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# MAYBANK MALAYSIA INCOME FUND

**Unaudited semi-annual report  
For the financial period from 1 July 2022 to 31  
December 2022**

## **CORPORATE INFORMATION**

### **MANAGER**

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59000 Kuala Lumpur, Malaysia  
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### **TRUSTEE**

Universal Trustee (Malaysia) Berhad (197401000629) (17540-D)  
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Jalan Ampang  
50450 Kuala Lumpur  
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## **MAYBANK MALAYSIA INCOME FUND**

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## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2022 to 31 December 2022

#### A. Fund Information

- 1. Name of the Fund**  
Maybank Malaysia Income Fund ("Fund")
- 2. Type of Fund**  
Income
- 3. Category of Fund**  
Bond
- 4. Duration of the Fund**  
The Fund is an open-ended Fund.
- 5. Launch date/ Commencement date**  
15 May 1996/ 18 July 1996
- 6. Fund's investment objective**  
The Fund aims to maximise returns over the medium term, and while at the same time offering stability of capital and regular consistent income.
- 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. Fund's performance benchmark**  
Maybank 12-month fixed deposit rate
- 9. The Fund's asset allocation policy**  
The Fund will invest a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.
- 10. Net income distribution for the financial period from 1 July 2022 to 31 December 2022**  
There was no distribution declared by the Fund for the financial period from 1 July 2022 to 31 December 2022.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2022 to 31 December 2022 (cont'd)

#### A. Fund Information (cont'd)

##### 11. Breakdown of unitholdings as at 31 December 2022

###### Fund Size

As at 31 December 2022, the size of the Fund was 51,808,813 units.

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	220	10.50	97	0.18
5,001 to 10,000 units	1,074	51.29	4,399	8.49
10,001 to 50,000 units	664	31.71	14,618	28.22
50,001 to 500,000 units	130	6.21	13,583	26.22
500,001 units and above	6	0.29	* 19,111	36.89
<b>Total</b>	<b>2,094</b>	<b>100.00</b>	<b>51,809</b>	<b>100.00</b>

\* Includes units held under Institutional Unit Trust Scheme Advisers ("IUTAs").

#### B. Performance Review

##### 1. Key performance data of the Fund

Category	31.12.2022	30.06.2022	30.06.2021
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###### Portfolio

Unquoted fixed income securities (%)

- Construction	15.85	9.07	7.42
- Financial Services	1.29	1.30	8.43
- Government Agency	0.95	0.93	0.71
- Government Development	-	-	5.81
- Industrial Product	1.40	1.38	4.51
- Mining & Petroleum	4.91	4.85	-
- Plantation	3.55	3.53	2.60
- Power Generation	-	14.11	10.74
- Public Finance	-	-	2.29
- Real Estate	15.08	14.99	14.88
- Trading & Services	5.79	5.73	4.26
- Transportation & Logistics	4.06	13.48	7.47
- Utilities	38.60	26.44	25.13
Cash and other net assets (%)	8.52	4.19	5.75
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2022 to 31 December 2022 (cont'd)

#### B. Performance Review (cont'd)

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

Category	31.12.2022	30.06.2022	30.06.2021
NAV (RM)	54,552,379	54,689,484	76,384,713
Units in circulation (units)	51,808,813	53,186,254	70,643,722
NAV per unit (RM)	1.0530	1.0283	1.0813
Highest NAV per unit (RM)	1.0530	1.0929	1.1171
Lowest NAV per unit (RM)	1.0287	1.0283	1.0800
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	2.39	(4.90)	(0.41)
- Income distribution (%)	-	3.11	2.07
Total return (%)	2.39	(1.94)	1.65
Benchmark (%)	1.29	1.88	1.85
Net income distributed (RM)	-	1,653,113	1,550,719
Distribution date	-	28/06/2022	28/06/2021
Gross/net distribution per unit (sen)	-	3.20	2.24
Total Expense Ratio ("TER") (%) <sup>(2)</sup>	0.55	0.56	1.12
Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup>	0.03	0.20	0.51

*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.*

#### Note:

- (1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's TER reduced to 0.55% due to lower expenses during the current financial period.
- (3) The Fund's PTR decreased to 0.03 times due to decreased investing activities during the current financial period.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

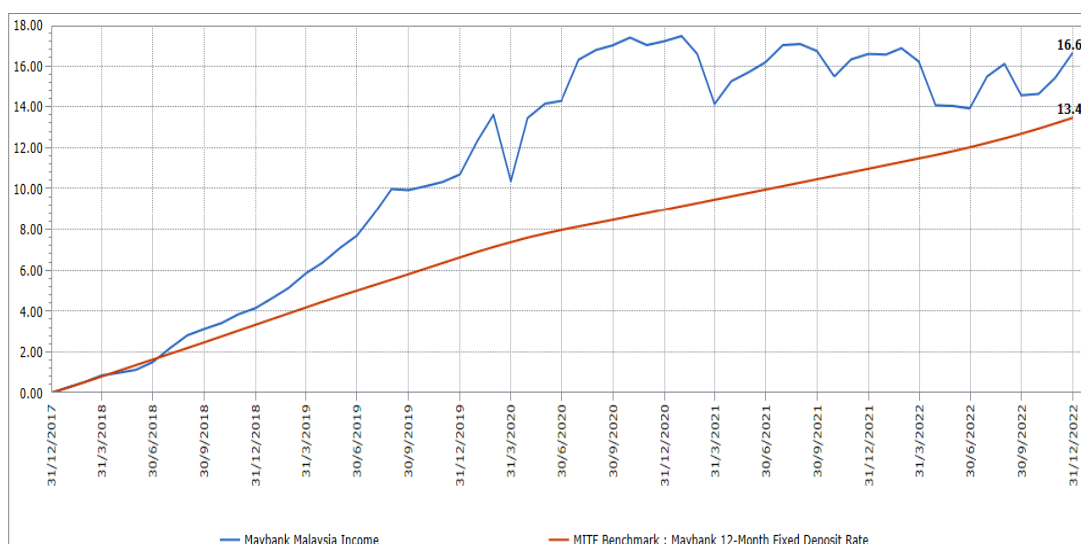
For the financial period from 1 July 2022 to 31 December 2022 (cont'd)

