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MAYBANK BALANCED TRUST FUND

Annual report
For the financial year ended 30 September 2019

CORPORATE INFORMATION

MANAGER

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MAYBANK BALANCED TRUST FUND

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MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019

A. Fund Information

1. Name of the Fund

Maybank Balanced Trust Fund ("Fund")

2. Type of Fund

Growth and income fund

3. Category of Fund

Balanced fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

19 September 1994 / 18 October 1994

6. Fund's investment objective

The Fund seeks to provide a balance between income and long term capital appreciation.

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. Any distribution declared, will be reinvested as additional units. No sales charge is imposed on the reinvestment of income distribution.

8. Fund's performance benchmark

- 50% of the performance of the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI")
- 50% of Maybank 12 Months Fixed Deposit Rate

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

The principal activity of the Fund is to invest between 40% to 58% of the Fund's assets in equities, between 40% to 58% of the Fund's assets in fixed income securities and minimum of 2% of the Fund's assets in liquid assets.

10. Net income distribution for the financial year ended 30 September 2019

The Fund did not declare any distributions for the financial year ended 30 September 2019.

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019 (cont'd)

A. Fund Information (cont'd)

11. Breakdown of unitholdings by size

Fund size

As at 30 September 2019, the size of the Fund was 83,731,532 units.

Breakdown of unitholdings as at 30 September 2019

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	4,008	50.82	8,377	10.00
5,001 to 10,000 units	1,642	20.82	10,370	12.38
10,001 to 50,000 units	1,960	24.85	36,613	43.73
50,001 to 500,000 units	273	3.46	24,965	29.82
500,001 units and above	3	0.05	3,407	4.07
Total	7,886	100.00	*83,732	100.00

* Included units held under an Institutional Unit Trust Scheme Adviser

B. Performance Review

1. Key performance data of the Fund

Category	FY2019	FY2018	FY2017
Portfolio			
Quoted equities - local			
Construction	3.82	3.39	6.03
Consumer Products	4.99	8.60	1.36
Energy	2.58	5.30	-
Finance	9.34	10.52	15.57
Healthcare	0.96	2.06	-
Industrial Products	3.15	7.98	3.34
Infrastructure	-	-	0.52
Plantation	1.34	3.34	3.64
Property	0.78	2.36	1.76
Real Estate Investment Trust ("REIT")	2.52	-	-
Technology	0.57	-	-
Telecommunications	2.82	2.76	-
Transportation	4.11	3.60	-
Trading/Services	-	-	20.47
Utilities	3.29	2.76	-
Unquoted fixed income securities	47.43	43.68	46.58
Cash and other net assets	12.30	3.65	0.73
Total (%)	100.00	100.00	100.00

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019 (cont'd)

B. Performance Review

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

Category	FY2019	FY2018	FY2017
NAV (RM'000)	61,317	64,445	72,395
Units in circulation (units'000)	83,732	87,980	94,920
NAV per unit (RM)	0.7323	0.7325	0.7627
Highest NAV per unit (RM)	0.7467	0.7948	0.7978
Lowest NAV per unit (RM)	0.6994	0.7367	0.7367
Net income distributed (RM'000)	-	2,199	2,848
Distribution date	-	30/09/2018	30/09/2017
Gross distribution per unit (sen)	-	2.50	3.00
Net distribution per unit (sen)	-	2.50	3.00
Annual total return (%) ⁽¹⁾			
- Capital growth (%)	(0.02)	(3.96)	1.74
- Income distribution (%)	-	3.28	4.00
Total return (%)	(0.02)	(0.68)	5.74
Benchmark (%)	(4.09)	2.71	4.64
Management Expense Ratio ("MER") (%)	1.76	1.91	1.83
Portfolio Turnover Ratio ("PTR") (times) ⁽²⁾	0.48	0.73	0.69

Notes:

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

(2) The Fund's PTR decreased due to lower trading activities in the current financial year under review.

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

2. Performance of the Fund up to 30 September 2019

Category	1 year to 30.09.2019 %	3 years to 30.09.2019 %	5 years to 30.09.2019 %
Capital growth	(0.02)	(2.32)	(6.81)
Income distribution	-	7.49	15.46
Total return of the Fund	(0.02)	5.00	7.59
Benchmark	(4.09)	3.07	(5.35)
Average total return	(0.02)	1.64	1.47

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019 (cont'd)

B. Performance Review (cont'd)

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



Source : Lipper

For the financial year ending 30 September 2019, the Fund was flat at -0.0%, outperforming its benchmark, which registered a loss of 4.1%. For equities, the strategy to overweight in automotive and construction names such as DRB Hicom Bhd, MBM Resources Bhd, Gabungan AQRS Bhd as well as Gamuda Bhd performed well. Besides that, the strategy to underweight positions in the financials also contributed to the outperformance, as this sector was sold down on the back of weaker economic outlook and concerns of compression in net interest margin in a declining interest rate environment. However, on an absolute return basis, the portfolio was dragged by selective names such as Padini Holdings Bhd, SP Setia Bhd and Public Bank Bhd. For fixed income, the outperformance was due to the strong rally in the local bond market, and the overweight position in corporate bonds against sovereign bonds, which benefitted from the tightening credit spreads.

Has the Fund met its objective?

For the period under review, the Fund managed to outperform its benchmark but did not generate a positive total return due to the weak market condition. Dividend was declared for financial year ending 2016, 2017, and 2018 but not in 2015 and 2019. In summary, the Fund did not meet its objective.

3. Annual total return of the Fund

For the financial year ended	2019 %	2018 %	2017 %	2016 %	2015 %
Capital growth	(0.02)	(3.96)	1.74	4.65	(3.94)
Income distribution	-	3.28	4.00	2.00	-
Total return	(0.02)	(0.68)	5.74	6.65	(3.94)
Benchmark	(4.09)	2.71	4.64	2.63	(2.97)

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 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

Equity Market Review

During the year under review, the equity markets were broadly weak as investor weighed-in the on-going United States ("US")-China trade tensions and uncertainty on the global economic outlook. Within the period, only Indonesia (+3.2%) and Philippines (+6.9%) were in positive territory in ASEAN, together with China (Shanghai +3.0%) and India (+5.0%) for North Asia. On the contrary, Singapore, Thailand, Malaysia, Taiwan, South Korea, Hong Kong and Japan closed lower by 4.2%, 6.8%, 11.7%, 1.6%, 12.0 %, 6.1% and 9.8% respectively. Over in US, Dow Jones and S&P 500 recorded gains of 1.7% and 2.2% respectively. Meanwhile in Europe, the Euro Stoxx 50 and the German Dax rose by 5.0% and 1.5% respectively for the period.

