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# **MAMG ASIA RISING STARS FUND**

**Unaudited interim report  
For the financial period from 18 October 2018  
(date of launch) to 30 June 2019**

## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (421779-M)

### **BUSINESS OFFICE**

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

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### **TRUSTEE**

SCBMB Trustee Berhad (1005793-T)

Level 23, Equatorial Plaza

Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone +603 2117 7777

## **MAMG ASIA RISING STARS FUND**

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## MAMG ASIA RISING STARS FUND

### Manager's report

For the financial period from 18 October 2018 (date of launch) to 30 June 2019

#### A. Fund Information

**1. Name of the Fund**

MAMG Asia Rising Stars Fund ("the Fund")

**2. Type of Fund**

Growth Fund

**3. Category of Fund**

Feeder Fund

**4. Duration of the Fund**

The Fund is an open-ended Fund.

**5. Fund launch date**

Class	Currency denomination	Launch date
MYR Class	Malaysian Ringgit ("MYR")	18 October 2018
USD Class	United States Dollar ("USD")	18 October 2018
AUD Class	Australian Dollar ("AUD")	18 October 2018
SGD Class	Singapore Dollar ("SGD")	18 October 2018
EUR Class	European Union Euro ("EUR")	18 October 2018

**6. Fund's investment objective**

The Fund aims to maximise investment returns by investing in the Target Fund, the BNY Mellon Asia Rising Stars Fund.

**7. Fund distribution policy**

Distribution, if any, is incidental and will be made from the realised income of the Fund.

**8. Fund's performance benchmark**

MSCI AC Asia Small Cap Index ("MXASSC Index")

**9. The Fund's investment policy and principal investment strategy**

The principal activity of the Fund is to invest at least 95% of the Fund's NAV in the Target Fund.

The Manager will also invest a minimum of 2% - 5% of the Fund's NAV in liquid assets.

**10. Net income distribution for the financial period ended 30 June 2019**

There was no distribution declared by the Fund for the financial period from 18 October 2018 (date of launch) to 30 June 2019.

## MAMG ASIA RISING STARS FUND

### Manager's report

For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

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

##### 11. Breakdown of unitholdings by size

###### Fund size

As at 30 June 2019, the size of the Fund was 678,853 units.

Share class	30.06.2019 Units
MYR Class	447,885
USD Class	227,968
AUD Class	1,000
SGD Class	1,000
EUR Class	1,000
Total	<b>678,853</b>

##### Breakdown of unitholdings by class of units as at 30 June 2019

###### MYR Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	* 1	0.22
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	1	50.00	** 447	99.78
500,001 units and above	-	-	-	-
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>448</b>	<b>100.00</b>

\* Represents 1,000 units held by the Manager

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

###### USD Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	* 1	0.44
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	1	50.00	** 227	99.56
500,001 units and above	-	-	-	-
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>228</b>	<b>100.00</b>

\* Represents 1,000 units held by the Manager

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

Maybank Asset Management Sdn Bhd, the Manager, is the sole investor in the AUD, SGD and EUR classes as at 30 June 2019

## MAMG ASIA RISING STARS FUND

### Manager's report

For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

#### B. Performance Review

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

Category	18.10.2018 (date of launch) to 30.06.2019
<b>Portfolio composition</b>	
Investment in Target Fund (%)	93.96
Cash and other net assets (%)	6.04
<b>Total (%)</b>	<b>100.00</b>
NAV (RM'000)	295.64
<b>MYR Class</b>	
Units in circulation - MYR Class (units'000)	448
NAV per unit - MYR Class	RM 0.8558
Highest NAV per unit - MYR Class	RM 0.8993
Lowest NAV per unit - MYR Class	RM 0.8463
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	(14.41)
- Income distribution (%)	-
<b>USD Class</b>	
Units in circulation - USD Class (units'000)	228
NAV per unit - USD Class	USD 0.8802
Highest NAV per unit - USD Class	USD 0.9178
Lowest NAV per unit - USD Class	USD 0.8600
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	(11.96)
- Income distribution (%)	-
<b>AUD Class</b>	
Units in circulation - AUD Class (units'000)	1
NAV per unit - AUD Class	AUD 0.8981
Highest NAV per unit - AUD Class	AUD 0.9245
Lowest NAV per unit - AUD Class	AUD 0.8720
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	(10.19)
- Income distribution (%)	-

## MAMG ASIA RISING STARS FUND

### Manager's report

For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

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

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

Category	18.10.2018 (date of launch) to 30.06.2019
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#### SGD Class

Units in circulation - SGD Class (units'000)	1
NAV per unit - SGD Class	SGD 0.8677
Highest NAV per unit - SGD Class	SGD 0.9011
Lowest NAV per unit -SGD Class	SGD 0.8569
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	(13.22)
- Income distribution (%)	-

#### EUR Class

Units in circulation - EUR Class (units'000)	1
NAV per unit - EUR Class	EUR 0.8910
Highest NAV per unit - EUR Class	EUR 0.9350
Lowest NAV per unit - EUR Class	EUR 0.8817
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	(10.90)
- Income distribution (%)	-

Management Expense Ratio ("MER") (%)	2.97
Portfolio Turnover Ratio ("PTR") (times)	1.50

#### **Notes:**

(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.

