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MAYBANK SHARIAH ENHANCED CASH FUND

Annual report
For the financial year ended 30 November 2019

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (1990701006283)

BUSINESS OFFICE

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

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EXTERNAL INVESTMENT MANAGER

Maybank Islamic Asset Management Sdn Bhd (201301012623)

Level 12, Tower C, Dataran Maybank

No. 1 Jalan Maarof

59000 Kuala Lumpur

Tel. No.: 03 – 2297 7888

Fax No.: 03 – 2711 8588

TRUSTEE

AmanahRaya Trustees Berhad (200701008892)(766894-T)

Tingkat 2, Wisma AmanahRaya II,

No. 21, Jalan Melaka,

50100 Kuala Lumpur.

Tel No: 03- 2036 5000/5129

Fax No : 03- 2072 0322

SHARIAH ADVISER

Maybank Islamic Berhad (200701029411)

Level 15, Tower A, Dataran Maybank

No. 1 Jalan Maarof

59000 Kuala Lumpur

Tel. No.: 03 – 2297 2001

Fax No.: 03 – 2297 2002

MAYBANK SHARIAH ENHANCED CASH FUND

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MAYBANK SHARIAH ENHANCED CASH FUND

Manager's report

For the financial year ended 30 November 2019

A. Fund Information

1. Name of Fund

Maybank Shariah Enhanced Cash Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Wholesale money market fund

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund launch date

24 November 2008

6. Fund's investment objective

The Fund is a short-term money market fund that invests in instruments which generate tax-exempt income. The Fund aims to provide liquidity (T+1)* and regular income, while maintaining capital stability by investing in instruments that comply with the Shariah principles.

Note:

* T is the day where a request/application to redeem is received by the Manager, before the cut-off time

7. Fund distribution policy

Distribution will be made on a monthly basis, subject to availability of income.

8. Fund's performance benchmark

Maybank Islamic overnight deposit rate

9. What are the Fund's investment policy and principal investment strategy?

The Fund seeks to invest up to 100% of its net asset value ("NAV") in short-term Shariah-compliant money market instruments including Islamic fixed deposits.

MAYBANK SHARIAH ENHANCED CASH FUND

Manager's report

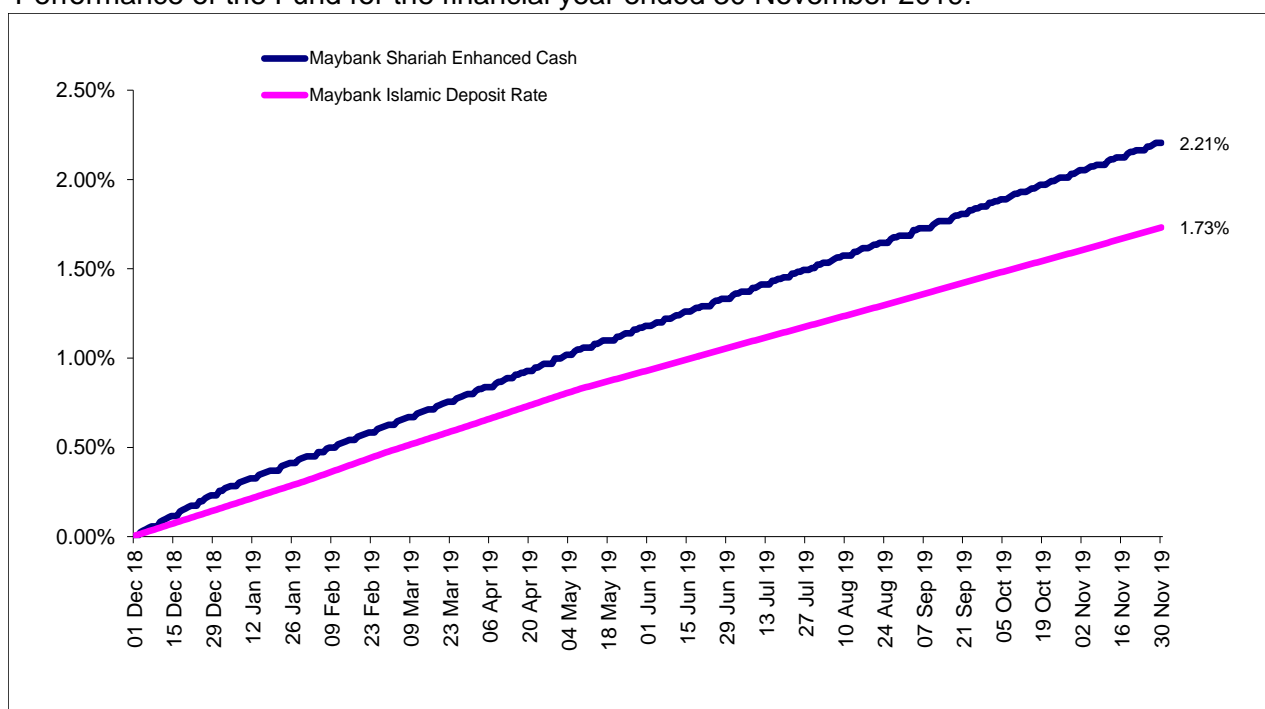
For the financial year ended 30 November 2019 (cont'd)

