Maybank Asset Management Sdn Bhd ("the Manager") and that the provisions of the Deeds dated 4 December 2002, 12 March 2012, 20 June 2012, 27 January 2016 and 4 September 2018 are in accordance with the Ethical Principles set out for the Fund.

In our opinion, the Manager has managed and administered the Fund in accordance with Ethical Principles and complied with applicable guidelines, ruling or decision issued by any relevant laws pertaining to ethical matters.

For and on behalf of the Investment Committee of Maybank Ethical Trust Fund (formerly known as AMB Ethical Trust Fund)

Loh Lee Soon
Chairman

Kuala Lumpur, Malaysia
23 October 2019

STATEMENT BY MANAGER

TO THE UNITHOLDERS OF MAYBANK ETHICAL TRUST FUND (formerly known as AMB ETHICAL TRUST FUND) FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

We, Dr Hasnita Binti Dato' Hashim and Ahmad Najib Bin Nazlan, 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 Ethical Trust Fund (formerly known as AMB Ethical Trust Fund) as at 31 August 2019 and of its results, changes in equity and cash flows for the financial year ended 31 August 2019 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
23 October 2019

**Independent auditors' report to the unit holders of
Maybank Ethical Trust Fund
(formerly known as AMB ETHICAL TRUST FUND)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Ethical Trust Fund (Previously known as AMB Ethical Trust Fund) ("the Fund"), which comprise the statement of financial position as at 31 August 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 17 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2019, 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 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 of the Fund 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.

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

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information identified above 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.

**Independent auditors' report to the unitholders of
Maybank Ethical Trust Fund
(formerly known as AMB ETHICAL TRUST FUND) (cont'd)**

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

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.

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

Responsibility of the Manager and Trustee for the financial statements

The Manager of the Fund 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 intend 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' responsibility 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 Ethical Trust Fund
(formerly known as AMB ETHICAL TRUST FUND) (cont'd)**

Auditors' responsibility 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 Ethical Trust Fund
(formerly known as AMB ETHICAL TRUST FUND) (cont'd)**

Other matters

This report is made solely to the unit holders 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
AF: 0039
Chartered Accountants

Lee Pei Yin
No. 03189/05/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
23 October 2019

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

	Note	2019 RM	2018 RM
INVESTMENT INCOME			
Dividend income		4,131,207	4,216,335
Interest income		466,985	646,234
Net loss on financial assets at fair value through profit or loss ("FVTPL")	7(c)		
- Unrealised loss		(9,041,058)	(9,616,103)
- Realised (loss)/gain		(1,669,098)	7,078,138
Net gain/(loss) on foreign exchange and forward currency contracts	5	194,228	(338,881)
		<u>(5,917,736)</u>	<u>1,985,723</u>
EXPENSES			
Manager's fee	3	1,826,019	2,226,190
Trustee's fee	4	97,388	118,730
Auditors' remuneration		9,000	13,800
Tax agent's fee		3,500	7,151
Brokerage and other transaction fees		235,809	463,784
Administrative expenses		39,410	207,723
		<u>2,211,126</u>	<u>3,037,378</u>
Net loss before taxation		(8,128,862)	(1,051,655)
Taxation	6	(36,557)	18,285
Net loss after taxation, and total comprehensive loss for the financial year		<u>(8,165,419)</u>	<u>(1,033,370)</u>
Net loss after taxation is made up of the following:			
Net realised income		875,639	8,236,713
Net unrealised loss		(9,041,058)	(9,270,083)
		<u>(8,165,419)</u>	<u>(1,033,370)</u>
Distributions for the financial year:			
Net distributions	11	9,061,884	-
Gross distribution per unit (sen)	11	2.50	-
Net distribution per unit (sen)	11	2.49	-
Distribution date	11	30/09/2018	-

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

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	Note	2019 RM	2018 RM
ASSETS			
Financial assets at FVTPL	7	98,124,841	113,077,173
Deposits with licensed financial institutions	8	15,045,846	13,851,060
Dividend receivable		141,848	154,070
Interest receivable		2,391	2,750
Amount due from brokers	15	1,034,618	681,359
Amount due from Manager	13	2,454	-
Derivative asset	9	-	3,618
Tax recoverable		-	7,538
Cash at bank	10	1,101,489	5,273,678
TOTAL ASSETS		<u>115,453,487</u>	<u>133,051,246</u>
LIABILITIES			
Amount due to Manager	13	332,228	230,994
Amount due to Trustee	14	7,898	9,022
Other payables and accruals	12	58,007	76,796
TOTAL LIABILITIES		<u>398,133</u>	<u>316,812</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>115,055,354</u>	<u>132,734,434</u>
EQUITY			
Unitholders' capital	16(a)	112,881,399	113,333,176
Retained earnings	16(b)&(c)	2,173,955	19,401,258
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		<u>115,055,354</u>	<u>132,734,434</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	16(a)	<u>364,352,464</u>	<u>366,839,480</u>
NAV PER UNIT		<u>0.3158</u>	<u>0.3618</u>

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

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

	Unitholders' capital Note 16(a) RM	Retained earnings Note 16(b) &(c) RM	Total equity RM
At 1 September 2017	136,283,784	20,434,628	156,718,412
Total comprehensive loss for the financial year	-	(1,033,370)	(1,033,370)
Creation of units	1,562,889	-	1,562,889
Reinvestment of units	12,307,809	-	12,307,809
Cancellation of units	(36,821,306)	-	(36,821,306)
At 31 August 2018	<u>113,333,176</u>	<u>19,401,258</u>	<u>132,734,434</u>
At 1 September 2018	113,333,176	19,401,258	132,734,434
Total comprehensive loss for the financial year	-	(8,165,419)	(8,165,419)
Creation of units	456,618	-	456,618
Reinvestment of units	9,061,884	-	9,061,884
Cancellation of units	(9,970,279)	-	(9,970,279)
Distribution (Note 11)	-	(9,061,884)	(9,061,884)
At 31 August 2019	<u>112,881,399</u>	<u>2,173,955</u>	<u>115,055,354</u>