## MAMG ASIA RISING STARS FUND

### Manager's report

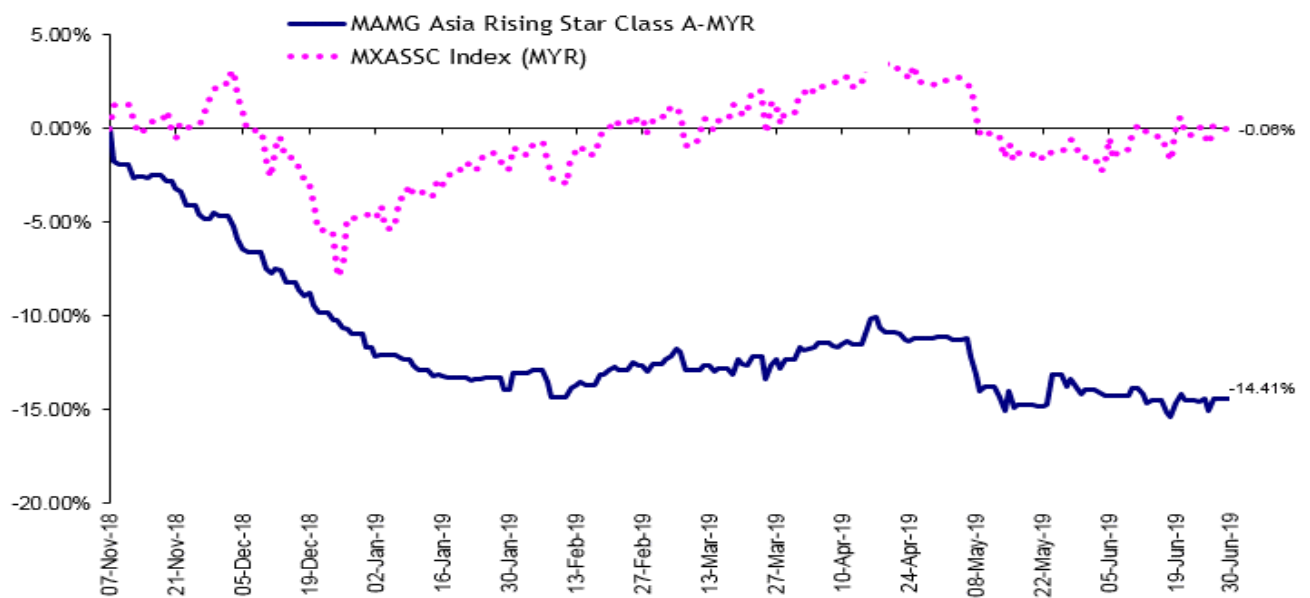
For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

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

#### 2. Performance of the Fund since inception to 30 June 2019

##### MYR Class

Category	Since inception to 30.06.2019 %
Capital growth	(14.41)
Income distribution	-
Total return of the Fund	(14.41)
Benchmark	(0.06)
Average total return	-



##### USD Class

Category	Since inception to 30.06.2019 %
Capital growth	(11.96)
Income distribution	-
Total return of the Fund	(11.96)
Benchmark	0.29
Average total return	-



