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# MAYBANK DANA IKHLAS

Annual Report  
For the financial year ended 30 November 2019



## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (199701006283)  
Level 12 Tower C  
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No.1 Jalan Maarof  
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### **EXTERNAL INVESTMENT MANAGER**

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Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia

### **TRUSTEE**

AmanahRaya Trustees Berhad (200701008892) (766894-T)  
Tingkat 2,Wisma AmanahRaya II,  
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### **SHARIAH ADVISER**

Maybank Islamic Berhad (200701029411)  
Level 10, Tower A, Dataran Maybank  
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59000 Kuala Lumpur  
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## **MAYBANK DANA IKHLAS**

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## **MAYBANK DANA IKHLAS**

### **Manager's report**

**For the financial year ended 30 November 2019**

#### **A. Fund Information**

**1. Name of the Fund**

Maybank Dana Ikhlas ("the Fund")

**2. Type of Fund**

Income and Growth fund (Shariah)

**3. Category of Fund**

Balanced fund

**4. Duration of the Fund**

The Fund is an open-ended Fund.

**5. Fund launch date / commencement date**

17 September 2002 / 8 October 2002

**6. Fund's investment objective**

The investment objective of the Fund is to attain a mix of regular income stream and possible capital growth via investments in Shariah-compliant listed equities, sukuk and other assets that are permissible under the Shariah Principles.

**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, as may be determined by the Manager subject to the approval from the trustee. Distribution declared, if any, will be reinvested as additional units without sales charge.

**8. Fund's performance benchmark**

A combination of:

- 50% of the FTSE Bursa Malaysia EMAS Shariah Index ("FBMS Index") and
- 50% of the Maybank 12 months General Investment Account-i ("GIA-i") tier 1 rate

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

The Fund invests in an optimal mix of assets comprising of Shariah-compliant equities, sukuk and Islamic money market instruments.

The principal activity of the Fund is to invest between 40% to 58% of the Fund's assets in Shariah-compliant equities, between 40% to 58% of the Fund's assets in sukuk and Shariah-compliant money market instruments and minimum of 2% of the Fund's assets in Shariah-compliant liquid assets.

## MAYBANK DANA IKHLAS

### Manager's report

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

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

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

The Fund distributed a total net income of RM461,956 to unitholders for the financial year ended 30 November 2019.

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

| Distribution date | Gross distribution per unit (sen) | Net distribution per unit (sen) |
|-------------------|-----------------------------------|---------------------------------|
| 28 November 2019  | 1.00                              | 1.00                            |

Below is the impact of the distribution to the Fund's NAV:

| Distribution date | Before distribution (RM) | After distribution (RM) | Changes % |
|-------------------|--------------------------|-------------------------|-----------|
| 28 November 2019  | 0.5398                   | 0.5298                  | (1.85)    |

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

###### Fund size

As at 30 November 2019, the size of the Fund was 47,051,486 units.

###### Breakdown of unitholdings as at 30 November 2019

| Unitholdings            | No. of unitholders | %             | No. of units ('000) | %             |
|-------------------------|--------------------|---------------|---------------------|---------------|
| 5,000 units and below   | 669                | 48.55         | 1,682               | 3.57          |
| 5,001 to 10,000 units   | 204                | 14.80         | 1,530               | 3.25          |
| 10,001 to 50,000 units  | 398                | 28.88         | 9,433               | 20.05         |
| 50,001 to 500,000 units | 102                | 7.40          | 11,414              | 24.26         |
| 500,001 units and above | 5                  | 0.37          | 22,992              | 48.87         |
| <b>Total</b>            | <b>1,378</b>       | <b>100.00</b> | <b>* 47,051</b>     | <b>100.00</b> |

\* Included units held under an Institutional Unit Trust Scheme Advisers

## MAYBANK DANA IKHLAS

### Manager's report

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

#### B. Performance Review

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

| Category  | FY2019        | FY2018        | FY2017        |
|---|---------------|---------------|---------------|
| <b>Portfolio</b>                                      |               |               |               |
| <b>Quoted equities - local</b>                        |               |               |               |
| Construction  | 2.58          | 2.67          | 7.83          |
| Consumer Products                                     | 8.37          | 8.10          | 2.23          |
| Energy  | 2.77          |               |               |
| Financial Services                                    | 1.85          | 2.07          | 0.52          |
| Healthcare  | 2.84          | -             | -             |
| Industrial Products & Services                        | 0.69          | 7.23          | 7.38          |
| Infrastructure  | -             | 1.03          | 1.05          |
| Plantations   | 4.70          | 4.30          | 6.61          |
| Properties  | 0.51          | 2.06          | 2.10          |
| Real Estate Investment Trust ("REITs")                | 4.72          | -             | -             |
| Technology  | 1.95          | -             | -             |
| Trading/Services                                      | -             | 14.08         | 27.43         |
| Telecommunication                                     | -             | 1.02          | -             |
| Transportation & Logistics                            | 3.08          | -             | -             |
| Utilities   | 3.43          | -             | -             |
| <b>Total quoted equities - local</b>                  | <b>37.49</b>  | <b>42.56</b>  | <b>55.15</b>  |
| <b>Unquoted fixed income securities - local</b>       |               |               |               |
| Construction  | 3.72          | -             | -             |
| Energy  | 3.55          | -             | -             |
| Financial Services                                    | 16.55         | -             | 8.15          |
| Conglomerate  | -             | 14.39         | 4.11          |
| Properties  | 3.83          | -             | -             |
| Plantations   | -             | 4.82          | 8.19          |
| Power   | -             | 10.91         | 10.08         |
| Real Estate   | 4.27          | 13.74         | 12.65         |
| Transportation & Logistics                            | 3.50          | -             | -             |
| Utilities   | 10.73         | -             | -             |
| <b>Total unquoted fixed income securities - local</b> | <b>46.15</b>  | <b>43.86</b>  | <b>43.18</b>  |
| Cash and other net assets                             | 16.36         | 13.58         | 1.67          |
| <b>Total</b>  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

## MAYBANK DANA IKHLAS

### Manager's report

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

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

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

| Category  | FY2019     | FY2018 | FY2017     |
|---|------------|--------|------------|
| NAV (RM'000)  | 24,849     | 22,886 | 24,666     |
| Units in circulation (units'000)                        | 47,051     | 44,679 | 45,448     |
| NAV per unit (RM)                                       | 0.5281     | 0.5122 | 0.5427     |
| Highest NAV per unit (RM)                               | 0.5491     | 0.5651 | 0.5553     |
| Lowest NAV per unit (RM)                                | 0.5042     | 0.5111 | 0.5286     |
| Net income distributed (RM)                             | 461,956    | -      | 454,483    |
| Distribution date                                       | 28/11/2019 | -      | 30/11/2017 |
| Gross distribution per unit (sen)                       | 1.00       | -      | 1.00       |
| Net distribution per unit (sen)                         | 1.00       | -      | 1.00       |
| Annual total return (%) <sup>(1)</sup>                  |            |        |            |
| - Capital growth (%)                                    | 3.24       | (5.69) | 2.71       |
| - Income distribution (%)                               | 1.89       | -      | 1.89       |
| Total return (%)  | 5.20       | (5.69) | 4.60       |
| Benchmark (%)   | 1.70       | (3.19) | 5.94       |
| Management Expense Ratio ("MER") (%) <sup>(2)</sup>     | 1.53       | 1.58   | 1.65       |
| Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup> | 0.82       | 0.57   | 0.78       |

#### 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 MER decreased due to lower expenses incurred in the current financial year under review.

(3) The Fund's PTR increased due to higher trading activities in the current financial year under review.

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

## MAYBANK DANA IKHLAS

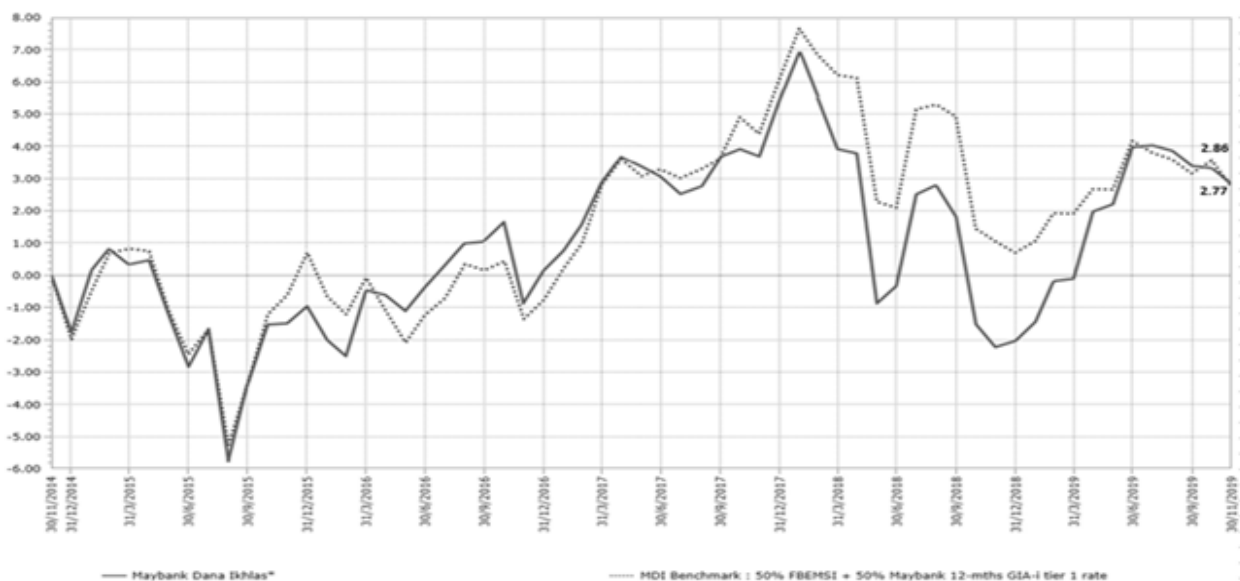
### Manager's report

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

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

#### 2. Performance of the Fund up to 30 November 2019

| Category                 | 1 year<br>to<br>30.11.2019<br>% | 3 years<br>to<br>30.11.2019<br>% | 5 year<br>to<br>30.11.2019<br>% |
|--------------------------|---------------------------------|----------------------------------|---------------------------------|
| Capital growth           | 3.24                            | (1.86)                           | (11.18)                         |
| Income distribution      | 1.89                            | 5.73                             | 15.80                           |
| Total return of the Fund | 5.20                            | 3.77                             | 2.86                            |
| Benchmark                | 1.70                            | 4.18                             | 2.77                            |
| Average total return     | 5.20                            | 1.24                             | 0.56                            |



Source : Lipper

#### Has the Fund achieved its investment objective?

The Fund registered a capital growth of 3.24% for the 1-year period ending 30 November 2019. The Fund also announced a distribution of 1 sen during the financial year, which translate to a yield of 1.89%. This brings the total return of the Fund to 5.20%, outperforming its benchmark returns of 1.70%. The Fund has achieved its objective for the financial year. The performance was mainly contributed by the Sukuk portion of the Fund, which performed well during the period under review due to investors' flight to safety amidst poorer sentiment from the re-escalation of the United States ("US")-China trade war. For equities, performance was mainly contributed by positions in finance, selective construction and infrastructure stocks, technology and telcos. On a weighted absolute basis, the top 3 performers are (1) Axiata Group Berhad, (2) Serba Dinamik, and (3) Ekovest. Meanwhile, the top 3 detractors are (1) Padini Holdings, (2) Top Glove, and (3) Ajinomoto Malaysia.