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

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

	2019	2018
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of financial assets at FVTPL	53,773,858	103,985,424
Net payments for purchases of financial assets at FVTPL	(49,933,545)	(84,285,562)
Interest received	467,344	654,905
Net realised loss on forward foreign exchange contracts	(69,800)	(255,640)
Net dividend received	4,117,686	4,028,101
Taxation (paid)/refund	(2,850)	78,753
Manager's fee paid	(1,879,910)	(2,254,825)
Trustee's fee paid	(98,512)	(122,007)
Other expenses paid	(62,518)	(199,391)
Net cash generated from operating and investing activities	<u>6,311,753</u>	<u>21,629,758</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	454,170	1,562,889
Cash paid on units cancelled	(9,815,154)	(37,370,192)
Net cash used in financing activities	<u>(9,360,984)</u>	<u>(35,807,303)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR	(3,049,231)	(14,177,545)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	19,124,738	33,389,536
Effect of foreign exchange	71,828	(87,253)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>16,147,335</u>	<u>19,124,738</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank (Note 10)	1,101,489	5,273,678
Deposits with licensed financial institutions (Note 8)	15,045,846	13,851,060
	<u>16,147,335</u>	<u>19,124,738</u>

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

**MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDED 31 AUGUST 2019**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Ethical Trust Fund (formerly known as AMB Ethical Trust Fund) ("the Fund") was constituted pursuant to the executed Deed dated 4 December 2002 between Amanah Mutual Berhad as the Manager, and HSBC (Malaysia) Trustee Berhad as the Trustee and the Registered Holders of the Fund. Subsequently, Supplemental Deeds dated 12 March 2012, 20 June 2012 and 27 January 2016 made between Amanah Mutual Berhad and HSBC (Malaysia) Trustee Berhad have been issued. The Fund commenced operations on 7 January 2003 and will continue to be in operations until terminated by the Trustee as provided under the Deed.

The principal activity of the Fund is to invest in a selected portfolio of investments that comply with Ethical Principles. The investments mainly include equities quoted on Bursa Malaysia, fixed income securities and short term deposits. The Fund may also invest in stocks that derive the majority of their revenue from the Asia Pacific markets.

The Manager, a company incorporated in Malaysia, is principally engaged in the management of unit trust funds. Amanah Saham Nasional Berhad ("ASNB") and Permodalan Nasional Berhad, companies incorporated in Malaysia, were the holding and ultimate holding company of the Manager until 16 May 2018.

Following the acquisition of AMB by Maybank Asset Management Sdn Bhd ("MAM"), the immediate and ultimate holding companies of the Manager has been changed to MAM and Malayan Banking Berhad ("MBB") respectively effective 17 May 2018.

MAM and HSBC (Malaysia) Trustee Bhd as the Trustee had entered into a Fourth Supplemental Deed dated 4 September 2018 to change the name of the Fund and to appoint MAM as the replacement Manager of the Fund effective 1 November 2018.

Subsequently, MAM and HSBC (Malaysia) Trustee Bhd as the Trustee had entered into a Fifth Supplemental Deed dated 11 July 2019.

MAM is a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence ("CMSL") 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 statement were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 23 October 2019.

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") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.1 BASIS OF PREPARATION (CONT'D)

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to 2.14 to the financial statements.

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

2.2 Standards and amendments to standards issued but not yet effective

The following are standards, 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
Amendments to MFRS contained in the document entitled <i>"Annual Improvements to MFRS Standards document 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 3 and MFRS 11: <i>Previously Held Interest in a Joint Operation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 112: <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 123: <i>Borrowing Costs Eligible for Capitalisation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
MFRS 16: <i>Leases</i>	1 January 2019
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 2: <i>Share-based Payment</i>	1 January 2020

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.2 Standards and amendments to standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Business Combinations</i>	1 January 2020
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
Amendments to MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2020
Amendments to MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 101 & 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 134: <i>Interim Financial Reporting</i>	1 January 2020
Amendment to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendment to MFRS 138: <i>Intangible Assets</i>	1 January 2020
Amendments to IC Interpretation 12: <i>Service Concession Arrangements</i>	1 January 2020
Amendments to IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
Amendments to IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
Amendments to IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
Amendments to IC Interpretation 132: <i>Intangible Assets - Web Site Costs</i>	1 January 2020
MFRS 17: <i>Insurance Contracts</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be announced by MASB

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

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.3 Financial instruments

Financial assets and 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 ("FVTPL") 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) Classification of financial assets

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 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.

The Fund classifies cash and cash equivalents, dividend receivable, interest receivable, amount due from brokers and amount due from Manager as subsequently measured at amortised cost. Quoted equities and derivative asset are classified as FVTPL.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

Investments in equity instruments 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; or
- 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 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.

Interest income on debt instruments as at FVTPL is disclosed separately in the profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Fund's right to receive the dividends is established in accordance with MFRS 9 and is disclosed separately in the profit or loss.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets

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 (financial assets that are debt instruments). The impairment model does not apply to equity investments.

