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MAYBANK INCOME TRUST FUND

(Formerly known as AMB INCOME TRUST FUND)

Annual report
For the financial year ended 30 June 2019

CORPORATE INFORMATION

MANAGER (with effect from 1 November 2018)

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

The previous Manager and External Investment Manager were:

MANAGER (until 31 October 2018)

Amanah Mutual Berhad (195414-U)
34th Floor Menara PNB
201-A Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Telephone : +603 2034 0800
Facsimile : +603 2162 5958 / +603 2163 3212
<http://www.ambmutual.com.my>

EXTERNAL INVESTMENT MANAGER (until 31 October 2018)

CIMB-Principal Asset Management Berhad
10th Floor Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

TRUSTEE

Universal Trustee (Malaysia) Berhad (17540-D)
No. 1, 3rd Floor
Jalan Ampang
50450 Kuala Lumpur
Telephone +603 2070 8050
Facsimile +603 2031 8715 / +603 2032 3194

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

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

Manager's report
For the financial year ended 30 June 2019

A. Fund Information

- 1. Name of the Fund**
Maybank Income Trust Fund (formerly known as AMB Income Trust Fund) ("the 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 year ended 30 June 2019**
The Fund distributed a total net income of RM1,841,098 to unitholders for the financial year ended 30 June 2019.

Below are details and the impact of distribution declared during the financial year:

Distribution date	Gross/net distribution per unit sen	Before distribution RM	After distribution RM	Changes %
30 June 2019	3.00	1.0814	1.0514	(2.77)

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

Manager's report
For the financial year ended 30 June 2019 (cont'd)

A. Fund Information (cont'd)

11. Breakdown of unitholdings as at 30 June 2019

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1,116	41.83	2,147	3.50
5,001 to 10,000 units	522	19.57	3,572	5.82
10,001 to 50,000 units	857	32.12	18,160	29.59
50,001 to 500,000 units	166	6.22	15,822	25.78
500,001 units and above	7	0.26	* 21,669	35.31
Total	2,668	100.00	61,370	100.00

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

B. Performance Review

1. Key performance data of the Fund

Category	FY2019	FY2018	FY2017
Portfolio			
Unquoted fixed income securities (%)			
- Automobile Manufacturing	-	4.70	-
- Banks	-	-	17.74
- Conglomerate	-	-	2.80
- Construction	3.96	7.62	-
- Financial Services	26.14	32.90	20.79
- Government Agency	0.84	0.76	-
- Government Development	6.87	5.55	-
- Plantation	-	-	9.67
- Power Generation	31.68	35.38	21.15
- Quasi-Government	-	-	7.26
- Real Estate	5.83	-	-
- Sovereign	1.04	7.50	20.82
- Toll roads highways	5.52	-	0.35
- Transportation & Logistics	4.83	2.28	-
- Utilities	4.93	-	-
Cash and other net assets (%)	8.36	3.31	(0.58)
Total (%)	100.00	100.00	100.00

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

Manager's report
For the financial year ended 30 June 2019 (cont'd)

B. Performance Review (cont'd)

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

Category	FY2019	FY2018	FY2017
NAV (RM)	64,521,521	65,511,528	72,284,127
Units in circulation (units)	61,369,922	64,290,187	71,060,187
NAV per unit (RM)	1.0514	1.0190	1.0172
Highest NAV per unit (RM)	1.0811	1.0545	1.0548
Lowest NAV per unit (RM)	1.0194	1.0164	1.0172
Annual return (%) ⁽¹⁾			
- Capital growth (%)	3.15	0.18	(0.07)
- Income distribution (%)	2.85	2.94	3.66
Total return (%)	6.09	3.12	3.59
Benchmark (%)	3.32	3.20	3.09
Net income distributed (RM)	1,841,098	1,928,705	2,650,545
Distribution date	30/06/2019	30/06/2018	30/06/2017
Gross/net distribution per unit (sen)	3.00	3.00	3.73
Management Expense Ratio ("MER") (%)	1.11	1.17	1.18
Portfolio Turnover Ratio ("PTR") (times)	0.37	0.57	0.10

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 year is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.

2. Performance of the Fund up to 30 June 2019

Category	1 year to 30.06.2019 %	3 years to 30.06.2019 %	5 years to 30.06.2019 %
Capital growth	3.15	6.20	11.16
Income distribution	2.85	6.72	19.47
Total return of the Fund	6.09	13.33	32.80
Benchmark	3.32	9.92	17.30
Average total return	6.09	4.26	5.83