## MAYBANK DANA IKHLAS

### Manager's report

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

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

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

| For the financial year ended | 30.11.2019<br>% | 30.11.2018<br>% | 30.11.2017<br>% | 30.11.2016<br>% | 30.11.2015<br>% |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Capital growth               | 3.24            | (5.69)          | 2.71            | (1.23)          | (3.59)          |
| Income distribution          | 1.89            | -               | 1.89            | 1.87            | 2.00            |
| Total return                 | 5.20            | (5.69)          | 4.60            | 0.64            | (1.59)          |
| Benchmark                    | 1.70            | (3.19)          | 5.94            | (1.85)          | (1.57)          |

##### 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

##### Fixed Income Market Review

The Malaysian sovereign sukuk 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. 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. However, a slew of bad news in April 2019 (Norway's sovereign wealth fund pullout from Emerging Market ("EM"), Malaysia's possible exclusion from World Global sukuk Index ("WGBI"), and Moody's negative statement on the government's aid to Feluda) have caused a knee-jerk reaction and led to a sell-off in the sukuk market and the Malaysian Ringgit ("MYR"). As a result of the bad news in April 2019, foreigners turned net sellers with outflows of -RM9.8 billion ("bn"), erasing previous two months inflows (March 2019: +RM2.9bn, February 2019: +RM4.5bn). The outflow was in line with regional market's sentiment toward EM debts and stronger US Dollar ("USD") for the month. Despite this outflow, the sukuk markets remained supported by local players with yields recovered back to March 2019 levels, or even slightly lower, especially the yields for 15 years and below.

## **MAYBANK DANA IKHLAS**

### **Manager's report**

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

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

##### Fixed Income Market Review (cont'd)

In May 2019, Bank Negara Malaysia ("BNM") decided to cut the Overnight Policy Rate ("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 sukuks rallied in May 2019 and in June 2019, in line with global sukuk 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 2019, which includes expansion of dynamic hedging programme and MYR liquidity beyond local trading hours. The initiative is to address the risk of the exclusion of MGS from the WGBI by FTSE Russell.

Malaysian sukuk market mostly extended gains in July 2019 and August 2019. As widely expected, OPR was maintained in July 2019's Monetary Policy Committee ("MPC") meeting while the US Fed announced a cut in the Fed Fund Rate at end-July 2018, lowering the target range by 25 bps to 2% to 2.25%. However, while Federal Open Market Committee ("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.

However in September 2019, Malaysian sukuk 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 25 bps 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 sukuks yields followed suit with credit spreads generally widened over the month. Malaysian sukuk curve steepened further in October 2019 tracking US Treasury curve, as risk appetite returned amidst positive developments in the US-China trade negotiations, as well as increased supply in corporate sukuks given the low yield environment. Meanwhile, the Fed eased its monetary policy in October 2019 for the third time this year, bringing the Fed Fund Rate level to 1.5% - 1.75%. However, it signalled a potential pause in monetary easing going forward.

## MAYBANK DANA IKHLAS

### Manager's report

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

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

##### Fixed Income Market Review (cont'd)

The Malaysian sukuk market was supported by the surprise 50bps cut in Statutory Reserve Requirement ("SRR") in early November 2019, as the resultant increase in liquidity (approximately RM7.0bn injected into the market) provided some sustained demand for Malaysian sukus. Malaysian sovereign sukuk yields were down between 6-15 bps month-on-month ("m-o-m") across the curve, except for the 10-year MGS which was up by 1 bps. Corporate sukus also tracked the govies, but at a smaller range. However, demand was capped on the back of de-escalation of the US-China trade war, as the 10-year US Treasury yields increased 9 basis point over the month.

Meanwhile, foreign holdings of MYR sovereign registered the largest inflow in November 2019 since September 2017, which rose RM8.0bn to RM196.6bn. Foreign share of MGS rose to 40.5% (October 2019: 37.9%) and MGS + GII rose to 24.2% (October 2019: 23.0%). The inflow was likely concentrated in the front-end of the curve, and partially contributed by the inclusion of 5-year MGS 6/24 into GBI-EM Global Diversified index.

##### Equities Market Review

During the period under review, most equity markets registered gains despite the rough 2018 for almost all asset classes, with most of the equity markets posting double digit losses for 2018. Most developed markets registered stellar returns for period, with Dow Jones and S&P500 registered a 9.8% and 13.8% return respectively for the period despite the sharp fall in December 2018 and May 2019. Meanwhile, Euro Stoxx 50 and German Dax registered returns of 16.7% and 17.5% respectively. Japan's Nikkei was also up by 4.22%. For emerging Asia, most markets were up except for Malaysia (-7.0%), Thailand (-3.1%), South Korea (-0.42%) and Hong Kong (-0.60%). Hong Kong, China, Singapore, Jakarta and Philippines gained 7.7%, 12.5%, 7.0%, 6.8% and 11.7% respectively.

Although the equity markets were broadly up, 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 USD200bn 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 USD60bn 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, President Trump announced that he may potentially impose 10% tariff on the remaining USD300bn 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. In October 2019, trade war between US and China showed some positive developments as both parties seek to reach a deal. The "Phase 1 agreement" would take several weeks to write and both sides could officially sign by November 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.

## **MAYBANK DANA IKHLAS**

### **Manager's report**

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

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

##### Equities Market Review (cont'd)

Domestically, the large cap FBM KLCI Index closed -7.03% for the period, while the broader market FBM Emas Index also posted a loss of 4.41%. 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. However, the FBM SmallCap Index managed to register a gain of 9.81% for the period, mainly contributed by the small cap components of the index. For the period, foreign funds have taken out RM10.9bn net worth of equities with a strong outflow in the month of March to May 2019 and August 2019. During the year, fund flow reversed in January 2019 and June 2019 at +RM1.0bn and RM0.1bn respectively but in the subsequent months, foreigners sold off their position, ending with a net outflow of RM9.8bn yield to date ("YTD").

Recently, Budget 2020 was announced in October 2019 and was deemed mildly positive to the market as there were lesser negative surprises, contrary to market's expectation. Key winners in the budget were the technology (tax incentives to promote Electrical and Electronics ("E&E") industry), property (measures to clear unsold units) and auto (fuel targeted subsidy programme and toll reduction). Key losers were the Number Forecast Operators ("NFO") players (on fewer draw days) and manufacturing & services sectors which are exposed to higher minimum wages imposed in major cities.

Earnings continue to see absolute downward revisions following the release of third quarter 2019 corporate results in November 2019, however investors were generally less discontent due to the already low expectations and higher number of companies that managed to beat expectations. Positive surprises mainly came from small and mid-cap companies, while large caps continue to disappoint, with the exception of Sime Darby Berhad, Genting Group and Malaysia Airports Berhad. In terms of sectors, as compared to second quarter 2019 earnings season, disappointments came from Oil & Gas, Telecommunication, Gaming and Transportation sectors.

#### **D. Market Outlook & Strategy**

##### Fixed Income Market Outlook & Strategy

For the period 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 that sukuk yield curve would steepen as economy recovers and that rate cut cycle by central banks is coming to an end, with expectation that BNM may cut only one time in 2020. Meanwhile, expectations of any further reduction in US Fed Fund Rate has decreased for now following the de-escalation in US-China trade tension, unless the US economic numbers decline significantly. Nevertheless, we continue to believe that the local sukuk market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers.

## MAYBANK DANA IKHLAS

### Manager's report

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

#### D. Market Outlook & Strategy (cont'd)

##### Fixed Income Market Outlook & Strategy (cont'd)

We expect the sukuk market to trade weaker given the year-end seasonality, hence providing a good buying opportunity with the cash available. We continue to overweight corporate sukuks over sovereign sukuks to anchor the Fund's income in corporate sukuks' 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 sukuk yields. We maintain our neutral to slightly underweight duration view on the back of expectations of a steepening yield curve. We will also look into new primary issuances that offer higher yields to deliver the required performance.

##### Equities Market Outlook & Strategy

For the period under review, we were quite defensive in terms of our equity holdings and hold more cash from time to time. The Fund was overweight consumer and REITs, and underweight cyclicals. Tactically, we have recently moved to selective oil & gas names due to increased activities in the sector. We have also increased position in plantation as Crude Palm Oil ("CPO") price continues to be on an uptrend on the back of potential vegetable oil shrinkage, African Swine Flu outbreak in China as well as implementation of B30 in Indonesia.

Going forward, we anticipate that markets are likely to move upwards going forward, however the path to achieving this return throughout the year may be a bumpy one though with equity returns likely to be front-loaded. Entering into 2020, with the prospect of a partial US-China trade deal and supported by still-ample liquidity, we are positive on Asian equities and could potentially see valuations overshoot. Low yields further support the attractiveness of equity relative to fixed income. From second quarter 2020 onwards however, uncertainty regarding upcoming US Presidential elections could begin to impact markets. Although the President of United States, Donald Trump has recently announced that the US will be finalizing a trade deal with China soon, the situation continues to be fluid and unpredictable. We expect markets to remain volatile in 2020 thereby necessitating nimble trading.