## MAMG ASIA RISING STARS FUND

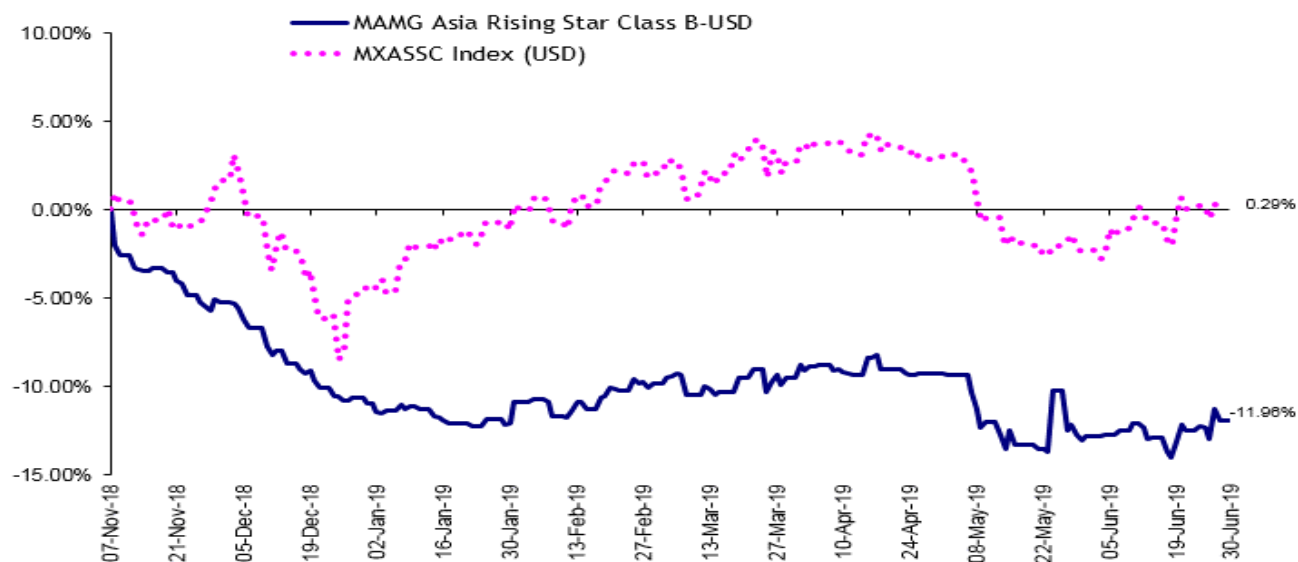
### Manager's report

For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

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

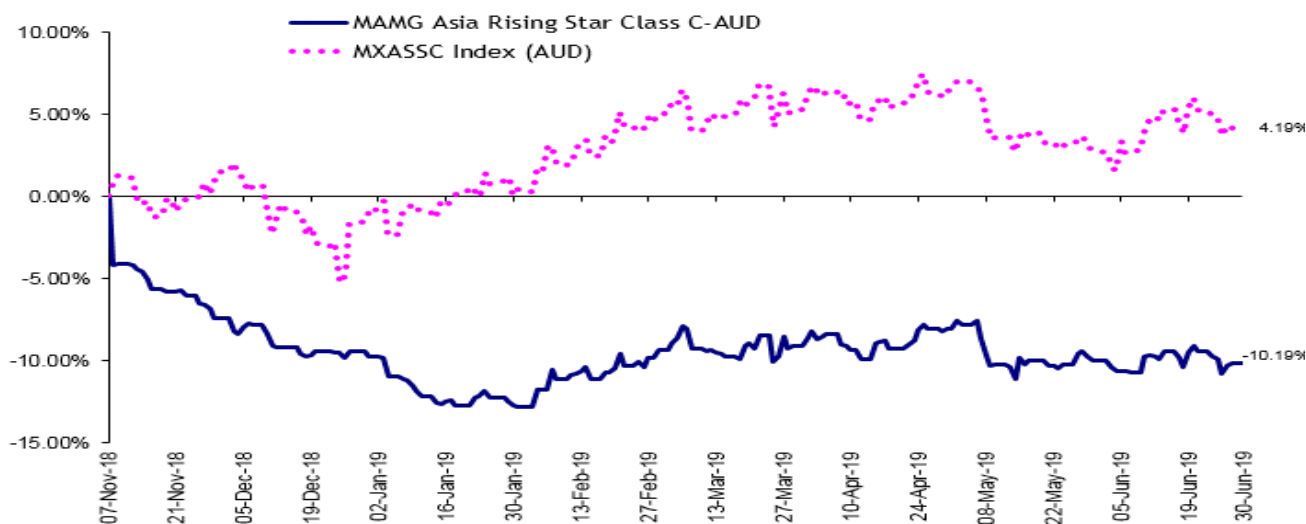
#### 2. Performance of the Fund since inception to 30 June 2019 (cont'd)

##### USD Class (cont'd)



##### AUD Class

Category	Since inception to 30.06.2019 %
Capital growth	(10.19)
Income distribution	-
Total return of the Fund	(10.19)
Benchmark	4.19
Average total return	-