ECL are a probability-weighted estimate of credit losses. They are 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.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.4 Financial assets (cont'd)

(iv) Derecognition of financial assets

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 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 FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve.

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.

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 other payables and accruals, amount due to Manager and amount due to Trustee as other financial liabilities.

(ii) Recognition and measurement

Financial liabilities, within the scope of MFRS 9, 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 effective interest rate method.

(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.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.6 Unitholders' capital

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 *Financial Instruments: Presentation*. Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss 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 unitholders 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.

2.7 Revenue / Income

Revenue is recognised when control of goods or services are transferred at an amount that reflects the consideration to be entitled in exchange for the goods and services. Revenue is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the right to receive is established. Interest income is recognised using the effective interest rate method.

Realised gain and loss on disposal of investments is accounted for as the difference between net disposal proceeds and the carrying amounts of the investments.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposit with licensed financial institution with original maturity of three months or less which have an insignificant risk of changes in value.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.9 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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 year.

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

2.10 Fair value measurement

The Fund measures its investments at FVTPL at fair value at each reporting date. 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:

- (i) In the principal market for the asset or liability, or
- (ii) 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 assets takes into account a market participants' ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.10 Fair value measurement (cont'd)

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 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.

2.11 Functional and foreign currency

(a) 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.

(b) 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 denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

2.13 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 the allocating resources and assessing performance of the operating segments.

2.14 Critical accounting estimates and judgements

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

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.

3. MANAGER'S FEE

The Manager's fee is computed daily. The fee is based on 1.50% (2018: 1.50%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

4. TRUSTEE'S FEE

The Trustee's fee is computed based on 0.08% (2018: 0.08%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM18,000 p.a. The Trustee fee is calculated and accrued daily.

5. NET GAIN/(LOSS) ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

	2019	2018
	RM	RM
Net unrealised gain on foreign exchange	217,872	342,402
Net realised gain/(loss) on foreign exchange	49,774	(429,261)
Net unrealised gain on forward foreign exchange contracts	-	3,618
Net realised loss on forward foreign exchange contracts	(73,418)	(255,640)
	<u>194,228</u>	<u>(338,881)</u>

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

6. TAXATION

	2019	2018
	RM	RM
Tax expense/(credit) for the financial year:		
Current income tax expense		
- Foreign	21,057	25,478
- Local	7,962	-
Under/(over) provision in prior financial years	7,538	(43,763)
	<u>36,557</u>	<u>(18,285)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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, interest income and dividend income earned by the Fund is exempted from tax. Dividend income derived from sources outside Malaysia are exempted from Malaysia income tax. However, such income may be subject to tax in the country from which it is derived.

A reconciliation of income tax expense applicable to net loss before taxation at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Fund is as follows:

	2019	2018
	RM	RM
Net loss before taxation	<u>(8,128,862)</u>	<u>(1,051,655)</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	(1,950,927)	(252,397)
Income not subject to tax	(1,150,181)	(476,574)
Effect of income tax at source	29,019	25,478
Expenses not deductible for tax purposes	3,101,108	728,971
Under/(over) provision of income tax in prior years	7,538	(43,763)
Tax expense/(credit) for the financial year	<u>36,557</u>	<u>(18,285)</u>

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL

		2019	2018
		RM	RM
Quoted equities - local	(a)	92,853,125	105,122,277
Quoted equities - foreign	(b)	5,271,716	7,954,896
		<u>98,124,841</u>	<u>113,077,173</u>

2019	Quantity	Aggregate	Market	Percentage
	Unit	cost	value	of NAV
		RM	RM	%

(a) Quoted equities - local

Construction

Gamuda Bhd	999,000	3,112,973	3,596,400	3.13
Muhibbah Engineering (M) Bhd	880,000	2,569,814	2,173,600	1.89
Gabungan AQRS Bhd	742,730	875,931	913,558	0.79
	<u>2,621,730</u>	<u>6,558,718</u>	<u>6,683,558</u>	<u>5.81</u>

**Consumer Products
& Services**

DRB - HICOM Bhd	688,600	1,413,159	1,735,272	1.51
Berjaya Food Bhd	2,030,000	3,862,210	3,166,800	2.75
Fraser & Neave Holdings Bhd	54,600	1,667,056	1,927,380	1.68
PETRONAS Dagangan Bhd	108,000	2,989,219	2,471,040	2.15
MBM Resources Bhd	282,300	922,366	1,165,899	1.01
	<u>3,163,500</u>	<u>10,854,010</u>	<u>10,466,391</u>	<u>9.10</u>

Financial Services

AEON Credit Service (M) Bhd	222,100	2,350,241	3,331,500	2.90
CIMB Group Holdings Bhd	1,141,077	6,358,723	5,773,850	5.02
Hong Leong Bank Bhd	134,300	2,733,751	2,229,380	1.94

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local (cont'd)				
Financial Services (cont'd)				
Hong Leong Financial Group Bhd	95,000	1,776,978	1,601,700	1.39
Malayan Banking Bhd ***	1,044,102	9,252,156	9,073,246	7.89
Public Bank Bhd	148,000	3,362,760	3,007,360	2.61
RHB Bank Bhd	591,000	3,143,540	3,368,700	2.93
RHB Capital Bhd *	790,000	-	-	-
	<u>4,165,579</u>	<u>28,978,149</u>	<u>28,385,736</u>	<u>24.68</u>
Healthcare				
Supermax Corporation Bhd	644,300	988,567	960,007	0.83
	<u>644,300</u>	<u>988,567</u>	<u>960,007</u>	<u>0.83</u>
Industrial Products				
Cahaya Mata Sarawak Bhd	718,200	2,444,046	1,687,770	1.47
Petronas Chemicals Group Bhd	272,100	2,411,695	1,885,653	1.64
Uchi Technologies Bhd	142,400	404,644	400,144	0.35
UEM Edgenta Bhd	10,700	31,565	35,631	0.03
V.S. Industry Bhd	1,349,100	1,548,177	1,699,866	1.48
	<u>2,492,500</u>	<u>6,840,127</u>	<u>5,709,064</u>	<u>4.97</u>