Although the equity markets movements snapshot were broadly mixed, markets were volatile as the trade deal between the US-China remains an impasse as any discussion on trade negotiations are subsequently followed by trade threats. In May 2019, US announced its plan of increasing tariff on US Dollars ("USD") 200 billion worth of Chinese import from 10% to 25% from 10 May 2019 onwards and China retaliated by increasing the tariff range from 5-10% to 5-25% on USD60 billion worth of US import. In June 2019, US and China agreed to restart the trade negotiations whilst further tariff increases were put on hold temporarily. However, in August 2019, Donald Trump announced that he may potentially impose 10% tariff on the remaining USD300 billion worth of Chinese import starting 1 September 2019 but backpedalled in mid-August 2019, by delaying 10% tariff on some holiday related Chinese imports to 15 December 2019. The persistent on-off tit-for-tat tariff translates to volatility and poor visibility on the trade progress. Elsewhere, political and trade tensions also sparked in other nations, with Saudi Arabia oil plant being attacked by drones, Japan announcing that it has removed South Korea from the whitelist of trusted trade partners and anti-government protests happening in Hong Kong.

Domestically, the large cap FTSE Bursa Malaysia ("FBM") KLCI Index closed -11.7% for the year, while the broader market FBM Emas Index also posted a loss of 10.6%. The local market failed to see strong rally in early 2019 as compared to its peers due to the lack of catalyst and overhang on the political uncertainties as well as government policies. Meanwhile, the FBM SmallCap Index still registered a decline of 9.7% for the year, despite recovering 14.9% in the first 9 months of 2019.

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019 (cont'd)

C. Market Review (cont'd)

Equity Market Review (cont'd)

For the year, foreign funds have taken out Ringgit Malaysia ("RM")11.1 billion net worth of equities with a strong outflow in the month of March 2019 to May 2019 and August 2019. Fund flow reversed in January 2019 and June 2019 at +RM1.0 billion and RM0.1 billion respectively but in the subsequent months, foreigners sold off their position, ending with a net outflow of RM7.9 billion year to date ("YTD").

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

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

Fixed Income and Money Market Review

The Malaysian sovereign bond yields increased during the first two months of period under review on rising US interest rates and heightened trade disputes between the US and China, as well as the tabling of Budget 2019 in November before sliding lower in December 2019 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 instead of in December as generally expected. BNM also lowered their 2019 GDP growth projection to 4.3% - 4.8% from 4.9% previously, prompting market expectations of an Overnight Policy Rate ("OPR") cut in 2019. Malaysian Government Securities ("MGS") and Government Investment Issue ("GII") rallied further in March 2019, with yields down by 10-35 basis points ("bps") since the start of 2019.

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019 (cont'd)

C. Market Review (cont'd)

Fixed Income and Money Market Review (cont'd)

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 ("WGBI"), 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 RM. Sovereign bond yields went up by about 10-20 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: +RM2.9billion, February 2019: +RM4.5billion). 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 USD for the month. Despite this outflow, the bond market remained supported by local players with yields recovered back to March levels, or even slightly lower, especially the yields for 15 years and below.

In May 2019, BNM decided to cut the OPR by 25 bps 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 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 was BNM's initiative to enhance market liquidity and accessibility announced in May, which includes expansion of dynamic hedging programme and RM liquidity beyond local trading hours. The initiative is to address the risk of the exclusion of MGS from the WGBI by FTSE Russell.

Malaysian bond market mostly extended gains in July 2019. As widely expected, OPR was maintained in July 2019 MPC meeting while the US Fed announced a cut in the Fed Fund Rate at end-July 2019, lowering the target range by 25 bps to 2% to 2.25%. However, while FOMC signalled willingness to ease rates further if necessary, US Fed Chairman Jerome Powell commented that the rate cut is "not the beginning of a long series of rate cuts". Malaysian govies corrected slightly but was short-lived as concerns on US-China trade tensions re-emerged on renewed tariff threats by the US on the remaining untaxed Chinese goods. Yields for Malaysian govies ended lower on the mid- to long-end of the curve by 13-29bps in August 2019, with corporate bonds following suit, thus tightening credit spreads.

However in September 2019, Malaysian bond market bear steepened on the back of easing US-China trade tensions and concerns on FTSE Russell's decision on potential exclusion of Malaysia from its index. As per market expectation, BNM maintained OPR at 3.00% in its September 2019 meeting while the US FOMC decided to cut its Fed Fund Rate by 25bps to 1.75% - 2.00% range, but indicated that further cuts may not follow. 10-yr MGS yields rose to September 2019 high of 3.50% from 3.32% at the beginning of the month, before easing back to close at 3.32% at month-end after a relief rally following FTSE Russell's decision to maintain Malaysia on watchlist until its next review in March 2020. Meanwhile, corporate bonds yields followed suit with credit spreads generally widened over the month.

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019 (cont'd)

C. Market Review (cont'd)

Fixed Income and Money Market Review (cont'd)

Foreigners were net buyers in ringgit bonds in September 2019, as low yield environment encouraged portfolio flows to local emerging market debts. The September 2019 foreign inflows of RM0.9 billion reversed August's outflow of RM0.1 billion. However, the inflow was probably curbed by the uncertainty around Malaysia's potential exclusion from FTSE Russell's index, as Indonesia Rupiah bonds saw a stronger inflow of USD1.4 billion. Foreign share of MGS and GII were up 22.9% at end-September 2019 (August 2019: 22.8%), while that of MGS was lower at 37.5% (August 2019: 37.7%) due to a bigger outstanding base.

D. Market Outlook and Strategy

Equity outlook & strategy

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

Domestically, despite the recent easing in May 2019, the BNM views that it still has monetary ammunition given the depressed inflation although this is taking account the fluctuations of the RM. Any further rate cut by BNM, fiscal stimulus and private sector spending could act as a catalyst for the local market. Nevertheless, we think Malaysian equities remains fairly positioned to face these various headwinds further supported by the ample liquidity represented by the large pension funds, life insurance and other institutional investor. In the near term, key event to watch will be the Budget 2020 which is set to be held on the 11 October 2019.

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

Fixed income outlook & strategy

For the year under review, we were mainly invested in Corporate Sukuk. 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.

MAYBANK BALANCED TRUST FUND

Manager's report

For the financial year ended 30 September 2019 (cont'd)

D. Market Outlook and Strategy (cont'd)

Fixed income outlook & strategy (cont'd)

Meanwhile, expectations of a 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. 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 continue to overweight 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 maintain our neutral duration view on the back of expectations that OPR will be maintained in 2019 as long as the country's 2019 GDP growth remain within BNM's target of between 4.3% and 4.8%. We will also continue to trade opportunistically and also look into new primary issuances that offer higher yields to deliver the required performance.