## MAMG ASIA RISING STARS FUND

### Manager's report

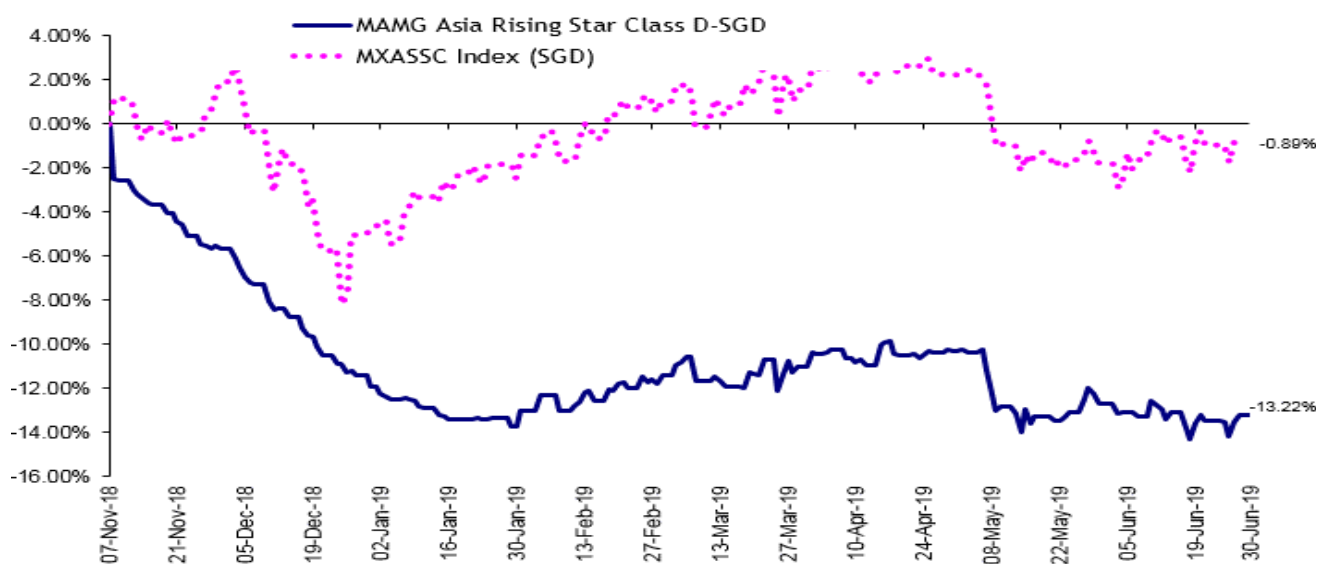
For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

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

##### 2. Performance of the Fund since inception to 30 June 2019 (cont'd)

###### SGD Class

Category	Since inception to 30.06.2019 %
Capital growth	(13.22)
Income distribution	-
Total return of the Fund	(13.22)
Benchmark	(0.89)
Average total return	-



###### EUR Class

Category	Since inception to 30.06.2019 %
Capital growth	(10.90)
Income distribution	-
Total return of the Fund	(10.90)
Benchmark	1.22
Average total return	-

