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MAYBANK ENHANCED CASH XIII FUND

Annual report
For the financial year ended 30 September 2019

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283)
Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
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TRUSTEE

PB Trustee Services Berhad
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MAYBANK ENHANCED CASH XIII FUND

| CONTENT | PAGE |
|-----------------------------------|-------------|
| Manager's report | 1 - 4 |
| Trustee's report | 5 |
| Statement by Manager | 6 |
| Independent auditors' report | 7 - 10 |
| Statement of comprehensive income | 11 |
| Statement of financial position | 12 |
| Statement of changes in equity | 13 |
| Statement of cash flows | 14 |
| Notes to the financial statements | 15 - 36 |

MAYBANK ENHANCED CASH XIII FUND

Manager's report

For the financial year ended 30 September 2019

A. Fund Information

1. Name of Fund

Maybank Enhanced Cash XIII Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Wholesale money market fund

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund launch date

24 September 2008

6. Fund's investment objectives

The Fund is a short-term money market fund that invests in instruments which generate income. The Fund aims to provide regular income that is potentially higher than prevailing money market and traditional bank deposits, stability of capital and a high level of liquidity. The Fund aims to distribute income on a quarterly basis.

7. Fund distribution policy

Subject to availability of income, distribution will be made on a quarterly basis.

8. Fund's performance benchmark

Maybank overnight deposit rate

9. Investment policy and principal investment strategy of the Fund

The Fund seeks to obtain net return that exceeds the benchmark by investing 100% of its net asset value ("NAV") in short-term fixed deposits.

MAYBANK ENHANCED CASH XIII FUND

Manager's report

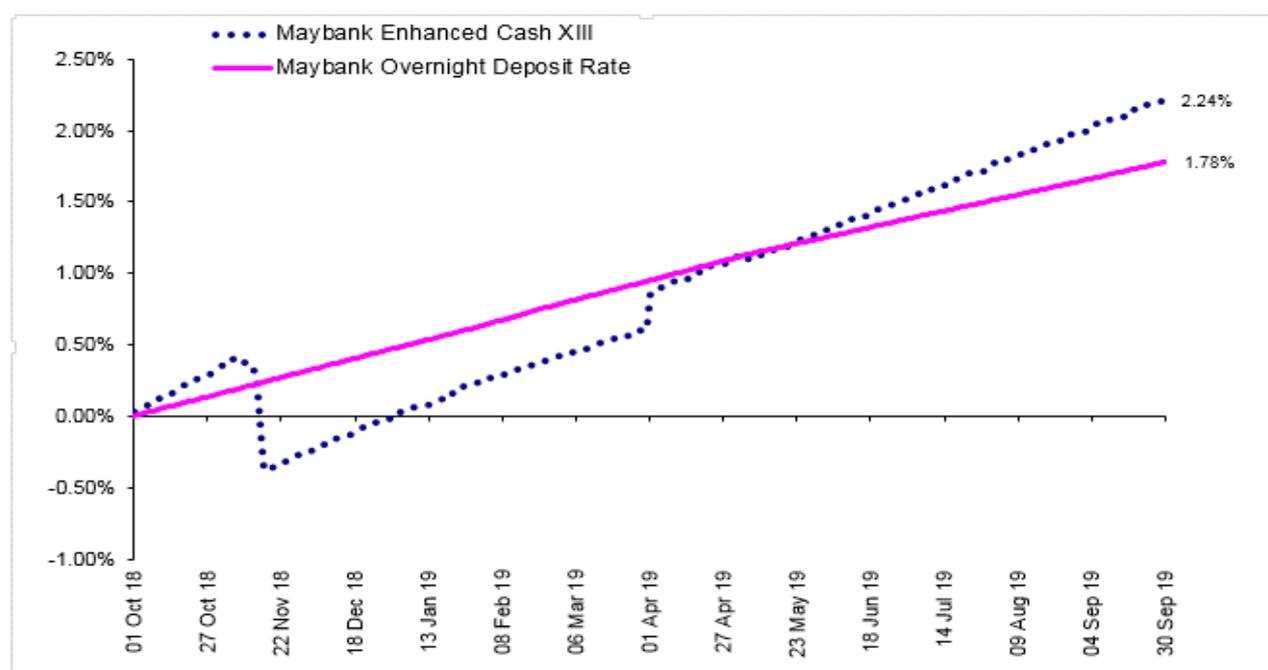
For the financial year ended 30 September 2019 (cont'd)

B. Performance Review

Returns of the Fund and its benchmark for the financial year ended 30 September 2019 are as follows:

| Financial year | The Fund % | Benchmark % |
|-------------------------------------|------------|-------------|
| 1 October 2018 to 30 September 2019 | 2.24 | 1.78 |

Performance of the Fund for the financial year ended 30 September 2019:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 September 2019

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

The Fund has generated a net return of 2.24% for the financial year ended 30 September 2019, compared to the benchmark which registered a return of 1.78% over the same period.