### B. Performance Review (cont'd)

#### 2. Performance of the Fund up to 31 December 2022

Category	6 months to 31.12.2022 %	1 year to 31.12.2022 %	3 years to 31.12.2022 %	5 years to 31.12.2022 %
Capital growth	2.39	(2.97)	(2.56)	1.89
Income distribution	-	3.10	8.15	14.50
Total return of the Fund	2.39	0.05	5.38	16.68
Benchmark	1.29	2.25	6.44	13.49
Average total return		0.05	1.76	3.13

#### Performance of the Fund for the 5 years to 31 December 2022



Source: Lipper as at 31 December 2022

For the six-month period under review, the fund registered 2.39% return, outperforming its benchmark which posted a return of 1.29%. Overall market for bonds and equities recovered towards December 2022 mainly due to year end window dressing, peaking United States Dollar (“USD”) and slower United States Federal Reserve (“US Fed”) hiking path.

#### 3. Annual total return of the Fund

For the financial period/ year ended	31.12.2022 %	30.06.2022 %	30.06.2021 %	30.06.2020 %	30.06.2019 %
Capital growth	2.39	(4.90)	(0.41)	0.43	3.15
Income distribution	-	3.11	2.07	5.69	2.85
Total return	2.39	(1.94)	1.65	6.15	6.09
Benchmark	1.29	1.88	1.85	2.84	3.32

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2022 to 31 December 2022 (cont'd)

#### B. Performance Review (cont'd)

##### 4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

#### C. Market Review

In July 2022, Monetary Policy Committee ("MPC") meeting Bank Negara Malaysia ("BNM") raised the Overnight Policy Rate ("OPR") by 25 basis points ("bps") to 2.25% amid the positive growth prospects for the Malaysian economy. Such move did not come as a surprise as it is in line with market consensus, which has already priced in for OPR to be raised during July's MPC meeting. Amidst a rather stable domestic monetary policy stance by our central bank, local fixed income market was more affected by the rise in United States Treasury ("UST") yields.

The global market saw the UST yields rose 40 bps to 206 bps between the 2 year to 3 year maturities during the period as expectations on the US Fed to raise its interest rates gathered pace throughout the period under review as US economy showed signs of recovery and its inflation creeping up.

In September 2022, MPC meeting BNM raised the OPR by 25 bps to 2.50%, in line with market expectations. Such rate hike was decided after seeing improvement in Malaysia's labour market conditions while domestic spending continue to support the economic recovery. Headline inflation is projected to peak in third quarter 2022 before moderating thereafter, due to dissipating base effects and in line with the expected easing of global commodity prices.

With the rising core inflation trend and strong domestic demand, further policy normalisation will likely be carried out in November 2022 MPC meeting with another +25bps hike, where OPR will end the year at 2.75%. On Malaysian Ringgit ("MYR") concerns, the depreciation vs USD is purely due to the strong appreciation of USD as the US Fed is expected to continue opting for an aggressive tightening of monetary policy.

The US Fed initiated its policy rate hike cycle with a 25 bps hike in its March 2022 policy meeting, followed by another 50 bps hike in May 2022, which accelerated the selling momentum in UST. This resulting sell offs in global yields during the period saw local govies yields rose 26 to 71 bps with the 10 year Malaysian Government Securities ("MGS") reaching a high of 3.96% or 59 bps increase from the beginning of the period. This led to similar adjustment in corporate bonds as the corporate bond yields adjusted to the higher govvie yields.



## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2022 to 31 December 2022 (cont'd)

#### C. Market Review (cont'd)

BNM raised OPR for the fourth consecutive time at the MPC meeting in November 2022 on stronger economic growth and rising inflation, and to manage the risk of excessive demand on price pressures. The MPC statement described the stance of monetary policy as accommodative which keeps the door open for another 25 bps hike to 3.00% at the next meeting in January 2023, but BNM likely wants to retain the optionality to maneuver if needed.

The MPC's assessment on inflation is tilted to the upside while growth risk is tilted to the downside, a commonly used narrative in the current environment where US-led global central banks are tightening to curb price pressures while in the process of doing so it may inevitably create a recession.

#### D. Market Outlook & Strategies

The MGS curve has bull-flattened since our last review fourth quarter 2022 outlook at end-September. The 3 year to 7 year sector underperformed Quarter-to-date ("QTD") partly attributed to weak demand in the 5 year MGS and 7 year Global Innovation Index ("GII") auctions this month but has rebounded post GE15 while long durations remain well supported. Going forward, recurring political tussles may create bouts of weakness on sentiment, but over the medium term or at least for 2023, we expect the overall impact on Ringgit bonds to be neutral. What matters more to MGS is still the UST yield direction.