## MAMG ASIA RISING STARS FUND

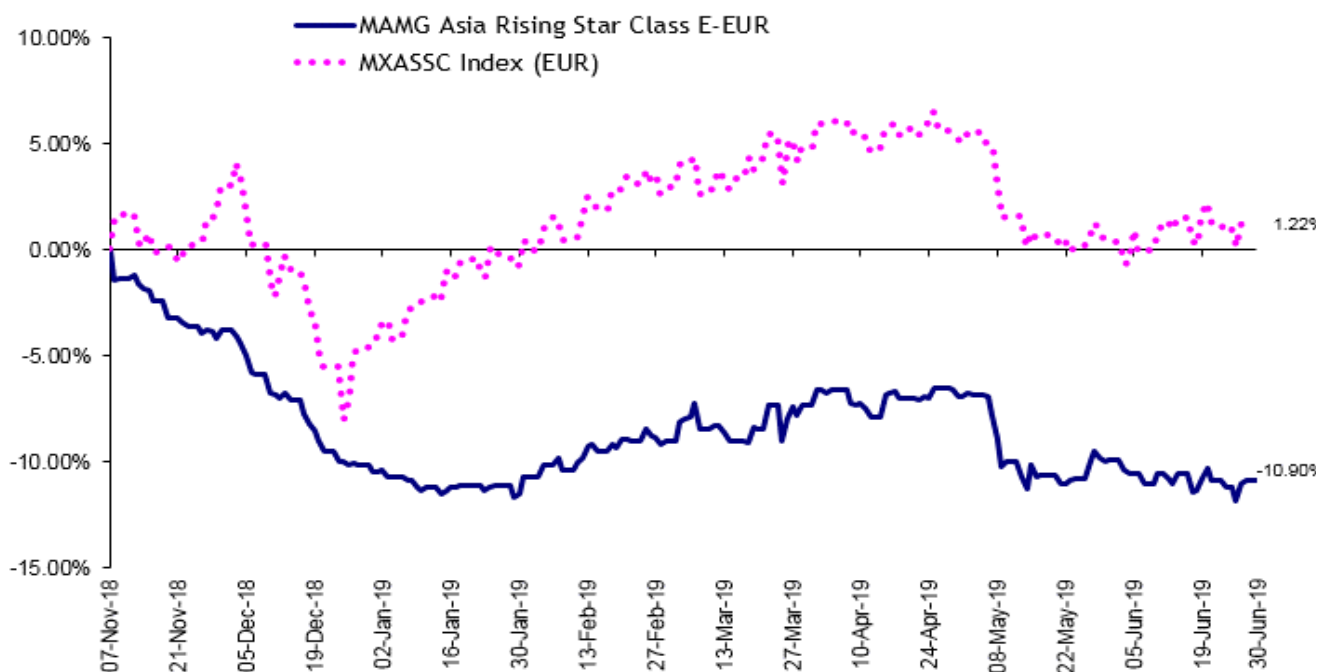
### Manager's report

For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

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

##### 2. Performance of the Fund since inception to 30 June 2019 (cont'd)

###### EUR Class (cont'd)



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

During the period under review, the Fund registered negative returns across all classes, underperforming the benchmark. In general, regional markets did not do well in the second half of 2018 due to United States ("US")-China trade war worries and a slowdown in the global economy growth expectation.

However, we saw recovery in overall markets in the beginning of 2019 followed by some weakness again towards May 2019 when the trade war problem resurface.

## MAMG ASIA RISING STARS FUND

### Manager's report

For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)

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

#### 3. Total return of the Fund

For the financial period ended	Since inception to 30.06.2019 %
MYR Class	(14.41)
USD Class	(11.96)
AUD Class	(10.19)
SGD Class	(13.22)
EUR Class	(10.90)

#### 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

For the financial period under review, we have seen extreme volatility in the markets mainly due to the US-China trade war uncertainties. Regional markets bounced in first quarter 2019 as macro concerns on US Federal Reserve ("Fed") tightening monetary policy, the US-China trade war and a slowdown in China receded. But this was after a sharp sell-down in second half of 2018 especially towards December 2018.

Valuations therefore still remain attractive and we continue to see undervalued names on a bottom up basis across both Asia Ex-Japan ("AXJ") and Japan.

### D. Market Outlook

The concerns on the US China trade war and the related slow down in China will continue to impact markets in the foreseeable future & create significant uncertainty. Our largest country exposures in AXJ are India and Indonesia and we expect both markets to be relatively less affected by the global uncertainty especially given the results of the elections in May 2019. In addition our stock picks in the funds both in Japan and AXJ are largely domestic in nature and so should not be affected directly by the trade war or other macro concerns. We continue to believe that a number of the stocks we hold are extremely undervalued and with market stability should see bounces.

## **MAMG ASIA RISING STARS FUND**

### **Manager's report**

**For the financial period from 18 October 2018 (date of launch) to 30 June 2019 (cont'd)**

#### **E. Investment Strategy**

##### **Investment strategy moving forward**

In terms of investment strategy in the near terms, we will continue with our approach of managing the short term volatility via running a more diversified portfolio and reinvesting the portfolio more actively (i.e. booking profits where stocks have gained and reinvesting into our higher conviction names which have come off).

On a longer term basis, we continue to remain positive on the outlook for small & mid cap stocks in Asia.

AXJ is benefitting from continued robust growth rates in countries across the region driven by young demographics and economic reforms while for Japan we continue to see evidence that the economy has transitioned from a prolonged period of deflation and contraction to that of expansion.

Valuations are attractive and we believe investors, both domestic and foreign, are underinvested in Asian equities.

#### **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 good and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with broker and executed on best available basis.

During the financial period from 18 October 2018 to 30 June 2019, the Manager and its delegates did not receive any rebates and soft commissions from brokers or dealers.

## **MAMG ASIA RISING STARS FUND**

### **TRUSTEE'S REPORT TO THE UNITHOLDERS OF MAMG ASIA RISING STARS FUND**

We have acted as Trustee for MAMG Asia Rising Stars Fund ("the Fund"), for the financial period from 18 October 2018 (date of launch) to 30 June 2019. 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 and pricing for the Fund has been carried out in accordance with the Deeds and relevant 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  
**SCBMB Trustee Berhad**

**Prasad A/L S Vijayasundram**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
29 August 2019

**STATEMENT BY MANAGER**

**FOR THE FINANCIAL PERIOD FROM 18 OCTOBER 2018 (DATE OF LAUNCH) TO 30 JUNE 2019**

**TO THE UNITHOLDERS OF  
MAMG ASIA RISING STARS FUND**

I, Ahmad Najib Bin Nazlan, being one of 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 the Fund as at 30 June 2019 and of its results, changes in equity and cash flows for the financial period then ended and comply with the requirements of the Deed.