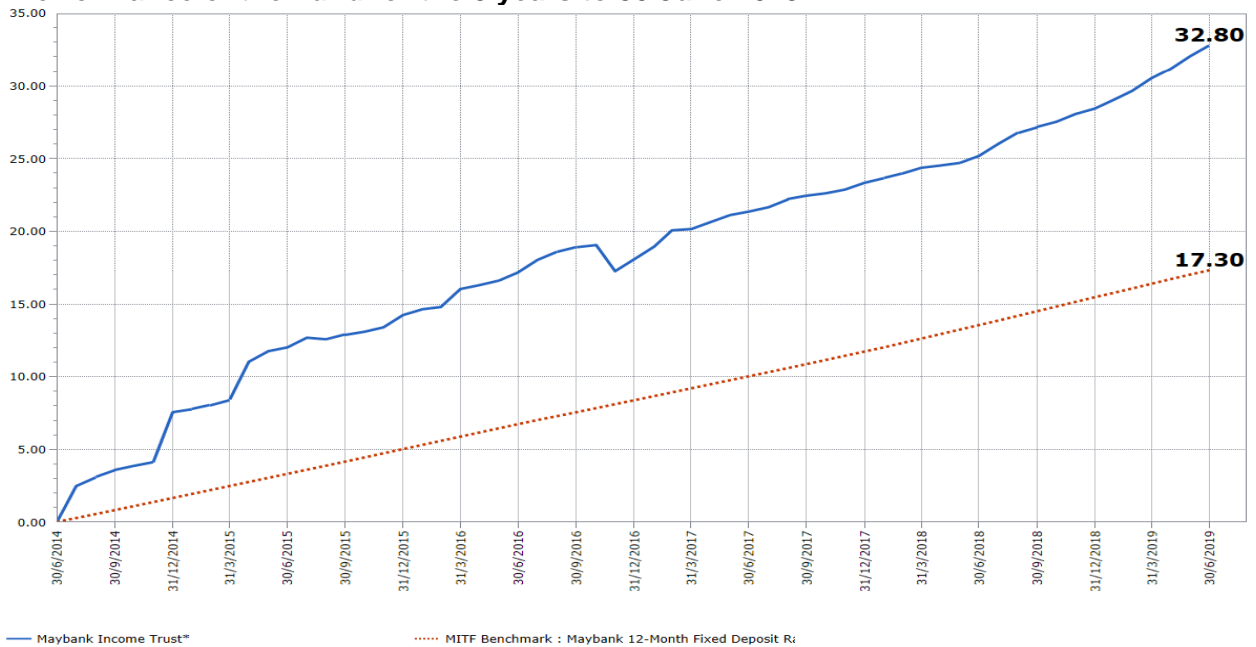
MAYBANK INCOME TRUST FUND
(formerly known as AMB INCOME TRUST FUND)

Manager's report
For the financial year ended 30 June 2019 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 June 2019

Performance of the Fund for the 5 years to 30 June 2019



Source: Lipper

For the financial year ended 30 June 2019, the Fund registered a return of 6.09% compared to the benchmark's return of 3.32%. The outperformance of 2.77% was due to stronger returns from tightening credit spreads and income derived from the Sukuk held in the Fund during the period under review.

Has the Fund met its objective?

The Fund has met its investment objective in terms of achieving capital growth, providing consistent income to the unitholders and outperforming the benchmark during the period under review.

3. Annual total return of the Fund

For the financial year ended	30.06.2019 %	30.06.2018 %	30.06.2017 %	30.06.2016 %	30.06.2015 %
Capital growth	3.15	0.18	(0.07)	1.13	3.50
Income distribution	2.85	2.94	3.66	3.50	8.33
Total return	6.09	3.12	3.59	4.63	11.83
Benchmark	3.32	3.20	3.09	3.34	3.31

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

Manager's report

For the financial year ended 30 June 2019 (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

The Malaysian sovereign bond market was volatile at the early part of the period under review as market reacted to the change in government as sentiment was cautious pending clarity of the new government's new policy direction. The 10-year Malaysian Government Securities ("MGS") started the period under review at a high of 4.20% before easing in the coming months (low of 4.02% in late August 2018). However, it spiked back up and closed at 4.13% at end-November 2018 on rising US ("United States") interest rates and heightened trade disputes between the US and China, as well as the tabling of Budget 2019 in November 2018 before sliding lower in December 2018 on the back of dovish Federal Open Market Committee ("FOMC") policy stance and improved sentiment over Emerging Market ("EM") assets.

The Malaysian sovereign bond yields continued its rally into 2019 as the positive market sentiment was aided by concerns on slower global growth, rising expectation of a peaking US Federal Reserve ("Fed") Fund Rate, and more dovish central banks globally. Central banks turned even more dovish in March 2019, with the US Fed signalled the likelihood of no hike in 2019 (down from expectation of 2 hikes) and indicated that it will conclude their balance sheet reduction in September 2018 instead of in December 2018 as generally expected.

Bank Negara Malaysia ("BNM") also lowered their 2019 Gross Domestic Product ("GDP") growth projection to 4.3% - 4.8% from 4.9% previously, prompting market expectations of an Overnight Policy Rate ("OPR") cut in 2019. MGS and Government Investment Issue ("GII") rallied further in March 2019, with yields down by 10 basis points ("bps") - 35 bps since the start of 2019.

However, a slew of bad news in April 2019 (Norway's sovereign wealth fund pullout from EM, Malaysia's possible exclusion from World Global Bond Index, and Moody's negative statement on the government's aid to Felda) have caused a knee-jerk reaction and led to a sell-off in the bond market and the Ringgit. Sovereign bond yields went up by about 10 bps -20 bps across the board on the news but have since recovered by 5-10 bps. As a result of the bad news in April 2019, foreigners turned net sellers with outflows of -RM9.8 billion, erasing previous two months inflows (March 2019: +RM2.9 billion, February 2019: +RM4.5 billion).

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

Manager's report
For the financial year ended 30 June 2019 (cont'd)

C. Market Review (cont'd)

Consequently, foreign holdings of MGS and GII declined to 37.1% (March 2019: 38.7%) and 4.8% (March 2019: 5.8%) respectively. The outflow was in line with regional market's sentiment toward EM debts and stronger US Dollars ("USD") for the month. Despite this outflow, the bond market remained supported by local players with yields recovered back to March 2019 levels, or even slightly lower, especially the yields for 15 years and below.

In May 2019, BNM decided to cut the OPR by 25bps to 3.00% on external risks to growth mainly due to escalating US-China trade tensions, as well as low inflation rate outlook. The cut was seen as pre-emptive in nature in order to maintain its accommodative monetary policy stance. The Malaysian government bonds rallied in May 2019 and in June 2019, in line with global bond markets on the back of safe haven flows as concerns grew over the trade war as well as dovish global central banks. Expectation of rate cuts increased as the US Fed indicated its openness to policy easing as US macro data softened while there were talks of possible stimulus by European Central Bank ("ECB"). Also supporting the rally is BNM's initiative to enhance market liquidity and accessibility announced in May, which includes expansion of dynamic hedging programme and MYR liquidity beyond local trading hours. The initiative is to address the risk of the exclusion of MGS from the World Government Bond Index by FTSE Russell.