B. Performance Review

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

Period	The Fund %	Benchmark %
1 December 2018 to 30 November 2019	2.21	1.73

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



Source: Lipper

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

The Fund has generated a total return of 2.21% for the period from 1 December 2018 to 30 November 2019, compared to the benchmark, which registered a return of 1.73% over the same period.

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

MAYBANK SHARIAH ENHANCED CASH FUND

Manager's report

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

C. Market Review

As of the end of November 2019, Bank Negara Malaysia's ("BNM") foreign currency reserves remained fair at United States Dollars ("USD") 103.2 billion. The reserves position is adequate to support approximately 7 months of retained imports and is 1.1 times the total external short-term debt. As expected, the Monetary Policy Committee's ("MPC") meeting in November 2019 saw BNM maintain its Overnight Policy Rate ("OPR") at 3.00 percent, with the expectation that resilient private spending will continue to support growth. Stable employment and wage growth should fuel household consumption, while private investment is expected to remain modest.

D. Market Outlook

BNM is considered to have ample monetary maneuverability within view of yet moderate inflation, although the relative performance of the Ringgit Malaysia ("RM") is likely to temper this. Near-term drivers are likely to be global, with fast-acting markets. At home, a lack of clear policy direction and lingering political uncertain including leadership transition limit growth upside. In any case, Malaysia remains adequately positioned to navigate these different headwinds, which means that we expect deposit rates on the money market to remain range-bound and conducive.

E. Investment Strategies

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

F. Asset Allocation

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

G. Soft Commissions and Rebates

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

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

Trustee's Report

For the Financial Year Ended 30 November 2019

To the Unit Holders of

MAYBANK SHARIAH ENHANCED CASH FUND

We, AMANAHRAYA TRUSTEE BERHAD, have acted as Trustee of MAYBANK SHARIAH ENHANCED CASH FUND for the financial year ended 30 November 2019. In our opinion, Maybank Asset Management Sdn Bhd, the Manager, has operated and managed MAYBANK SHARIAH ENHANCED CASH FUND in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework during the financial year then ended.

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 made by MAYBANK SHARIAH ENHANCED CASH FUND as declared by the Manager is appropriate and reflects the investment objective of MAYBANK SHARIAH ENHANCED CASH FUND.

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 SHARIAH ENHANCED CASH FUND
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 Maybank Shariah Enhanced Cash Fund 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

MAYBANK SHARIAH ENHANCED CASH FUND

REPORT OF THE SHARIAH ADVISER FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2019

TO THE UNITHOLDERS OF MAYBANK SHARIAH ENHANCED CASH FUND

We have acted as the Shariah Adviser of the Maybank Shariah Enhanced Cash Fund (the "Fund"). Our responsibility is to ensure that the procedures and the processes employed by Maybank Asset Management Sdn Bhd (the "Manager") are 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 Malaysia 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 and deposits 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").

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 Shariah Enhanced Cash Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Shariah Enhanced Cash Fund (the "Fund"), which comprise the statement of financial position as at 30 November 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 36.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

Independent auditors' report to the Unitholders of Maybank Shariah Enhanced Cash Fund (cont'd)

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

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

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

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 of the Fund and take appropriate action.