Domestically, we see the possibility of a better 2020 after past years' underperformance. 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 MYR. Any further rate cut by BNM, fiscal stimulus and private sector spending could act as a catalyst for the local market. Thus far, the moderate expansion of the economy has tracked expectations while growth is expected to be driven by the private sector and household spending will be lifted by continued employment and wage growth. Additionally, Budget 2020 measures announced could provide additional boost to the economy with the support of accommodative monetary policy. 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.

## **MAYBANK DANA IKHLAS**

### **Manager's report**

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

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

##### Equities Market Outlook & Strategy (cont'd)

We maintain our short term positive tactical view given a possible seasonal year-end rally and the recent confirmation of a mini-trade deal between the US and China by the President of the US. We have reduced our cash holdings and invested in some cyclical or value plays as the ongoing sector rotation (from defensives) may continue. We believe there are opportunities for short term trading, mainly on construction, plantation as well as selective oil & gas players. On the premise that markets will continue to be volatile, we may tactically switch back our trading portion of 10-15% into cash and may hold higher 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 and consumer sectors.

#### **E. Soft Commissions and Rebates**

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

During the financial year ended 30 November 2019, the Manager and its delegates did not receive any soft commissions and 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 assists 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 November 2019

To the Unit Holders of  
**MAYBANK DANA IKHLAS**

We, AMANAHRAYA TRUSTEE BERHAD, have acted as Trustee of Maybank Dana Ikhlas for the financial year ended 30 November 2019. In our opinion, MAYBANK ASSET MANAGEMENT SDN BHD, the Manager, has operated and managed MAYBANK DANA IKHLAS in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds for the financial year ended 30 November 2019.

We are also of the opinion that:

- (a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
- (b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements; and
- (c) The distribution of income by the Fund as declared by the MAYBANK DANA IKHLAS is appropriate and reflects the investment objective of MAYBANK DANA IKHLAS.

Yours faithfully  
**AMANAHRAYA TRUSTEES BERHAD**

**HABSAH BINTI BAKAR**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
9 January 2020

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK DANA IKHLAS  
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 Dana Ikhlas as at 30 November 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 January 2020



## **REPORT OF THE SHARIAH ADVISER**

### **TO THE UNITHOLDERS OF MAYBANK DANA IKHLAS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019**

We have acted as the Shariah Adviser of the Maybank Dana Ikhlas (the "Fund"). Our responsibility is to ensure that the procedures and the processes employed by Maybank Asset Management Sdn Bhd (the "Manager") is in accordance with the principles of Shariah.

In our opinion, the Manager has managed and administered the Fund in accordance with the principles of Shariah and comply with applicable guidelines, ruling or decision issued by the Securities Commission on Shariah matters for the financial year ended 30 November 2019.

In addition, we also confirm that the investment portfolio of the Fund comprises cash at bank, deposit and securities which have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") and the Shariah Advisory Council of Bank Negara Malaysia ("SACBNM"). Any unlisted securities which are not certified by the SACSC and SACBNM shall be determined in accordance with the ruling issued by the Shariah adviser.

For and on behalf of the Shariah Adviser of the Fund

**Dr Aznan Bin Hasan**

Chairman of the Shariah Committee of Maybank Islamic Berhad

Kuala Lumpur, Malaysia

15 January 2020

## **Independent auditors' report to the Unitholders of Maybank Dana Ikhlas**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Maybank Dana Ikhlas ("the Fund"), which comprise the statement of financial position as at 30 November 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 19 to 56.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 November 2019, and of its financial performance and 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 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 is responsible for the other information. The other information comprises the information included in the Annual Report of the Trust, 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.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information identified above 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.

## **Independent auditors' report to the Unitholders of Maybank Dana Ikhlas (cont'd)**

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

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and Trustee of the Fund and take appropriate action. We have nothing to report in this regard.

### *Responsibility of the Manager and Trustee for the financial statements*

The Manager of the Fund 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 intend 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' responsibility for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust 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 Dana Ikhlas (cont'd)**

### *Auditors' responsibility 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 scepticism 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 Trust, 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 Dana Ikhlas (cont'd)**

**Other matters**

This report is made solely to the unit holders 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  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

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

Kuala Lumpur, Malaysia  
15 January 2020

## MAYBANK DANA IKHLAS

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019

|   | Note | 2019<br>RM       | 2018<br>RM         |
|---|------|------------------|--------------------|
| <b>INCOME</b>   |      |                  |                    |
| Gross dividend income   |      | 324,595          | 420,364            |
| Profit income   | 3    | 606,314          | 521,179            |
| Net gain/(loss) on fair value changes of fair value through profit or loss ("FVTPL") investments      | 7(d) |                  |                    |
| - Unrealised gain/(loss)  |      | 543,180          | (1,377,055)        |
| - Realised gain/(loss)  |      | 123,575          | (459,994)          |
| Other income  |      | 2,250            | -                  |
|   |      | <u>1,599,914</u> | <u>(895,506)</u>   |
| <b>EXPENSES</b>   |      |                  |                    |
| Manager's fee   | 4    | 292,959          | 301,964            |
| Trustee's fee   | 5    | 19,330           | 19,260             |
| Auditors' remuneration - current year   |      | 9,000            | 9,000              |
| Auditors' remuneration - over provision in prior years  |      | (9,000)          | -                  |
| Tax agent's fee   |      | 3,900            | 4,500              |
| Brokerage and other transaction fees  |      | 53,588           | 73,432             |
| Administrative expenses   |      | 51,001           | 47,177             |
|   |      | <u>420,778</u>   | <u>455,333</u>     |
| <b>Net income/(loss) before taxation</b>  |      | 1,179,136        | (1,350,839)        |
| <b>Taxation</b>   | 6    | (12,042)         | -                  |
| <b>Net income/(loss) after taxation, and total comprehensive income/(loss) for the financial year</b> |      | <u>1,167,094</u> | <u>(1,350,839)</u> |
| Net income/(loss) after taxation is made up of the following:   |      |                  |                    |
| Net realised gain   |      | 623,914          | 26,216             |
| Net unrealised gain/(loss)  |      | 543,180          | (1,377,055)        |
|   |      | <u>1,167,094</u> | <u>(1,350,839)</u> |
| <b>Distribution for the financial year:</b>   |      |                  |                    |
| Net distribution  | 13   | 461,956          | -                  |
| Gross distribution per unit (sen)   | 13   | 1.00             | -                  |
| Net distribution per unit (sen)   | 13   | 1.00             | -                  |
| Distribution date (ex-date)   | 13   | 28/11/2019       | -                  |

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

**MAYBANK DANA IKHLAS**

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

|   | Note      | 2019<br>RM        | 2018<br>RM        |
|---|-----------|-------------------|-------------------|
| <b>ASSETS</b>   |           |                   |                   |
| Financial assets at FVTPL   | 7         | 20,906,237        | 19,780,014        |
| Shariah-compliant deposit with a licensed Islamic financial institution | 8         | 3,900,392         | 3,163,000         |
| Tax recoverable   |           | -                 | 9,336             |
| Dividend receivable   |           | 13,000            | 9,358             |
| Profit income receivable  |           | 96,048            | 107,661           |
| Amount due from brokers   | 10        | -                 | 7,768             |
| Cash at bank  |           | 15,436            | 1,146             |
| <b>TOTAL ASSETS</b>   |           | <u>24,931,113</u> | <u>23,078,283</u> |
| <b>LIABILITIES</b>  |           |                   |                   |
| Amount due to Manager   | 9         | 34,325            | 28,139            |
| Amount due to Trustee   |           | 1,641             | 1,473             |
| Amount due to brokers   | 10        | -                 | 110,470           |
| Other payables and accruals   | 11        | 45,840            | 52,069            |
| <b>TOTAL LIABILITIES</b>  |           | <u>81,806</u>     | <u>192,151</u>    |
| <b>NET ASSET VALUE ("NAV") OF THE FUND</b>                              |           | <u>24,849,307</u> | <u>22,886,132</u> |
| <b>EQUITY</b>   |           |                   |                   |
| Unitholders' capital  | 12(a)     | 24,915,913        | 23,662,564        |
| Accumulated losses  | 12(b)&(c) | (66,606)          | (776,432)         |
| <b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>                      |           | <u>24,849,307</u> | <u>22,886,132</u> |
| <b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>                           | 12 (a)    | <u>47,051,486</u> | <u>44,679,095</u> |
| <b>NAV PER UNIT (RM)</b>  |           | <u>0.5281</u>     | <u>0.5122</u>     |

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

**MAYBANK DANA IKHLAS**

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

|  | <b>Unitholders'<br/>capital<br/>Note 12(a)<br/>RM</b> | <b>Accumulated<br/>losses<br/>Note 12(b)<br/>and (c)<br/>RM</b> | <b>Total equity<br/>RM</b> |
|--|---|---|----------------------------|
| At 1 December 2018                                   | 23,662,564  | (776,432)   | 22,886,132                 |
| Total comprehensive income<br>for the financial year | -   | 1,167,094   | 1,167,094                  |
| Creation of units                                    | 2,225,695   | -   | 2,225,695                  |
| Reinvestment of units                                | 461,956   | -   | 461,956                    |
| Cancellation of units                                | (1,429,614)   | -   | (1,429,614)                |
| Distribution (Note 13)                               | (4,688)   | (457,268)   | (461,956)                  |
| At 30 November 2019                                  | <u>24,915,913</u>                                     | <u>(66,606)</u>   | <u>24,849,307</u>          |
| At 1 December 2017                                   | 24,091,398  | 574,407   | 24,665,805                 |
| Total comprehensive loss<br>for the financial year   | -   | (1,350,839)   | (1,350,839)                |
| Creation of units                                    | 1,464,867   | -   | 1,464,867                  |
| Reinvestment of units                                | 454,483   | -   | 454,483                    |
| Cancellation of units                                | (2,348,184)   | -   | (2,348,184)                |
| At 30 November 2018                                  | <u>23,662,564</u>                                     | <u>(776,432)</u>  | <u>22,886,132</u>          |