Foreigners returned to Malaysia in June 2019 with inflows of RM6.6 billion after two months of outflows, resulting in foreign holdings in MGS to 36.9% (May 2019: 35.8%) and MGS + GII to 22.3% (May 2019: 21.8%). The inflows in June 2019 narrowed the year-to-date cumulative foreign outflow to RM2.2 billion from RM8.9 billion in May 2019. In line with the inflows, Ringgit gained 1.3% over the month against the USD with USDMYR pair falling to 4.141 at end-June 2019 from 4.197 at end-May 2019.

D. Market Outlook and Strategy

For the year under review, we were mainly invested in corporate bonds and overweight duration. We took profit and switched out of shorter and lower yielding papers with longer and higher yielding papers to lengthen portfolio duration. We also participated in a few new primary issuances for yield enhancement.

We expect BNM to maintain its OPR at 3.00% after the "insurance" cut in May 2019 on continued resilience in domestic growth outlook and subdued inflation rate in the country barring significant negative headwinds from escalating trade disputes between the US and China and heightened risk aversion in emerging markets. Local investors are instead speculating on a Statutory Reserve Requirement ("SRR") cut to increase liquidity in the market and to accommodate domestic economic growth. Meanwhile, expectations of a US Fed Fund rate cut has increased as uncertainties on the escalating US-China trade tension continue to weigh on risk sentiment and moderating growth prospect. Fed Fund Futures are now fully pricing in a 25bps rate cut in July 2019.

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

Manager's report
For the financial year ended 30 June 2019 (cont'd)

D. Market Outlook and Strategy (cont'd)

We continue to believe that the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers as supply of medium to long corporate bonds in the secondary market remain thin due to lack of replacements in a current dovish inclination by BNM.

We are neutral with our duration view given our expectations that OPR will be maintained in 2019, and continue to prefer corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. We will continue to trade opportunistically and also look into new primary issuances that offer higher yields to deliver the required performance.

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

The following changes are with effect from 1 November 2018:

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

F. Soft Commissions and Rebates

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

During the financial year ended 30 June 2019, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

**TRUSTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

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

We have acted as Trustee for Maybank Income Trust Fund (formerly known as AMB Income Trust Fund) ("the Fund") for the financial year ended 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/pricing has been carried out in accordance with the Deeds and any regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns for the year were tied to and reflect the objectives of the Fund.

For and on behalf of
UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (17540-D)

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur, Malaysia
14 August 2019

STATEMENT BY MANAGER

**To the Unit Holders of
MAYBANK INCOME TRUST FUND
(formerly known as AMB INCOME TRUST FUND)**

We, Dr Hasnita Binti Dato' Hashim and Ahmad Najib Bin Nazlan, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying financial statements set are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Income Trust Fund (formerly known as AMB Income Trust Fund) as at 30 June 2019 and of its results, changes in equity and cash flows for the financial year then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
14 August 2019

**Independent auditors' report to the unit holders of
MAYBANK INCOME TRUST FUND
(formerly known as AMB INCOME TRUST FUND)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Income Trust Fund (formerly known as AMB Income Trust Fund) (the "Fund"), which comprise the statement of financial position as at 30 June 2019 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the as at 30 June 2019, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund ("the Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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

**Independent auditors' report to the unit holders of
MAYBANK INCOME TRUST FUND
(formerly known as AMB INCOME TRUST FUND)**

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

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Independent auditors' report to the unit holders of
MAYBANK INCOME TRUST FUND
(formerly known as AMB INCOME TRUST FUND)**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the unit holders of
MAYBANK INCOME TRUST FUND
(formerly known as AMB INCOME TRUST FUND)**

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
14 August 2019

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 RM	2018 RM
INCOME			
Interest income	3	2,118,730	3,386,779
Net gain/(loss) on fair value changes of fair value through profit or loss ("FVTPL") investments	7 (a)		
- Realised gain		211,927	127,126
- Unrealised gain/(loss)		2,336,821	(541,129)
		<u>4,667,478</u>	<u>2,972,776</u>
EXPENSES			
Manager's fee	4	661,932	698,920
Trustee's fee	5	23,167	24,460
Auditors' remuneration		11,000	13,500
Tax agent's fee		4,500	4,500
Administrative expenses		32,011	78,595
		<u>732,610</u>	<u>819,975</u>
Net income before tax		3,934,868	2,152,801
Taxation	6	-	-
Net income after tax, which is the total comprehensive income for the financial year		<u>3,934,868</u>	<u>2,152,801</u>
Net income after tax is made up of the following:			
Net realised income		1,598,047	2,693,930
Net unrealised income/(loss)		2,336,821	(541,129)
		<u>3,934,868</u>	<u>2,152,801</u>
Distributions for the financial year			
Net distributions	13	1,841,098	1,928,705
Gross/net distribution per unit (sen)		<u>3.00</u>	<u>3.00</u>