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local (cont'd)				
Plantations				
Kuala Lumpur Kepong Bhd	48,500	1,168,834	1,163,030	1.01
	<u>48,500</u>	<u>1,168,834</u>	<u>1,163,030</u>	<u>1.01</u>
Properties				
Malaysian Resources Corporation Bhd	3,000,000	2,530,582	2,190,000	1.90
S P Setia Bhd	1,228,464	3,957,518	1,916,404	1.67
S P Setia Bhd - RCPS-I	512,000	512,000	481,280	0.42
S P Setia Bhd - RCPS-I B	501,290	441,135	411,058	0.36
	<u>5,241,754</u>	<u>7,441,235</u>	<u>4,998,742</u>	<u>4.35</u>
Real Estate Investment Trusts ("REITs")				
Axis REIT	1,866,000	3,308,965	3,545,400	3.08
IGB REIT	578,100	1,073,380	1,196,667	1.04
KLCC Property Holdings Bhd	309,100	2,412,467	2,522,256	2.19
	<u>2,753,200</u>	<u>6,794,812</u>	<u>7,264,323</u>	<u>6.31</u>

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local (cont'd)				
Telecommunications & Media				
Digi.Com Bhd	315,000	1,453,726	1,581,300	1.37
Telekom Malaysia Bhd	880,000	2,850,640	3,300,000	2.87
	1,195,000	4,304,366	4,881,300	4.24
Transportation & Logistics				
Malaysia Airport Holdings Bhd	253,100	1,551,753	2,083,013	1.81
MISC Bhd	251,900	1,524,384	1,828,794	1.59
Westports Holdings Bhd	800,000	2,739,953	3,360,000	2.92
Lingkar Trans Kota Holdings Bhd	742,000	3,212,583	3,494,820	3.04
MMC Corporation Bhd	2,380,000	2,500,721	2,570,400	2.23
	4,427,000	11,529,394	13,337,027	11.59
Technology				
Inari Amerton Bhd	738,700	1,195,625	1,204,081	1.05
	738,700	1,195,625	1,204,081	1.05

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local (cont'd)				
Utilities				
Ranhill Holdings Bhd	1,348,600	1,637,711	1,793,638	1.56
Taliworks Corporation Bhd	2,529,200	2,338,322	2,250,988	1.96
Tenaga Nasional Bhd	269,000	3,631,735	3,755,240	3.26
	<u>4,146,800</u>	<u>7,607,768</u>	<u>7,799,866</u>	<u>6.78</u>
Total quoted equities - local	<u>31,638,563</u>	<u>94,261,605</u>	<u>92,853,125</u>	<u>80.72</u>
(b) Quoted equities - foreign				
Hong Kong				
PetroChina Co Ltd	<u>1,680,000</u>	<u>5,047,704</u>	<u>3,505,560</u>	<u>3.05</u>
Singapore				
Ascendas REIT	<u>189,300</u>	<u>1,751,574</u>	<u>1,766,156</u>	<u>1.54</u>
Total quoted equities - foreign	<u>1,869,300</u>	<u>6,799,278</u>	<u>5,271,716</u>	<u>4.58</u>
Total quoted equities	<u>33,507,863</u>	<u>101,060,883</u>	<u>98,124,841</u>	<u>85.30</u>
Unrealised loss on FVTPL investments **			<u>-2,936,042</u>	

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2018	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local				
Construction				
Muhibbah Engineering (M) Bhd	880,000	2,569,814	2,754,400	2.08
Gamuda Bhd - WE	198,000	49,500	99,000	0.07
	1,078,000	2,619,314	2,853,400	2.15
Consumer Products & Services				
Fraser & Neave Holdings Bhd	73,000	2,228,847	2,774,000	2.09
PETRONAS Dagangan Bhd	108,000	2,989,219	2,937,600	2.21
Sime Darby Bhd	1,380,000	2,538,031	3,519,000	2.65
	1,561,000	7,756,097	9,230,600	6.95
Financial Services				
Aeon Credit Service (M) Bhd	330,000	3,492,028	4,983,000	3.75
CIMB Group Holdings Bhd	1,480,000	8,293,173	9,013,200	6.79
Malayan Banking Bhd ***	1,230,000	10,812,415	12,250,800	9.23
Public Bank Berhad	148,000	3,362,760	3,717,760	2.80
RHB Bank Bhd	480,000	2,517,611	2,592,000	1.95
RHB Capital Bhd *	790,000	-	-	-
	4,458,000	28,477,987	32,556,760	24.52