Responsibilities of the Manager and Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the Unitholders of Maybank Shariah Enhanced Cash Fund (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 Shariah Enhanced Cash Fund (cont'd)**

Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
15 January 2020

MAYBANK SHARIAH ENHANCED CASH FUND

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

	Note	2019 RM	2018 RM
INVESTMENT INCOME			
Profit income		17,813,797	124,274,888
EXPENSES			
Manager's fee	3	1,390,274	9,782,503
Trustee's fee	4	100,911	491,300
Auditors' remuneration		7,500	7,500
Tax agent's fee		3,900	2,400
Shariah advisory fee - current year		9,250	12,000
Shariah advisory fee - (over)/under in prior year		(23,000)	23,000
Administrative expenses		11,746	334,815
		<u>1,500,581</u>	<u>10,653,518</u>
Net income before taxation		16,313,216	113,621,370
Taxation	5	(2,746,337)	-
Net income after taxation, and total comprehensive income for the financial year		<u>13,566,879</u>	<u>113,621,370</u>
Net income after taxation is made up of the following:			
Net realised income		<u>13,566,879</u>	<u>113,621,370</u>
Distributions for the financial year:			
Net distributions	11	<u>5,334,269</u>	<u>130,397,564</u>
Gross distribution per unit (sen)	11	<u>2.52</u>	<u>3.35</u>
Net distribution per unit (sen)	11	<u>1.71</u>	<u>3.35</u>

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

	Note	2019 RM	2018 RM
ASSETS			
Shariah-compliant deposits with licensed financial institutions	6	222,520,891	3,067,864,212
Profit income receivables		43,595	1,423,354
Cash at bank		914	991
TOTAL ASSETS		222,565,400	3,069,288,557
LIABILITIES			
Distributions payable		351,680	-
Amount due to Manager	7	44,692	764,792
Amount due to Trustee	8	3,575	38,811
Provision for Tax		856,502	-
Other payables and accruals	9	27,321	49,575
TOTAL LIABILITIES		1,283,770	853,178
NET ASSET VALUE ("NAV") OF THE FUND		221,281,630	3,068,435,379
EQUITY			
Unitholders' capital	10(a)	209,712,672	3,068,435,379
Retained earnings	10(b)	11,568,958	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		221,281,630	3,068,435,379
NUMBER OF UNITS IN CIRCULATION (UNIT)	10(a)	221,058,586	3,079,994,912
NAV PER UNIT (RM) *		1.0010	0.959357

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

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

	Unitholders' capital Note 10(a) RM	Retained earnings Note 10(b) RM	Total equity RM
At 1 December 2018	3,068,435,379	-	3,068,435,379
Total comprehensive income for the financial year	-	13,566,879	13,566,879
Creation of units	552,443,834	-	552,443,834
Reinvestment of units	4,472,429	-	4,472,429
Cancellation of units	(3,412,302,622)	-	(3,412,302,622)
Distributions (Note 11)	(3,336,348)	(1,997,921)	(5,334,269)
At 30 November 2019	<u>209,712,672</u>	<u>11,568,958</u>	<u>221,281,630</u>
At 1 December 2017	4,113,786,034	6,096,725	4,119,882,759
Total comprehensive income for the financial year	-	113,621,370	113,621,370
Creation of units	4,374,520,894	-	4,374,520,894
Reinvestment of units	132,868,355	-	132,868,355
Cancellation of units	(5,542,060,435)	-	(5,542,060,435)
Distributions (Note 11)	(10,679,469)	(119,718,095)	(130,397,564)
At 30 November 2018	<u>3,068,435,379</u>	<u>-</u>	<u>3,068,435,379</u>

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Profit income received	19,193,556	162,464,488
Manager's fee paid	(2,110,374)	(9,895,972)
Trustee's fee paid	(136,147)	(496,332)
Taxation paid	(1,889,835)	-
Payment of other fees and expenses	(31,650)	(348,693)
Decrease in Shariah-compliant deposits with licensed financial institutions with original maturity of more than 3 months	80,000,000	3,424,587,000
Net cash generated from operating and investing activities	<u>95,025,550</u>	<u>3,576,310,491</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	552,443,834	4,374,520,894
Cash paid on units cancelled	(3,412,302,622)	(5,542,060,435)
Distributions to unitholders	(510,160)	(9,879,544)
Net cash used in financing activities	<u>(2,860,368,948)</u>	<u>(1,177,419,085)</u>
NET CHANGE IN CASH AND CASH EQUIVALENT FOR THE FINANCIAL YEAR	(2,765,343,398)	2,398,891,406
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>2,987,865,203</u>	<u>588,973,797</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>222,521,805</u>	<u>2,987,865,203</u>
Cash and cash equivalents comprise:		
Cash at bank	914	991
Shariah-compliant deposits with licensed financial institutions with original maturity of less than 3 months (Note 6)	<u>222,520,891</u>	<u>2,987,864,212</u>
	<u>222,521,805</u>	<u>2,987,865,203</u>