MGS and GII supply will remain elevated next year as fiscal consolidation falls short, but the amount should be digestible and the trend of total "government-related" bond supply that includes MGS, GII, SPK and GG bonds doesn't look too heavy in comparison with prior years (Figure 13). Bank demand for bonds can fluctuate but together with pension funds they typically net absorb c.60% of the net supply which we believe can sustain in 2023.

We reckon Product Disclosure Statement ("PDS") Supply Forecast 2023: MYR110 Billion. PDS issuance is expected to remain steady in 2023 on still healthy economic activity although we expect it to slow from 2022, funding for ongoing infrastructure projects and refinancing. It is unclear yet whether there will be new major infrastructure projects under the new government but in any case the gestation period will take some time. Budget 2023 will be re-tabled potentially with some changes. One key risk to the issuance outlook is a global recession led by the United States ("US") after significant monetary tightening.

The domestic economy is expected to remain healthy in 2023, albeit at a slower growth pace as the post-pandemic rebound wanes, and this will be supportive of broad credit conditions. Downside on bank asset quality post moratorium have been manageable, but the next challenge is a higher interest rate environment.

We expect a 10 to 20 bps widening in composite credit spreads driven by MGS outperformance and we impute a mild spill over impact from US recession risk while recognizing that MYR credit spreads usually have a low correlation with external credit conditions. Credit spreads have been stable in recent years but tight relative to the long-term mean.

## **MAYBANK MALAYSIA INCOME FUND**

### **Manager's report**

**For the financial period from 1 July 2022 to 31 December 2022 (cont'd)**

#### **D. Market Outlook & Strategies (cont'd)**

Strategy wise, we will maintain our neutral to underweight duration stance as we assume a more defensive stance given our expectation of a higher bond yields. We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income as corporate bonds are less volatile and provide higher yields to buffer against potential mark-to-market losses. We prefer strong AA-rated and A-rated papers for yield pickup and potential credit rating upgrade as economic activities normalise. We will continue to trade opportunistically and will also look into new primary issuances that offer higher yields to deliver the required performance.

#### **E. 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 period from 1 July 2022 to 31 December 2022, 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 PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022**

**TO THE UNITHOLDERS OF MAYBANK MALAYSIA INCOME FUND**

We have acted as Trustee for Maybank Malaysia Income Fund (the "Fund") for the financial period from 1 July 2022 to 31 December 2022. In our opinion and to the best of our Knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/ pricing has been carried out in accordance with the Deeds and any regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee

**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (197401000629) (17540-D)**

**ONG TEE VANN**

Chief Executive Officer

Kuala Lumpur, Malaysia

13 February 2023

## **STATEMENT BY MANAGER**

### **TO THE UNITHOLDERS OF MAYBANK MALAYSIA INCOME FUND FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022**

I, Ahmed Muzni Bin Mohamed, being the Director of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134 Interim Financial Reporting and International Accounting Standards 34 Interim Financial Reporting so as to give a true and fair view of the financial position of Maybank Malaysia Income Fund as at 31 December 2022 and of its results, changes in net assets attributable to unitholders and cash flows for the financial period from 1 July 2022 to 31 December 2022 and comply with the requirements of the Deeds.

For and on behalf of the Manager

**Ahmed Muzni Bin Mohamed**  
Director

Kuala Lumpur, Malaysia  
13 February 2023

**MAYBANK MALAYSIA INCOME FUND**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022**

		01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021
	Note	RM	RM
<b>INCOME</b>			
Profit/ Interest income	3	1,173,668	1,508,801
Net gain on fair value changes of fair value through profit or loss ("FVTPL") investments	7 (a)		
- Realised (loss)/ gain		(13,769)	35,633
- Unrealised gain/ (loss)		444,737	(919,780)
		<u>1,604,636</u>	<u>624,654</u>
<b>EXPENSES</b>			
Manager's fee	4	274,631	365,363
Trustee's fee	5	9,612	12,788
Auditors' remuneration		6,596	5,042
Tax agent's fee		2,877	2,269
Administrative expenses		5,466	18,344
		<u>299,182</u>	<u>403,806</u>
<b>Net income before tax</b>		1,305,454	220,848
Taxation	6	-	-
<b>Net income after tax, which is the total comprehensive income for the financial period</b>		<u>1,305,454</u>	<u>220,848</u>
<b>Net income after tax is made up of the following:</b>			
Net realised income		860,717	1,140,628
Net unrealised income/ (loss)		444,737	(919,780)
		<u>1,305,454</u>	<u>220,848</u>

**MAYBANK MALAYSIA INCOME FUND**

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	Note	31.12.2022 RM	30.06.2022 RM
<b>ASSETS</b>			
Financial assets at FVTPL	7	49,909,768	52,382,126
Deposit with a licensed financial institution	8	4,111,000	1,797,000
Profit/ Interest receivables		546,131	561,679
Cash at bank		123,167	121,942
<b>TOTAL ASSETS</b>		<u>54,690,066</u>	<u>54,862,747</u>
<b>LIABILITIES</b>			
Amount due to Manager	9	92,623	129,094
Amount due to Trustee	10	1,619	1,595
Other payables and accruals		43,445	42,574
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>137,687</u>	<u>173,263</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS</b>		<u>54,552,379</u>	<u>54,689,484</u>
Unitholders' capital	11(a)	69,577,654	71,020,213
Accumulated losses	11(b) & (c)	(15,025,275)	(16,330,729)
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>		<u>54,552,379</u>	<u>54,689,484</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>	11(a)	<u>51,808,813</u>	<u>53,186,254</u>
<b>NAV PER UNIT (RM)</b>		<u>1.0530</u>	<u>1.0283</u>