The outperformance was mainly due to better returns from its deposits with selective financial institutions.

MAYBANK ENHANCED CASH XIII FUND

Manager's report

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

C. Market Review

The Monetary Policy Committee ("MPC") meeting in September 2019 saw Bank Negara Malaysia ("BNM") maintain the Overnight Policy Rate ("OPR") by at 3.00%, after a 25 basis points ("bps") cut in May 2019 earlier in the year. At the meeting, BNM reiterated on downside risks, largely due to weakening global financial conditions, deteriorating relations between the United States ("US") and China, and overall softer global growth. We note that the tone of BNM commentary in each of the recent meetings have been dovish, echoed by consensus highlighting further potential accommodation, especially in the face of lower rates in the US.

D. Market Outlook & Strategy

BNM is viewed to still have sufficient monetary manoeuvrability in view of yet moderate inflation, although this will likely be tempered by the relative performance of the Malaysian Ringgit ("MYR"). Overall, volatility will continue to threaten in the backdrop, as BNM's policy credibility and perhaps more importantly, correlation, remains uncertain, causing fluid capital flow and bouts of risk right-sizing. Nearer term drivers will likely be geopolitical in nature, with markets quick to react. In any case, Malaysia remains fairly positioned to navigate these various headwinds, following which we expect money market deposit rates to stay range-bound and conducive.

The Manager monitors the liquidity requirements closely in order to place money market deposits in appropriate tenures which will satisfy the liquidity requirements and also position of the Fund to capitalise on any profit rate movement. The Manager also actively looks for products from licensed financial institutions that provide better yields. Hence, the Manager has resorted to maintain the deposit placement on short tenure basis to cater possibility of redemption from investor in the nearest future.

E. Asset Allocation

All assets of the Fund were invested in cash at bank and deposits with licensed financial institutions as at 30 September 2019.

MAYBANK ENHANCED CASH XIII FUND

Manager's report

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

F. Soft Commissions and Rebates

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

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

**TRUSTEE'S REPORT
TO THE UNITHOLDERS OF MAYBANK ENHANCED CASH XIII FUND
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

We have acted as Trustee of Maybank Enhanced Cash XIII Fund (the "Fund") for the financial year ended 30 September 2019. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd (the "Manager") has operated and managed the Fund in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) Valuation/pricing of the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distributions to the unitholders during the financial year ended 30 September 2019 are consistent with the objectives of the Fund.

For and on behalf of
PB Trustee Services Berhad

Cheah Kuan Yoon
Chief Executive Officer

Kuala Lumpur, Malaysia
15 November 2019

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK ENHANCED CASH XIII 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 Maybank Enhanced Cash XIII Fund as at 30 September 2019 and of its results, changes in equity and cash flows for the financial year then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
15 November 2019

Independent Auditors' Report to the Unitholders of Maybank Enhanced Cash XIII Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Enhanced Cash XIII 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 36.

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

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Enhanced Cash XIII 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 Enhanced Cash XIII 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 Enhanced Cash XIII 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 Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
15 November 2019

MAYBANK ENHANCED CASH XIII FUND

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

| | Note | 2019 RM | 2018 RM |
|---|------|-------------------|--------------------|
| INVESTMENT INCOME | | | |
| Interest income | | 29,891,715 | 264,722,320 |
| EXPENSES | | | |
| Manager's fee | 3 | 5,865,959 | 16,842,283 |
| Trustee's fee | 4 | 322,063 | 773,691 |
| Auditors' remuneration | | 6,300 | 6,300 |
| Tax agent's fee | | 5,058 | 2,400 |
| Administrative expenses | | 35,665 | 749,745 |
| | | <u>6,235,045</u> | <u>18,374,419</u> |
| Net income before taxation | | 23,656,670 | 246,347,901 |
| Taxation | 5 | - | - |
| Net income after taxation, and total comprehensive income for the financial year | | <u>23,656,670</u> | <u>246,347,901</u> |
| Net income after taxation is made up of the following: | | | |
| Net realised income | | <u>23,656,670</u> | <u>246,347,901</u> |
| Distributions for the financial year: | | | |
| Net distributions | 11 | <u>21,585,468</u> | <u>238,968,776</u> |
| Gross/net distribution per unit (sen) | 11 | <u>2.18</u> | <u>3.65</u> |