For and on behalf of the Manager

**Ahmad Najib Bin Nazlan**

Director

Kuala Lumpur, Malaysia

29 August 2019

**MAMG ASIA RISING STARS FUND****UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 18 OCTOBER 2018 (DATE OF LAUNCH) TO 30 JUNE 2019**

		<b>18.10.2018</b> <b>(date of launch)</b> <b>to</b> <b>30.06.2019</b> <b>USD</b>
<b>INCOME</b>		
Net loss from investments on financial assets at fair value through profit or loss ("FVTPL"):	6(a)	
- Unrealised loss		(4,520)
- Realised loss		(480)
Net loss on foreign currency exchange		
- Unrealised loss		(944)
- Realised loss		(542)
		<u>(6,486)</u>
<b>EXPENSES</b>		
Manager's fee	3	1,262
Trustee's fee	4	14
Auditors' remuneration		1,253
Tax agent's fee		487
Administrative expenses		114
		<u>3,130</u>
<b>NET LOSS BEFORE TAXATION</b>		(9,616)
<b>TAXATION</b>	5	<u>-</u>
<b>NET LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u>(9,616)</u>
Total comprehensive loss for the period is made up of the following:		
Net realised loss		(4,152)
Net unrealised loss		(5,464)
		<u>(9,616)</u>



**MAMG ASIA RISING STARS FUND****UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	Note	30.06.2019 USD
<b>ASSETS</b>		
Financial assets at FVTPL	6	277,800
Cash at bank	7	20,022
<b>TOTAL ASSETS</b>		<u>297,822</u>
<b>LIABILITIES</b>		
Amount due to Manager	8	432
Amount due to Trustee	9	6
Other payables and accruals	10	1,740
<b>TOTAL LIABILITIES</b>		<u>2,178</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>295,644</u>
<b>EQUITY</b>		
Unitholders' capital	11(a)	305,260
Accumulated losses	11 (b) & (c)	(9,616)
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>		<u>295,644</u>
<b>NUMBER OF UNITS IN CIRCULATION</b>	11(a)	<b>No. of units</b>
- MYR Class		447,885
- USD Class		227,968
- AUD Class		1,000
- SGD Class		1,000
- EUR Class		1,000
		<u>678,853</u>
<b>NAV PER UNIT</b>		
- MYR Class		<u>MYR 0.8558</u>
- USD Class		<u>USD 0.8802</u>
- AUD Class		<u>AUD 0.8981</u>
- SGD Class		<u>SGD 0.8677</u>
- EUR Class		<u>EUR 0.8910</u>

**MAMG ASIA RISING STARS FUND****UNAUDITED STATEMENT OF CHANGES IN EQUITY****FOR THE FINANCIAL PERIOD FROM 18 OCTOBER 2018 (DATE OF LAUNCH) TO 30 JUNE 2019**

	<b>Unitholders' capital Note 11 (a) USD</b>	<b>Accumulated losses Note 11 (b) &amp; (c) USD</b>	<b>Total equity USD</b>
<b>At 18 October 2018 (date of launch)</b>	-	-	-
Total comprehensive loss for the period	-	(9,616)	(9,616)
Creation of units	318,467	-	318,467
Cancellation of units	(13,207)	-	(13,207)
<b>At 30 June 2019</b>	<b>305,260</b>	<b>(9,616)</b>	<b>295,644</b>

## MAMG ASIA RISING STARS FUND

### UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 18 OCTOBER 2018 (DATE OF LAUNCH) TO 30 JUNE 2019

18.10.2018  
(date of launch)  
to  
30.06.2019  
USD

#### CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

Net proceeds from sale of investments	16,192
Net payment for purchase of investments	(298,992)
Manager's fee paid	(830)
Trustee's fee paid	(8)
Payment of other fees and expenses	(115)
Net cash used in operating and investing activities	<u>(283,753)</u>

#### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from creation of units	318,240
Payments for cancellations of units	<u>(13,259)</u>
Net cash used in financing activities	<u>304,981</u>

#### NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD

#### CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD

Effects of foreign exchange	<u>(1,206)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>20,022</u>

## **MAMG ASIA RISING STARS FUND**

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

#### **FOR THE FINANCIAL PERIOD FROM 18 OCTOBER 2018 (DATE OF LAUNCH) TO 30 JUNE 2019**

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

Maybank Asia Rising Stars Fund ("the Fund") was constituted pursuant to the execution of a Principal Deed dated 21 May 2018 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM"), the Trustee, SCBMB Trustees Berhad and the registered holders of the Fund.