**MAYBANK MALAYSIA INCOME FUND****UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022**

	<b>Unitholders' capital Note 11(a) RM</b>	<b>Accumulated losses Note 11(b) &amp; (c) RM</b>	<b>Total equity RM</b>
At 1 July 2022	71,020,213	(16,330,729)	54,689,484
Total comprehensive income for the financial period	-	1,305,454	1,305,454
Creation of units	866,009	-	866,009
Cancellation of units	(2,308,568)	-	(2,308,568)
At 31 December 2022	<u>69,577,654</u>	<u>(15,025,275)</u>	<u>54,552,379</u>
At 1 July 2021	89,903,789	(13,519,076)	76,384,713
Total comprehensive income for the financial period	-	220,848	220,848
Creation of units	181,527	-	181,527
Cancellation of units	(14,834,564)	-	(14,834,564)
At 31 December 2021	<u>75,250,752</u>	<u>(13,298,228)</u>	<u>61,952,524</u>

**MAYBANK MALAYSIA INCOME FUND****UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022**

	<b>01.07.2022</b>	<b>01.07.2021</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale of financial assets at FVTPL	2,903,326	21,014,026
Net payments for purchase of financial assets at FVTPL	-	(8,434,554)
Profit/ Interest received	1,189,216	2,075,121
Manager's fee paid	(273,931)	(385,806)
Trustee's fee paid	(9,588)	(2,277)
Other expenses paid	(14,069)	(36,585)
Net cash generated from operating and investing activities	<u>3,794,954</u>	<u>14,229,925</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	866,008	181,527
Payments for cancellation of units	<u>(2,345,737)</u>	<u>(14,817,267)</u>
Net cash used in financing activities	<u>(1,479,729)</u>	<u>(14,635,740)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD</b>		
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	2,315,225	(405,815)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>1,918,942</u>	<u>3,762,710</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>4,234,167</u>	<u>3,356,895</u>
Cash and cash equivalents comprises:		
Cash at bank	123,167	1,895
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	4,111,000	3,355,000
	<u>4,234,167</u>	<u>3,356,895</u>



## **MAYBANK MALAYSIA INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2022**

##### **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

Maybank Malaysia Income Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 15 May 1996 ("Principal Deed") between Amanah Mutual Berhad ("AMB") as the previous Manager and Universal Trustee (Malaysia) Berhad as the Trustee. The Fund commenced operations on 19 June 1996 and will continue to be in operations until terminated by the Trustee as provided under the Deeds. The following supplemental deeds has been issued between AMB and the Trustee:

- First supplemental deed dated 16 April 1999
- Second supplemental deed dated 18 August 1999
- Third supplemental deed dated 23 March 2000
- Forth supplemental deed dated 13 February 2001
- Fifth supplemental deed dated 8 February 2002
- Sixth supplemental deed dated 12 September 2003
- Seventh supplemental deed dated 26 May 2005
- Eighth supplemental deed dated 26 July 2016

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

Subsequently MAM and Universal Trustee (Malaysia) Berhad as the Trustee had entered into a Ninth Supplemental Deed dated 4 September 2018, to appoint MAM as the replacement Manager of the Fund effective 1 November 2018 and Tenth Supplemental Deed dated 11 July 2019 to change the name of the Fund. The Principal Deed and Supplemental Deeds are collectively referred to as 'Deeds'.

The Fund commenced operations on 19 June 1996 and will continue to be in operations until terminated by the Trustee as provided under the Deeds. The principal activity of the Fund is to invest a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.

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

##### **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"), the Deeds and any regulatory requirements.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial period from 1 July 2022 to 31 December 2022. The adoption of the above did not result in material impact to the financial statements.

## MAYBANK MALAYSIA INCOME FUND

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

#### 2.1 Basis of preparation (cont'd)

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.13 to the financial statements.

All amounts are stated in Ringgit Malaysia ("RM").

#### 2.2 Standards and amendments to standards issued but not yet effective

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

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

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

#### 2.3 Financial instruments

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

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

Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 2.4 Financial assets

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

## MAYBANK MALAYSIA INCOME FUND

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

#### 2.4 Financial assets (cont'd)

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

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

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

##### (ii) Financial assets at FVTPL

Investments in unquoted fixed income securities are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is recognised at FVTPL if:

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

Debt instruments that do not meet the amortised cost or FVTOCI 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.

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.

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

## MAYBANK MALAYSIA INCOME 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. The impairment model does not apply to equity investments.

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

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

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

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

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

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

##### (iv) Derecognition 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 FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

On derecognition of financial asset at amortised cost, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

## MAYBANK MALAYSIA INCOME FUND

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

#### 2.5 Financial liabilities

##### (i) Classification

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

##### (ii) Recognition and measurement

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EPR/ EIR method.

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

##### (iii) Derecognition of financial liabilities

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

#### 2.6 Unitholders' contribution

The unitholders' contributions to the Fund 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 period 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.