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

MAYBANK ENHANCED CASH XIII FUND

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

| | Note | 2019 RM | 2018 RM |
|---|-------|--------------------|----------------------|
| ASSETS | | | |
| Deposits with licensed financial institutions | 6 | 587,350,033 | 6,400,389,185 |
| Interest receivables | | 117,929 | 90,021,406 |
| Tax recoverable | | 425,296 | - |
| Cash at bank | | 7,193 | 7,443 |
| TOTAL ASSETS | | <u>587,900,451</u> | <u>6,490,418,034</u> |
| LIABILITIES | | | |
| Distributions payable | | 4,080,729 | 59,088,362 |
| Amount due to Manager | 7 | 123,212 | 1,372,513 |
| Amount due to Trustee | 8 | 9,857 | 63,119 |
| Other payables and accruals | 9 | 8,800 | 12,470 |
| TOTAL LIABILITIES | | <u>4,222,598</u> | <u>60,536,464</u> |
| NET ASSET VALUE ("NAV") OF THE FUND | | <u>583,677,853</u> | <u>6,429,881,570</u> |
| EQUITY | | | |
| Unitholders' capital | 10(a) | 582,721,570 | 6,422,026,935 |
| Retained earnings | 10(b) | 956,283 | 7,854,635 |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | | <u>583,677,853</u> | <u>6,429,881,570</u> |
| NUMBER OF UNITS IN CIRCULATION (UNIT) | 10(a) | <u>582,961,285</u> | <u>6,422,647,991</u> |
| NAV PER UNIT (RM) | | <u>1.0012</u> | <u>1.001126</u> |

* Effective 1 April 2019, the published NAV price of the Fund changed from 6 decimal places to 4 decimal places.

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

MAYBANK ENHANCED CASH XIII FUND

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

| | Unitholders' capital Note 10(a) RM | Retained earnings Note 10(b) RM | Total equity RM |
|---|---|--|--------------------------------|
| At 1 October 2018 | 6,422,026,935 | 7,854,635 | 6,429,881,570 |
| Total comprehensive income for the financial year | - | 23,656,670 | 23,656,670 |
| Creation of units | 2,108,780,338 | - | 2,108,780,338 |
| Reinvestment of units | 46,781,115 | - | 46,781,115 |
| Cancellation of units | (8,003,836,372) | - | (8,003,836,372) |
| Distributions (Note 11) | 8,969,554 | (30,555,022) | (21,585,468) |
| At 30 September 2019 | <u>582,721,570</u> | <u>956,283</u> | <u>583,677,853</u> |
| At 1 October 2017 | 6,172,743,138 | 5,501,882 | 6,178,245,020 |
| Total comprehensive income for the financial year | - | 246,347,901 | 246,347,901 |
| Creation of units | 12,546,899,288 | - | 12,546,899,288 |
| Reinvestment of units | 150,235,522 | - | 150,235,522 |
| Cancellation of units | (12,452,877,385) | - | (12,452,877,385) |
| Distributions (Note 11) | 5,026,372 | (243,995,148) | (238,968,776) |
| At 30 September 2018 | <u>6,422,026,935</u> | <u>7,854,635</u> | <u>6,429,881,570</u> |

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

MAYBANK ENHANCED CASH XIII FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

| | 2019 | 2018 |
|--|------------------------|----------------------|
| | RM | RM |
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | |
| Interest income received | 119,795,192 | 251,400,764 |
| Manager's fee paid | (7,115,260) | (16,916,632) |
| Trustee's fee paid | (375,325) | (777,159) |
| Taxation paid | (425,296) | - |
| Payment of other fees and expenses | (50,693) | (755,281) |
| Decrease/(Increase) in deposits with original maturity of more than 3 months | 5,718,843,075 | (439,883,849) |
| Net cash generated from/(used in) operating and investing activities | <u>5,830,671,693</u> | <u>(206,932,157)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from units created | 2,108,780,338 | 12,546,899,288 |
| Cash paid on units cancelled | (8,003,836,372) | (12,452,877,385) |
| Cash distributions to unitholders | (29,811,986) | (85,824,582) |
| Net cash (used in)/generated from financing activities | <u>(5,924,868,020)</u> | <u>8,197,321</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR | (94,196,327) | (198,734,836) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | <u>681,553,553</u> | <u>880,288,389</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | <u>587,357,226</u> | <u>681,553,553</u> |
| Cash and cash equivalents comprise: | | |
| Cash at bank | 7,193 | 7,443 |
| Deposits with licensed financial institutions with maturity of less than 3 months (Note 6) | 587,350,033 | 681,546,110 |
| | <u>587,357,226</u> | <u>681,553,553</u> |

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

MAYBANK ENHANCED CASH XIII FUND

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Enhanced Cash XIII Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 3 March 2008, a First Supplemental Deed dated 8 October 2012, a Second Supplemental Deed dated 30 March 2015 and a Third Supplemental Deed dated 12 August 2015 (collectively referred to as the "Deeds") between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, PB Trustee Services Berhad.