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Shariah Enhanced Cash Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 24 November 2008, a First Supplemental Deed dated 8 October 2012, a Second Supplemental Deed dated 30 March 2015 and a Third Supplemental Deed dated 8 September 2017 (collectively referred to as the "Deeds") between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, AmanahRaya Trustees Berhad.

The principal activity of the Fund is to invest 100% of its NAV in Shariah-compliant deposits with licensed financial institutions.

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

Maybank AM has appointed Maybank Islamic Asset Management Sdn Bhd ("MIAM") as the External Investment Manager for the Fund. MIAM is a wholly-owned subsidiary of MAMG and is a holder of CMSL to carry out Islamic fund management business pursuant to Section 61 of the 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 Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission 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 Maybank AM.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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").

MAYBANK SHARIAH ENHANCED CASH FUND

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

2.2 Standards and amendments 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
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

MAYBANK SHARIAH ENHANCED CASH FUND

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

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

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
	To be
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	announced by MASB

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

2.3 Changes in accounting policies and disclosures

MFRS 9 *Financial Instruments*

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

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

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

(i) Classification and measurement

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

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

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

(i) Classification and measurement (cont'd)

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

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

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

(ii) Impairment

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

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

2.4 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL are recognised immediately in profit or loss.

MAYBANK SHARIAH ENHANCED CASH FUND

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

2.5 Financial assets

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

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

(i) Classification

Unless designated 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 licensed financial institutions, and profit income receivables as financing and receivables and subsequently measured at amortised cost.

(ii) 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.

MAYBANK SHARIAH ENHANCED CASH FUND

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

2.5 Financial assets (cont'd)

(ii) Impairment of financial assets

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 and dividend receivable), full impairment will be recognised on uncollected balances after the grace period.

(iii) 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 FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

2.6 Financial liabilities

(i) Classification

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

2.6 Financial liabilities (cont'd)

(iii) Derecognition of financial liabilities

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

2.7 Fair value measurement

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

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

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

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

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

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

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

2.8 Unitholders' capital

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

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

2.9 Distributions

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

2.10 Cash and cash equivalents

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

2.11 Revenue / Income

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

Profit income is recognised using the effective profit rate method.

MAYBANK SHARIAH ENHANCED CASH FUND

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

2.12 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 allocating resources and assessing performance of the operating segments.

2.13 Taxation

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

Current 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 profit earned during the financial year.

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

2.14 Functional and presentation currency

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

2.15 Critical accounting estimates and judgments

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 reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. MANAGER'S FEE

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

MAYBANK SHARIAH ENHANCED CASH FUND

4. TRUSTEE'S FEE

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

NAV (RM)	Trustee fee rate (%) p.a.	
	2019	2018
Nil to 1.0 billion	0.02	0.02
Above 1.0 billion	0.01	0.01

5. TAXATION

	2019 RM	2018 RM
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Tax expense for the financial year:

Current income tax expense	2,746,337	-
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Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable income for the financial year.

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

	2019 RM	2018 RM
Net income before taxation	16,313,216	113,621,370
Tax at Malaysian statutory rate of 24% (2018: 24%)	3,915,172	27,269,129
Effects of income not subject to tax	(1,472,823)	(29,825,973)
Effects of expenses not deductible for tax purposes	22,343	2,556,844
Restriction on tax deductible expenses for unit trust funds	281,645	-
Tax expense for the financial year	2,746,337	-

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

MAYBANK SHARIAH ENHANCED CASH FUND

5. TAXATION (CONT'D)

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

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

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

On 8 November 2017, the Fund received a certification from SC for YA 2018 which certified that the Fund meets the requirements of the aforementioned tax exemption guidelines. As such, any profit income earned by the Fund from 1 December 2017 to 30 November 2018 from the licensed financial institutions was exempted from tax.