## **MAYBANK MALAYSIA INCOME FUND**

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

#### **2.7 Revenue/ Income**

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

- Profit/ Interest income from unquoted fixed income securities and deposit with a licensed financial institution are recognised on the accruals basis using the EPR/ EIR method.
- Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.
- Redemption fee income is charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units.
- Other income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an Asset to a customer. an Asset is transferred when (or as) the customer obtains control of that asset.

#### **2.8 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, deposit at call and highly liquid instruments with maturities of 3 months or less , which have an insignificant risk of changes in value.

#### **2.9 Taxation**

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

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial period.

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:

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

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

## **MAYBANK MALAYSIA INCOME FUND**

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

#### **2.10 Fair value measurement (cont'd)**

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

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

#### **2.12 Segment reporting**

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

## MAYBANK MALAYSIA INCOME FUND

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

#### 2.13 Critical accounting estimates and judgments

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

No major judgement have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

### 3. PROFIT/ INTEREST INCOME

	<b>01.07.2022</b>	<b>01.07.2021</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>
Profit/ Interest income from unquoted fixed income securities	1,253,159	1,595,400
Profit/ Interest income from licensed financial institution	37,635	37,778
Amortisation of premium, net accretion of discount	<u>(117,126)</u>	<u>(124,377)</u>
	<u>1,173,668</u>	<u>1,508,801</u>

### 4. MANAGER'S FEE

The Manager's fee is computed daily based on 1.00% (01.07.2022 to 31.12.2022: 1.00%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

### 5. TRUSTEE'S FEE

The Trustee's fee is computed daily based on the following table before deducting Manager's fee and Trustee's fee for that particular day:

NAV (RM)	Trustee fee rate (%) p.a.	
	2022	2021
Nil to 100 million	0.035	0.035
Above 100 million	0.010	0.010

### 6. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.07.2022 to 31.12.2022: 24%) of the estimated assessable income for the financial period.



## MAYBANK MALAYSIA INCOME FUND

### 6. TAXATION (CONT'D)

The tax charge for the financial period 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, profit/interest income earned by the Fund is exempted from tax.

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

	<b>01.07.2022 to 31.12.2022 RM</b>	<b>01.07.2021 to 31.12.2021 RM</b>
Net income before taxation	1,305,454	220,848
Taxation at Malaysian statutory rate of 24% (01.07.2020 to 31.12.2020: 24%)	313,309	53,004
Income not subject to tax	(388,417)	(370,664)
Loss not deductible for tax purpose	3,305	220,747
Expenses not deductible for tax purposes	71,804	96,913
Tax expense for the financial period	-	-

### 7. FINANCIAL ASSETS AT FVTPL

	<b>31.12.2022 RM</b>	<b>30.06.2022 RM</b>
Unquoted fixed income securities	49,909,768	52,382,126

<b>31.12.2022</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Construction</b>				
Gamuda Land Sdn Bhd				
- 4.20% / 11.10.2027	500,000	499,973	487,125	0.89
- 3.75% / 12.08.2027	1,400,000	1,399,982	1,340,906	2.46
Malaysian Resources Co. Bhd				
- 5.09% / 18.10.2028	800,000	801,914	780,032	1.43
- 4.45% / 14.08.2030	1,300,000	1,308,254	1,197,313	2.19
MMC Corporation Bhd				
- 5.95% / 12.11.2027	2,500,000	2,737,741	2,605,925	4.78
- 5.70% / 24.03.2028	1,030,000	1,063,750	1,061,600	1.95
SP Setia Bhd				
- 4.30% / 23.06.2028	1,200,000	1,199,994	1,172,544	2.15
	<u>42,380,000</u>	<u>9,011,608</u>	<u>8,645,445</u>	<u>15.85</u>

**MAYBANK MALAYSIA INCOME FUND**

**7. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>31.12.2022 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Financial Services</b>				
Affin Islamic Bank Bhd - 5.05% / 23.10.2028	700,000	701,044	704,417	1.29
<b>Government Agency</b>				
Danga Capital Bhd - 5.02% / 21.09.2023	500,000	502,868	517,190	0.95
<b>Industrial Product</b>				
OSK Rated Bond Sdn Bhd - 4.39% / 28.04.2028	780,000	779,958	761,779	1.40
<b>Mining &amp; Petroleum</b>				
Petroleum Sarawak Exploration & Production Sdn Bhd - 4.10% / 19.03.2031	2,780,000	2,779,859	2,681,088	4.91
<b>Plantation</b>				
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11% / 30.10.2025	2,000,000	2,002,108	1,936,020	3.55
<b>Real Estate</b>				
Country Garden Real Estate Sdn Bhd - 5.25% / 27.03.2025	900,000	899,933	878,175	1.61
- 4.90% / 04.05.2026	1,200,000	1,199,924	1,138,500	2.09
IJM Land Bhd - 4.73% / Perpetual	1,300,000	1,300,512	1,260,402	2.31
- 5.65% / Perpetual	1,080,000	1,079,896	1,091,210	2.00
Sime Darby Property Bhd - 3.64% / 03.12.2030	900,000	899,980	833,355	1.53
Sunway Treasury Sukuk Sdn Bhd - 3.55% / 10.09.2024	800,000	800,477	785,504	1.44