E. Soft Commissions and Rebates

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

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

**TO THE UNITHOLDERS OF
MAYBANK BALANCED TRUST FUND**

We, Universal Trustee (M) Berhad ("the Trustee"), being the Trustee for Maybank Balanced Trust Fund ("the Fund"), are of the opinion that Maybank Asset Management Sdn Bhd ("the Manager"), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 30 September 2019.

In our opinion:

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, Supplemental Deeds, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws during the financial year ended 30 September 2019;
- (b) Valuation/pricing of units of 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
UNIVERSAL TRUSTEE (M) BERHAD (17540-D)

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur, Malaysia
20 November 2019

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK BALANCED TRUST FUND
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

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

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
20 November 2019

Independent auditors' report to the Unitholders of MAYBANK BALANCED TRUST FUND

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Balanced Trust Fund (the "Fund"), which comprise the statement of financial position as at 30 September 2019 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 54.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Manager 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 Unitholders of MAYBANK BALANCED TRUST FUND (cont'd)

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

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the Unitholders of MAYBANK BALANCED TRUST FUND (cont'd)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional 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 Unitholders of
MAYBANK BALANCED TRUST FUND (cont'd)**

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
20 November 2019

Lee Pei Yin
No. 03189/05/2021 J
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MAYBANK BALANCED TRUST FUND

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

	Note	2019 RM	2018 RM
INCOME			
Dividend income		944,804	1,258,854
Interest income	3	1,588,476	1,247,274
Net gain/(loss) on fair value changes of fair value through profit or loss ("FVTPL") investments	7(c)		
- Unrealised gain/(loss)		(547,620)	(3,334,806)
- Realised (loss)/gain		(854,171)	2,043,859
Other income		6,000	-
		<u>1,137,489</u>	<u>1,215,181</u>
EXPENSES			
Manager's fee	4	948,464	1,064,102
Trustee's fee	5	30,969	33,282
Auditors' remuneration		10,500	15,000
Tax agent's fee		4,795	4,500
Brokerage and other transaction fees		85,722	274,054
Administrative expenses		116,391	235,251
		<u>1,196,841</u>	<u>1,626,189</u>
NET LOSS BEFORE TAXATION		(59,352)	(411,008)
TAXATION	6	(3,461)	-
NET LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(62,813)</u>	<u>(411,008)</u>
Total comprehensive loss for the financial year is made up of the following:			
Realised income		484,807	2,923,798
Unrealised loss		(547,620)	(3,334,806)
		<u>(62,813)</u>	<u>(411,008)</u>
Distributions for the financial year:			
Net distributions	13	-	2,199,497
Gross/net distribution (sen)	13	-	2.50

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

MAYBANK BALANCED TRUST FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	Note	2019 RM	2018 RM
ASSETS			
Investments at FVTPL	7	54,620,257	62,071,661
Deposits with licensed financial institutions	8	6,414,000	4,327,000
Interest receivable		275,059	300,094
Dividend receivable		127,762	203,959
Cash at bank		1,595	43,564
TOTAL ASSETS		<u>61,438,673</u>	<u>66,946,278</u>
LIABILITIES			
Amount due to Manager	9	97,952	177,734
Amount due to Trustee	10	2,508	2,635
Distribution payable		-	2,199,497
Other payables and accruals	11	20,986	121,466
TOTAL LIABILITIES		<u>121,446</u>	<u>2,501,332</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>61,317,227</u>	<u>64,444,946</u>
EQUITY			
Unitholders' capital	12(a)	126,704,802	129,769,708
Accumulated losses	12(b)&(c)	<u>(65,387,575)</u>	<u>(65,324,762)</u>
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		<u>61,317,227</u>	<u>64,444,946</u>
NUMBER OF UNITS IN CIRCULATION	12(a)	<u>83,731,532</u>	<u>87,979,885</u>
NAV PER UNIT		<u>0.7323</u>	<u>0.7325</u>

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

MAYBANK BALANCED TRUST FUND

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

	Unitholders' capital Note 12(a) RM	Accumulated losses Note 12(b) & 12(c) RM	Total equity RM
At 1 October 2017	135,109,319	(62,714,257)	72,395,062
Total comprehensive loss for the financial year	-	(411,008)	(411,008)
Creation of units	3,470	-	3,470
Reinvestment of units	2,847,597	-	2,847,597
Cancellation of units	(8,190,678)	-	(8,190,678)
Distribution (Note 13)	-	(2,199,497)	(2,199,497)
At 30 September 2018	<u>129,769,708</u>	<u>(65,324,762)</u>	<u>64,444,946</u>
At 1 October 2018	129,769,708	(65,324,762)	64,444,946
Total comprehensive loss for the financial year	-	(62,813)	(62,813)
Creation of units	20,063	-	20,063
Reinvestment of units	2,199,497	-	2,199,497
Cancellation of units	(5,284,466)	-	(5,284,466)
At 30 September 2019	<u>126,704,802</u>	<u>(65,387,575)</u>	<u>61,317,227</u>

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

MAYBANK BALANCED TRUST FUND

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

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from disposal of investments	33,465,202	55,852,385
Net payment for purchase of investments	(27,539,100)	(48,280,949)
Interest received	1,576,817	1,557,151
Net dividend received	1,088,817	1,118,512
Other income received	6,000	-
Manager's fee paid	(974,334)	(1,061,305)
Trustee's fee paid	(31,096)	(33,675)
Other expenses paid	(228,959)	(198,869)
Net cash generated from operating and investing activities	<u>7,363,346</u>	<u>8,953,250</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	20,063	3,470
Payments for cancellation of units	(5,338,378)	(8,162,318)
Net cash used in financing activities	<u>(5,318,315)</u>	<u>(8,158,848)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,045,031	794,402
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>4,370,564</u>	<u>3,576,162</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>6,415,595</u>	<u>4,370,564</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	1,595	43,564
Deposits with licensed financial institutions (Note 8)	6,414,000	4,327,000
	<u>6,415,595</u>	<u>4,370,564</u>

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

MAYBANK BALANCED TRUST FUND

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Balanced Trust Fund (hereinafter referred to as the "Fund") was constituted pursuant to the execution of a Deed dated 14 September 1994 ("Principal Deed") between Amanah Mutual Berhad as the Manager and Universal Trustee (Malaysia) Berhad as the Trustee. Subsequently, Amanah Mutual Berhad and Universal Trustee (Malaysia) Berhad entered into First Supplemental Deed dated 16 April 1999, Second Supplemental Deed dated 23 March 2000, Third Supplemental Deed dated 28 May 2001, Fourth Supplemental Deed dated 8 February 2002, Fifth Supplemental Deed dated 12 September 2003, Sixth Supplemental Deed dated 26 May 2005 and Seventh Supplemental Deed dated 26 July 2016 (collectively referred to as "Deeds").