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

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 RM	2018 RM
ASSETS			
Financial assets at FVTPL	7	59,116,719	63,344,891
Deposit with licensed financial institutions	8	4,115,000	3,515,000
Interest receivables		633,005	689,985
Amount due from brokers	9	2,577,589	-
Amount due from Manager	10	1,042	-
Cash at bank		19,989	8,053
TOTAL ASSETS		<u>66,463,344</u>	<u>67,557,929</u>
LIABILITIES			
Amount due to Manager	10	58,899	67,332
Amount due to Trustee	11	1,906	1,944
Provision for distribution		1,841,098	1,928,705
Other payables and accruals	12	39,920	48,420
TOTAL LIABILITIES		<u>1,941,823</u>	<u>2,046,401</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>64,521,521</u>	<u>65,511,528</u>
EQUITY			
Unitholders' capital	14(a)	79,635,144	82,718,921
Accumulated losses	14(b) & (c)	<u>(15,113,623)</u>	<u>(17,207,393)</u>
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		<u>64,521,521</u>	<u>65,511,528</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	14(a)	<u>61,369,922</u>	<u>64,290,187</u>
NAV PER UNIT		<u>1.0514</u>	<u>1.0190</u>

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Unitholders' capital Note 14(a) RM	Accumulated losses Note 14(b) & (c) RM	Total equity RM
At 1 July 2017	89,715,616	(17,431,489)	72,284,127
Total comprehensive income for the financial year	-	2,152,801	2,152,801
Creation of units	846,175	-	846,175
Reinvestment of units	1,779,376	-	1,779,376
Cancellation of units	(9,622,246)	-	(9,622,246)
Distribution (Note 13)	-	(1,928,705)	(1,928,705)
At 30 June 2018	<u>82,718,921</u>	<u>(17,207,393)</u>	<u>65,511,528</u>
At 1 July 2018	82,718,921	(17,207,393)	65,511,528
Total comprehensive income for the financial year	-	3,934,868	3,934,868
Creation of units	1,759,406	-	1,759,406
Reinvestment of units	1,928,705	-	1,928,705
Cancellation of units	(6,771,888)	-	(6,771,888)
Distribution (Note 13)	-	(1,841,098)	(1,841,098)
At 30 June 2019	<u>79,635,144</u>	<u>(15,113,623)</u>	<u>64,521,521</u>

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

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	2019	2018
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of investments	27,518,181	44,327,125
Net purchase of investments	(24,464,911)	(35,382,020)
Interest received	3,321,725	3,517,162
Manager's fee paid	(674,813)	(697,451)
Trustee's fee paid	(23,205)	(24,821)
Other expenses paid	(55,965)	(94,175)
Net cash generated from operating and investing activities	<u>5,621,012</u>	<u>11,645,820</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,758,364	846,176
Payments for cancellation of units	(6,767,440)	(9,727,726)
Distribution to unitholders	-	(871,169)
Net cash used in financing activities	<u>(5,009,076)</u>	<u>(9,752,719)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR	611,936	1,893,101
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>3,523,053</u>	<u>1,629,952</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>4,134,989</u>	<u>3,523,053</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	19,989	8,053
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	4,115,000	3,515,000
	<u>4,134,989</u>	<u>3,523,053</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Income Trust Fund (formerly known as AMB Income Trust Fund) (hereinafter referred to as "the Fund") was constituted pursuant to the execution of a Deed dated 15 May 1996 ("Principal Deed") between Amanah Mutual Berhad as the Manager and Universal Trustee (Malaysia) Berhad as the Trustee. Subsequently, Supplemental Deeds dated 16 April 1999, 18 August 1999, 23 March 2000, 13 February 2001, 8 February 2002, 12 September 2003, 26 May 2005 and 26 July 2016 (collectively referred to as the "Deeds") made between Amanah Mutual Berhad and Universal Trustee (Malaysia) Berhad have been issued. 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, a company incorporated in Malaysia, is principally engaged in the management of unit trust funds, Amanah Saham Nasional Berhad ("ASNB") and Permodalan Nasional Berhad, companies incorporated in Malaysia, were the holding and ultimate holding company of the Manager until 16 May 2018.

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

Subsequently Maybank Asset Management Sdn Bhd ("MAM") and Universal Trustee (Malaysia) Berhad as the Trustee had entered into a Ninth Supplemental Deed dated 4 September 2018 to change the name of the Fund and to appoint MAM as the replacement Manager of the Fund effective 1 November 2018.

The Manager of the Fund is Maybank AM, 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 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 MBB.

The financial statements were authorised for issue by the Board of Directors of the Manager (the "Directors") in accordance with a resolution of the Directors on 14 August 2019.

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

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 Issue Committee ("IC") Interpretations which have become effective during the financial year ended 30 June 2019. The adoption of the above did not result in material impact to the financial statements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to 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, amendments to standards and interpretations issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS contained in the document entitled <i>"Annual Improvements to MFRS Standards document 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 3 and MFRS 11: <i>Previously Held Interest in a Joint Operation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 112: <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 123: <i>Borrowing Costs Eligible for Capitalisation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
MFRS 16: <i>Leases</i>	1 January 2019

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

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 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: Long-term Interests in <i>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
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

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

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

2.3 Financial instruments

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

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

2.4 Financial assets

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

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

(i) Classification

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, interest receivables, amount due from brokers and amount due from Manager as loan and receivables, and are subsequently measured at amortised cost.

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

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

2.4 Financial assets (cont'd)

(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; 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 period, with any gains or losses arising on remeasurement recognised in profit or loss.

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

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.

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

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

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets

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

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

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

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

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

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

(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 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.

MAYBANK INCOME TRUST FUND
(formerly known as AMB INCOME TRUST 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

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

(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' 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 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 INCOME TRUST FUND
(formerly known as AMB INCOME TRUST FUND)

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

2.7 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.

Interest income from debt instruments are accounted for on an accrual basis based on effective interest rate method.

Interest income from deposit with licensed financial institutions are accounted for on an accrual basis based on effective interest rate method.

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

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 Income tax

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

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current 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 INCOME TRUST FUND
(formerly known as AMB INCOME TRUST 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.

2.12 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.