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2018 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local (cont'd)				
Healthcare				
Top Glove Corporation Bhd	330,000	1,621,909	3,676,200	2.77
	<u>330,000</u>	<u>1,621,909</u>	<u>3,676,200</u>	<u>2.77</u>
Industrial Products				
Petronas Chemicals Group Bhd	630,000	5,583,859	5,959,800	4.49
Sunway Berhad - WB	354,000	-	122,130	0.09
Cypark Resources Bhd	1,782,400	4,846,043	4,277,760	3.22
United U-Li Corporation Bhd	270,000	780,635	195,750	0.15
	<u>3,036,400</u>	<u>11,210,537</u>	<u>10,555,440</u>	<u>7.95</u>
Telecommunications & Media				
Digi.Com Bhd	630,000	2,907,452	2,967,300	2.24
	<u>630,000</u>	<u>2,907,452</u>	<u>2,967,300</u>	<u>2.24</u>
Plantations				
Genting Plantations Bhd	288,000	2,919,159	2,715,840	2.05
Genting Plantations Bhd - WA	25,660	42,339	41,057	0.03
IJM Plantations Bhd	909,400	3,235,635	2,209,842	1.67
Kuala Lumpur Kepong Bhd	118,000	2,843,761	2,909,880	2.19
Sime Darby Plantation Bhd	600,000	3,056,452	3,216,000	2.42

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2018 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local (cont'd)				
Plantations (cont'd)				
Ta Ann Holdings Bhd	1,180,000	4,033,140	3,245,000	2.44
	3,121,060	16,130,486	14,337,619	10.80
Properties				
Malaysian Resources Corporation Bhd	3,000,000	2,530,582	2,100,000	1.58
Malaysian Resources Corporation Bhd - WB	660,001	-	168,300	0.13
S P Setia Bhd	1,228,464	3,957,518	3,230,860	2.44
S P Setia Bhd - PA	512,000	512,000	509,440	0.38
S P Setia Bhd - PB	501,290	441,135	411,058	0.31
	5,901,755	7,441,235	6,419,658	4.84
Transportation & Logistics				
AirAsia Group Bhd	780,000	2,643,888	2,683,200	2.02
Bermaz Auto Bhd (Formerly known as Berjaya Auto Bhd)	2,030,000	3,862,210	2,821,700	2.13
Malaysia Airports Holdings Bhd	380,000	2,329,775	3,553,000	2.68
MISC Bhd	500,000	3,025,773	2,965,000	2.24
Westports Holdings Bhd	800,000	2,739,953	2,976,000	2.24
	4,490,000	14,601,599	14,998,900	11.31

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2018 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - local (cont'd)				
Utilities				
Tenaga Nasional Bhd	480,000	6,480,420	7,526,400	5.67
	<u>480,000</u>	<u>6,480,420</u>	<u>7,526,400</u>	<u>5.67</u>
Total quoted equities - local	<u>25,086,215</u>	<u>99,247,036</u>	<u>105,122,277</u>	<u>79.20</u>
(b) Quoted equities - foreign				
Hong Kong				
PetroChina Co Ltd	1,680,000	5,047,704	5,336,863	4.02
Prada SpA	138,000	2,786,997	2,618,033	1.97
Total quoted equities - foreign	<u>1,818,000</u>	<u>7,834,701</u>	<u>7,954,896</u>	<u>5.99</u>
Total quoted equities	<u>26,904,215</u>	<u>107,081,737</u>	<u>113,077,173</u>	<u>85.19</u>
Unrealised gain on FVTPL investments **			<u>5,995,436</u>	

* As at the reporting date, the Fund holds shares in RHB Capital Bhd, which has been delisted to facilitate the transfer of shares and listing status to RHB Bank Bhd. Following the spin-off event on 2 June 2016, there is no cost and market value for the said security as all assets and liabilities have been vested to RHB Bank Bhd.

** The unrealised gain/(loss) on FVTPL investments comprise the amounts arising from changes in fair values and effects from foreign exchange.

*** Malayan Banking Bhd is the ultimate holding company of the Manager.

(c) Changes in the fair value of FVTPL investments are recognised in 'unrealised loss on FVTPL investment' in the profit and loss. Accumulated unrealised gains or losses are reclassified to 'realised (loss)/gain on FVTPL investments' in the profit or loss when the associated assets are sold. See accounting policy 2.4 (ii) for details.

MAYBANK ETHICAL TRUST FUND
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8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2019	2018
	RM	RM
Short-term placement with a maturity of less than 3 months	15,045,846	13,851,060

The weighted average effective interest rates ("WAEIR") of deposits and the average maturity of deposits as at the reporting date were as follows:

	2019		2018	
	WAEIR	Average	WAEIR	Average
	% p.a.	maturity	% p.a.	maturity
		Days		Days
Deposits with licensed financial institutions	2.90	4	3.22	3

9. DERIVATIVE ASSET

As at the reporting date, there were no forward currency contracts outstanding. As at 31 August 2018, there was 1 outstanding forward currency contracts detailed as follows:

	Principal	<-----Fair Value----->	
	amount	Assets	Liabilities
2018			
<u>Foreign exchange related contracts</u>			
Less than 1 year	3,147,000	3,618	-

The forward currency contracts entered into during the previous financial year were for hedging against the currencies exposure arising mainly from investments in the foreign quoted equities denominated in Hong Kong Dollar ("HKD"). As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

10. CASH AT BANK

The table below indicates the currencies that the Fund have in cash at bank as at the reporting date:

	2019	2018
	RM	RM
US Dollar ("USD")	1,051,626	5,093,936
RM	49,863	179,742
	<u>1,101,489</u>	<u>5,273,678</u>

11. DISTRIBUTION

The sources of distribution declared to the unitholders in the current financial year ended 31 August 2019 is as follows:

	2019
	RM
Previous year's net realised income *	9,061,884
Less : Expenses	-
Less : Taxation	-
Net distribution	<u>9,061,884</u>

* The distribution declared in the current financial year were from previous financial year's net realised income (net of tax).

The gross and net distributions per unit and the distribution dates in the current financial year is as below:

Gross distribution per unit (sen)	<u>2.50</u>
Net distribution per unit (sen)	<u>2.49</u>
Distribution date	<u>30/09/2018</u>

There was no distribution declared in the previous financial year.