The Fund commenced operations on 19 September 1994 and will continue to be in operation until terminated by the Trustee as provided under the Deeds. The Fund's strategy provides a careful selection between listed equities and listed/unlisted fixed income securities carrying a minimum short term credit rating of P2 or long term credit rating of A3 by RAM or equivalent rating by any other rating agencies.

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

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

Maybank Asset Management Sdn Bhd ("MAM") and Universal Trustee (Malaysia) Berhad as the Trustee had entered into a Eighth 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 Malayan Banking Berhad ("MBB").

The financial statements were authorised for issue by the Board of Directors of the Manager ("Directors") in accordance with a resolution on 20 November 2019.

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 ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

MAYBANK BALANCED TRUST FUND

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

2.2 Standards and amendments to standards issued but not yet effective

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

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

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

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

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

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

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.

MAYBANK BALANCED TRUST 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, dividend receivable, interest receivables as loans and receivables, and are subsequently measured at amortised cost. Investments in quoted equities and unquoted fixed income securities is classified as FVTPL.

(ii) Financial assets at FVTPL

Investments in quoted equities and unquoted fixed income securities is 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.

MAYBANK BALANCED TRUST FUND

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL (cont'd)

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 and dividend income on equity securities classified as FVTPL are disclosed separately in the profit or loss.

The carrying cost of unquoted fixed income securities denominated in RM are revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency ("BPA") registered with the Securities Commission Malaysia ("SC"). Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- records its basis for using a non-BPA price;
- obtain necessary internal approvals to the use of non-BPA price; and
- keeps an audit trail of all decisions and basis for adopting the market yield.

(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.

MAYBANK BALANCED TRUST 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.

(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 BALANCED TRUST FUND

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

2.4 Financial assets (cont'd)

(iv) Derecognition of financial assets (cont'd)

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

2.5 Financial liabilities

(i) Classification

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

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.

2.6 Fair value measurement

The Manager measures the Fund's 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 market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

MAYBANK BALANCED TRUST FUND

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

2.6 Fair value measurement (cont'd)

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 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.

2.7 Functional and presentation currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

2.8 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:

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

MAYBANK BALANCED TRUST FUND

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

2.8 Unitholders' capital (cont'd)

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. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

2.9 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distributions is sourced out of distribution equalisation which is accounted for as an adjustment to the unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

2.10 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.

2.11 Revenue / Income

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 unquoted fixed income securities includes amortisation of premium and accretion of discount, and is recognised using the effective interest method.

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

Dividend income is recognised when the right to receive is established.

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation or premium.

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

Other income (e.g. consent fee) is recognised on an accrual basis when the right to receive is established.

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

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.

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 year.

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

2.13 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.

2.14 Critical accounting estimates and judgements

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

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

MAYBANK BALANCED TRUST FUND

3. INTEREST INCOME

	2019	2018
	RM	RM
Interest income from unquoted fixed income securities	1,438,650	1,414,034
Interest income from short-term deposits	219,492	94,600
Amortisation of premium, net of accretion of discount	(69,666)	(261,360)
	<u>1,588,476</u>	<u>1,247,274</u>

4. MANAGER'S FEE

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

5. TRUSTEE'S FEE

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

NAV of the Fund	Rate p.a. (%)	
	2019	2018
First RM20 million	0.06	0.06
Next RM20 million	0.05	0.05
Next RM20 million	0.04	0.04
Next RM20 million	0.03	0.03
Next RM20 million	0.02	0.02
Any amount in excess of RM100 million	0.01	0.01

6. TAXATION

	2019	2018
	RM	RM
Tax expense for the financial year:		
Current income tax expense		
- local	<u>3,461</u>	<u>-</u>

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6. TAXATION (CONT'D)

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 expense for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses.

In accordance with Schedule 6 of the Income Tax Act 1967, interest income and dividend income earned by the Fund is exempted from tax.

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 of the Fund is as follows:

	2019	2018
	RM	RM
Net loss before taxation	<u>(59,352)</u>	<u>(411,008)</u>
Taxation at Malaysian statutory rate of 24% (2018: 24%)	(14,244)	(98,642)
Income not subject to tax	(609,427)	(291,643)
Expenses not deductible for tax purposes	623,671	390,285
Effect of income taxed at source	3,461	-
Tax expense for the financial year	<u>3,461</u>	<u>-</u>

7. INVESTMENTS AT FVTPL

	Note	2019	2018
		RM	RM
Quoted equities	(a)	25,540,347	33,934,296
Unquoted fixed income securities	(b)	29,079,910	28,137,365
		<u>54,620,257</u>	<u>62,071,661</u>

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities				
Construction				
Gabungan AQRS Bhd	864,874	1,372,394	1,081,093	1.76
Gamuda Bhd	193,400	627,718	715,580	1.17
IJM Corporation Bhd	139,200	309,817	304,848	0.50
MGB Bhd	371,700	658,236	241,605	0.39
	<u>1,569,174</u>	<u>2,968,165</u>	<u>2,343,126</u>	<u>3.82</u>
Consumer Products				
DRB Hicom Bhd	265,900	506,297	630,183	1.03
Dutch Lady Milk Industries Bhd	9,800	620,340	588,000	0.96
Genting Malaysia Bhd	137,700	504,657	417,231	0.68
MBM Resources Bhd	74,100	242,110	292,695	0.48
UMW Holdings Bhd	231,700	1,451,180	1,130,696	1.84
	<u>719,200</u>	<u>3,324,584</u>	<u>3,058,805</u>	<u>4.99</u>
Energy				
Dialog Group Bhd	402,400	1,202,826	1,368,160	2.23
Velesto Energy Bhd	647,700	210,503	213,741	0.35
	<u>1,050,100</u>	<u>1,413,329</u>	<u>1,581,901</u>	<u>2.58</u>
Finance				
Aeon Credit Service (M) Bhd	42,000	629,429	612,360	1.00
CIMB Group Holdings Bhd	122,618	669,233	616,769	1.01
Hong Leong Bank Bhd	27,800	556,617	454,808	0.74
Hong Leong Financial Group Bhd	10,000	190,916	162,600	0.27
Malayan Banking Bhd *	209,607	1,959,267	1,783,756	2.91
Public Bank Bhd	55,583	1,278,716	1,116,107	1.82
RHB Bank Bhd	172,600	908,789	973,464	1.59
	<u>640,208</u>	<u>6,192,967</u>	<u>5,719,864</u>	<u>9.34</u>