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



**MAYBANK DANA IKHLAS****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019**

|   | <b>2019</b>             | <b>2018</b>             |
|---|-------------------------|-------------------------|
|   | <b>RM</b>               | <b>RM</b>               |
| <b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>                         |                         |                         |
| Net proceeds from sale of financial assets at FVTPL                               | 18,188,845              | 15,217,155              |
| Net payments for purchase of financial assets at FVTPL                            | (20,061,180)            | (13,531,529)            |
| Net proceeds from redemption of financial assets at FVTPL                         | 1,250,839               | -                       |
| Profit income received  | 612,339                 | 520,846                 |
| Net dividend received   | 318,249                 | 426,066                 |
| Manager's fee paid  | (291,359)               | (306,413)               |
| Trustee's fee paid  | (19,212)                | (19,533)                |
| Other expenses paid   | (47,506)                | (55,260)                |
| Net cash (used in)/generated from operating and investing activities              | <u>(48,985)</u>         | <u>2,251,332</u>        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                         |                         |
| Proceeds from creation of units   | 2,225,695               | 1,464,867               |
| Payments for cancellation of units  | (1,425,028)             | (2,376,192)             |
| Net cash generated from/(used in) financing activities                            | <u>800,667</u>          | <u>(911,325)</u>        |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR</b>           | 751,682                 | 1,340,007               |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>               | <u>3,164,146</u>        | <u>1,824,139</u>        |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>                     | <u><u>3,915,828</u></u> | <u><u>3,164,146</u></u> |
| Cash and cash equivalents comprise:   |                         |                         |
| Cash at bank  | 15,436                  | 1,146                   |
| Shariah-compliant deposits with a licensed Islamic financial institution (Note 8) | 3,900,392               | 3,163,000               |
|   | <u>3,915,828</u>        | <u>3,164,146</u>        |

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

## **MAYBANK DANA IKHLAS**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019**

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

Maybank Dana Ikhlas ("Fund") was constituted pursuant to the executed Deed dated 4 September 2002 between Amanah Mutual Berhad ("AMB") as the Manager and AmanahRaya Trustee Berhad as the Trustee and the Registered Holders of the Fund. The following supplemental Deeds have been issued between AMB and the Trustee:

- First supplemental deed dated 13 August 2008
- Second supplemental deed dated 17 October 2014
- Third supplemental deed dated 13 January 2017
- Fourth supplemental deed dated 12 December 2017

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

Subsequently, MAM and the Trustee has entered into the Sixth supplemental deed dated 4 September 2018 and Seventh supplemental deed dated 20 August 2019 respectively. The Deed and Supplemental Deeds are subsequently referred to as 'Deeds'.

The principal activity of the Fund is to invest in a portfolio of investments that are permissible under Shariah principles with the objective to attain a mix of regular income stream and possible capital growth. The investments include shares of companies quoted on Bursa Malaysia Securities Berhad, Sukuk and short term deposits.

MAM has appointed Maybank Islamic Asset Management Sdn Bhd ("MIAM") as the External Investment Manager for the Fund. MIAM is a wholly-owned subsidiary of Maybank Asset Management Group Berhad and is a holder of Capital Markets Services Licence ("CMSL") to carry out Islamic fund management business pursuant to Section 61 of the Capital Markets and Services Act 2007 ("CMSA").

The roles and responsibilities of MIAM include management of the investment portfolio in accordance with the investment objective, subject to the CMSA and the Guidelines on Unit Trust Funds issued by the Securities Commission of Malaysia ("SC") and any other relevant guidelines issued by the SC as well as the terms and conditions of the investment management agreement between MIAM and MAM.

The financial statements were authorised for issue by the Board of Directors of the Manager (the "Directors") in accordance with a resolution of the Directors on 15 January 2020.

## MAYBANK DANA IKHLAS

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

#### 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.

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 2.15 to the financial statements.

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

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

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

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

## MAYBANK DANA IKHLAS

### 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 3: <i>Business Combinations</i>   | 1 January 2020                                     |
| Amendments to MFRS 3: <i>Definition of a Business</i>  | 1 January 2020                                     |
| Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i>   | 1 January 2020                                     |
| Amendments to MFRS 14: <i>Regulatory Deferral Accounts</i>   | 1 January 2020                                     |
| Amendments to MFRS 101: <i>Presentation of Financial Statements</i>  | 1 January 2020                                     |
| Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>                                   | 1 January 2020                                     |
| Amendments to MFRS 101 & 108: <i>Definition of Material</i>  | 1 January 2020                                     |
| Amendments to MFRS 134: <i>Interim Financial Reporting</i>   | 1 January 2020                                     |
| Amendment to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>   | 1 January 2020                                     |
| Amendment to MFRS 138: <i>Intangible Assets</i>  | 1 January 2020                                     |
| Amendments to IC Interpretation 12: <i>Service Concession Arrangements</i>   | 1 January 2020                                     |
| Amendments to IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>                           | 1 January 2020                                     |
| Amendments to IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>                             | 1 January 2020                                     |
| Amendments to IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i>                               | 1 January 2020                                     |
| Amendments to IC Interpretation 132: <i>Intangible Assets - Web Site Costs</i>   | 1 January 2020                                     |
| MFRS 17: <i>Insurance Contracts</i>  | 1 January 2022                                     |
| Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | To be announced by MASB                            |

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 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. 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 profit 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, shariah-compliant deposits with a licensed Islamic financial institution, profit income receivables and dividend receivable as subsequently measured at amortised cost. Quoted equities and unquoted fixed income securities are classified as FVTPL.

#### **(ii) Financial assets at fair value through profit or loss ("FVTPL")**

Investments in equity instruments and unquoted sukuk are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is held for trading 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 (see above) 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.

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

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

**(ii) Financial assets at fair value through profit or loss ("FVTPL") (cont'd)**

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.

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

Dividend income on investments in equity instruments at FVTPL is recognised when the Fund's right to receive the dividends is established, and is disclosed separately in the profit or loss.

**(iii) Impairment of financial assets**

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

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 (e.g. profit income receivable, dividend receivable, amount due from brokers and amount due from Manager), full impairment will be recognised on uncollected balances after the grace period.

## **MAYBANK DANA IKHLAS**

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

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

##### **(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.

#### **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, amount due to brokers 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 profit rate method.

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

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

## **MAYBANK DANA IKHLAS**

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

#### **2.6 Unitholders' capital**

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

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

The outstanding units are carried at the redemption amount that is payable at each financial 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.

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

Revenue is recognise 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.

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

Profit income from investments at amortised cost are accounted for on an accrual basis based on effective profit rate method.

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

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

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

Cash and cash equivalents include cash at bank and Shariah-compliant deposits with Islamic licensed financial institutions with maturities of 3 months or less, which have an insignificant risk of changes in value.



## **MAYBANK DANA IKHLAS**

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

#### **2.9 Distribution**

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as 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 Taxation**

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

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

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

No deferred tax is recognised as there are no material temporary differences.

#### **2.11 Fair value measurement**

The Fund measures its investments at FVTPL at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell or transfer the liability takes place either:

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

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

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.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs, as disclosed in Note 19 to the financial statements.

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

## MAYBANK DANA IKHLAS

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

#### 2.11 Fair value measurement (cont'd)

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

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

#### 2.12 Purification of income

The Fund is required to cleanse or purify any income or gains generated by Shariah non-compliant activities or sources. Such Shariah non-compliant gain or income may arise as follows.

(i) Shariah non-compliant investment

Shariah non-compliant investment made by the Manager will be disposed of or withdrawn as soon as possible. In the event the investment results in gain (through capital gain and/or dividend), the gains is to be channelled to Baitulmal or any other charitable bodies as advised by the Shariah Adviser. If the disposal of the investment results in losses to the Fund, the losses are to be borne by the Manager.

(ii) Reclassification of Shariah Status of the Fund's investment

If a security is reclassified as Shariah non-compliant by the SACSC and/or the Shariah board of the MSCI Islamic Index Series, as per the Shariah Adviser's advice, the said security shall be disposed of soonest practical, once the total amount of dividends received and the market value held equal the original investment costs.

Any capital gains arising from the disposal of the Shariah non-compliant security made at the time of the announcement can be kept by the Fund. However, any excess capital gains derived from the disposal after the announcement day at a market price that is higher than the closing price on the announcement day is to be channelled to Baitulmal or any charitable bodies.

The purification exercise is done by channelling the purification amount to charitable bodies as advised by the Shariah Adviser and this exercise is performed by the Manager when relevant information has been obtained. The calculation of the purification amount must further be endorsed by the Shariah Adviser for verification before the purification is done.

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

**2.13 Segment reporting**

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

**2.14 Significant 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.

**2.15 Functional and presentation currency**

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

## MAYBANK DANA IKHLAS

### 3. PROFIT INCOME

|   | 2019<br>RM     | 2018<br>RM     |
|---|----------------|----------------|
| Profit income from unquoted fixed income securities   | 538,912        | 475,706        |
| Profit income from short-term deposits                | 88,071         | 54,907         |
| Amortisation of premium, net of accretion of discount | (20,669)       | (9,434)        |
|   | <u>606,314</u> | <u>521,179</u> |

### 4. MANAGER'S FEE

The Manager's fee is computed daily. The fee is based on 1.00% (2018: 1.00%) per annum ("p.a.") on the sukuk and money market portion and 1.50% (2018: 1.50%) p.a. on the equity portion 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 based on 0.08% (2018: 0.08%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM18,000 p.a.

### 6. TAXATION

|  | 2019<br>RM    | 2018<br>RM |
|--|---------------|------------|
| Tax expense for the financial year:      |               |            |
| Current income tax expense               | 2,706         | -          |
| Under provision in prior financial years | 9,336         | -          |
|  | <u>12,042</u> | <u>-</u>   |

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, profit income and dividend income earned by the Fund is exempted from tax, exclude any income tax at source.