The principal activity of the Fund is to invest 100% of its NAV in short-term fixed deposits with licensed financial institutions with tenure of not exceeding one (1) year.

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

The financial statements were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 15 November 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year ended 30 September 2019. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to 2.15.

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

MAYBANK ENHANCED CASH XIII FUND

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

2.2 Standards and amendments to standards issued but not yet effective

The following are standards and amendments to standards 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 |
| 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 |

MAYBANK ENHANCED CASH XIII FUND

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

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

| Description (cont'd) | Effective for for annual periods beginning on or after |
|--|--|
| 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 Changes in accounting policies and disclosures

MFRS 9 *Financial Instruments*

MFRS 9 *Financial Instruments* ("MFRS 9") replaces MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Fund applied MFRS 9 retrospectively, with an initial application date of 1 October 2018. The Fund has not restated the comparative information, which are still accounted under MFRS 139. The adoption of MFRS 9 did not have a financial impact to the carrying values of the financial instruments, Fund's NAV, distributable reserves and to previously published NAV per unit.

MAYBANK ENHANCED CASH XIII FUND

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

2.3 Changes in accounting policies and disclosures (cont'd)

MFRS 9 Financial Instruments (cont'd)

The summary of changes to the accounting policy is as follows:

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost, or fair value through OCI. The classification is based on two criteria: the Fund's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and profit' on the principal amount outstanding.

The assessment of the Fund's business model was made as of the date of initial application, 1 October 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The impact arising from the adoption of MFRS 9 is as follows:

- The Fund's trade receivables and other financial assets (i.e. deposits with licensed financial institutions, interest receivables and cash at bank) classified as 'loans and receivables' as at 30 September 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest ("SPPI"). These are classified and measured as 'Financial assets at amortised cost' beginning 1 October 2018.

The Fund has not designated any financial liabilities at FVTPL. There are no changes in the classification and measurement for the Fund's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Fund's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Fund to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

For balances with short-term nature (e.g. interest receivables and amount due from Manager), full impairment will be recognised on uncollected balances after the grace period. The Fund did not recognise any additional impairment loss arising from the adoption of MFRS 9.

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.

MAYBANK ENHANCED CASH XIII FUND

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

2.4 Financial assets (cont'd)

(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, deposits with licensed financial institutions and interest receivables as loans and receivables and are subsequently measured at amortised cost.

(ii) Financial assets at FVTPL

A financial asset is recognised at FVTPL if:

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

Debt instruments that do not meet the amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

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

MAYBANK ENHANCED CASH XIII FUND

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

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL (financial assets that are debt instruments).

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

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

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

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

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

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

(iv) Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of financial asset classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve.

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

MAYBANK ENHANCED CASH XIII FUND

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

2.5 Financial liabilities

(i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies distribution payable, amount due to Manager, amount due to Trustee and other payables and accruals as other financial liabilities.

(ii) Recognition and measurement

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

(iii) Derecognition

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

2.6 Financial instruments

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

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

2.7 Fair value measurement

The Fund measures its financial instruments at fair value, at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell 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.

MAYBANK ENHANCED CASH XIII FUND

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

2.7 Fair value measurement (cont'd)

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

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.

2.8 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 RM, which is also the Fund's functional currency.

2.9 Unitholders' capital

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

- (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.

MAYBANK ENHANCED CASH XIII FUND

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

2.9 Unitholders' capital (cont'd)

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund. Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. The amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

2.10 Distribution

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.

2.11 Cash and cash equivalents

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

2.12 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 and services. Revenue is measured at the fair value of consideration received or receivable.

Interest income from deposits with licensed financial institutions are recognised on the accruals basis using the effective interest rate method.

2.13 Taxation

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

Current tax are recognised in profit or loss to the extent that the tax related to items outside profit or loss, either in other comprehensive income or directly in equity.

Current tax expense is determined according to Malaysian tax law at the current rate based upon the taxable profit earned during the financial year.

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

MAYBANK ENHANCED CASH XIII FUND

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

2.14 Segment information

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

2.15 Critical accounting estimates and judgements

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

3. MANAGER'S FEE

The Manager's fee is computed daily based on 0.25% per annum ("p.a.") (2018: 0.25%) of the Fund's NAV before deducting the Manager's fee and Trustee's fee for that particular day.