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Healthcare				
Kossan Rubber Industries Bhd	73,500	307,899	314,580	0.51
Supermax Corporation Bhd	172,900	265,279	276,640	0.45
	246,400	573,178	591,220	0.96
Industrial Products				
Cahaya Mata Sarawak Bhd	238,800	812,427	644,760	1.05
Petronas Chemicals Group Bhd	72,400	589,046	545,896	0.89
UEM Edgenta Bhd	2,800	8,260	9,856	0.02
V.S. Industry Bhd	540,400	624,106	729,540	1.19
	854,400	2,033,839	1,930,052	3.15
Plantation				
IOI Corporation Bhd	186,100	850,838	824,423	1.34
Property				
S P Setia Bhd	350,578	1,192,325	476,786	0.78
Real Estate Investment Trust ("REIT")				
Axis REIT	576,300	1,029,366	1,066,155	1.74
IGB REIT	234,000	417,232	477,360	0.78
KLCC Property Holdings Bhd	106,700	830,633	861,069	1.40
	917,000	2,277,231	2,404,584	2.52
Technology				
Inari Amerton Bhd	193,500	313,204	352,170	0.57

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Telecommunications				
Axiata Group Bhd	327,825	1,651,089	1,409,648	2.30
Telekom (M) Bhd	87,790	586,669	316,044	0.52
	415,615	2,237,758	1,725,692	2.82
Transportation				
Lingkaran Trans Kota Holdings Bhd	193,200	818,374	871,332	1.42
Malaysia Airports Holdings Bhd	114,000	996,854	986,100	1.61
MMC Corporation Bhd	623,600	638,013	661,016	1.08
	930,800	2,453,241	2,518,448	4.11
Utilities				
Ranhill Holdings Bhd	356,200	432,497	427,440	0.70
Taliworks Corporation Bhd	678,900	627,496	631,377	1.03
Tenaga Nasional Bhd	69,975	1,000,383	954,459	1.56
	1,105,075	2,060,376	2,013,276	3.29
Total quoted equities	9,178,150	27,891,035	25,540,347	40.27
(b) Unquoted fixed income securities				
Bank				
Affin Islamic Bank Bhd - 5.05% / 23.10.2028	1,000,000	1,007,022	1,037,940	1.69
Sabah Development Bank - 5.30% / 27.04.2023	700,000	701,113	733,579	1.20
	1,700,000	1,708,135	1,771,519	2.89

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities (cont'd)				
Conglomerate				
UMW Holdings Bhd - 4.65% / 13.09.2023	3,000,000	3,066,444	3,101,010	5.06
Toll				
Anih Bhd - 6.00% / 29.11.2028	800,000	877,315	920,368	1.50
- 5.22% / 29.11.2022	5,000,000	5,137,286	5,223,050	8.52
PLUS Bhd - 5.00% / 11.01.2030	1,000,000	1,037,498	1,106,980	1.81
	<u>6,800,000</u>	<u>7,052,099</u>	<u>7,250,398</u>	<u>11.83</u>
Plantation				
Kuala Lumpur Kepong Bhd - 4.00% / 02.09.2022	5,000,000	4,980,267	5,063,700	8.26
- 3.75% / 27.09.2029	1,000,000	1,000,000	990,130	1.61
	<u>6,000,000</u>	<u>5,980,267</u>	<u>6,053,830</u>	<u>9.87</u>
Power				
Sarawak Energy Bhd - 4.50% / 19.01.2022	2,000,000	2,000,386	2,047,640	3.34
Tanjung Bin Power Sdn Bhd - 5.28% / 16.08.2027	500,000	515,184	540,280	0.88
	<u>2,500,000</u>	<u>2,515,570</u>	<u>2,587,920</u>	<u>4.22</u>

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities (cont'd)				
Property				
IJM Land Bhd				
- 4.73% / 17.03.2119	1,350,000	1,352,688	1,354,346	2.21
- 5.65% / 17.03.2119	1,100,000	1,100,000	1,164,086	1.90
IOI Properties Group				
- 5.05% / 05.09.2025	1,200,000	1,273,221	1,273,884	2.08
	<u>3,650,000</u>	<u>3,725,909</u>	<u>3,792,316</u>	<u>6.19</u>
Real Estate				
Aman Sukuk Bhd				
- 4.25% / 20.10.2023	2,000,000	2,011,841	2,056,460	3.35
Country Garden Real Estate Bhd				
- 6.40% / 18.03.2022	1,300,000	1,300,000	1,335,437	2.18
- 6.40% / 06.05.2022	1,100,000	1,100,000	1,131,020	1.84
	<u>4,400,000</u>	<u>4,411,841</u>	<u>4,522,917</u>	<u>7.37</u>
Total unquoted fixed income securities	<u>28,050,000</u>	<u>28,460,265</u>	<u>29,079,910</u>	<u>47.43</u>
Total FVTPL investments	<u>37,228,150</u>	<u>56,351,300</u>	<u>54,620,257</u>	<u>87.70</u>
Unrealised loss on FVTPL investments			<u>(1,731,043)</u>	

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2018	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities				
Construction				
Econpile Holdings Bhd				
- Warrant	119,200	-	17,880	0.03
Gabungan AQRS Bhd	933,700	1,511,241	1,036,407	1.61
Gabungan AQRS Bhd				
- Warrants	233,425	-	-	-
Gamuda Bhd	95,800	331,253	321,888	0.50
IJM Corporation Bhd	228,900	766,836	412,020	0.64
Kimlun Corporation Bhd	45,400	105,092	56,750	0.09
MGB Bhd	384,200	680,372	332,333	0.52
	<u>2,040,625</u>	<u>3,394,794</u>	<u>2,177,278</u>	<u>3.39</u>
Consumer Products				
AirAsia Group Bhd	192,000	693,864	606,720	0.94
Bermaz Auto Bhd	633,100	1,403,319	1,335,841	2.07
Padini Holdings Bhd	178,600	689,769	1,050,168	1.63
Sime Darby Bhd	533,068	1,381,512	1,391,307	2.16
UMW Holdings Bhd	231,700	1,451,180	1,163,134	1.80
	<u>1,768,468</u>	<u>5,619,644</u>	<u>5,547,170</u>	<u>8.60</u>
Energy				
Dialog Group Bhd	402,400	1,202,826	1,404,376	2.18
Serba Dinamik Holdings Bhd	527,500	1,742,107	2,009,775	3.12
	<u>929,900</u>	<u>2,944,933</u>	<u>3,414,151</u>	<u>5.30</u>
Finance				
Alliance Bank Malaysia Bhd	244,800	1,038,897	1,023,264	1.59
Bursa Malaysia Bhd	87,550	629,140	684,641	1.06
CIMB Group Holdings Bhd	115,943	699,596	696,817	1.08
Malayan Banking Bhd *	209,468	1,956,835	2,050,692	3.18
Public Bank Bhd	55,583	1,278,716	1,389,575	2.16
RHB Bank Bhd	172,600	908,789	932,040	1.45
	<u>885,944</u>	<u>6,511,973</u>	<u>6,777,029</u>	<u>10.52</u>
Healthcare				
Kossan Rubber Industries Bhd	308,900	1,283,340	1,325,181	2.06