12. OTHER PAYABLES AND ACCRUALS

	2019	2018
	RM	RM
Due to external auditors	10,441	13,500
Due to tax agents	8,082	4,501
Other payables and accruals	39,484	58,795
	<u>58,007</u>	<u>76,796</u>

MAYBANK ETHICAL TRUST FUND
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13. AMOUNT DUE FROM/TO MANAGER

		2019	2018
		RM	RM
Amount due from Manager is in respect of:			
Creation of units	(i)	2,454	-
Amount due to Manager is in respect of:			
Management fee	(ii)	148,079	201,970
Cancellation of units	(iii)	184,149	29,024
		<u>332,228</u>	<u>230,994</u>

- (i) The amount represents amount receivable from the Manager for units created.
(ii) The amount represents the amount payable to the 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 (2018: 15 days).
(iii) The amount represents amount payable to the Manager for units redeemed or cancelled.

14. AMOUNT DUE TO TRUSTEE

Amount due to Trustee relates to the amount payable arising from the accrual for Trustee's fee at the end of the financial year. The normal credit term is 15 days. (2018: 15 days)

15. AMOUNT DUE FROM BROKERS

Amount due from brokers relates to the amount receivable to brokers arising from the sales of investments. The settlement period for this payable is within 2 working days from the deal date.

16. TOTAL EQUITY

	Note	2019	2018
		RM	RM
Unitholders' capital	(a)	112,881,399	113,333,176
Accumulated realised income	(b)	5,115,836	13,302,081
Accumulated unrealised (loss)/income	(c)	(2,941,881)	6,099,177
		<u>115,055,354</u>	<u>132,734,434</u>

(a) Unitholders' capital

	2019		2018	
	Units	RM	Units	RM
At the beginning of the financial year	366,839,480	113,333,176	427,354,480	136,283,784
Creation of unit	1,419,389	456,618	4,244,975	1,562,889
Reinvestment of units	26,815,000	9,061,884	33,720,025	12,307,809
Cancellation of units	(30,721,405)	(9,970,279)	(98,480,000)	(36,821,306)
At the end of the financial year	<u>364,352,464</u>	<u>112,881,399</u>	<u>366,839,480</u>	<u>113,333,176</u>

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

16. TOTAL EQUITY (CONT'D)

(a) Unitholders' capital (cont'd)

	2019		2018	
	No. of units	Valued at NAV RM	No. of units	Valued at NAV RM
Manager	-	-	34,603	12,520

The units previously held beneficially by the Manager for booking purposes, and are within the prescribed limit allowed by the SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the directors or parties related to the Manager.

(b) Accumulated realised income

	2019 RM	2018 RM
At the beginning of the financial year	13,302,081	5,065,368
Net realised income for the financial year	875,639	8,236,713
Distributions out of realised reserve (Note 11)	(9,061,884)	-
At the end of the financial year	<u>5,115,836</u>	<u>13,302,081</u>

(c) Accumulated unrealised (loss)/income

	2019 RM	2018 RM
At the beginning of the financial year	6,099,177	15,369,260
Net unrealised loss for the financial year	(9,041,058)	(9,270,083)
At the end of the financial year	<u>(2,941,881)</u>	<u>6,099,177</u>

MAYBANK ETHICAL TRUST FUND
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17. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of transactions with top 10 brokers/dealers for the current and previous financial year are as follows:

	Value of trade RM	Percent of total trade %	Brokerage fees RM	Percent of brokerage fees %
2019				
CIMB Investment Bank Bhd	8,033,616	7.91	16,069	9.59
Alliance Investment Bank Bhd	3,509,693	3.46	7,036	4.20
JF Apex Securities Bhd	8,599,089	8.47	8,639	5.15
UOB Kay Hian Securities Sdn Bhd	4,058,394	4.00	6,908	4.12
JP Morgan Securities (M) Sdn Bhd	3,907,863	3.85	7,796	4.65
Hong Leong Investment Bank Bhd	17,778,561	17.51	33,260	19.84
Maybank Investment Bank Bhd ("MIBB") *	5,242,480	5.16	10,492	6.26
TA Securities Holding Bhd	17,518,419	17.26	17,582	10.49
Nomura Securities (M) Sdn Bhd	10,592,596	10.44	21,193	12.64
Public Investment Bank Bhd	3,445,694	3.39	6,901	4.12
Others	18,821,150	18.55	31,743	18.94
	101,507,555	100.00	167,619	100.00
2018				
CIMB Investment Bank Bhd	41,753,470	23.52	81,749	23.04
Maybank Investment Bank Bhd ("MIBB") *	29,839,063	16.81	63,043	17.77
Affin Hwang Investment Bank Bhd	27,011,405	15.22	52,694	14.85
UOB Kay Hian Securities (M) Sdn Bhd	16,495,376	9.29	33,066	9.32
RHB Investment Bank Bhd	16,088,118	9.06	32,168	9.06
Hong Leong Investment Bank Bhd	11,863,162	6.68	23,744	6.69
Kenanga Investment Bank Bhd	11,067,938	6.24	20,637	5.82
Credit Suisse Securities (M) Sdn Bhd	7,904,878	4.45	17,220	4.85
Macquarie Capital Securities (M) Sdn Bhd	4,577,687	2.58	9,160	2.58
Public Investment Bank Bhd	3,040,865	1.71	6,079	1.71
Others	7,852,197	4.44	15,304	4.31
	177,494,159	100.00	354,864	100.00

* MIBB is a subsidiary of Malayan Banking Bhd, the ultimate holding company of the Manager.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

17. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONT'D)

Details of transactions, primarily cash placements with financial institutions are as follow:

Financial institutions	2019		2018	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
CIMB Bank Bhd	2,976,678,037	87.87	570,449,578	16.04
Affin Bank Bhd	410,903,060	12.13	2,985,629,394	83.96
	<u>3,387,581,097</u>	<u>100.00</u>	<u>3,556,078,972</u>	<u>100.00</u>

18. 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, the following is the significant related party transaction and balances of the Fund during the financial year.