A reconciliation of income tax expense applicable to net income/(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<br>RM       | 2018<br>RM         |
|---|------------------|--------------------|
| Net income/(loss) before taxation                       | <u>1,179,136</u> | <u>(1,350,839)</u> |
| Taxation at Malaysian statutory rate of 24% (2018: 24%) | 282,993          | (324,201)          |
| Income not subject to tax                               | (383,979)        | (225,970)          |
| Effect of income tax at source                          | 2,706            | -                  |
| Expenses not deductible for tax purposes                | 100,986          | 550,171            |
| Under provision of income tax in prior year             | 9,336            | -                  |
| Tax expense for the financial year                      | <u>12,042</u>    | <u>-</u>           |

**MAYBANK DANA IKHLAS**

**7. FINANCIAL ASSETS AT FVTPL**

|   | <b>Note</b> | <b>2019<br/>RM</b> | <b>2018<br/>RM</b> |
|---|-------------|--------------------|--------------------|
| Quoted equities - Shariah-compliant     | (a)         | 9,317,235          | 9,743,254          |
| Quoted equities - Shariah non-compliant | (b)         | 120,960            | -                  |
| Unquoted fixed income securities        | (c)         | 11,468,042         | 10,036,760         |
|   |             | <u>20,906,237</u>  | <u>19,780,014</u>  |

| <b>2019</b> | <b>Quantity<br/>Unit</b> | <b>Aggregate<br/>cost<br/>RM</b> | <b>Market<br/>value<br/>RM</b> | <b>Percentage<br/>of NAV<br/>%</b> |
|-------------|--------------------------|----------------------------------|--------------------------------|------------------------------------|
|-------------|--------------------------|----------------------------------|--------------------------------|------------------------------------|

**(a) Quoted equities - Shariah-compliant**

**Construction**

|                                  |                |                |                |             |
|----------------------------------|----------------|----------------|----------------|-------------|
| Gabungan AQRS Bhd                | 172,000        | 248,832        | 208,120        | 0.84        |
| IJM Corporation Bhd              | 112,100        | 248,952        | 234,289        | 0.94        |
| Sunway Construction Group<br>Bhd | 109,700        | 227,936        | 199,654        | 0.80        |
|                                  | <u>393,800</u> | <u>725,720</u> | <u>642,063</u> | <u>2.58</u> |

**Consumer Products**

|                                   |                |                  |                  |             |
|-----------------------------------|----------------|------------------|------------------|-------------|
| Ajinomoto (Malaysia) Bhd          | 17,600         | 352,037          | 268,928          | 1.08        |
| Bermaz Auto Bhd                   | 199,000        | 433,331          | 419,890          | 1.69        |
| DRM-HICOM Bhd                     | 90,000         | 253,917          | 207,900          | 0.84        |
| Dutch Lady Milk Industries<br>Bhd | 3,800          | 243,180          | 212,040          | 0.85        |
| Fraser & Neave Holdings Bhd       | 13,700         | 473,809          | 475,938          | 1.92        |
| Power Root Bhd                    | 122,000        | 256,250          | 295,240          | 1.19        |
| UMW Holdings Bhd                  | 45,300         | 279,200          | 197,961          | 0.80        |
|                                   | <u>491,400</u> | <u>2,291,724</u> | <u>2,077,897</u> | <u>8.37</u> |

**Energy**

|                    |                  |                |                |             |
|--------------------|------------------|----------------|----------------|-------------|
| Sapura Energy Bhd  | 1,528,600        | 473,866        | 420,365        | 1.69        |
| Velesto Energy Bhd | 700,000          | 240,835        | 269,500        | 1.08        |
|                    | <u>2,228,600</u> | <u>714,701</u> | <u>689,865</u> | <u>2.77</u> |

**Financial Services**

|   |               |                |                |             |
|---|---------------|----------------|----------------|-------------|
| Syarikat Takaful Malaysia<br>Keluarga Bhd | 40,000        | 262,250        | 231,600        | 0.93        |
| BIMB Holdings Bhd                         | 55,100        | 219,408        | 229,216        | 0.92        |
|   | <u>95,100</u> | <u>481,658</u> | <u>460,816</u> | <u>1.85</u> |

**MAYBANK DANA IKHLAS**

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

| 2019 (cont'd)   | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - Shariah-compliant (cont'd)</b> |                  |                         |                       |                           |
| <b>Healthcare</b>                                       |                  |                         |                       |                           |
| Kossan Rubber Industries Bhd                            | 91,800           | 382,637                 | 383,724               | 1.54                      |
| Top Glove Corporation Bhd                               | 72,000           | 389,832                 | 324,000               | 1.30                      |
|   | 163,800          | 772,469                 | 707,724               | 2.84                      |
| <b>Industrial Products &amp; Services</b>               |                  |                         |                       |                           |
| Cahaya Mata Sarawak Bhd                                 | 71,000           | 238,588                 | 170,400               | 0.69                      |
| <b>Plantation</b>                                       |                  |                         |                       |                           |
| Batu Kawan Bhd  | 21,000           | 364,245                 | 328,440               | 1.32                      |
| Kuala Lumpur Kepong Bhd                                 | 15,800           | 361,279                 | 368,772               | 1.48                      |
| Sime Darby Plantation Bhd                               | 47,000           | 239,427                 | 234,060               | 0.94                      |
| United Plantation Bhd                                   | 9,200            | 237,898                 | 239,200               | 0.96                      |
|   | 93,000           | 1,202,849               | 1,170,472             | 4.70                      |
| <b>Properties</b>                                       |                  |                         |                       |                           |
| S P Setia Bhd   | 97,251           | 326,672                 | 126,426               | 0.51                      |
| <b>REITs</b>  |                  |                         |                       |                           |
| Al-Aqar Healthcare REIT                                 | 132,200          | 197,011                 | 193,012               | 0.78                      |
| Axis REIT   | 280,000          | 506,367                 | 498,400               | 2.01                      |
| KLCC Property Holdings Bhd                              | 60,000           | 473,402                 | 480,000               | 1.93                      |
|   | 472,200          | 1,176,780               | 1,171,412             | 4.72                      |
| <b>Technology</b>                                       |                  |                         |                       |                           |
| Inari Amerton Bhd                                       | 150,000          | 253,950                 | 273,000               | 1.10                      |
| MY E.G Services Bhd                                     | 180,000          | 250,200                 | 212,400               | 0.85                      |
|   | 330,000          | 504,150                 | 485,400               | 1.95                      |
| <b>Transportation &amp; Logistic</b>                    |                  |                         |                       |                           |
| MISC Bhd  | 35,000           | 283,574                 | 285,250               | 1.15                      |
| Westports Holdings Bhd                                  | 115,000          | 482,135                 | 479,550               | 1.93                      |
|   | 150,000          | 765,709                 | 764,800               | 3.08                      |

MAYBANK DANA IKHLAS

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

| 2019 (cont'd)   | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - Shariah-compliant (cont'd)</b> |                  |                         |                       |                           |
| <b>Utilities</b>  |                  |                         |                       |                           |
| Ranhill Holdings Bhd                                    | 330,000          | 392,331                 | 376,200               | 1.51                      |
| Tenaga Nasional Bhd                                     | 36,000           | 530,089                 | 473,760               | 1.92                      |
|   | <u>366,000</u>   | <u>922,421</u>          | <u>849,960</u>        | <u>3.43</u>               |
| <b>Total quoted equities<br/>-Shariah-compliant</b>     | <u>4,952,151</u> | <u>10,123,441</u>       | <u>9,317,235</u>      | <u>37.49</u>              |
| <b>(b) Quoted equities - Shariah non-compliant</b>      |                  |                         |                       |                           |
| <b>Technology</b>                                       |                  |                         |                       |                           |
| Pentamaster Corporation Bhd *                           | 27,000           | 126,465                 | 120,960               | 0.49                      |
| <b>Total quoted equities<br/>Shariah non-compliant</b>  | <u>27,000</u>    | <u>126,465</u>          | <u>120,960</u>        | <u>0.49</u>               |
| <b>Total quoted equities</b>                            | <u>4,979,151</u> | <u>10,249,906</u>       | <u>9,438,195</u>      | <u>37.98</u>              |

\* Pentamaster Corporation Berhad was reclassified to Shariah non-compliant based on the Shariah Adviser's approved list effective 29 November 2019. The Manager will immediately dispose the shares upon recovery of the investment cost less dividend income that is received from the Shariah non-compliant equities. There is no dividend income received for this security during the year.

**MAYBANK DANA IKHLAS**

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

| 2019 (cont'd)                               | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------|-------------------------|-----------------------|---------------------------|
| <b>(c) Unquoted fixed income securities</b> |                  |                         |                       |                           |
| <b>Construction</b>                         |                  |                         |                       |                           |
| IJM Land Bhd                                |                  |                         |                       |                           |
| - 4.73% / 17.03.2119                        | 500,000          | 500,968                 | 502,400               | 2.02                      |
| - 5.65% / 17.03.2119                        | 400,000          | 400,000                 | 423,648               | 1.70                      |
|   | <u>900,000</u>   | <u>900,968</u>          | <u>926,048</u>        | <u>3.72</u>               |
| <b>Energy</b>                               |                  |                         |                       |                           |
| Sarawak Energy Bhd                          |                  |                         |                       |                           |
| - 4.95% / 21.11.2033                        | 800,000          | 801,707                 | 881,680               | 3.55                      |
|   |                  |                         |                       |                           |
| <b>Financial Services</b>                   |                  |                         |                       |                           |
| Affin Islamic Bank Bhd                      |                  |                         |                       |                           |
| - 5.05% / 23.10.2028                        | 1,000,000        | 1,006,757               | 1,036,420             | 4.17                      |
| Aman Sukuk Berhad                           |                  |                         |                       |                           |
| - 4.25% / 20.10.2023                        | 3,000,000        | 3,017,033               | 3,075,870             | 12.38                     |
|   | <u>4,000,000</u> | <u>4,023,790</u>        | <u>4,112,290</u>      | <u>16.55</u>              |
| <b>Property</b>                             |                  |                         |                       |                           |
| Fortune Premier Sdn Bhd                     |                  |                         |                       |                           |
| - 5.05% / 05.09.2025                        | 400,000          | 423,779                 | 423,564               | 1.70                      |
| - 5.05% / 31.10.2025                        | 500,000          | 501,907                 | 529,895               | 2.13                      |
|   | <u>900,000</u>   | <u>925,686</u>          | <u>953,459</u>        | <u>3.83</u>               |
| <b>Real Estate</b>                          |                  |                         |                       |                           |
| Country Garden                              |                  |                         |                       |                           |
| Real Estate Sdn Bhd                         |                  |                         |                       |                           |
| - 6.40% / 06.05.2022                        | 400,000          | 400,000                 | 413,240               | 1.66                      |
| - 6.40% / 18.03.2022                        | 500,000          | 500,000                 | 515,805               | 2.08                      |