4. TRUSTEE'S FEE

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 (RM) | Trustee fee rate (%) p.a. | |
|-----------------|---------------------------|------|
| | 2019 | 2018 |
| First 1 billion | 0.02 | 0.02 |
| Above 1 billion | 0.01 | 0.01 |

5. TAXATION

Tax expense for the financial year:

Current income tax expense

| 2019 | 2018 |
|------|------|
| RM | RM |

| | |
|---|---|
| - | - |
|---|---|

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

MAYBANK ENHANCED CASH XIII FUND

5. TAXATION (CONT'D)

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

| | 2019 RM | 2018 RM |
|---|-------------|--------------|
| Net income before taxation | 23,656,670 | 246,347,901 |
| Tax at Malaysian statutory rate of 24% (2018: 24%) | 5,677,601 | 59,123,496 |
| Effects of income not subject to tax | (7,174,012) | (63,533,357) |
| Effects of expenses not deductible for tax purposes | 1,496,411 | 4,409,861 |
| Tax expense for the financial year | - | - |

Under paragraph 35 of Schedule 6, Income Tax Act 1967 ("ITA"), any interest income earned by the Fund derived from Malaysia and paid or received from a bank licensed under the Financial Services Act 2013, an Islamic bank licensed under Islamic Financial Services Act 2013, or any development financial institutions prescribed under the Development Financial Institutions Act 2002, (hereafter referred to as "licensed financial institutions") is exempted from tax.

Pursuant to paragraph 29(h) of Finance Act 2017 which was enacted on 16 January 2017, an amendment to paragraph 35A of Schedule 6 of ITA was made. The amendment seeks to provide that in the case of a wholesale fund which is a money market fund, tax exemption shall only apply to a wholesale fund which complies with the criteria as set out in the relevant guidelines of SC in respect of interest income derived from Malaysia and paid or credited by licensed financial institutions.

On 23 December 2016, SC issued 'The Guidelines on Tax Exemption for Wholesale Money Market Funds'. The Guidelines set out the qualifying criteria referred to in the aforementioned Finance Act 2017, for the tax exemption of any interest income. The Guidelines further clarify that any interest income earned or accrued up to 31 December 2016, derived from Malaysia and paid or credited before or after 31 December 2016 by any licensed financial institution, is exempted from tax.

Any interest income earned from 1 January 2017, tax exemption will only be accorded if the:

- (a) Said fund complies with the qualifying criteria; and
- (b) Obtain a certification from the SC, prior to 1 January 2017 for the year of assessment 2017. For subsequent years of assessment, application for the tax exemption certification must be submitted to the SC on the second business day of the last month of the proceeding year of assessment.

The Fund had received a certification from SC for YA 2018, which certified that the Fund meets the requirements of the aforementioned tax exemption guidelines. The Fund has subsequently renewed its exemption for YA 2019. As such, any interest income earned by the Fund from 1 October 2017 to 30 September 2019 from the licensed financial institutions was exempted from tax.

MAYBANK ENHANCED CASH XIII FUND

5. TAXATION (CONT'D)

With the passing of the Finance Bill 2018, the tax exemption on interest income earned by wholesale money market funds ceased with effect from 1 January 2019. However, on 25 March 2019, the Fund had received a letter from the Ministry of Finance approving that any interest income earned by the Fund for YA 2019 is exempted from tax. Hence, with effect from 1 October 2019 (YA 2020 onwards), any interest income paid or received from licensed financial institutions will be subject to tax at the statutory rate of 24%.

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

| | 2019 RM | 2018 RM |
|---|--------------------|----------------------|
| Deposits with licensed financial institutions with maturity of: | | |
| - less than 3 months | 587,350,033 | 681,546,110 |
| - more than 3 months | - | 5,718,843,075 |
| | <u>587,350,033</u> | <u>6,400,389,185</u> |

The weighted average effective interest rates ("WAEIR") p.a. and average maturity of deposits with licensed financial institutions 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 | 3.09 | 3 | 3.56 | 29 |
| - more than 3 months | - | - | 4.15 | 317 |

7. AMOUNT DUE TO MANAGER

Amount due to 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).

8. AMOUNT DUE TO TRUSTEE

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

MAYBANK ENHANCED CASH XIII FUND

9. OTHER PAYABLES AND ACCRUALS

Included in the other payables and accruals as at reporting date are:

| | 2019 RM | 2018 RM |
|-------------------------|--------------|---------------|
| Due to tax agent | 2,500 | 2,400 |
| Due to external auditor | 6,300 | 6,300 |
| Other payables | - | 3,770 |
| | <u>8,800</u> | <u>12,470</u> |

10. TOTAL EQUITY

| | Note | 2019 RM | 2018 RM |
|-----------------------------|------|--------------------|----------------------|
| Unitholders' capital | (a) | 582,721,570 | 6,422,026,935 |
| Accumulated realised income | (b) | 956,283 | 7,854,635 |
| | | <u>583,677,853</u> | <u>6,429,881,570</u> |