	2019 RM	2018 RM
(i) <u>MBB:</u> Dividend income	<u>634,661</u>	<u>768,500</u>
(ii) <u>MBB:</u> Investment in quoted equity	<u>9,073,246</u>	<u>12,250,800</u>

Other than those disclosed elsewhere in the financial statements, there were no significant related party transactions and balances as at the reporting date.

MAYBANK ETHICAL TRUST FUND
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19. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 31 August 2019, the MER of the Fund stood at 1.62% (2018: 1.74%).

20. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial year to the daily average NAV of the Fund. For financial year ended 31 August 2019, the PTR of the Fund stood at 0.43 times (2018: 0.60 times).

21. SEGMENT INFORMATION

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on the resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieve its targeted return with an acceptable level of risk within the portfolio.

The PMC is responsible for the performance of the Fund by investing between 70% to 98% of the Fund's NAV in shares, and between 2% to 30% of the Fund's NAV in cash or fixed income securities (or a combination of both).

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 for 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.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

22. 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 2.14 to the financial statements 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.

	Financial assets or liabilities at FVTPL RM	Financial asset at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2019				
Assets				
Financial assets at FVTPL	98,124,841	-	-	98,124,841
Deposits with licensed financial institutions	-	15,045,846	-	15,045,846
Dividend receivable	-	141,848	-	141,848
Interest receivable	-	2,391	-	2,391
Amount due from brokers	-	1,034,618	-	1,034,618
Amount due from Manager	-	2,454	-	2,454
Cash at bank	-	1,101,489	-	1,101,489
Total financial assets	98,124,841	17,328,646	-	115,453,487
Liabilities				
Amount due to Manager	-	-	332,228	332,228
Amount due to Trustee	-	-	7,898	7,898
Other payables and accruals	-	-	58,007	58,007
Total financial liabilities	-	-	398,133	398,133

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

22. FINANCIAL INSTRUMENTS (CONT'D)

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

2018	Financial assets or liabilities at FVTPL RM	Financial asset at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Financial assets at FVTPL	113,077,173	-	-	113,077,173
Deposits with licensed financial institutions	-	13,851,060	-	13,851,060
Dividend receivable	-	154,070	-	154,070
Interest receivable	-	2,750	-	2,750
Amount due from brokers	-	681,359	-	681,359
Derivative asset	3,618	-	-	3,618
Cash at bank	-	5,273,678	-	5,273,678
Total financial assets	113,080,791	19,962,917	-	133,043,708
Liabilities				
Amount due to Manager	-	-	230,994	230,994
Amount due to Trustee	-	-	9,022	9,022
Other payables and accruals	-	-	76,796	76,796
Total financial liabilities	-	-	316,812	316,812

(b) Financial instruments that are carried at fair value

The Fund's financial instruments at FVTPL are measured at fair value.

Quoted equities

The fair value of quoted investments in shares and REITs are determined by reference to the last bid price on the relevant stock exchanges (e.g. Bursa Malaysia, Singapore Exchange, Taiwan Stock Exchange, Hong Kong Exchanges and Korea Exchange) as at the statement of financial position date.

Derivative assets / liabilities

The fair value of over-the-counter forward 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.

**MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)**

22. FINANCIAL INSTRUMENTS (CONT'D)

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

Other than its investments at FVTPL, 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 are not carried at fair value and whose carrying amounts are not reasonable approximations of their respective fair values.

23. 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: 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.

	Level 1 RM	Level 2 RM	Level 3 RM
2019			
Financial assets at FVTPL	98,124,841	-	-
2018			
Financial assets at FVTPL	113,077,173	-	-
Derivative asset	-	3,618	-

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

24. FINANCIAL RISK AND 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.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices. The maximum risk resulting from financial instruments equals their fair value. The market risk is managed through consistent monitoring and swift response to various factors that may adversely affect the Fund.

(i) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equities. This risk can be minimised through investing in a wide range of companies in different sectors, which function independently from one another.

Equity price risk sensitivity

Management's best estimate of the effect on net loss for the year due to a reasonable change in equity index, with all other variables held constant is indicated in the table below. The impact to NAV and net loss after taxation is expected to be the same.

	Changes in equity price %	Effects on NAV Increase/ (decrease) RM
2019		
Quoted equities	+ 5	4,906,242
	- 5	(4,906,242)
<hr/>		
2018		
Quoted equities	+ 5	5,653,859
	- 5	(5,653,859)
<hr/>		

Equity price risk concentration

The Fund's exposure to equity price risk based on its portfolio of investments as at the reporting date is disclosed in Note 7 to the financial statements.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

(c) 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 position of the Fund's financial assets and financial liability (excluding derivative assets/liabilities) which are exposed to foreign exchange risks as at the reporting date. As the Fund's functional currency is RM, the financial assets and financial liability (excluding derivative assets/liabilities) denominated 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 liability of the Fund that may affect the value of the NAV attributable to unitholders.