The Fund aims to maximise investment return by investing in BNY Mellon Asia Rising Stars Fund ("Target Fund"), a sub-fund of the BNY Mellon Global Funds managed by BNY Mellon Asset Management Japan Limited. The functional currency of the Target Fund is in US Dollar ("USD"), and the Shares of the Target Fund in which the Fund invests in are denominated in USD.

The Target Fund is an open-ended umbrella type investment company established as the Undertakings for the Collective Investment in Transferable Securities and domiciled in Ireland and was launched on 10 January 2017. The Target Fund is regulated by the Central Bank of Ireland, relating to undertakings for collective investment.

At least 95% of the Funds NAV should be invested in the shares of the Target Fund and at least 2% to 5% of the Fund's NAV should be invested in liquid assets.

The Manager of the Fund is Maybank AM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of Maybank AM 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 Malayan Banking Berhad ("MBB").

##### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

###### **2.1 Basis of preparation**

The financial statements of the Fund have been prepared in accordance to Malaysian Financial Reporting Standards 134: Interim Financial Reporting ("MFRS 134"), International Accounting Standards 34 Interim Financial Reporting, the Deed and any regulatory requirement.

The Fund had adopted the MFRS, Amendments to Standards and IC Interpretations which have become effective during the financial period from 18 October 2018 (date of launch) to 30 June 2019. The adoption of the new pronouncements did not result in any material impact to the financial statements.

## MAMG ASIA RISING STARS FUND

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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 2.15.

The financial statements are presented in United States Dollar ("USD").

#### 2.2 Standards, amendments to standards and interpretations 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 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
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

## MAMG ASIA RISING STARS FUND

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

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

Description	Effective for for annual periods beginning on or after
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.

#### 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.

## **MAMG ASIA RISING STARS FUND**

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

#### **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, trade and other receivables as loans and receivable, and are subsequently measured at amortised cost. Investments in collective investment scheme are classified as FVTPL.

## **MAMG ASIA RISING STARS FUND**

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

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

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

Investments in collective investment scheme 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 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.

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 year, 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 equity investments classified as FVTPL is disclosed separately in the profit or loss.

##### **(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.



## **MAMG ASIA RISING STARS FUND**

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

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

##### **(iii) Impairment of financial assets (cont'd)**

ECL is 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.

## **MAMG ASIA RISING STARS FUND**

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

#### **2.5 Derecognition on financial assets**

A financial asset is derecognised when:

- (1) The rights to receive cash flows from the asset have expired; or
- (2) The Fund has transferred its rights to receive cash flows from the financial asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:
  - the Fund has transferred substantially all the risks and rewards of the asset; or
  - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

On derecognition of equity instruments 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. However, on derecognition of debt instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is reclassified to profit or loss.

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.

#### **2.6 Financial liabilities**

##### 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, and other payables and accruals as other financial liabilities.

##### Recognition and measurement

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments.

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.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

## **MAMG ASIA RISING STARS FUND**

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

#### **2.7 Fair value measurement**

The Fund measures its financial instruments at fair value, at each reporting date of the Fund. 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 the asset 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 by the Fund.

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

All assets and liabilities 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.

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

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

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

#### **2.8 Functional and foreign 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 United States Dollar ("USD"), which is also the Fund's functional currency.

## **MAMG ASIA RISING STARS FUND**

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

#### **2.9 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.

#### **2.10 Distributions**

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

#### **2.11 Cash and cash equivalents**

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

#### **2.12 Income tax**

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

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

#### **2.13 Revenue**

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

## **MAMG ASIA RISING STARS FUND**

### **2.14 Segment information**

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

### **2.15 Critical accounting estimates and judgements**

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

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

## **3. MANAGER'S FEE**

Manager's fee is computed daily based on 1.80% per annum (" p.a.") of the NAV of each class of the Fund before deducting the Manager's fee and Trustee's fees for that particular day.

## **4. TRUSTEE'S FEE**

Trustee's fee is computed daily based on 0.02% p.a. of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for that particular day, accrued daily in the Fund's base currency, USD, subject to a minimum fee of RM6,000 p.a..

## MAMG ASIA RISING STARS FUND

### 5. TAXATION

**18.10.2018**  
**(date of launch)**  
**to**  
**30.06.2019**  
**USD**

Current tax expense	-
	<hr/>
	-
	<hr/>

Income derived from sources outside Malaysia are exempted from Malaysian income tax. However such income may be subject to tax in the country from which it is derived. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax.

Tax on dividend income from foreign quoted equities is based on the tax regime of the respective countries that the Fund invests in.