**MAYBANK MALAYSIA INCOME FUND**

**7. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>31.12.2022 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Real Estate (cont'd)</b>				
UEM Sunrise Berhad				
- 3.90% / 21.09.2023	600,000	600,393	596,616	1.09
- 4.30% / 16.02.2026	1,700,000	1,705,381	1,641,554	3.01
	<u>8,480,000</u>	<u>8,486,496</u>	<u>8,225,316</u>	<u>15.08</u>
<b>Trading &amp; Services</b>				
Evyap Sabun Malaysia Sdn Bhd				
- 4.05% / 30.12.2025	2,200,000	2,199,995	2,110,064	3.87
Guan Chong Bhd				
- 3.84% / 03.12.2027	1,100,000	1,104,869	1,045,792	1.92
	<u>3,300,000</u>	<u>3,304,864</u>	<u>3,155,856</u>	<u>5.79</u>
<b>Transportation &amp; Logistics</b>				
DRB-HICOM Bhd				
- 5.05% / 06.08.2031	1,580,000	1,585,392	1,519,217	2.78
PONSB Capital Bhd				
- 4.64% / 28.12.2026	700,000	699,996	698,964	1.28
	<u>2,280,000</u>	<u>2,285,388</u>	<u>2,218,181</u>	<u>4.06</u>
<b>Utilities</b>				
Cypark Ref Sdn Bhd				
- 5.32% / 30.06.2031	2,380,000	2,419,730	2,316,954	4.25
Edra Energy Holdings Sdn Bhd				
- 6.51% / 05.07.2035	1,700,000	2,049,828	1,900,515	3.48
Malaysia Airport Holdings Bhd				
- 3.87% / 30.12.2026	700,000	699,999	689,220	1.26
- 3.30% / 05.11.2027	1,000,000	999,971	953,750	1.75
Pengurusan Air SPV Bhd				
- 3.90% / 30.10.2029	2,500,000	2,583,432	2,417,600	4.43
- 3.32% / 04.06.2027	500,000	500,003	481,205	0.88
Sarawak Energy Bhd				
- 3.30% / 14.06.2030	900,000	900,014	834,570	1.53

**MAYBANK MALAYSIA INCOME FUND**

**7. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>31.12.2022 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Utilities (cont'd)</b>				
Tanjung Bin Energy Sdn Bhd - 6.20% / 16.03.2032	5,000,000	6,019,399	4,974,900	9.12
Tenaga Nasional Bhd - 5.18% / 03.08.2037	3,000,000	3,504,541	3,128,370	5.73
TNB Northern Energy Bhd - 4.62% / 30.05.2033	2,000,000	2,150,811	1,981,360	3.63
YTL Power International Bhd - 5.05% / 03.05.2037	1,380,000	1,405,707	1,386,032	2.54
	<u>21,060,000</u>	<u>23,233,435</u>	<u>21,064,476</u>	<u>38.60</u>
<b>Total unquoted fixed income securities</b>	<u>84,260,000</u>	<u>53,087,628</u>	<u>49,909,768</u>	<u>91.48</u>
Unrealised loss on unquoted fixed income securities*			<u>(3,177,860)</u>	
<b>30.06.2022</b>				
<b>Construction</b>				
Gamuda Land (T12) Sdn Bhd - 3.75% / 12.08.2027	1,400,000	1,399,983	1,331,960	2.44
- 4.20% / 11.10.2027	500,000	499,973	484,700	0.89
Malaysian Resources Co. Bhd - 4.45% / 14.08.2030	1,300,000	1,308,711	1,189,786	2.18
- 5.09% / 18.10.2028	800,000	802,061	775,768	1.42
S P Setia Bhd - 4.30% / 23.06.2028	1,200,000	1,199,995	1,168,152	2.14
	<u>5,200,000</u>	<u>5,210,723</u>	<u>4,950,366</u>	<u>9.07</u>
<b>Financial Services</b>				
Affin Islamic Bank Bhd - 5.05% / 23.10.2028	700,000	701,706	708,498	1.30

**MAYBANK MALAYSIA INCOME FUND**

**7. FINANCIAL ASSETS AT FVTPL (CONT'D)**

	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>30.06.2022 (cont'd)</b>				
<b>Government Agency</b>				
Danga Capital Bhd - 5.02% / 21.09.2023	500,000	502,971	506,515	0.93
<b>Industrial Product</b>				
OSK Rated Bond Sdn Bhd - 4.39% / 28.04.2028	780,000	779,958	756,623	1.38
<b>Mining &amp; Petroleum</b>				
Petroleum Sarawak Exploration & Production Sdn Bhd - 4.10% / 19.03.2031	2,780,000	2,779,858	2,650,563	4.85
<b>Plantation</b>				
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11% / 30.10.2025	2,000,000	2,002,476	1,928,860	3.53
<b>Power Generation</b>				
Cypark Ref Sdn Bhd - 5.32% / 30.06.2031	2,380,000	2,421,598	2,305,601	4.22
Edra Energy Sdn Bhd - 6.51% / 05.07.2035	1,700,000	2,060,266	1,895,874	3.47
Sarawak Energy Bhd - 3.30% / 14.06.2030	900,000	900,016	819,189	1.50
YTL Power International Bhd - 5.05% / 03.05. 2027	1,380,000	1,408,383	1,386,307	2.53
Quantum Solar Park (Semenanjung) Sdn Bhd - 5.16% / 06.10.2022	1,300,000	1,302,043	1,306,552	2.39
	<b>7,660,000</b>	<b>8,092,306</b>	<b>7,713,523</b>	<b>14.11</b>
<b>Real Estate</b>				
IJM Land Bhd - 4.73% / Perpetual	1,300,000	1,300,568	1,249,443	2.28
- 5.65% / Perpetual	1,080,000	1,079,896	1,091,815	2.00