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2018 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Industrial Products				
Cypark Resources Bhd	735,200	1,872,208	1,764,480	2.74
Java Bhd **	1,820	10,380,806	-	-
Petronas Chemical Group Bhd	212,100	1,725,644	1,985,256	3.08
Sunway Bhd	895,533	1,484,660	1,352,255	2.10
Sunway Bhd - Warrants	115,140	-	37,996	0.06
	<u>1,959,793</u>	<u>15,463,318</u>	<u>5,139,987</u>	<u>7.98</u>
Plantation				
IOI Corporation Bhd	186,100	850,838	844,894	1.31
Sime Darby Plantation Bhd	246,768	1,379,433	1,307,870	2.03
	<u>432,868</u>	<u>2,230,271</u>	<u>2,152,764</u>	<u>3.34</u>
Properties				
Sime Darby Property Bhd	477,668	688,103	563,648	0.87
S P Setia Bhd	317,270	1,069,217	856,629	1.33
S P Setia Bhd - Preference Shares	139,895	123,108	102,123	0.16
	<u>934,833</u>	<u>1,880,428</u>	<u>1,522,400</u>	<u>2.36</u>
Telecommunications				
Axiata Group Bhd	327,825	1,651,089	1,494,882	2.32
Telekom Malaysia Bhd	87,790	586,669	282,684	0.44
	<u>415,615</u>	<u>2,237,758</u>	<u>1,777,566</u>	<u>2.76</u>
Transportation				
Lingkaran Trans Kota Holdings Bhd	88,400	362,290	403,104	0.63
Malaysia Airports Holdings Bhd	215,400	1,883,530	1,917,060	2.97
	<u>303,800</u>	<u>2,245,820</u>	<u>2,320,164</u>	<u>3.60</u>

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2018 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Utilities				
Tenaga Nasional Bhd	115,175	1,646,575	1,780,606	2.76
Total quoted equities	10,095,921	45,458,854	33,934,296	52.67
(b) Unquoted fixed income securities				
Banks				
Sabah Development Bank Bhd - 5.30% / 27.04.2023	700,000	701,393	710,199	1.10
Bank Islam Malaysia Bhd - 5.50% / 15.12.2025	3,250,000	3,266,192	3,310,873	5.14
	3,950,000	3,967,585	4,021,072	6.24
Power				
Tanjung Bin Power Sdn Bhd - 4.84% / 16.08.2022	4,500,000	4,556,174	4,557,600	7.07
- 5.28% / 16.08.2027	500,000	516,844	520,815	0.81
Sarawak Hidro Sdn Bhd - 4.38% / 11.08.2025	2,000,000	2,011,786	1,994,620	3.10
Sarawak Energy Bhd - 4.50% / 19.01.2022	2,000,000	2,000,571	2,009,620	3.12
	9,000,000	9,085,375	9,082,655	14.10
Plantation				
Bumitama Agri Ltd - 5.25% / 18.03.2019	1,950,000	1,956,446	1,958,268	3.04
Kuala Lumpur Kepong Bhd - 4.00% / 02.09.2022	5,000,000	4,974,234	4,935,100	7.66
	6,950,000	6,930,680	6,893,368	10.70

MAYBANK BALANCED TRUST FUND

7. INVESTMENTS AT FVTPL (CONT'D)

2018 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities (cont'd)				
Real Estate				
Aman Sukuk Bhd - 4.25% / 20.10.2023	2,000,000	2,014,477	1,985,440	3.08
Toll Roads				
Anih Bhd - 5.25% / 29.11.2022	5,000,000	5,176,970	5,139,600	7.98
Conglomerate				
UMW Holdings Bhd - 5.02% / 04.10.2021	1,000,000	1,001,949	1,015,230	1.58
Total unquoted fixed income securities	27,900,000	28,177,036	28,137,365	43.68
Total FVTPL investments	37,995,921	73,635,890	62,071,661	96.35
Unrealised loss on FVTPL investments			(11,564,229)	

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

** The Fund holds 1,820 units in Java Berhad (formerly known as Java Incorporated Berhad), which has been delisted effective 23 October 2017.

(c) 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)/gain on FVTPL investments' in the profit or loss when the associated assets are sold. See accounting policy 2.4(ii) for details.

Included in the unrealised change of FVTPL investments is the fair value loss arising from the investment in Java Berhad of RM10,380,806 which the Fund still holds interest as at 30 September 2019 and 30 September 2018.

MAYBANK BALANCED TRUST FUND

8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2019 RM	2018 RM
Short-term placements with a licensed financial institution - less than 3 months	6,414,000	4,327,000

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

	2019		2018	
	WAEIR % p.a.	Average maturity Days	WAEIR % p.a.	Average maturity Days
Deposits with maturity of: - less than 3 months	3.05	1	3.71	28

9. AMOUNT DUE TO MANAGER

	Note	2019 RM	2018 RM
Amount due to Manager is in respect of:			
Manager's fee	(i)	76,074	101,944
Cancellation of units	(ii)	21,878	75,790
		<u>97,952</u>	<u>177,734</u>

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

(ii) The amount represents amount payable to the Manager for units redeemed or cancelled.

10. 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 year. The normal credit term for Trustee's is 15 days (2018: 15 days).

11. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2019 RM	2018 RM
Due to external auditors	11,554	15,000
Due to tax agent	4,500	4,500
Other payables	4,932	101,966
	<u>20,986</u>	<u>121,466</u>

MAYBANK BALANCED TRUST FUND

12. TOTAL EQUITY

	Note	2019 RM	2018 RM
Unitholders' capital	(a)	126,704,802	129,769,708
Accumulated realised loss	(b)	(53,275,726)	(53,760,533)
Accumulated unrealised loss	(c)	(12,111,849)	(11,564,229)
		<u>61,317,227</u>	<u>64,444,946</u>

(a) Unitholders' capital

	2019		2018	
	Units	RM	Units	RM
At the beginning of the financial year	87,979,885	129,769,708	94,919,885	135,109,319
Creation of units	27,249	20,063	4,561	3,470
Reinvestment of units	3,006,009	2,199,497	3,740,439	2,847,597
Cancellation of units	(7,281,611)	(5,284,466)	(10,685,000)	(8,190,678)
At the end of the financial year	<u>83,731,532</u>	<u>126,704,802</u>	<u>87,979,885</u>	<u>129,769,708</u>

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

	2019		2018	
	No. of units	Valued at NAV RM	No. of units	Valued at NAV RM
Manager	<u>-</u>	<u>-</u>	<u>54,359</u>	<u>39,818</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.