MAYBANK DANA IKHLAS

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

| 2019 (cont'd)   | Quantity<br>Unit  | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|-------------------|-------------------------|-----------------------|---------------------------|
| <b>(c) Unquoted fixed income securities (cont'd)</b>                |                   |                         |                       |                           |
| <b>Real Estate (cont'd)</b>   |                   |                         |                       |                           |
| Talam Transform Bhd<br>- 0.00% / 28.06.2020                         | 142,111           | -                       | 130,503               | 0.53                      |
|   | <u>1,042,111</u>  | <u>900,000</u>          | <u>1,059,548</u>      | <u>4.27</u>               |
| <b>Transportation &amp; Logistic</b>                                |                   |                         |                       |                           |
| Anih Bhd<br>- 6.00% / 29.11.2028                                    | 300,000           | 328,588                 | 343,260               | 1.38                      |
| MMC Corporation Bhd<br>- 5.70% / 24.03.2028                         | 500,000           | 504,955                 | 526,370               | 2.12                      |
|   | <u>800,000</u>    | <u>833,543</u>          | <u>869,630</u>        | <u>3.50</u>               |
| <b>Utilities</b>  |                   |                         |                       |                           |
| Quantum Solar Park<br>(Semenanjung) Sdn Bhd<br>- 5.16% / 06.10.2022 | 1,300,000         | 1,321,700               | 1,324,284             | 5.34                      |
| Edra Power Holdings Sdn Bhd<br>- 6.39% / 05.01.2034                 | 700,000           | 836,971                 | 833,588               | 3.35                      |
| Cypark Resources Bhd<br>- 5.18% / 29.06.2029                        | 500,000           | 509,360                 | 507,515               | 2.04                      |
|   | <u>2,500,000</u>  | <u>2,668,031</u>        | <u>2,665,387</u>      | <u>10.73</u>              |
| <b>Total unquoted fixed income securities</b>                       | <u>10,942,111</u> | <u>11,053,725</u>       | <u>11,468,042</u>     | <u>46.15</u>              |
| <b>Total FVTPL investments</b>                                      | <u>15,921,262</u> | <u>21,303,631</u>       | <u>20,906,237</u>     | <u>84.13</u>              |
| <b>Unrealised loss on FVTPL investments</b>                         |                   |                         | <u>(397,394)</u>      |                           |

MAYBANK DANA IKHLAS

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

| 2018   | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - Shariah-compliant</b> |                  |                         |                       |                           |
| <b>Construction</b>                            |                  |                         |                       |                           |
| Gabungan AQRS Bhd                              | 343,100          | 541,155                 | 281,342               | 1.23                      |
| Gabungan AQRS Bhd<br>- Warrants                | 85,775           | -                       | 20,157                | 0.09                      |
| IJM Corporation Bhd                            | 114,900          | 383,712                 | 187,287               | 0.82                      |
| Sunway Construction Group<br>Bhd               | 79,200           | 175,925                 | 121,968               | 0.53                      |
|  | <u>622,975</u>   | <u>1,100,792</u>        | <u>610,754</u>        | <u>2.67</u>               |
| <b>Consumer Products</b>                       |                  |                         |                       |                           |
| Ajinomoto (Malaysia) Bhd                       | 11,600           | 236,505                 | 226,432               | 0.99                      |
| Bermaz Auto Bhd                                | 299,600          | 652,392                 | 629,160               | 2.75                      |
| Dutch Lady Milk Industries Bhd                 | 1,800            | 115,180                 | 114,120               | 0.50                      |
| Padini Holdings Bhd                            | 100,600          | 382,235                 | 482,880               | 2.11                      |
| UMW Holdings Bhd                               | 79,300           | 488,754                 | 400,465               | 1.75                      |
|  | <u>492,900</u>   | <u>1,875,066</u>        | <u>1,853,057</u>      | <u>8.10</u>               |
| <b>Finance</b>                                 |                  |                         |                       |                           |
| BIMB Holdings Bhd                              | 124,100          | 498,979                 | 472,821               | 2.07                      |
| <b>Industrial Products</b>                     |                  |                         |                       |                           |
| Cypark Resources Bhd                           | 149,500          | 385,764                 | 372,255               | 1.63                      |
| Kossan Rubber Industries Bhd                   | 108,800          | 453,496                 | 467,840               | 2.03                      |
| Petronas Chemical Group Bhd                    | 49,600           | 400,714                 | 456,320               | 1.99                      |
| Petronas Gas Bhd                               | 7,100            | 144,346                 | 134,474               | 0.59                      |
| Top Glove Corporation Bhd                      | 38,000           | 216,942                 | 226,860               | 0.99                      |
|  | <u>353,000</u>   | <u>1,601,262</u>        | <u>1,657,749</u>      | <u>7.23</u>               |

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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

| 2018 (cont'd)   | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - Shariah-compliant (cont'd)</b> |                  |                         |                       |                           |
| <b>Infrastructure</b>                                   |                  |                         |                       |                           |
| Lingkar Trans Kota Holdings Bhd                         | 60,100           | 245,901                 | 236,794               | 1.03                      |
| <b>Plantation</b>                                       |                  |                         |                       |                           |
| IOI Corporation Bhd                                     | 64,900           | 295,276                 | 275,825               | 1.21                      |
| Kuala Lumpur Kepong Bhd                                 | 10,200           | 240,400                 | 249,900               | 1.09                      |
| Sime Darby Plantation Bhd                               | 97,613           | 545,657                 | 458,781               | 2.00                      |
|   | 172,713          | 1,081,333               | 984,506               | 4.30                      |
| <b>Properties</b>                                       |                  |                         |                       |                           |
| Sime Darby Property Bhd                                 | 165,813          | 246,389                 | 164,984               | 0.72                      |
| S P Setia Bhd   | 142,251          | 477,830                 | 305,840               | 1.34                      |
|   | 308,064          | 724,219                 | 470,824               | 2.06                      |
| <b>Trading / Services</b>                               |                  |                         |                       |                           |
| Axiata Group Bhd  | 184,072          | 869,823                 | 668,181               | 2.92                      |
| Dialog Group Bhd  | 141,300          | 409,283                 | 447,921               | 1.96                      |
| Malakoff Corporation Bhd                                | 86,200           | 86,200                  | 69,391                | 0.30                      |
| Serba Dinamik Holdings Bhd                              | 184,700          | 586,306                 | 664,920               | 2.91                      |
| Sunway Bhd  | 307,566          | 528,332                 | 449,046               | 1.96                      |
| Sunway Bhd - Warrants                                   | 36,600           | -                       | 9,882                 | 0.04                      |
| Tenaga Nasional Bhd                                     | 64,200           | 956,356                 | 914,208               | 3.99                      |
|   | 1,004,638        | 3,436,300               | 3,223,549             | 14.08                     |
| <b>Telecommunication</b>                                |                  |                         |                       |                           |
| Digi.Com Bhd  | 55,000           | 250,410                 | 233,200               | 1.02                      |
| <b>Total quoted equities</b>                            | <b>3,193,490</b> | <b>10,814,262</b>       | <b>9,743,254</b>      | <b>42.56</b>              |
| <b>(c) Unquoted fixed income securities</b>             |                  |                         |                       |                           |
| <b>Power</b>  |                  |                         |                       |                           |
| Tanjung Bin Power Sdn Bhd<br>- 4.54% / 16.08.2019       | 1,000,000        | 1,000,883               | 1,002,690             | 4.38                      |
| Sarawak Hidro Sdn Bhd<br>- 4.38% / 11.08.2025           | 1,500,000        | 1,508,640               | 1,496,820             | 6.53                      |
|   | 2,500,000        | 2,509,523               | 2,499,510             | 10.91                     |

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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

| 2018 (cont'd)  | Quantity<br>Unit  | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|-------------------|-------------------------|-----------------------|---------------------------|
| <b>(c) Unquoted fixed income securities (cont'd)</b> |                   |                         |                       |                           |
| <b>Plantation</b>                                    |                   |                         |                       |                           |
| Bumitama Agri Ltd<br>- 5.25% / 18.03.2019            | 1,100,000         | 1,102,338               | 1,103,190             | 4.82                      |
| <b>Real Estate</b>                                   |                   |                         |                       |                           |
| Aman Sukuk Bhd<br>- 4.25% / 20.10.2023               | 3,000,000         | 3,021,032               | 2,979,150             | 13.02                     |
| Talam Transform Bhd<br>- 0.00% / 28.06.2019          | 172,163           | 47                      | 163,755               | 0.72                      |
|  | <u>3,172,163</u>  | <u>3,021,079</u>        | <u>3,142,905</u>      | <u>13.74</u>              |
| <b>Conglomerate</b>                                  |                   |                         |                       |                           |
| UMW Holdings Bhd<br>- 5.02% / 04.10.2021             | 1,000,000         | 1,001,788               | 1,015,100             | 4.44                      |
| WCT Holdings Bhd<br>5.55% / 21.02.2025               | 2,250,000         | 2,271,598               | 2,276,055             | 9.95                      |
|  | <u>3,250,000</u>  | <u>3,273,386</u>        | <u>3,291,155</u>      | <u>14.39</u>              |
| <b>Total unquoted fixed income securities</b>        | <u>10,022,163</u> | <u>9,906,326</u>        | <u>10,036,760</u>     | <u>43.86</u>              |
| <b>Total FVTPL investments</b>                       | <u>13,215,653</u> | <u>20,720,588</u>       | <u>19,780,014</u>     | <u>86.42</u>              |
| <b>Unrealised loss on FVTPL investments</b>          |                   |                         | <u>(940,574)</u>      |                           |

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

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### 8. SHARIAH-COMPLIANT DEPOSIT WITH ISLAMIC LICENSED FINANCIAL INSTITUTION

|   | 2019<br>RM | 2018<br>RM |
|---|------------|------------|
| Deposit with maturity of less than 3 months | 3,900,392  | 3,163,000  |

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

|   | 2019            |                             | 2018            |                             |
|---|-----------------|-----------------------------|-----------------|-----------------------------|
|   | WAEPR<br>% p.a. | Average<br>maturity<br>days | WAEPR<br>% p.a. | Average<br>maturity<br>days |
| Deposit with maturity of less than 3 months | 3.00            | 2                           | 3.25            | 3                           |

### 9. AMOUNT DUE TO MANAGER

|   | Note | 2019<br>RM    | 2018<br>RM    |
|---|------|---------------|---------------|
| Amount due to Manager is in respect of: |      |               |               |
| Manager's fee                           | (i)  | 24,621        | 23,021        |
| Cancellation of units                   | (ii) | 9,704         | 5,118         |
|   |      | <u>34,325</u> | <u>28,139</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 FROM/(TO) BROKER

Amount due from/(to) broker relates to the amount to be received/(paid) from/(to) a broker arising from the sales/(purchase) of Shariah-compliant unquoted fixed income securities and quoted equities. The settlements period for these receivables/(payables) are within 3 working days from the deal date.