## MAYBANK MALAYSIA INCOME FUND

### 7. FINANCIAL ASSETS AT FVTPL (CONT'D)

	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>30.06.2022 (cont'd)</b>				
<b>Real Estate (cont'd)</b>				
Country Garden				
Real Estate Sdn Bhd				
- 4.90% / 04.05.2026	1,200,000	1,199,924	1,130,736	2.07
- 5.25% / 27.03.2025	900,000	899,934	877,167	1.60
Sime Darby Property Bhd				
- 3.64% / 03.12.2030	900,000	899,981	819,450	1.50
UEM Sunrise Berhad				
- 3.90% / 21.09.2023	600,000	600,681	598,434	1.09
- 4.30% / 16.02.2026	1,700,000	1,706,187	1,644,818	3.01
Sunway Treasury Sukuk Sdn Bhd				
- 3.55% / 10.09.2024	800,000	800,623	786,208	1.44
	<u>8,480,000</u>	<u>8,487,794</u>	<u>8,198,071</u>	<u>14.99</u>
<b>Trading &amp; Services</b>				
Evyap Sabun Malaysia Sdn Bhd				
- 4.05% / 30.12.2025	2,200,000	2,199,998	2,101,638	3.84
Guan Chong Bhd				
- 3.84% / 03.12.2027	1,100,000	1,105,322	1,036,057	1.89
	<u>3,300,000</u>	<u>3,305,320</u>	<u>3,137,695</u>	<u>5.73</u>
<b>Transportation &amp; Logistics</b>				
DRB-HICOM Bhd				
- 4.85% / 11.12.2026	1,500,000	1,500,041	1,476,675	2.70
- 5.08% / 30.08.2030	1,580,000	1,585,644	1,491,457	2.73
MMC Corporation Bhd				
- 5.95% / 12.11.2027	2,500,000	2,759,933	2,633,625	4.82
- 5.70% / 24.03.2028	1,030,000	1,066,579	1,073,095	1.96
Ponsb Capital Berhad				
- 4.64% / 28.12.2026	700,000	699,997	695,744	1.27
	<u>7,310,000</u>	<u>7,612,194</u>	<u>7,370,596</u>	<u>13.48</u>

**MAYBANK MALAYSIA INCOME FUND**

**7. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>30.06.2022 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Utilities</b>				
Malaysia Airport Holdings Bhd				
- 3.30% / 05.11.2027	1,000,000	999,972	943,070	1.72
- 3.87% / 30.12.2026	700,000	699,999	684,845	1.25
Pengurusan Air SPV Bhd				
- 3.32% / 04.06.2027	500,000	500,004	477,545	0.87
- 3.90% / 30.10.2029	2,500,000	2,588,878	2,375,275	4.34
Tanjung Bin Energy Sdn Bhd				
- 6.20% / 16.03.2032	5,000,000	6,066,290	5,050,600	9.24
Tenaga Nasional Bhd				
- 5.18% / 03.08.2037	3,000,000	3,517,562	2,983,380	5.46
TNB Northern Energy Bhd				
- 4.62% / 30.05.2033	2,000,000	2,156,715	1,946,101	3.56
	<u>14,700,000</u>	<u>16,529,417</u>	<u>14,460,816</u>	<u>26.44</u>
<b>Total unquoted fixed income securities</b>	<u>53,410,000</u>	<u>56,004,723</u>	<u>52,382,126</u>	<u>95.81</u>
Unrealised loss on unquoted fixed income securities *			<u>(3,622,597)</u>	

\* The unrealised loss on unquoted fixed income securities comprise the amounts arising from changes in fair values.

**8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION**

	<b>31.12.2022 RM</b>	<b>30.06.2022 RM</b>
Short-term placement with a maturity of less than 3 months	<u>4,111,000</u>	<u>1,797,000</u>

## MAYBANK MALAYSIA INCOME FUND

### 8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION (CONT'D)

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

	31.12.2022		30.06.2022	
	WAEPR/ WAEIR % p.a.	Average maturity days	WAEPR/ WAEIR % p.a.	Average maturity days
Deposit with a licensed financial institution	2.80	4	2.03	1

### 9. AMOUNT DUE TO MANAGER

	Note	31.12.2022 RM	30.06.2022 RM
Amount due to Manager is in respect of:			
Management fee	(ii)	46,261	45,562
Cancellation of units	(iii)	46,362	83,532
		<u>92,623</u>	<u>129,094</u>

- (i) The amount represents amount receivable from the Manager for units created.
- (ii) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial period/ year. The normal credit term for Manager's fee is 15 days (01.07.2022 to 31.12.2022: 15 days).
- (iii) The amount represents amount payable to the Manager for units redeemed/ cancelled.

### 10. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable to the Trustee arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee fee is 15 days (01.07.2022 to 31.12.2022: 15 days).