	SGD	HKD	USD	TOTAL
2019	RM	RM	RM	RM
Financial assets at				
FVTPL	1,766,156	3,505,560	-	5,271,716
Cash at bank	-	-	1,051,626	1,051,626
Total financial assets and net on balance-sheet position	1,766,156	3,505,560	1,051,626	6,323,342

The Fund did not hedge its exposure to foreign currency in the current financial year.

	SGD	HKD	USD	TOTAL
2018	RM	RM	RM	RM
Financial assets at				
FVTPL	-	7,954,896	-	7,954,896
Cash at bank	-	-	5,093,936	5,093,936
Total financial assets and net on balance-sheet position	-	7,954,896	5,093,936	13,048,832

Forward exchange contracts				
- principal amount *	-	3,147,000	-	3,147,000
(Note 9)				

* In the previous financial year, the Fund has entered into forward currency contracts to hedge against its HKD exposure arising mainly from the Fund's investments in foreign equities denominated in HKD.

MAYBANK ETHICAL TRUST FUND
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24. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign exchange risk (cont'd)

The following table indicates the currencies to which the Fund had significant exposure at the reporting date on its financial assets. The analysis calculated the effect of a reasonably possible movement of the currency rate against RM on NAV and on profit/(loss) with all other variables held constant.

	2019		2018	
	Change in exchange rates %	Effects on NAV increase/ (decrease) RM	Change in exchange rates %	Effects on NAV increase/ (decrease) RM
2019				
SGD/RM	+5%	88,308	-	-
	-5%	(88,308)	-	-
HKD/RM	+5%	175,278	+5%	397,745
	-5%	(175,278)	-5%	(397,745)
USD/RM	+5%	52,581	+5%	254,697
	-5%	(52,581)	-5%	(254,697)

(d) Interest rate risk

Cash and money market placements are particularly sensitive to movements in interest rates. When interest rates rise, the return on cash and money market placements will rise, thus affecting the NAV of the Fund. The sensitivity to interest rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

The Fund deposit with licensed financial institution carry a fixed rate and therefore is not affected by movements in market interest rates.

MAYBANK ETHICAL TRUST FUND
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24. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) 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 assets. 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 unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

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, deposits with licensed financial institutions 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 financial liabilities. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

2019	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets			
Financial assets at FVTPL	98,124,841	-	98,124,841
Deposits with licensed financial institutions	15,045,846	-	15,045,846
Dividend receivable	141,848	-	141,848
Interest receivable	2,391	-	2,391
Amount due from brokers	1,034,618	-	1,034,618
Amount due from Manager	2,454	-	2,454
Cash at bank	1,101,489	-	1,101,489
Total undiscounted financial assets	115,453,487	-	115,453,487
Financial liabilities and unitholders' capital			
Amount due to Manager	332,228	-	332,228
Amount due to Trustee	7,898	-	7,898
Other payables and accruals	58,007	-	58,007
Unitholders' equity	115,055,354	-	115,055,354
Total undiscounted and unitholders' equity	115,453,487	-	115,453,487
Liquidity gap	-	-	-

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

(e) Liquidity risk (cont'd)	Less than 1 month RM	More than 1 month RM	Total RM
2018			
Financial assets			
Financial assets at FVTPL	113,077,173	-	113,077,173
Deposits with licensed financial institutions	13,851,060	-	13,851,060
Dividend receivable	154,070	-	154,070
Interest receivable	2,750	-	2,750
Amount due from brokers	681,359	-	681,359
Derivative asset	3,618	-	3,618
Cash at bank	5,273,678	-	5,273,678
Total undiscounted financial assets	<u>133,043,708</u>	<u>-</u>	<u>133,043,708</u>
Financial liabilities and Unitholders' capital			
Amount due to Manager	230,994	-	230,994
Amount due to Trustee	9,022	-	9,022
Other payables and accruals	76,796	-	76,796
Unitholders' equity	<u>132,734,434</u>	<u>-</u>	<u>132,734,434</u>
Total undiscounted financial liabilities and unitholders' equity	<u>133,051,246</u>	<u>-</u>	<u>133,051,246</u>
Liquidity surplus	<u>(7,538)</u>	<u>-</u>	<u>(7,538)</u>

Notes:

(i) Financial assets

Analysis of financial assets at FVTPL and deposits into maturity groupings is based on the expected date on which these assets will be realised. The Fund's equities have been included in the "less than 1 month" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unitholders' equity be required to be redeemed. The other assets shall not comprise of tax recoverable in view that it is not a financial asset. For other 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.

(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.

MAYBANK ETHICAL TRUST FUND
(formerly known as AMB ETHICAL TRUST FUND)

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

(e) Liquidity risk (cont'd)

(iii) Unitholders' capital

The unitholders can request for redemption on their units by giving the Manager a T + 10 calendar day notice period, the unitholders' capital have been categorised as having a maturity of "less than 1 month".

As at 31 August 2019, the Fund has no liquidity gap.

(f) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will default on its contractual obligation resulting in a financial loss to the Fund. 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, 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 other 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 deposits with licensed financial institutions, cash at bank and interest receivables from financial institutions by rating categories. The rating is obtained from RAM Holdings Bhd's official website.

MAYBANK ETHICAL TRUST FUND
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24. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(f) Credit risk (cont'd)

Deposits with licensed financial institutions, cash at bank and interest receivable	2019		2018	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	16,149,726	14.04	6,975,344	5.26
AA3	-	-	12,152,144	9.16
	<u>16,149,726</u>	<u>14.04</u>	<u>19,127,488</u>	<u>14.42</u>

25. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and generate higher returns than the prescribed benchmark as indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests 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 current financial year.