(b) Accumulated realised loss

	2019 RM	2018 RM
At the beginning of the financial year	(53,760,533)	(54,484,834)
Net realised income for the financial year	484,807	2,923,798
Distribution out of retained earnings	-	(2,199,497)
At the end of the financial year	<u>(53,275,726)</u>	<u>(53,760,533)</u>

Disposal of certain underperforming equities and defaulted fixed income securities prior to 1 October 2011 resulted in the significant realised losses brought forward.

MAYBANK BALANCED TRUST FUND

12. TOTAL EQUITY (CONT'D)

(c) Accumulated unrealised loss

	2019 RM	2018 RM
At the beginning of the financial year	(11,564,229)	(8,229,423)
Net unrealised loss for the financial year	(547,620)	(3,334,806)
At the end of the financial year	<u>(12,111,849)</u>	<u>(11,564,229)</u>

Included in the accumulated unrealised losses is the fair value loss arising from the investment in Java Berhad of RM10,380,806. Refer to Note 7(c) for the details.

13. DISTRIBUTION

There were no distributions declared during the current financial year ended 30 September 2019. Sources of distributions declared to unitholders in the previous financial year is as follows:

	2018 RM
Gross dividend income	1,005,524
Interest income	1,187,608
Net realised gain on sale of investments	1,632,556
Less: Expenses	<u>(1,626,191)</u>
Distribution out of realised reserve (Note 12 (b))	2,199,497
Distribution out of distribution equalisation	-
Distribution for the financial year	<u>2,199,497</u>

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

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

The distributions declared are settled in the form of units and presented as 'reinvestment of units' in Note 12(a) on payment date.

The Fund has unrealised losses brought forward and recognised unrealised loss for the current financial year as disclosed in Note 12(c) above.

MAYBANK BALANCED TRUST FUND

14. TRANSACTIONS WITH RELATED AND OTHER STOCKBROKING COMPANIES / BROKERS / DEALERS / FINANCIAL INSTITUTIONS

Transactions with top 10 stockbroking companies / brokers / dealers for the current and previous financial years are as follows:

	Value of Trade RM	Percent of Total Trade %	Brokerage Fees RM	Percent of Brokerage Fees %
2019				
TA Securities Bhd	8,656,850	14.85	8,669	15.27
Alliance Bank Malaysia Bhd	7,232,752	12.40	-	-
RHB Investment Bank Bhd	5,649,185	9.69	4,613	8.13
Nomura Securities (M) Sdn Bhd	4,158,825	7.13	8,337	14.69
Hong Leong Bank Bhd	3,373,068	5.78	-	-
CIMB Bank Bhd	3,345,684	5.74	-	-
Maybank Investment Bank Bhd ("MIBB")*	3,154,462	5.41	6,382	11.24
Hong Leong Investment Bank Bhd	3,112,415	5.34	5,979	10.53
JF Apex Securities Bhd	2,458,893	4.22	2,552	4.50
Standard Chartered Bank (M) Bhd	2,400,000	4.12	-	-
Others	14,770,450	25.32	20,238	35.64
	58,312,584	100.00	56,770	100.00
2018				
MIBB *	12,571,183	12.69	26,960	13.62
JP Morgan Securities (M) Sdn Bhd	10,405,616	10.50	23,504	11.87
CIMB Investment Bank Bhd	9,974,137	10.07	20,849	10.53
Affin Hwang Investment Bank Bhd	9,498,862	9.59	19,691	9.95
CLSA Securities (M) Sdn Bhd	9,069,194	9.15	19,828	10.01
RHB Investment Bank Bhd	8,616,989	8.70	15,603	7.88
Macquarie (M) Sdn Bhd	7,737,163	7.81	17,466	8.82
RHB Bank Bhd	6,094,930	6.15	-	-
Citigroup Global Markets (M) Sdn Bhd	5,273,836	5.32	11,913	6.02
KAF-Seagrott & Campbell Securities Sdn Bhd	5,021,362	5.07	11,386	5.75
Others	14,816,377	14.95	30,795	15.55
	99,079,649	100.00	197,995	100.00

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

MAYBANK BALANCED TRUST FUND

14. TRANSACTIONS WITH RELATED AND OTHER STOCKBROKING COMPANIES / BROKERS / DEALERS / FINANCIAL INSTITUTIONS (CONT'D)

Details of transactions, primarily deposits placed with licensed 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	313,000	0.02	3,121,000	1.27
Hong Leong Bank Bhd	4,786,000	0.30	61,403,000	24.95
Public Bank Bhd	6,227,000	0.39	90,045,000	36.59
Public Islamic Bank Bhd	-	-	600,000	0.24
MBB **	1,576,369,000	99.29	88,223,000	35.85
Maybank Islamic Bhd ***	-	-	2,667,000	1.10
	<u>1,587,695,000</u>	<u>100.00</u>	<u>246,059,000</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 of the Manager.

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

Other than those disclosed elsewhere in the financial statements, the following is the significant related party transaction and balances of the Fund during the financial year.

	2019 RM	2018 RM
(i) Significant related party transaction		
<u>MBB</u>		
Interest income from deposits	205,561	30,060
Dividend income	<u>132,808</u>	<u>192,107</u>
(ii) Significant related party balances		
<u>MBB</u>		
Deposit with licensed financial institution	6,414,000	500,000
Interest receivables	536	136
Dividend receivable	<u>52,402</u>	<u>52,367</u>

MAYBANK BALANCED TRUST FUND

15. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

16. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 September 2019, the MER of the Fund stood at 1.76% (2018: 1.91%).

17. 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 September 2019, the PTR of the Fund stood at 0.48 times (2018: 0.73 times).

18. SEGMENT INFORMATION

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

The PMC is responsible for the performance of the Fund by investing between 40% to 58% of the Fund's assets in equities, 40% to 58% in fixed income securities and minimum of 2% 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.

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 2.14 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

MAYBANK BALANCED TRUST FUND

19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

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.

2019	Financial assets or liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments at FVTPL	54,620,257	-	-	54,620,257
Deposits with licensed financial institutions	-	6,414,000	-	6,414,000
Interest receivable	-	275,059	-	275,059
Dividend receivable	-	127,762	-	127,762
Cash at bank	-	1,595	-	1,595
Total financial assets	54,620,257	6,818,416	-	61,438,673
Liabilities				
Amount due to Manager	-	-	97,952	97,952
Amount due to Trustee	-	-	2,508	2,508
Other payables and accruals	-	-	20,986	20,986
Total financial liabilities	-	-	121,446	121,446
2018				
Assets				
Investments at FVTPL	62,071,661	-	-	62,071,661
Deposits with licensed financial institutions	-	4,327,000	-	4,327,000
Interest receivable	-	300,094	-	300,094
Dividend receivable	-	203,959	-	203,959
Cash at bank	-	43,564	-	43,564
Total financial assets	62,071,661	4,874,617	-	66,946,278
Liabilities				
Amount due to Manager	-	-	177,734	177,734
Amount due to Trustee	-	-	2,635	2,635
Distribution payable	-	-	2,199,497	2,199,497
Other payables and accruals	-	-	121,466	121,466
Total financial liabilities	-	-	2,501,332	2,501,332

MAYBANK BALANCED TRUST FUND

19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

(b) Financial instruments that are carried at fair value

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

Quoted equities

The fair value of quoted investments in shares are determined by reference to the last bid price on Bursa Malaysia as at the statement of financial position date.