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### 11. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

|                          | 2019<br>RM    | 2018<br>RM    |
|--------------------------|---------------|---------------|
| Due to external auditors | 11,000        | 9,000         |
| Due to tax agent         | 4,505         | 4,500         |
| Other payables           | 30,335        | 38,569        |
|                          | <u>45,840</u> | <u>52,069</u> |

### 12. TOTAL EQUITY

|                             | Note | 2019<br>RM        | 2018<br>RM        |
|-----------------------------|------|-------------------|-------------------|
| Unitholders' capital        | (a)  | 24,915,913        | 23,662,564        |
| Accumulated realised income | (b)  | 330,788           | 164,142           |
| Accumulated unrealised loss | (c)  | (397,394)         | (940,574)         |
|                             |      | <u>24,849,307</u> | <u>22,886,132</u> |

#### (a) Unitholders' capital

|                                       | 2019              |                   | 2018              |                   |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                       | Units             | RM                | Units             | RM                |
| As at beginning of the financial year | 44,679,095        | 23,662,564        | 45,448,300        | 24,091,398        |
| Creation of units                     | 4,179,591         | 2,225,695         | 2,724,671         | 1,464,867         |
| Reinvestment of units                 | 874,256           | 461,956           | 838,066           | 454,483           |
| Cancellation of units                 | (2,681,456)       | (1,429,614)       | (4,331,942)       | (2,348,184)       |
| Distribution equalisation (Note 13)   | -                 | (4,688)           | -                 | -                 |
| As at end of the financial year       | <u>47,051,486</u> | <u>24,915,913</u> | <u>44,679,095</u> | <u>23,662,564</u> |

There were no units held by the directors or parties related to the Manager.

#### (b) Accumulated realised income

|   | 2019<br>RM     | 2018<br>RM     |
|---|----------------|----------------|
| At beginning of the financial year              | 164,142        | 137,926        |
| Net realised income for the financial year      | 623,914        | 26,216         |
| Distribution out of retained earnings (Note 13) | (457,268)      | -              |
| At end of the financial year                    | <u>330,788</u> | <u>164,142</u> |

## MAYBANK DANA IKHLAS

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

#### (c) Accumulated unrealised loss

|   | <b>2019</b>      | <b>2018</b>      |
|---|------------------|------------------|
|   | <b>RM</b>        | <b>RM</b>        |
| At beginning of the financial year                  | (940,574)        | 436,481          |
| Net unrealised income/(loss) for the financial year | 543,180          | (1,377,055)      |
| At end of the financial year                        | <u>(397,394)</u> | <u>(940,574)</u> |

### 13. DISTRIBUTION

Details of distribution declared to unitholders in the current financial year is as follows:

|  | <b>2019</b>       |
|--|-------------------|
|  | <b>RM</b>         |
| Gross dividend income                                      | 178,234           |
| Profit from Sukuk  | 282,284           |
| Profit on Shariah-compliant deposits placement             | 48,359            |
| Net realised gain on sale of investments                   | 67,854            |
| Previous year's net realised income*                       | 164,142           |
| Less: Expenses   | <u>(283,606)</u>  |
| Distribution out of realised reserve (Note 12(b))          | 457,268           |
| Distribution out of distribution equalisation (Note 12(a)) | <u>4,688</u>      |
| Distribution for the financial year                        | <u>461,956</u>    |
| <br>   |                   |
| Gross distribution per unit (sen)                          | <u>1.00</u>       |
| <br>   |                   |
| Net distribution per unit (sen)                            | <u>1.00</u>       |
| <br>   |                   |
| Distribution date  | <u>28/11/2019</u> |

\* Part of the distribution were made from previous year's net realised income.

There was no distribution declared for the previous financial year ended 30 November 2018.

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

## MAYBANK DANA IKHLAS

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

Transactions with top 10 stockbroking companies / brokers / dealers are as follows:

|  | Value of<br>Trade<br>RM | Percent of<br>Total Trade<br>% | Brokerage<br>Fees<br>RM | Percent of<br>Brokerage<br>Fees<br>% |
|--|-------------------------|--------------------------------|-------------------------|--------------------------------------|
| <b>2019</b>                                    |                         |                                |                         |                                      |
| Affin Investment Bank Bhd                      | 5,379,747               | 13.89                          | 2,794                   | 7.94                                 |
| TA Securities Bhd                              | 5,082,923               | 13.13                          | 5,083                   | 14.45                                |
| CIMB Investment Bank Bhd                       | 3,903,727               | 10.08                          | 2,697                   | 7.67                                 |
| RHB Investment Bank Bhd                        | 3,518,500               | 9.09                           | -                       | -                                    |
| Alliance Investment Bank Bhd                   | 3,129,360               | 8.08                           | -                       | -                                    |
| Maybank Investment Bank Bhd<br>("MIBB")*       | 2,413,941               | 6.23                           | 4,408                   | 12.53                                |
| JP Apex Securities Bhd                         | 2,227,897               | 5.75                           | 3,406                   | 9.68                                 |
| Nomura Securities (M) Sdn Bhd                  | 2,167,077               | 5.60                           | 4,334                   | 12.32                                |
| MIDF Amanah Investment Bank Bhd                | 2,100,916               | 5.43                           | 2,101                   | 5.97                                 |
| Hong Leong Investment Bank Bhd                 | 1,705,845               | 4.41                           | 3,085                   | 8.77                                 |
| Others   | 7,095,106               | 18.31                          | 7,265                   | 20.67                                |
|  | <b>38,725,038</b>       | <b>100.00</b>                  | <b>35,173</b>           | <b>100.00</b>                        |
| <b>2018</b>                                    |                         |                                |                         |                                      |
| RHB Investment Bank Bhd                        | 7,961,616               | 29.21                          | 8,010                   | 12.12                                |
| Maybank Investment Bank Bhd<br>("MIBB")*       | 4,345,963               | 15.95                          | 12,839                  | 19.43                                |
| CIMB Investment Bank Bhd                       | 1,949,376               | 7.15                           | 5,565                   | 8.43                                 |
| CLSA Securities (M) Sdn Bhd                    | 1,899,245               | 6.97                           | 5,963                   | 9.02                                 |
| Macquarie (M) Sdn Bhd                          | 1,778,706               | 6.53                           | 5,079                   | 7.69                                 |
| KAF Seagroatt & Campbell<br>Securities Sdn Bhd | 1,661,502               | 6.10                           | 5,186                   | 7.85                                 |
| Credit Suisse (M) Sdn Bhd                      | 1,592,142               | 5.84                           | 5,341                   | 8.08                                 |
| Affin Hwang Investment Bank Bhd                | 1,537,706               | 5.64                           | 5,000                   | 7.57                                 |
| Hong Leong Investment Bank Bhd                 | 1,479,220               | 5.43                           | 5,111                   | 7.74                                 |
| Alliance Investment Bank Bhd                   | 1,161,732               | 4.26                           | 2,619                   | 3.96                                 |
| Others   | 1,886,550               | 6.91                           | 5,357                   | 8.11                                 |
|  | <b>27,253,758</b>       | <b>100.00</b>                  | <b>66,069</b>           | <b>100.00</b>                        |

\* MIBB is a wholly owned subsidiary of MBB, the ultimate holding company of the Manager.



## MAYBANK DANA IKHLAS

### 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.

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>RM</b>   | <b>RM</b>   |
| (i) <u>Significant related party transaction</u> |             |             |
| <u>MIB</u>                                       |             |             |
| Profit income from deposits                      | 41,038      | 5,722       |
|  | <hr/>       | <hr/>       |
| (ii) <u>Significant related party balances</u>   |             |             |
| <u>MIB</u>                                       |             |             |
| Deposit with licensed financial institution      | -           | 3,163,000   |
|  | <hr/>       | <hr/>       |

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 total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 30 November 2019, the MER of the Fund stood at 1.53% (2018: 1.58%).

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

The PTR of the Fund is the ratio of average acquisition and disposals of the Fund for the financial year to the Fund's daily average NAV. For the financial year ended 30 November 2019, the PTR of the Fund stood at 0.82 times (2018: 0.57 times).