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

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

2.13 Significant 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. INTEREST INCOME

	2019	2018
	RM	RM
Interest income from unquoted fixed income securities	1,964,324	3,276,915
Interest income from short-term deposits	154,406	109,864
	<u>2,118,730</u>	<u>3,386,779</u>

4. MANAGER'S FEE

The Manager's fee is computed daily based on 1.00% (2018: 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.	
	2019	2018
Nil to 100 million	0.035	0.035
Above 100 million	0.010	0.010

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

6. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable income for the financial year.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, interest income 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:

	2019	2018
	RM	RM
Net income before taxation	<u>3,934,868</u>	<u>2,152,801</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	944,368	516,672
Income not subject to tax	(1,120,194)	(812,827)
Expenses not deductible for tax purposes	<u>175,826</u>	<u>296,155</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FVTPL

	2019	2018
	RM	RM
Unquoted fixed income securities	<u>59,116,719</u>	<u>63,344,891</u>

	Quantity	Aggregate	Market	Percentage
2019	Unit	cost	Value	of NAV
		RM	RM	%
Construction				
WCT Holdings Bhd - 5.65% /20.04.2026	<u>2,500,000</u>	<u>2,506,781</u>	<u>2,552,225</u>	<u>3.96</u>
Financial Services				
Affin Islamic Bank - 5.05% /23.10.2028	1,000,000	1,004,799	1,022,020	1.58
Bank Islam Malaysia Bhd - 5.50% /15.12.2025	750,000	750,000	765,683	1.19
Fortune Premiere Sdn Bhd - 5.05% /31.10.2025	900,000	903,610	934,731	1.45

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

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Financial Services (cont'd)				
Gulf Investment Corp - 5.10% /16.03.2021	5,000,000	5,007,729	5,052,350	7.83
MNRB Holdings Bhd - 5.20% /22.03.2029	2,000,000	2,000,000	2,029,160	3.14
Mumtaz Rakyat Sukuk Bhd - 4.95% /19.06.2026	2,000,000	2,000,000	2,027,260	3.14
Sabah Credit Corp - 4.69% /06.08.2020	5,000,000	5,002,709	5,037,650	7.81
	<u>16,650,000</u>	<u>16,668,847</u>	<u>16,868,854</u>	<u>26.14</u>
Government Agency				
Danga Capital Bhd - 5.02% /21.09.2023	<u>500,000</u>	<u>503,532</u>	<u>541,855</u>	<u>0.84</u>
Government Development				
Sabah Development Bank - 5.30% /27.04.2023	<u>4,300,000</u>	<u>4,311,564</u>	<u>4,431,623</u>	<u>6.87</u>
Power Generation				
Jimah East Power Sdn Bhd - 5.77% /04.12.2029	3,700,000	4,140,139	4,160,946	6.45
Malakoff Power Bhd - 5.35% /16.12.2022	5,000,000	5,117,263	5,212,650	8.08

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

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Power Generation (cont'd)				
Sarawak Energy Bhd - 4.50% /19.01.2022	3,000,000	3,000,779	3,048,840	4.73
Tanjung Bin Energy Issuer Bhd - 6.00% /15.03.2030	1,300,000	1,463,069	1,490,554	2.31
YTL Power International Bhd - 5.05% /03.05.2027	1,400,000	1,443,804	1,464,610	2.27
- 4.49% /24.03.2023	5,000,000	4,995,122	5,056,350	7.84
	<u>19,400,000</u>	<u>20,160,176</u>	<u>20,433,950</u>	<u>31.68</u>
Real Estate				
Country Garden Real Estate Sdn Bhd - 6.40% /06.05.2022	1,300,000	1,300,000	1,305,044	2.02
- 6.40% /18.03.2022	1,300,000	1,300,000	1,307,657	2.03
IJM Land Bhd - 5.65% /17.03.2119	1,100,000	1,100,000	1,147,784	1.78
	<u>3,700,000</u>	<u>3,700,000</u>	<u>3,760,485</u>	<u>5.83</u>
Sovereign				
Government of Malaysia - 5.73% /30.07.2019	670,000	671,278	671,286	1.04
Toll roads highway				
Konsortium Lebuhraya Utara-Timur - 4.25% /01.12.2023	900,000	890,805	900,225	1.40
- 4.75% /02.12.2024	2,600,000	2,628,701	2,658,968	4.12
	<u>3,500,000</u>	<u>3,519,506</u>	<u>3,559,193</u>	<u>5.52</u>

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

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Transportation & Logistics				
Anih Bhd				
- 5.70% /27.11.2026	500,000	532,158	545,555	0.85
- 6.00% /29.11.2028	900,000	988,910	1,015,038	1.57
MMC Corp Bhd				
- 5.70% /24.03.2028	1,500,000	1,500,000	1,553,235	2.41
	<u>2,900,000</u>	<u>3,021,068</u>	<u>3,113,828</u>	<u>4.83</u>
Utilities				
Tenaga Nasional Bhd				
- 4.98% /27.08.2038	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,183,420</u>	<u>4.93</u>
Total unquoted fixed income securities	<u>57,120,000</u>	<u>58,062,752</u>	<u>59,116,719</u>	<u>91.64</u>
Unrealised gain on unquoted fixed income securities *			<u>1,053,967</u>	