The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting the permitted expenses. A reconciliation of income tax expense applicable to net loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

**18.10.2018**  
**(date of launch)**  
**to**  
**30.06.2019**  
**USD**

Net loss before taxation	(9,616)
	<hr/>
Tax at Malaysian statutory rate of 24%	(2,308)
Effects of income not subject to tax	1,557
Effect of expenses not deductible for tax purposes	751
	<hr/>
Income tax expense for the period	-
	<hr/>

## MAMG ASIA RISING STARS FUND

### 6. FINANCIAL ASSETS AT FVTPL

The details of the investment in collective investment scheme classified as FVTPL as at 30 June 2019 are as follows:

	Quantity	Cost USD	Fair value USD	% of NAV
BNY Mellon Asia Rising Stars Fund	271,395	282,320	277,800	93.96
Unrealised loss on collective investment scheme*			(4,520)	

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

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

### 7. CASH AT BANK

The Fund has cash at bank denominated in the currencies as follows:

	18.10.2018 (date of launch) to 30.06.2019 USD
Ringgit Malaysia ("MYR")	13,072
United States Dollars ("USD")	4,371
Australian Dollars ("AUD")	701
Singapore Dollars ("SGD")	739
Euros ("EUR")	1,139
	<u>20,022</u>

## MAMG ASIA RISING STARS FUND

### 8. AMOUNT DUE TO MANAGER

Amount due to Manager relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial period. The normal credit term for Manager's fee is 15 days.

### 9. AMOUNT DUE TO TRUSTEE

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

### 10. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	<b>18.10.2018</b> <b>(date of launch)</b> to <b>30.06.2019</b> <b>USD</b>
Due to external auditors	1,253
Due to tax agent	487
	<hr/> <b>1,740</b> <hr/>



## MAMG ASIA RISING STARS FUND

### 11. TOTAL EQUITY

	Note	18.10.2018 (date of launch) to 30.06.2019 USD
Unitholders' capital	11(a)	305,260
Accumulated realised loss	11(b)	(4,152)
Accumulated unrealised loss	11(c)	(5,464)
		<u>295,644</u>

#### (a) Unitholders' capital

	No. of units	USD
At the beginning of the financial period	-	-
Creation of units	743,113	318,467
Cancellation of units	(64,260)	(13,207)
At the end of the financial period	<u>678,853</u>	<u>305,260</u>

As at the end of the financial period, the total number and value of units held legally or beneficially by the Manager are as follows:

	No. of units	USD
The Manager (MYR Class)	1,000	856
The Manager (USD Class)	1,000	880
The Manager (AUD Class)	1,000	898
The Manager (SGD Class)	1,000	867
The Manager (EUR Class)	1,000	891
	<u>5,000</u>	<u>4,392</u>

The units are 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 other units held by the Manager or parties related to the Manager.

## MAMG ASIA RISING STARS FUND

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

#### (b) Accumulated realised loss

	<b>18.10.2018</b> <b>(date of launch)</b> to <b>30.06.2019</b> <b>USD</b>
At the beginning of the financial period	-
Net realised loss for the financial period	(4,152)
At the end of the financial period	<u>(4,152)</u>

#### (c) Accumulated unrealised loss

	<b>18.10.2018</b> to <b>30.06.2019</b> <b>USD</b>
At the beginning of the financial period	-
Net unrealised loss for the financial period	(5,464)
At the end of the financial period	<u>(5,464)</u>

### 12. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of the 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.

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 period.

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.

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

## **MAMG ASIA RISING STARS FUND**

### **13. MANAGEMENT EXPENSE RATIO ("MER")**

The MER of the Fund is the ratio of the sum of total expenses incurred by the Fund to the daily average NAV of the Fund. For the financial period from 18 October 2018 to 30 June 2019, the MER of the Fund stood at 2.97%.

### **14. PORTFOLIO TURNOVER RATIO ("PTR")**

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial period ended 30 June 2019, the PTR of the Fund stood at 1.50 times.

### **15. 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 of the Manager is responsible for the Fund's performance by investing at least 95% of the Fund's NAV in the shares of the Target Fund and the remaining 2% to 5% of the Fund's NAV in liquid assets.

As the Fund is a feeder fund, the Target Fund Manager is the ultimate decision-maker on the investment strategy to ensure the Target Fund achieves its targeted return with an acceptable level of risk within the portfolio.

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 period.

## MAMG ASIA RISING STARS FUND

### 16. TRANSACTION WITH BROKERS

The Manager enters into contract with the Target Fund Manager to acquire or dispose investments in the Target Fund.

### 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 USD	Level 2 USD	Level 3 USD
2019			
Financial assets at FVTPL	277,800	-	-

### 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 returns better 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.

### 19. COMPARATIVE

There are no comparative figures presented as this is the Fund's first set of interim statements since the Fund was launched on 18 October 2018.