## MAYBANK DANA IKHLAS

### 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 Shariah-compliant equities, 40% to 58% in sukuk and Shariah-compliant money market instruments and minimum of 2% of the Fund's assets in Shariah-compliant 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 2.15 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

| 2019  | Financial assets at FVTPL<br>RM | Financial assets amortised cost<br>RM | Financial liabilities at amortised cost<br>RM | Total<br>RM       |
|---|---------------------------------|---------------------------------------|---|-------------------|
| <b>Assets</b>   |                                 |                                       |   |                   |
| Financial assets at FVTPL   | 20,906,237                      | -                                     | -   | 20,906,237        |
| Shariah-compliant deposit with a licensed Islamic financial institution | -                               | 3,900,392                             | -   | 3,900,392         |
| Dividend receivable   | -                               | 13,000                                | -   | 13,000            |
| Profit income receivable  | -                               | 96,048                                | -   | 96,048            |
| Cash at bank  | -                               | 15,436                                | -   | 15,436            |
| <b>Total financial assets</b>   | <b>20,906,237</b>               | <b>4,024,876</b>                      | <b>-</b>                                      | <b>24,931,113</b> |

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

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

| 2019 (cont'd)   | Financial<br>assets<br>at FVTPL<br>RM | Financial<br>assets<br>amortised<br>cost<br>RM | Financial<br>liabilities at<br>amortised<br>cost<br>RM | Total<br>RM       |
|---|---------------------------------------|--|--|-------------------|
| <b>Liabilities</b>  |                                       |  |  |                   |
| Amount due to Manager   | -                                     | -  | 34,325   | 34,325            |
| Amount due to Trustee   | -                                     | -  | 1,641  | 1,641             |
| Other payables and accruals   | -                                     | -  | 45,840   | 45,840            |
| <b>Total financial liabilities</b>  | <b>-</b>                              | <b>-</b>                                       | <b>81,806</b>  | <b>81,806</b>     |
| <b>2018</b>   |                                       |  |  |                   |
| <b>Assets</b>   |                                       |  |  |                   |
| Financial assets at FVTPL   | 19,780,014                            | -  | -  | 19,780,014        |
| Shariah-compliant deposit with a<br>licensed Islamic financial<br>institution | -                                     | 3,163,000                                      | -  | 3,163,000         |
| Dividend receivable   | -                                     | 9,358  | -  | 9,358             |
| Profit income receivable  | -                                     | 107,661  | -  | 107,661           |
| Amount due from brokers   | -                                     | 7,768  | -  | 7,768             |
| Cash at bank  | -                                     | 1,146  | -  | 1,146             |
| <b>Total financial assets</b>   | <b>19,780,014</b>                     | <b>3,288,933</b>                               | <b>-</b>   | <b>23,068,947</b> |
| <b>Liabilities</b>  |                                       |  |  |                   |
| Amount due to Manager   | -                                     | -  | 28,139   | 28,139            |
| Amount due to Trustee   | -                                     | -  | 1,473  | 1,473             |
| Amount due to brokers   | -                                     | -  | 110,470  | 110,470           |
| Other payables and accruals   | -                                     | -  | 52,069   | 52,069            |
| <b>Total financial liabilities</b>  | <b>-</b>                              | <b>-</b>                                       | <b>192,151</b>   | <b>192,151</b>    |

(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.

## MAYBANK DANA IKHLAS

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

#### (b) Financial instruments that are carried at fair value (cont'd)

##### 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.

|                                  | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM |
|----------------------------------|---------------|---------------|---------------|-------------|
| <b>2019</b>                      |               |               |               |             |
| Quoted equities                  | 9,438,195     | -             | -             | 9,438,195   |
| Unquoted fixed income securities | -             | 11,468,042    | -             | 11,468,042  |
| <b>2018</b>                      |               |               |               |             |
| Quoted equities                  | 9,743,254     | -             | -             | 9,743,254   |
| Unquoted fixed income securities | -             | 10,036,760    | -             | 10,036,760  |

## 20. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

### (a) Introduction

The Fund maintains investment portfolio in a variety of listed financial instruments as dictated by its Trust Deeds and investment management strategy. The Fund is exposed to a variety of risks including market risk (which includes price risk and foreign exchange risk) and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

### (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 equity prices. The maximum risk resulting from financial instruments equals their fair value. The market risk is managed through consistent monitoring and swift response to various factors that may adversely affect the Fund.

#### (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.

#### 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 profit and NAV Increase/ (decrease) | Changes in equity price | Effects on profit and NAV Increase/ (decrease) |
|                 | %                       | RM   | %                       | RM   |
| Quoted equities | + 5                     | 471,910  | + 5                     | 487,163  |
|                 | - 5                     | (471,910)                                      | - 5                     | (487,163)                                      |

The impact to profit after taxation and NAV 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.

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

## (b) Market risk (cont'd)

## (ii) Profit rate risk

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

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

|                                  | 2019                            |   | 2018                            |   |
|----------------------------------|---------------------------------|---|---------------------------------|---|
|                                  | Changes in<br>profit rates<br>% | Effects on<br>profit and NAV<br>Increase/<br>Decrease<br>RM | Changes in<br>profit rates<br>% | Effects on<br>profit and NAV<br>Increase/<br>Decrease<br>RM |
| Unquoted fixed income securities | +1                              | (608,644)   | +1                              | (362,592)   |
|                                  | -1                              | 695,007   | -1                              | 383,376   |

The impact to profit after taxation and NAV is expected to be the same.

## (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, Shariah-compliant deposits with a licensed Islamic financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

**(c) Liquidity risk (cont'd)**

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.

| <b>2019</b>   | <b>Less than<br/>1 month<br/>RM</b> | <b>More than<br/>1 month<br/>RM</b> | <b>Total<br/>RM</b> |
|---|-------------------------------------|-------------------------------------|---------------------|
| <b>Financial assets:</b>  |                                     |                                     |                     |
| Financial assets at FVTPL   | 9,438,195                           | 11,468,042                          | 20,906,237          |
| Shariah-compliant deposits with a licensed<br>Islamic financial institution | 3,900,392                           | -                                   | 3,900,392           |
| Dividend receivable   | 13,000                              | -                                   | 13,000              |
| Profit income receivable  | 96,048                              | -                                   | 96,048              |
| Cash at bank  | 15,436                              | -                                   | 15,436              |
| Total undiscounted financial assets   | <u>13,463,071</u>                   | <u>11,468,042</u>                   | <u>24,931,113</u>   |
| <b>Financial liabilities:</b>   |                                     |                                     |                     |
| Amount due to Manager   | 34,325                              | -                                   | 34,325              |
| Amount due to Trustee   | 1,641                               | -                                   | 1,641               |
| Other payables and accruals   | 45,840                              | -                                   | 45,840              |
| Unitholders' equity   | 24,849,307                          | -                                   | 24,849,307          |
| Total undiscounted financial liabilities<br>and unitholders' equity         | <u>24,931,113</u>                   | <u>-</u>                            | <u>24,931,113</u>   |
| Liquidity (gap)/surplus   | <u>(11,468,042)</u>                 | <u>11,468,042</u>                   | <u>-</u>            |

**MAYBANK DANA IKHLAS**

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

**(c) Liquidity risk (cont'd)**

| <b>2018</b>   | <b>Less than<br/>1 month<br/>RM</b> | <b>More than<br/>1 month<br/>RM</b> | <b>Total<br/>RM</b> |
|---|-------------------------------------|-------------------------------------|---------------------|
| <b>Financial assets:</b>  |                                     |                                     |                     |
| Financial assets at FVTPL   | 9,743,254                           | 10,036,760                          | 19,780,014          |
| Shariah-compliant deposits with a licensed<br>Islamic financial institution | 3,163,000                           | -                                   | 3,163,000           |
| Dividend receivable   | 9,358                               | -                                   | 9,358               |
| Profit income receivable  | 107,661                             | -                                   | 107,661             |
| Amount due from brokers   | 7,768                               | -                                   | 7,768               |
| Cash at bank  | 1,146                               | -                                   | 1,146               |
| Total undiscounted financial assets   | <u>13,032,187</u>                   | <u>10,036,760</u>                   | <u>23,068,947</u>   |
| <b>Financial liabilities:</b>   |                                     |                                     |                     |
| Amount due to Manager   | 28,139                              | -                                   | 28,139              |
| Amount due to Trustee   | 1,473                               | -                                   | 1,473               |
| Amount due to brokers   | 110,470                             | -                                   | 110,470             |
| Other payables and accruals   | 52,069                              | -                                   | 52,069              |
| Unitholders' equity   | <u>22,886,132</u>                   | <u>-</u>                            | <u>22,886,132</u>   |
| Total undiscounted financial liabilities<br>and unitholders' equity         | <u>23,078,283</u>                   | <u>-</u>                            | <u>23,078,283</u>   |
| Liquidity (gap)/surplus   | <u>(10,046,096)</u>                 | <u>10,036,760</u>                   | <u>(9,336)</u>      |

**Notes:**

**(i) Financial assets**

Analysis of financial assets at FVTPL and Shariah-compliant 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.



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

**(c) Liquidity risk (cont'd)**

**Notes: (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".

As at 30 November 2019, 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 profit 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.

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

## (d) Credit risk (cont'd)

**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 Shariah-compliant 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 profit receivable from financial institutions by rating categories. The ratings were obtained from RAM Holdings Bhd and Malaysian Rating Corporation Berhad.

|  | 2019              |                           | 2018              |                           |
|--|-------------------|---------------------------|-------------------|---------------------------|
|  | RM                | Percentage<br>of NAV<br>% | RM                | Percentage<br>of NAV<br>% |
| <b>Unquoted fixed income securities and profit receivable</b>  |                   |                           |                   |                           |
| AAA  | 3,090,192         | 12.44                     | 4,509,743         | 19.71                     |
| AA1  | 882,222           | 3.55                      | 2,039,076         | 8.91                      |
| AA   | 1,312,297         | 5.28                      | 1,114,898         | 4.87                      |
| AA-  | 2,831,651         | 11.40                     | 2,310,267         | 10.09                     |
| AA3  | 2,376,193         | 9.56                      | -                 | -                         |
| A2   | 934,909           | 3.76                      | 170,353           | 0.74                      |
| Not Rated  | 135,985           | 0.55                      | -                 | 0.00                      |
|  | <u>11,563,449</u> | <u>46.54</u>              | <u>10,144,337</u> | <u>44.32</u>              |
| <b>Shariah-compliant deposits with a licensed financial institution, cash at bank and profit income receivable</b> |                   |                           |                   |                           |
| AAA  | <u>3,916,469</u>  | <u>15.76</u>              | <u>3,163,282</u>  | <u>13.82</u>              |

## **MAYBANK DANA IKHLAS**

### **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:

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

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