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

MAYBANK INCOME TRUST FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2018	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Automobile Manufacturing				
UMW Holdings Bhd - 4.65% /13.09.2023	3,000,000	3,000,000	3,076,830	4.70
Construction				
WCT Holdings Bhd - 5.65% /20.04.2026	5,000,000	5,016,000	4,990,500	7.62
Financial Services				
Bank Islam Malaysia Bhd - 5.50% /15.12.2025	750,000	750,000	764,077	1.17
Gulf Investment Corp - 5.10% /16.03.2021	5,000,000	5,021,900	5,009,750	7.65
Mumtaz Rakyat Sukuk Bhd - 4.95% /19.06.2026	2,000,000	2,000,000	2,006,340	3.06
Public Bank Bhd - 7.50% /05.06.2059	5,000,000	5,910,700	5,132,800	7.83
Rantau Abang Capital Bhd - 5.20% /26.03.2029	3,500,000	3,700,900	3,627,120	5.54
Sabah Credit Corp - 4.69% /06.08.2020	5,000,000	5,012,150	5,013,950	7.65
	<u>21,250,000</u>	<u>22,395,650</u>	<u>21,554,037</u>	<u>32.90</u>
Government Agency				
Danga Capital Bhd - 5.02% /21.09.2023	500,000	503,775	499,065	0.76
Government Development				
Sabah Development Bank - 5.30% /27.04.2023	3,600,000	3,607,920	3,635,964	5.55

MAYBANK INCOME TRUST FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2018 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Power Generation				
Malakoff Power Bhd - 5.35% /16.12.2022	5,000,000	5,171,000	5,113,450	7.81
Sarawak Energy Bhd - 5.15% /23.06.2021	5,000,000	5,179,000	5,084,650	7.76
- 4.50% /19.01.2022	3,000,000	3,001,500	2,990,100	4.56
- 5.00% /04.07.2024	2,000,000	2,053,400	2,026,500	3.09
Tanjung Bin Power Sdn Bhd - 4.54% /16.08.2019	3,000,000	3,073,500	3,004,950	4.59
YTL Power International Bhd - 4.49% /24.03.2023	5,000,000	4,993,500	4,960,450	7.57
	<u>23,000,000</u>	<u>23,471,900</u>	<u>23,180,100</u>	<u>35.38</u>
Sovereign				
GII Murabahah - 4.07% /30.09.2026	<u>5,000,000</u>	<u>5,132,500</u>	<u>4,915,400</u>	<u>7.50</u>
Transportation & Logistics				
MMC Corp Bhd - 5.70% /24.03.2028	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,492,995</u>	<u>2.28</u>
Total unquoted fixed income securities	<u>62,850,000</u>	<u>64,627,745</u>	<u>63,344,891</u>	<u>96.69</u>
Unrealised loss on unquoted fixed income securities *			<u>(1,282,854)</u>	

* The unrealised gain/(loss) on unquoted fixed income securities comprise the amounts arising from changes in fair values.

MAYBANK INCOME TRUST FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

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

8. DEPOSIT WITH LICENSED FINANCIAL INSTITUTIONS

	2019	2018
	RM	RM
Short-term placement with a maturity of less than 3 months	<u>4,115,000</u>	<u>3,515,000</u>

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

	2019		2018	
	WAEIR	Average	WAEIR	Average
	% p.a.	maturity	% p.a.	maturity
		days		days
Deposit with a licensed financial institution	<u>3.15</u>	<u>3</u>	<u>3.42</u>	<u>5</u>

9. AMOUNT DUE FROM BROKER

Amount due from broker relates to the amount receivable from a broker arising from the sale of unquoted fixed income securities. The settlement period for these receivables are within 3 working days from the deal date.

10. AMOUNT DUE FROM/TO MANAGER

	Note	2019	2018
		RM	RM
Amount due from Manager is in respect of:			
Creation of units	(i)	<u>1,042</u>	<u>-</u>
Amount due to Manager is in respect of:			
Management fee	(ii)	54,451	67,332
Cancellation of units	(iii)	<u>4,448</u>	<u>-</u>
		<u>58,899</u>	<u>67,332</u>

MAYBANK INCOME TRUST FUND
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10. AMOUNT DUE FROM/TO MANAGER (CONT'D)

- (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 year. The normal credit term for Manager's fee is 15 days (2018: 15 days).
- (iii) The amount represents amount payable to the Manager for units redeemed/cancelled.

11. AMOUNT DUE TO TRUSTEE

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

12. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2019	2018
	RM	RM
Due to external auditors	12,084	13,500
Due to tax agent	9,000	4,500
Other payables	18,836	30,420
	<u>39,920</u>	<u>48,420</u>

13. DISTRIBUTION

Sources of distributions declared to unitholders in the previous and current financial year are as follows:

	2019	2018
	RM	RM
Interest income	2,361,781	2,748,680
Realised gain on disposal	211,927	-
Less: Expenses	(732,610)	(819,975)
Net distribution	<u>1,841,098</u>	<u>1,928,705</u>

The Fund has unrealised losses brought forward arising from the changes in fair value of the FVTPL investments. See Note 14(c).

Gross/net distribution per unit (sen)	<u>3.00</u>	<u>3.00</u>
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MAYBANK INCOME TRUST FUND
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13. DISTRIBUTION (CONT'D)

The gross and net distribution per unit declared in the current financial year are as follows:

Distribution dates	Gross/net distribution per unit (sen)
2019	
30 June 2019	<u>3.00</u>
2018	
30 June 2018	<u>3.00</u>

14. TOTAL EQUITY

	Note	2019 RM	2018 RM
Unitholders' capital	14(a)	79,635,144	82,718,921
Accumulated realised loss	14(b)	(16,167,590)	(15,924,539)
Accumulated unrealised income/(loss)	14(c)	1,053,967	(1,282,854)
		<u>64,521,521</u>	<u>65,511,528</u>

(a) Unitholders' capital

	2019		2018	
	Units	RM	Units	RM
At the beginning of the financial year	64,290,187	82,718,921	71,060,187	89,715,616
Creation of units	1,661,328	1,759,406	825,000	846,175
Reinvestment of units	1,892,000	1,928,705	1,745,000	1,779,376
Cancellation of units	<u>(6,473,593)</u>	<u>(6,771,888)</u>	<u>(9,340,000)</u>	<u>(9,622,246)</u>
At the end of the financial year	<u>61,369,922</u>	<u>79,635,144</u>	<u>64,290,187</u>	<u>82,718,921</u>

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

	2019		2018	
	No. of Units	Valued at NAV	No. of Units	Valued at NAV
Manager	<u>-</u>	<u>-</u>	<u>59,934</u>	<u>61,073</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 units held by the directors or parties related to the Manager.