With the passing of the Finance Bill 2018, the tax exemption on profit income earned by wholesale money market funds ceased with effect from 1 January 2019. Following the cessation, any profit income paid or received from licensed financial institutions will be subject to tax at the statutory rate of 24%.

Although the Fund did not receive a tax certification from SC for YA 2019, SC confirmed that the Ministry of Finance had confirmed via a letter dated 25 January 2019 that any profit income paid or credited to the Fund during the transitional period up to 31 December 2018 would be eligible for the tax exemption under paragraph 35A of Schedule 6 of the ITA, without a need for a tax certification for the period of 1 December 2018 to 31 December 2018. Hence, the profit income on deposits placed with licensed Islamic financial institutions earned from 1 January 2019 to 30 November 2019 is subject to Malaysian tax.

6. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2019 RM	2018 RM
Shariah-compliant deposits with licensed financial institutions with maturity of:		
- less than 3 months	222,520,891	2,987,864,212
- more than 3 months	-	80,000,000
	<u>222,520,891</u>	<u>3,067,864,212</u>

MAYBANK SHARIAH ENHANCED CASH FUND

6. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS (CONT'D)

The weighted average effective profit rates ("WAEPR") p.a. and average maturity of Shariah-compliant deposits with licensed financial institutions with maturity of less than 3 months and more than 3 months as at the reporting date are as follows:

	2019		2018	
	WAEPR % p.a.	Average maturity Days	WAEPR % p.a.	Average maturity Days
Shariah-compliant deposits with maturity of:				
Less than 3 months	3.06	3	3.29	4
More than 3 months	-	-	3.90	126

7. AMOUNT DUE TO MANAGER

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

8. AMOUNT DUE TO TRUSTEE

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

9. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2019 RM	2018 RM
Amount due to external auditor	8,692	7,500
Amount due to tax agent	4,505	2,400
Other payables	14,124	39,675
	<u>27,321</u>	<u>49,575</u>

MAYBANK SHARIAH ENHANCED CASH FUND

10. TOTAL EQUITY

	Note	2019 RM	2018 RM
Unitholders' capital	(a)	209,712,672	3,068,435,379
Realised income	(b)	11,568,958	-
		<u>221,281,630</u>	<u>3,068,435,379</u>

(a) Unitholders' capital

	2019		2018	
	No. of units	RM	No. of units	RM
At the beginning of the financial year	3,079,994,912	3,068,435,379	4,116,778,468	4,113,786,034
Creation of units	552,133,662	552,443,834	4,364,857,592	4,374,520,894
Reinvestment of units (Note 11)	4,467,917	4,472,429	132,676,300	132,868,355
Cancellation of units	(3,415,537,905)	(3,412,302,622)	(5,534,317,448)	(5,542,060,435)
Distribution equalisation (Note 11)	-	(3,336,348)	-	(10,679,469)
At the end of the financial year	<u>221,058,586</u>	<u>209,712,672</u>	<u>3,079,994,912</u>	<u>3,068,435,379</u>

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

(b) Realised income

	2019 RM	2018 RM
At the beginning of the financial year	-	6,096,725
Net realised income for the financial year	13,566,879	113,621,370
Distributions out of realised reserve (Note 11)	(1,997,921)	(119,718,095)
At the end of the financial year	<u>11,568,958</u>	<u>-</u>

MAYBANK SHARIAH ENHANCED CASH FUND

11. DISTRIBUTIONS

Details of distributions declared to unitholders are as follows:

	2019	2018
	RM	RM
Profit income	11,314,822	122,947,398
Previous year's net realised income*	-	6,096,725
Less: Expenses	(6,655,511)	(9,326,028)
Less: Taxation	(2,661,390)	-
Distributions out of realised reserve (Note 10(b))	1,997,921	119,718,095
Distributions out of distribution equalisation (Note 10(a))	3,336,348	10,679,469
Net distributions for the financial year	<u>5,334,269</u>	<u>130,397,564</u>

* Part of the distributions were made from prior year's net realised income.