(a) Unitholders' capital

| | 2019 | | 2018 | |
|--|--------------------|--------------------|----------------------|----------------------|
| | No. of units | RM | No. of units | RM |
| At the beginning of the financial year | 6,422,647,991 | 6,422,026,935 | 6,173,592,312 | 6,172,743,138 |
| Creation of units | 2,106,355,752 | 2,108,780,338 | 12,482,805,959 | 12,546,899,288 |
| Reinvestment of units | 46,708,740 | 46,781,115 | 150,044,592 | 150,235,522 |
| Cancellation of units | (7,992,751,198) | (8,003,836,372) | (12,383,794,872) | (12,452,877,385) |
| Distributions (Note 11) | - | 8,969,554 | - | 5,026,372 |
| At the end of the financial year | <u>582,961,285</u> | <u>582,721,570</u> | <u>6,422,647,991</u> | <u>6,422,026,935</u> |

As at the end of the financial year, there were no units held by the Manager or parties related to the Manager (2018: Nil).

(b) Accumulated realised income

| | 2019 RM | 2018 RM |
|---|----------------|------------------|
| At the beginning of the financial year | 7,854,635 | 5,501,882 |
| Net realised income for the financial year | 23,656,670 | 246,347,901 |
| Distributions out of realised reserve (Note 11) | (30,555,022) | (243,995,148) |
| At the end of the financial year | <u>956,283</u> | <u>7,854,635</u> |

MAYBANK ENHANCED CASH XIII FUND

11. DISTRIBUTIONS

Distributions to unitholders are from the following sources:

| | 2019 | 2018 |
|---|--------------------------|---------------------------|
| | RM | RM |
| Interest income | 28,683,390 | 256,361,305 |
| Previous year's net realised income * | 7,854,635 | 5,501,882 |
| Less: Expenses | <u>(5,983,003)</u> | <u>(17,868,039)</u> |
| Distributions out of realised reserve (Note 10 (b)) | 30,555,022 | 243,995,148 |
| Effects of distribution equalisation (Note 10 (a)) | <u>(8,969,554)</u> | <u>(5,026,372)</u> |
| Distributions for the financial year | <u><u>21,585,468</u></u> | <u><u>238,968,776</u></u> |
| Analysed as: | | |
| Cash distribution | 12,528,164 | 84,636,204 |
| Reinvestment of units | <u>9,057,304</u> | <u>154,332,572</u> |
| Distribution for the financial year | <u><u>21,585,468</u></u> | <u><u>238,968,776</u></u> |

* Part of the distribution in the current financial year are made from previous year's net realised income.

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

| 2019 | Gross/net distribution per unit (sen) |
|---------------------------|--|
| Distribution dates | |
| 18 January 2019 * | 0.17 |
| 31 March 2019 | 0.48 |
| 30 June 2019 | 0.83 |
| 30 September 2019 | <u>0.70</u> |
| | <u><u>2.18</u></u> |

* The tax portion of RM 756,228 initially deducted was subsequently refunded to the unitholders on 10 May 2019. See Note 5 for more details.

| 2018 | Gross/net distribution per unit (sen) |
|---------------------------|--|
| Distribution dates | |
| 31 December 2017 | 0.90 |
| 31 March 2018 | 0.90 |
| 30 June 2018 | 0.93 |
| 30 September 2018 | <u>0.92</u> |
| | <u><u>3.65</u></u> |

MAYBANK ENHANCED CASH XIII FUND

12. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions, primarily deposits with licensed financial institutions for the current and previous financial year are as follows:

| Financial institutions | 2019 | | 2018 | |
|---------------------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------------|
| | Value of placements RM | Percentage of total placements % | Value of placements RM | Percentage of total placements % |
| Affin Bank Berhad | - | - | 680,160,000 | 0.50 |
| Affin Hwang Investment Bank Berhad | 20,648,257,015 | 6.74 | 16,799,097,401 | 12.46 |
| AmBank Berhad | 1,200,191,781 | 0.39 | 410,000,000 | 0.30 |
| AmBank Islamic Berhad | - | - | 100,000,000 | 0.07 |
| Bank Islam Malaysia Berhad | - | - | 60,000,000 | 0.04 |
| Bank Kerjasama Rakyat Malaysia Berhad | 8,785,468,122 | 2.87 | 14,035,129,260 | 10.41 |
| CIMB Bank Berhad | - | - | 150,000,000 | 0.11 |
| CIMB Investment Bank Berhad | - | - | 250,000,000 | 0.19 |
| Hong Leong Islamic Bank Berhad | 13,933,800,514 | 4.55 | 437,000,000 | 0.32 |
| KAF Investment Bank Berhad | 17,293,130,035 | 5.64 | 2,051,183,019 | 1.52 |
| Malayan Banking Berhad ("MBB") * | 100,850,317,000 | 32.92 | 28,679,007,000 | 21.27 |
| Maybank Islamic Berhad ("MIB") ** | 13,537,030,000 | 4.42 | 47,648,591,000 | 35.33 |
| OCBC Bank (M) Berhad | - | - | 7,230,018,305 | 5.36 |
| Public Bank Berhad | 85,476,882,000 | 27.90 | 1,476,216,438 | 1.09 |
| Public Investment Bank Berhad | 7,567,401,226 | 2.47 | 3,940,000,000 | 2.92 |
| Public Islamic Bank Berhad | 23,868,871,079 | 7.79 | 5,321,109,421 | 3.95 |
| RHB Bank Berhad | 9,930,000,000 | 3.24 | 130,000,000 | 0.10 |
| RHB Investment Bank Berhad | 3,100,000,000 | 1.01 | 5,321,109,421 | 3.95 |
| RHB Islamic Bank Berhad | 200,000,000 | 0.06 | 130,000,000 | 0.11 |
| | 306,391,348,772 | 100.00 | 134,848,621,265 | 100.00 |

* MBB is the ultimate holding company of the Manager.

** MIB is a subsidiary of MBB, the ultimate holding company of the Manager.

MAYBANK ENHANCED CASH XIII FUND

13. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions and balances of the Fund:

| | 2019 | 2018 |
|---|--------------------|----------------------|
| | RM | RM |
| (i) <u>Significant related party transactions</u> | | |
| MBB: | | |
| Interest income from deposits | 13,393,877 | 3,890,097 |
| MIB: | | |
| Interest income from deposits | 15,391,722 | 110,166,729 |
| (ii) <u>Significant related party balances</u> | 2019 | 2018 |
| | RM | RM |
| MBB: | | |
| Cash at bank | 7,193 | 7,443 |
| Deposits | 135,610,000 | 9,215,000 |
| Interest receivables | 11,332 | 2,462 |
| | <u>135,628,525</u> | <u>9,224,905</u> |
| MIB: | | |
| Deposits | - | 2,460,000,000 |
| Interest receivables | - | 50,031,682 |
| | <u>-</u> | <u>2,510,031,682</u> |

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

14. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 30 September 2019, the MER of the Fund stood at 0.27% (2018: 0.27%).

15. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average placements and withdrawals of the Fund for the financial year to the Fund's daily average NAV. For the financial year ended 30 September 2019, the PTR of the Fund stood at 2.55 times (2018: 13.13 times).

MAYBANK ENHANCED CASH XIII FUND

16. 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 100% of the Fund's NAV in short-term fixed deposits with licensed financial institutions with tenure of not exceeding one (1) year.

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 provided 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.

17. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2.3 to 2.15 describe how the classes of financial instruments are measured and how income and expenses are recognised.

The following table analyses the financial assets and financial liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the classes of financial instruments to which they are assigned and therefore by the measurement basis.

| | Financial assets amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|---|---|---|---------------------|
| 2019 | | | |
| Assets | | | |
| Deposits with licensed financial institutions | 587,350,033 | - | 587,350,033 |
| Interest receivables | 117,929 | - | 117,929 |
| Cash at bank | 7,193 | - | 7,193 |
| Total financial assets | 587,475,155 | - | 587,475,155 |
| Liabilities | | | |
| Distributions payable | - | 4,080,729 | 4,080,729 |
| Amount due to Manager | - | 123,212 | 123,212 |
| Amount due to Trustee | - | 9,857 | 9,857 |
| Other payables and accruals | - | 8,800 | 8,800 |
| Total financial liabilities | - | 4,222,598 | 4,222,598 |

MAYBANK ENHANCED CASH XIII FUND

17. FINANCIAL INSTRUMENTS (CONT'D)

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

| 2018 | Financial assets amortised cost RM | Financial liabilities at amortised cost RM | Total RM |
|---|--|--|----------------------|
| Assets | | | |
| Deposits with licensed financial institutions | 6,400,389,185 | - | 6,400,389,185 |
| Interest income receivables | 90,021,406 | - | 90,021,406 |
| Cash at bank | 7,443 | - | 7,443 |
| Total financial assets | 6,490,418,034 | - | 6,490,418,034 |
| Liabilities | | | |
| Distributions payable | - | 59,088,362 | 59,088,362 |
| Amount due to Manager | - | 1,372,513 | 1,372,513 |
| Amount due to Trustee | - | 63,119 | 63,119 |
| Other payables and accruals | - | 12,470 | 12,470 |
| Total financial liabilities | - | 60,536,464 | 60,536,464 |

(b) Financial instruments that are carried at fair value

There were no financial assets of the Fund that are carried at fair value as at 30 September 2019 (2018: Nil).