MAYBANK INCOME TRUST FUND
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14. TOTAL EQUITY (CONT'D)

(b) Accumulated realised loss

	2019	2018
	RM	RM
At the beginning of the financial year	(15,924,539)	(16,689,764)
Net realised income for the financial year	1,598,047	2,693,930
Distribution out of retained earnings (Note 13)	<u>(1,841,098)</u>	<u>(1,928,705)</u>
At the end of the financial year	<u>(16,167,590)</u>	<u>(15,924,539)</u>

Disposal of certain underperforming investment prior to 1 July 2011 resulted in the significant accumulated realised losses brought forward.

(c) Accumulated unrealised income/(loss)

	2019	2018
	RM	RM
At the beginning of the financial year	(1,282,854)	(741,725)
Net unrealised gain/(loss) for the financial year	<u>2,336,821</u>	<u>(541,129)</u>
At the end of the financial year	<u>1,053,967</u>	<u>(1,282,854)</u>

15. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

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

	2019	2018
	RM	RM
(i) <u>Significant related party transaction</u>		
MBB:		
Interest income from deposit placement	<u>115,743</u>	<u>28,079</u>
Maybank Islamic Bhd:		
Interest income from deposits	<u>205</u>	<u>513</u>

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

	2019 RM	2018 RM
(ii) <u>Significant related party balances</u>		
MBB:		
Deposits with financial institution	4,115,000	-
Maybank Islamic Bhd:		
Deposits with financial institution	-	1,152,000

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.

16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

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

Brokers/dealers	2019		2018	
	Value of trade RM	Percent of total trade %	Value of trade RM	Percent of total trade %
Affin Hwang Investment Bank Bhd	9,399,859	19.04	-	-
Alliance Bank Malaysia Bhd	4,383,265	8.88	-	-
AmBank Bhd	-	-	5,631,520	8.60
AmBank Islamic Bhd	2,000,000	4.05	-	-
CIMB Bank Bhd	14,337,136	29.05	19,081,900	29.15
CIMB Investment Bank Bhd	3,751,513	7.60	-	-
CIMB Islamic Bank Bhd	5,086,280	10.30	-	-
Hong Leong Bank Bhd	1,016,399	2.06	25,339,000	38.71
Hong Leong Investment Bank Bhd	-	-	2,000,800	3.06
MBB *	-	-	502,000	0.77
RHB Bank Bhd	-	-	5,619,265	8.58
RHB Investment Bank Bhd	6,786,229	13.75	7,284,660	11.13
Standard Chartered Bank (M) Bhd	2,600,000	5.27	-	-
	<u>49,360,681</u>	<u>100.00</u>	<u>65,459,145</u>	<u>100.00</u>

MAYBANK INCOME TRUST FUND
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16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONT'D)

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

Financial institutions	2019		2018	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
CIMB Bank Bhd	511,009	0.06	8,953,000	2.63
Hong Leong Bank Bhd	25,579,126	2.91	111,063,000	32.64
MBB *	820,608,000	93.35	91,785,000	26.97
Maybank Islamic Bhd **	-	-	2,303,000	0.68
Public Bank Bhd	27,164,117	3.09	114,434,000	33.63
Public Islamic Bank Bhd	-	-	1,000,000	0.29
RHB Bank Bhd	5,197,036	0.59	10,734,000	3.16
	<u>879,059,288</u>	<u>100.00</u>	<u>340,272,000</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

17. MANAGEMENT EXPENSE RATIO ("MER")

The MER 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 year ended 30 June 2019, the MER of the Fund stood at 1.11% (2018: 1.17%).

18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 June 2019, the PTR of the Fund stood at 0.37 times (2018: 0.57 times).

19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.13 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised. The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

MAYBANK INCOME TRUST FUND
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19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

2019	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	59,116,719		-	59,116,719
Deposit with licensed financial institutions	-	4,115,000	-	4,115,000
Interest receivables	-	633,005	-	633,005
Amount due from brokers	-	2,577,589	-	2,577,589
Amount due from Manager	-	1,042	-	1,042
Cash at bank	-	19,989	-	19,989
Total financial assets	59,116,719	7,346,625	-	66,463,344
Financial liabilities				
Amount due to Manager	-	-	58,899	58,899
Amount due to Trustee	-	-	1,906	1,906
Provision for distribution	-	-	1,841,098	1,841,098
Other payables and accruals	-	-	39,920	39,920
Total financial liabilities	-	-	1,941,823	1,941,823
2018				
Financial assets				
Financial assets at FVTPL	63,344,891		-	63,344,891
Deposit with licensed financial institutions	-	3,515,000	-	3,515,000
Interest receivables	-	689,985	-	689,985
Cash at bank	-	8,053	-	8,053
Total financial assets	63,344,891	4,213,038	-	67,557,929

MAYBANK INCOME TRUST FUND
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19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

2018 (cont'd)	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial liabilities				
Amount due to Manager	-	67,332	-	67,332
Amount due to Trustee	-	1,944	-	1,944
Provision for distribution	-	1,928,705	-	1,928,705
Other payables and accruals	-	48,420	-	48,420
Total financial liabilities	-	2,046,401	-	2,046,401

(b) Financial instruments that are carried at fair value

The fair value of unquoted fixed income securities are based on the fair value prices quoted by Bond Pricing Agency Sdn Bhd, a bond pricing agency registered with SC as at reporting date.