Analysed by:

Cash distribution	510,160	8,854,527
Reinvestment of units (Note 10(a))	4,472,429	121,543,037
Distribution for the financial year	<u>4,982,589</u>	<u>130,397,564</u>

The gross and net distributions per unit, and the distribution dates for the distributions declared in the current and previous financial years are as follows:

Distribution dates	Gross	Net
	distribution	distribution
2019	per unit (sen)	per unit (sen)
31 March 2019	0.67	0.39
30 April 2019	0.18	0.12
31 May 2019	0.33	0.23
30 June 2019	0.14	0.10
31 July 2019	0.27	0.20
30 August 2019	0.23	0.17
30 September 2019	0.22	0.16
31 October 2019	0.26	0.18
28 November 2019	0.22	0.16
	<u>2.52</u>	<u>1.71</u>
2018		
31 December 2017	0.29	0.29
31 January 2018	0.32	0.32
28 February 2018	0.28	0.28
31 March 2018	0.30	0.30
30 April 2018	0.31	0.31
31 May 2018	0.31	0.31
30 June 2018	0.29	0.29
31 July 2018	0.32	0.32
30 August 2018	0.32	0.32
30 September 2018	0.29	0.29
31 October 2018	0.32	0.32
	<u>3.35</u>	<u>3.35</u>

MAYBANK SHARIAH ENHANCED CASH FUND

12. TRANSACTIONS WITH LICENSED FINANCIAL INSTITUTIONS

Details of transactions, primarily Shariah-compliant deposits with licensed financial institutions during the financial year are as follows:

	2019		2018	
	Value of placements RM	Percentage of total placement %	Value of placements RM	Percentage of total placement %
AmBank Islamic Berhad	-	-	300,000,000	0.29
Bank Islam Malaysia Berhad	-	-	345,000,000	0.33
Bank Kerjasama Malaysia Berhad	27,519,110,837	20.63	16,684,055,627	16.17
Bank Muamalat Malaysia Berhad	-	-	220,000,000	0.21
Hong Leong Islamic Bank Berhad	20,972,103,780	15.72	3,342,538,877	3.24
KAF Investment Bank Berhad	-	-	150,027,616	0.15
Malaysia Building Society Berhad	50,496,849	0.04	100,000,000	0.10
Maybank Islamic Berhad *	58,322,783,243	43.72	52,877,303,000	51.24
Public Islamic Bank Berhad	24,358,316,117	18.26	26,773,792,039	25.95
RHB Islamic Bank Berhad	2,145,728,257	1.61	1,874,664,000	1.82
SME Development Bank Berhad	30,583,397	0.02	520,000,000	0.50
	133,399,122,480	100.00	103,187,381,159	100.00

* Maybank Islamic Berhad is a subsidiary of MBB, the ultimate holding company of the Manager.

MAYBANK SHARIAH ENHANCED CASH FUND

13. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	2019 RM	2018 RM
(a) <u>Significant related party transactions</u>		
Maybank Islamic Berhad:		
Profit income from deposits	7,617,449	45,158,462
(b) <u>Significant related party balances</u>		
Maybank Islamic Berhad:		
Shariah-compliant deposits	1,260,000	1,527,340,000
Profit income receivables	200	135,996
	<u>1,260,200</u>	<u>1,527,475,996</u>

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

14. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of 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 was 0.27% (2018: 0.27%).

15. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average placements and withdrawals of the Fund for the financial year to the daily average NAV of the Fund. For the financial year ended 30 November 2019, the PTR of the Fund stood at 112.96 times (2018: 15.56 times).

16. SEGMENT INFORMATION

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

MAYBANK SHARIAH ENHANCED CASH FUND

16. SEGMENT INFORMATION (CONT'D)

The PMC is responsible for the performance of the Fund by investing 100% of its net asset value (“NAV”) in short-term Shariah-compliant money market instruments including Shariah-compliant fixed deposits.

On this basis, the PMC considers the business of the Fund to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investments strategy and the Fund's performance is evaluated on an overall basis.