### 11. TOTAL EQUITY

	Note	31.12.2022 RM	30.06.2022 RM
Unitholders' contribution	(a)	69,577,654	71,020,213
Accumulated realised loss	(b)	(13,009,708)	(13,870,425)
Accumulated unrealised loss	(c)	(2,015,567)	(2,460,304)
		<u>54,552,379</u>	<u>54,689,484</u>



## MAYBANK MALAYSIA INCOME FUND

### 11. TOTAL EQUITY (CONT'D)

#### (a) Unitholders' contribution

	01.07.2022 to 31.12.2022		01.07.2021 to 30.06.2022	
	Units	RM	Units	RM
At the beginning of the financial period/ year	53,186,254	71,020,213	70,643,722	89,903,789
Creation of units	836,514	866,009	306,547	331,353
Reinvestment of units	-	-	1,607,617	1,653,113
Cancellation of units	(2,213,955)	(2,308,568)	(19,371,632)	(20,868,042)
At the end of the financial period/ year	<u>51,808,813</u>	<u>69,577,654</u>	<u>53,186,254</u>	<u>71,020,213</u>

As at the end of the financial period/ year, there were no units held by the directors or parties related to the Manager (30.06.2022: Nil units).

#### (b) Accumulated realised loss

	01.07.2022 to 31.12.2022 RM	01.07.2021 to 30.06.2022 RM
At the beginning of the financial period/ year	(13,870,425)	(14,300,173)
Net realised income for the financial period/ year	860,717	2,082,861
Distribution out of retained earnings	-	(1,653,113)
At the end of the financial period/ year	<u>(13,009,708)</u>	<u>(13,870,425)</u>

#### (c) Accumulated unrealised loss

	01.07.2022 to 31.12.2022 RM	01.07.2021 to 30.06.2022 RM
At the beginning of the financial period/ year	(2,460,304)	781,097
Net unrealised loss for the financial period/ year	444,737	(3,241,401)
At the end of the financial period/ year	<u>(2,015,567)</u>	<u>(2,460,304)</u>

### 12. 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 may be individuals or other entities.

## MAYBANK MALAYSIA INCOME FUND

### 12. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES (CONT'D)

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

	<b>01.07.2022</b>	<b>01.07.2021</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>
(i) <u>Significant related party transaction</u>		
MBB:		
Interest income from deposit placement	37,104	19,526
Maybank Islamic Bhd:		
Profit income from deposit placement	-	18,254
	<b>31.12.2022</b>	<b>30.06.2022</b>
	<b>RM</b>	<b>RM</b>
(ii) <u>Significant related party balances</u>		
MBB:		
Deposits with a financial institution	4,111,000	1,797,000
Cash at bank	123,167	121,942

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

### 13. TRANSACTIONS WITH BROKERS/ DEALERS/ FINANCIAL INSTITUTION

The transactions with brokers/ dealers for the current and previous financial period are as follows:

	<b>01.07.2022</b>		<b>01.07.2021</b>	
	<b>to</b>		<b>to</b>	
	<b>31.12.2022</b>		<b>31.12.2021</b>	
<b>Brokers/ dealers</b>	<b>Value of</b>	<b>Percent of</b>	<b>Value of</b>	<b>Percent of</b>
	<b>trade</b>	<b>total trade</b>	<b>trade</b>	<b>total trade</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
RHB Investment Bank Bhd	1,504,936	100.00	19,441,601	66.69
Hong Leong Bank Bhd	-	-	1,320,020	4.53
Affin Hwang Investment Bank Bhd	-	-	4,405,608	15.11
Maybank Investment Bank Bhd	-	-	1,586,162	5.44
MBB *	-	-	1,700,000	5.83
CIMB Bank Bhd	-	-	700,000	2.40
	<b>1,504,936</b>	<b>100.00</b>	<b>29,153,391</b>	<b>100.00</b>

## MAYBANK MALAYSIA INCOME FUND

### 13. TRANSACTIONS WITH BROKERS/ DEALERS/ FINANCIAL INSTITUTION (CONT'D)

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

	01.07.2022 to 31.12.2022		01.07.2021 to 31.12.2021	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Financial institutions				
MBB *	352,568,000	100.00	305,117,000	52.28
Maybank Islamic Bhd **	-	-	278,548,000	47.72
	<u>352,568,000</u>	<u>100.00</u>	<u>583,665,000</u>	<u>100.00</u>

\* MBB is the ultimate holding company of the Manager.

\*\* Maybank Islamic Bhd is a subsidiary of MBB, the ultimate holding company

### 14. TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund, and recovered expenses to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee and other administrative expenses. For the financial period from 1 July 2022 to 31 December 2022, the TER of the Fund stood at 0.55% (01.07.2022 to 31.12.2022: 0.56%).

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

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial period from 1 July 2022 to 31 December 2022, the PTR of the Fund stood at 0.03 times (01.07.2022 to 31.12.2022: 0.20 times).

### 16. SEGMENT INFORMATION

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker of the Manager makes the strategic decisions on resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieves its targeted to maximise returns over the Medium Term and while at the same time offering stability of capital and regular consistent income.

The chief operating decision-maker is responsible for the performance of the Fund by investing a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.

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

## MAYBANK MALAYSIA INCOME FUND

### 16. SEGMENT INFORMATION (CONT'D)

The internal reporting of the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

There were no changes in the reportable operating segments during the financial period.

### 17. 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	Total RM
<b>31.12.2022</b>				
Financial assets at FVTPL	-	49,909,768	-	49,909,768
<b>30.06.2022</b>				
Financial assets at FVTPL	-	52,382,126	-	52,382,126

### 18. 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 the current financial period.