(c) Fair value hierarchy

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at FVTPL	-	59,116,719	-	59,116,719
2018				
Financial assets at FVTPL	-	63,344,891	-	63,344,891

MAYBANK INCOME TRUST FUND
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19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

Financial instruments with maturities of less than one year approximate their carrying values due to the relatively short-term maturity of these instruments.

20. 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 the resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieve 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.

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

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

21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' capital. Risks are inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unit Trust Funds and CMSA.

MAYBANK INCOME TRUST FUND
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21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Market risk

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

(i) Interest rate risk

Unquoted fixed income securities are particularly sensitive to movements in market profit rates. When interest rates rise, the value of fixed income securities will fall and vice versa, thus affecting the NAV of the Fund. The sensitivity to market profit rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

The table below summarises the sensitivity of the Fund's NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movements in market interest rates. The analysis is based on the assumptions that the interest rates increased and decreased by 1% (100 basis points) with all other variables held constant.

	2019		2018	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
Unquoted fixed income securities	+1	(2,796,129)	+1	(2,534,870)
	-1	3,095,905	-1	2,705,396

The impact to the Fund's net income after tax and NAV is expected to be the same.

The Fund's deposit with licensed financial institutions carries interest rate and is short-term in nature, and therefore is not affected by movements in market interest rate.

MAYBANK INCOME TRUST FUND
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21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk

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

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

(i) Credit risk exposure

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

(ii) Credit risk concentration

The following table analyses the Fund's investments in financial assets at FVTPL, cash at bank, deposit with licensed financial institutions, interest receivables on unquoted fixed income securities and interest receivables on deposit with licensed financial institutions by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and interest receivables on unquoted fixed income securities were obtained from RAM Holdings Bhd ("RAM") and Malaysian Rating Corporation Bhd ("MARC") while the ratings for cash at bank, deposit with licensed financial institutions and interest receivables on deposit with licensed financial institutions were obtained from RAM's official website.

MAYBANK INCOME TRUST FUND
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21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk (cont'd)

(ii) Credit risk concentration (cont'd)

	2019		2018	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
Unquoted fixed income securities and interest receivables				
AAA	8,908,341	13.81	9,265,675	14.14
AA1	19,301,709	29.92	24,011,600	36.65
AA2	2,510,254	3.89	8,214,838	12.54
AA3	23,318,700	36.14	13,694,244	20.9
A1	3,856,743	5.98	3,879,954	5.92
A2	1,165,494	1.81	-	-
Government securities	687,418	1.07	4,967,393	7.58
	<u>59,748,659</u>	<u>92.62</u>	<u>64,033,704</u>	<u>97.73</u>
Cash at bank, deposits with licensed financial institutions and interest receivables				
AAA	4,136,054	6.41	2,723,995	4.16
AA2	-	-	800,230	1.22
	<u>4,136,054</u>	<u>6.41</u>	<u>3,524,225</u>	<u>5.38</u>

MAYBANK INCOME TRUST FUND
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21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk

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

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

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

The following table summarises the maturity profile of the Fund's financial assets, financial liabilities and unitholders' equity to provide a complete view of the Fund's contractual commitments and liquidity:

2019	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	671,286	58,445,433	59,116,719
Deposit with licensed financial institutions	4,115,000	-	4,115,000
Interest receivables	59,178	573,827	633,005
Amount due from brokers	2,577,589	-	2,577,589
Amount due from Manager	1,042	-	1,042
Cash at bank	19,989	-	19,989
Total undiscounted financial assets	<u>7,444,084</u>	<u>59,019,260</u>	<u>66,463,344</u>
Financial liabilities and unitholders' equity:			
Amount due to Manager	58,899	-	58,899
Amount due to Trustee	1,906	-	1,906
Provision for distribution	1,841,098	-	1,841,098
Other payables and accruals	39,920	-	39,920
Unitholders' equity	64,521,521	-	64,521,521
Total undiscounted financial liabilities and unitholders' equity	<u>66,463,344</u>	<u>-</u>	<u>66,463,344</u>
Liquidity (gap)/surplus	<u>(59,019,260)</u>	<u>59,019,260</u>	<u>-</u>

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

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

(d) Liquidity risk (cont'd)

2018	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	-	63,344,891	63,344,891
Deposit with licensed financial institutions	3,515,000	-	3,515,000
Interest receivables	689,985	-	689,985
Cash at bank	8,053	-	8,053
Total undiscounted financial assets	<u>4,213,038</u>	<u>63,344,891</u>	<u>67,557,929</u>
Financial liabilities and unitholders' equity:			
Amount due to Manager	67,332	-	67,332
Amount due to Trustee	1,944	-	1,944
Provision for distribution	1,928,705	-	1,928,705
Other payables and accruals	48,420	-	48,420
Unitholders' equity	<u>65,511,528</u>	<u>-</u>	<u>65,511,528</u>
Total undiscounted financial liabilities and unitholders' equity	<u>67,557,929</u>	<u>-</u>	<u>67,557,929</u>
Liquidity (gap)/surplus	<u>(63,344,891)</u>	<u>63,344,891</u>	<u>-</u>

Notes:

(i) Financial assets

Deposits with licensed financial institutions are grouped based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting year to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

(ii) Financial liabilities

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

MAYBANK INCOME TRUST FUND
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21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (cont'd)

Notes:

(iii) Unitholders' capital

As unitholders could request for redemption of their units within ten calendar days from transaction date, unitholders' equity has been categorised as having a maturity of "less than 1 month".

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

As at 30 June 2019, the Fund has no liquidity gap.

22. 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 year.