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

The Fund's financial instruments are not carried at fair value but their carrying amounts are reasonable approximations of fair value due to their short-term maturity. Accordingly there are no fair value hierarchy disclosures presented.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risks are inherent in the Fund's activities, but they are 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 Unlisted Capital Market Products under the Lodge and Launch Framework and the CMSA.

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and security prices. However, the Fund is not exposed to equity price risk and currency risk as it does not hold any equity investments nor investments denominated in currencies other than RM as at reporting date.

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

(c) Credit risk

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

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

(i) Credit risk exposure

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

MAYBANK ENHANCED CASH XIII FUND

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

(c) Credit risk (cont'd)

(ii) Credit risk concentration

The following table analyses the Fund's cash at bank, deposits with licensed financial institutions and interest receivables by rating categories. The rating is obtained from RAM Holdings Berhad.

| | 2019 | | 2018 | |
|---|--------------------|--------------------------|----------------------|--------------------------|
| | RM | As a percentage of NAV % | RM | As a percentage of NAV % |
| Cash at bank, deposits with licensed financial institutions and interest receivables | | | | |
| AAA | 335,645,511 | 57.51 | 4,041,762,381 | 62.86 |
| AA | 201,718,573 | 34.56 | 2,124,195,144 | 33.04 |
| AA- | 50,111,071 | 8.59 | 324,460,509 | 5.05 |
| | 587,475,155 | 100.66 | 6,490,418,034 | 100.95 |

(d) Liquidity risk

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

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

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

MAYBANK ENHANCED CASH XIII FUND

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

(d) Liquidity risk (cont'd)

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

| 2019 | Less than 1 month RM | More than 1 month RM | Total RM |
|--|----------------------------|----------------------------|----------------------|
| Financial assets | | | |
| Deposits with licensed financial institutions | 587,350,033 | - | 587,350,033 |
| Interest receivables | 117,929 | - | 117,929 |
| Cash at bank | 7,193 | - | 7,193 |
| Total undiscounted financial assets | <u>587,475,155</u> | <u>-</u> | <u>587,475,155</u> |
| Financial liabilities and unitholders' equity | | | |
| Distributions payable | 4,080,729 | - | 4,080,729 |
| Amount due to Manager | 123,212 | - | 123,212 |
| Amount due to Trustee | 9,857 | - | 9,857 |
| Other payables and accruals | 8,800 | - | 8,800 |
| Unitholders' equity | 583,677,853 | - | 583,677,853 |
| Total undiscounted financial liabilities and unitholders' equity | <u>587,900,451</u> | <u>-</u> | <u>587,900,451</u> |
| Liquidity gap | <u>(425,296)</u> | <u>-</u> | <u>(425,296)</u> |
| | | | |
| 2018 | | | |
| Financial assets | | | |
| Deposits with licensed financial institutions | 381,546,110 | 6,018,843,075 | 6,400,389,185 |
| Interest receivables | 103,450 | 89,917,956 | 90,021,406 |
| Cash at bank | 7,443 | - | 7,443 |
| Total undiscounted financial assets | <u>381,657,003</u> | <u>6,108,761,031</u> | <u>6,490,418,034</u> |
| Financial liabilities and unitholders' equity | | | |
| Distributions payable | 59,088,362 | - | 59,088,362 |
| Amount due to Manager | 1,372,513 | - | 1,372,513 |
| Amount due to Trustee | 63,119 | - | 63,119 |
| Other payables and accruals | 12,470 | - | 12,470 |
| Unitholders' equity | 6,429,881,570 | - | 6,429,881,570 |
| Total undiscounted financial liabilities and unitholders' equity | <u>6,490,418,034</u> | <u>-</u> | <u>6,490,418,034</u> |
| Liquidity (gap)/surplus | <u>(6,108,761,031)</u> | <u>6,108,761,031</u> | <u>-</u> |

MAYBANK ENHANCED CASH XIII FUND

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

(d) Liquidity risk (cont'd)

(i) Financial assets

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

(ii) Financial liabilities

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

(iii) Unitholders' capital

As unitholders could request for redemption of their units within one business day from transaction date, they have been categorised as having a maturity of "less than 1 month".

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

As at 30 September 2019, the Fund has liquidity gap from tax-related assets which is not considered as financial instruments.

18. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and generate higher returns than the prescribed benchmark as indicated in its information memorandum;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current and previous financial year.