Unquoted fixed income equities

Local unquoted fixed income securities denominated in RM are revalued on a daily basis based on fair value prices quoted by BPA as per SC's Guidelines on Unit Trust Funds.

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

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

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

(d) Fair value hierarchy

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

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

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

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

MAYBANK BALANCED TRUST FUND

19. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

(d) Fair value hierarchy (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Quoted equities	25,540,347	-	- *	25,540,347
Unquoted fixed income securities	-	29,079,910	-	29,079,910
2018				
Quoted equities	33,934,296	-	- *	33,934,296
Unquoted fixed income securities	-	28,137,365	-	28,137,365

* The Fund holds an investment in Java Berhad of RM10,380,806 which has been delisted effective 23 October 2017. Management has assessed and determined the fair value to be nil, and has categorised the investment under Level 3 as at 30 September 2019 and 30 September 2018.

20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

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

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is not exposed to foreign currency risk as it does not hold any financial assets denominated in foreign currency as at reporting date.

(i) Equity price risk

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

MAYBANK BALANCED TRUST FUND

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

(b) Market risk (cont'd)

(i) Equity price risk (cont'd)

Equity price risk sensitivity

Management's best estimate of the effect on profit for the year and NAV due to a reasonable change in equity index, with all other variables held constant is indicated in the table below:

	2019		2018	
	Changes in equity price %	Effects on NAV Increase/ (decrease) RM	Changes in equity price %	Effects on NAV Increase/ (decrease) RM
Quoted equities	+ 5	1,277,017	+ 5	1,696,715
	- 5	(1,277,017)	- 5	(1,696,715)

The impact to the Fund's NAV and loss after taxation is expected to be the same.

Equity price risk concentration

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

(ii) Interest rate risk

Unquoted fixed income securities are particularly sensitive to movements in market interest 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 interest rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

Interest rate risk sensitivity

The table below summarises the sensitivity of the Fund's profit/loss for the year and NAV to movements in prices of 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 Increase/ Decrease RM	Changes in interest rates %	Effects on NAV Increase/ Decrease RM
Unquoted fixed income securities	+1	(2,026,447)	+1	(1,848,165)
	-1	2,304,298	-1	2,010,484

MAYBANK BALANCED TRUST FUND

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

(b) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

The impact to the Fund's NAV and loss after taxation is expected to be the same.

The Fund's deposits with licensed financial institutions carry a fixed rate and therefore is not affected by movements in market interest rates.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

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

The following table summarises the maturity profile of the Fund's financial liabilities. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

2019	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Investments at FVTPL	25,540,347	29,079,910	54,620,257
Deposits with licensed financial institutions	6,414,000	-	6,414,000
Interest receivable	275,059	-	275,059
Dividend receivable	127,762	-	127,762
Cash at bank	1,595	-	1,595
Total undiscounted financial assets	32,358,763	29,079,910	61,438,673
Financial liabilities:			
Amount due to Manager	97,952	-	97,952
Amount due to Trustee	2,508	-	2,508
Other payables and accruals	20,986	-	20,986
Unitholders' equity	61,317,227	-	61,317,227
Total undiscounted financial liabilities and unitholders' equity	61,438,673	-	61,438,673
Liquidity gap	(29,079,910)	29,079,910	-

MAYBANK BALANCED TRUST FUND

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

(c) Liquidity risk (cont'd)

2018	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Investments at FVTPL	33,934,296	28,137,365	62,071,661
Deposits with licensed financial institutions	4,327,000	-	4,327,000
Interest receivable	300,094	-	300,094
Dividend receivable	203,959	-	203,959
Cash at bank	43,564	-	43,564
Total undiscounted financial assets	<u>38,808,913</u>	<u>28,137,365</u>	<u>66,946,278</u>
Financial liabilities:			
Amount due to Manager	177,734	-	177,734
Amount due to Trustee	2,635	-	2,635
Distribution payable	2,199,497	-	2,199,497
Other payables and accruals	121,466	-	121,466
Unitholders' equity	64,444,946	-	64,444,946
Total undiscounted financial liabilities and unitholders' equity	<u>66,946,278</u>	<u>-</u>	<u>66,946,278</u>
Liquidity gap	<u>(28,137,365)</u>	<u>28,137,365</u>	<u>-</u>

Notes:

(i) Financial assets

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

MAYBANK BALANCED TRUST FUND

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

(c) Liquidity risk (cont'd)

(ii) Financial liabilities

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

(iii) Unitholders' capital

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

During the financial year, the Fund has no liquidity gap or surplus.

(d) Credit risk

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

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

Credit risk exposure

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

Credit quality of financial assets

Besides investing in quoted equities, the Manager is also eligible to invest in liquid assets including money market instruments issued by Malaysian issuers and Malaysian financial institutions and placement in licensed financial institutions. There will be no minimum rating stipulated for the licensed financial institutions on the placement in deposits.

Credit risk concentration

The following table analyses the Fund's investment in unquoted fixed income securities, deposits with financial institutions, cash at bank and interest receivable from financial institutions by rating categories. The rating is obtained from RAM Holdings Bhd's official website.

MAYBANK BALANCED TRUST FUND

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

(d) Credit risk (cont'd)

	2019		2018	
	RM	Percentage of NAV %	RM	Percentage of NAV %
Unquoted fixed income securities and interest receivable				
AAA	3,212,262	5.24	4,029,313	6.25
AA1	8,884,804	14.49	7,704,466	11.96
AA2	11,178,107	18.23	11,377,447	17.65
AA3	2,497,581	4.07	1,961,914	3.04
A1	1,060,154	1.73	3,362,294	5.22
A2	2,521,526	4.11	-	-
	<u>29,354,434</u>	<u>47.87</u>	<u>28,435,434</u>	<u>44.12</u>
Deposits with financial institution, cash at bank and interest receivable				
AAA	<u>6,416,131</u>	<u>10.46</u>	<u>4,329,025</u>	<u>6.72</u>

21. 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:

- To invest in investments meeting the description, risk exposure and expected returns as indicated in its prospectus;
- To achieve consistent returns while safeguarding capital by using various investment strategies;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- 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.