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

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

17. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

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

2019	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets			
Shariah-compliant deposits with licensed financial institutions	222,520,891	-	222,520,891
Profit income receivables	43,595	-	43,595
Cash at bank	914	-	914
Total financial assets	222,565,400	-	222,565,400
Liabilities			
Distributions payable	-	351,680	351,680
Amount due to Manager	-	44,692	44,692
Amount due to Trustee	-	3,575	3,575
Other payables and accruals	-	27,321	27,321
Total financial liabilities	-	427,268	427,268

MAYBANK SHARIAH ENHANCED CASH FUND

17. FINANCIAL INSTRUMENTS (CONT'D)

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

2018	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets			
Shariah-compliant deposits with licensed financial institutions	3,067,864,212	-	3,067,864,212
Profit income receivables	1,423,354	-	1,423,354
Cash at bank	991	-	991
Total financial assets	3,069,288,557	-	3,069,288,557
Liabilities			
Amount due to Manager	-	764,792	764,792
Amount due to Trustee	-	38,811	38,811
Other payables and accruals	-	49,575	49,575
Total financial liabilities	-	853,178	853,178

(b) Financial instruments that are carried at fair value

There were no financial assets of the Fund that are carried at fair value as at 30 November 2019 (30.11.2018: Nil).

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

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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' capital. Risks are inherent in the Fund's activities, but they are managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and the CMSA.

MAYBANK SHARIAH ENHANCED CASH FUND

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of Shariah-compliant financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and security prices. However, the Fund is not exposed to currency risk as it does not hold Shariah-compliant investments denominated in currencies other than Ringgit Malaysia as at reporting date. The Fund is also not exposed to equity price risk as it does not hold any equity instruments as of the reporting date.

(i) Profit rate risk

Cash and Shariah-compliant fixed income securities are particularly sensitive to movements in profit rates. When profit rates rise, the return on cash will rise while the value of Shariah-compliant fixed income securities will fall and vice versa, thus affecting the NAV of the Fund. The Fund's Shariah-compliant deposits with licensed financial institutions carry a fixed rate and therefore is not affected by the movements in market profit rates.

(c) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will default on its obligation resulting in a financial loss to the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of profit, 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 Shariah-compliant financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

(i) Credit risk exposure

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

(c) Credit risk (cont'd)

(ii) Credit risk concentration

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

	2019		2018	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
Cash at bank, Shariah-compliant deposits with licensed financial institutions and profit income receivables				
AAA	72,485,464	32.76	2,341,914,694	76.32
AA2	58,158,699	26.28	676,909,069	22.06
A1	91,921,237	41.54	-	-
A2	-	-	50,464,794	1.64
	<u>222,565,400</u>	<u>100.58</u>	<u>3,069,288,557</u>	<u>100.02</u>

(d) Liquidity risk

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

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

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

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

MAYBANK SHARIAH ENHANCED CASH FUND

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

(d) Liquidity risk (cont'd)

	Less than 1 month RM	More than 1 month RM	Total RM
2019			
Financial assets			
Shariah-compliant deposits with licensed financial institutions	222,520,891	-	222,520,891
Profit income receivables	43,595	-	43,595
Cash at bank	914	-	914
Total undiscounted financial asset	222,565,400	-	222,565,400
Financial liabilities			
Distributions payable	351,680	-	351,680
Amount due to Manager	44,692	-	44,692
Amount due to Trustee	3,575	-	3,575
Other payables and accruals	27,321	-	27,321
Unitholders' equity	221,281,630	-	221,281,630
Total undiscounted financial liabilities and unitholders' equity	221,708,898	-	221,708,898
Liquidity surplus	856,502	-	856,502
2018			
Financial assets			
Shariah-compliant deposits with licensed financial institutions	2,987,864,212	80,000,000	3,067,864,212
Profit income receivables	439,272	984,082	1,423,354
Cash at bank	991	-	991
Total undiscounted financial asset	2,988,304,475	80,984,082	3,069,288,557
Financial liabilities			
Amount due to Manager	764,792	-	764,792
Amount due to Trustee	38,811	-	38,811
Other payables and accruals	49,575	-	49,575
Unitholders' equity	3,068,435,379	-	3,068,435,379
Total undiscounted financial liabilities and unitholders' equity	3,069,288,557	-	3,069,288,557
Liquidity (gap)/surplus	(80,984,082)	80,984,082	-

MAYBANK SHARIAH ENHANCED CASH FUND

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

(d) Liquidity risk (cont'd)

(i) Financial assets

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

(ii) Financial liabilities

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

Financial liabilities exclude tax-related matters such as provision for taxation.

(iii) Unitholders' equity

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

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

As at 30 November 2019, the Fund has a liquidity surplus arising from a tax-related liability, which is not a financial liability.

19. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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