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MAMG GLOBAL SHARIAH INCOME FUND

Annual report
For the financial year ended 31 December 2019

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283)

BUSINESS OFFICE

Level 12 Tower C
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No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
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SHARIAH ADVISOR

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MAMG GLOBAL SHARIAH INCOME FUND

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MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial year ended 31 December 2019

A. Fund Information

1. Name of the Fund

MAMG Global Shariah Income Fund ("the Fund")

2. Type of Fund

Sukuk

3. Category of Fund

Feeder Fund

4. Duration of the Fund

The Fund is an open-ended fund.

5. Fund launch date

13 March 2018

6. Fund's investment objective

The investment objective of the Fund is to maximise investment returns by investing in the Target Fund, the AZ Multi Asset MAMG Global Sukuk.

7. Fund distribution policy

Distribution, if any, will be made from the realised income of the Fund. Distribution will be on a semi-annual basis (subject to availability of income).

8. Fund's performance benchmark

Total return performance of US Dollars ("USD") 5 years Treasury + 1.5%.

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

The Target Fund shall invest a minimum of 95% of the Fund's Net Asset Value ("NAV") in the ringgit ("RM") denominated class of the Target Fund, a sub-fund of the AZ Multi Asset managed by AZ Fund Management S.A. The remaining 2% - 5% of the Fund's NAV will be invested in Shariah-compliant liquid assets.

10. Net income distribution for the financial year ended 31 December 2019

There was a distribution of RM116,424 declared by the Fund for the financial year ended 31 December 2019.

Distribution date	Gross/net distribution per unit (sen)
30 December 2019	0.15

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

Distribution date	Before distribution (RM)	After distribution (RM)	Changes %
30 December 2019	1.1299	1.1299	(0.13)

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial year ended 31 December 2019 (cont'd)

A. Fund Information (cont'd)

11. Breakdown of unitholdings by size (cont'd)

Fund size

As at 31 December 2019, the size of the Fund was 7,761,589 units.

Breakdown of unitholdings as at 31 December 2019

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	25.00	* 1	0.01
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	2	50.00	96	1.24
500,001 units and above	1	25.00	** 7,665	98.75
Total	4	100.00	7,762	100.00

* Included 1,000 units held by the Manager

** Included 7,664,619 units held by a Institutional Unit Trust Scheme Adviser ("IUTA")

B. Performance Review

1. Key performance data of the Fund

Category	01.01.2019 to 31.12.2019	13.03.2018 (date of launch) to 31.12.2018
----------	--------------------------------	--

Portfolio composition

Investment in Target Fund (%)	96.33	97.60
Cash and other net assets (%)	3.67	2.40
Total (%)	100.00	100.00
NAV (RM'000)	8,721	8,160
Units in circulation (units'000)	7,762	7,640
NAV per unit - (RM)	1.1236	1.0680
Highest NAV per unit - (RM)	1.1548	1.0766
Lowest NAV per unit - (RM)	1.0556	1.0000
Annual return (%) ⁽¹⁾		
- Capital growth (%)	4.91	6.86
- Income distribution (%)	1.62	0.28
Total return (%)	6.61	7.14
Benchmark	5.18	10.28
Gross/net distribution per unit (sen)	0.15	0.30
Distribution date	30/12/2019	31/12/2018
Management Expense Ratio ("MER") (%)	1.38	1.09
Portfolio Turnover Ratio ("PTR") (times)	0.20	0.64

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial year ended 31 December 2019 (cont'd)

B. Performance Review (cont'd)

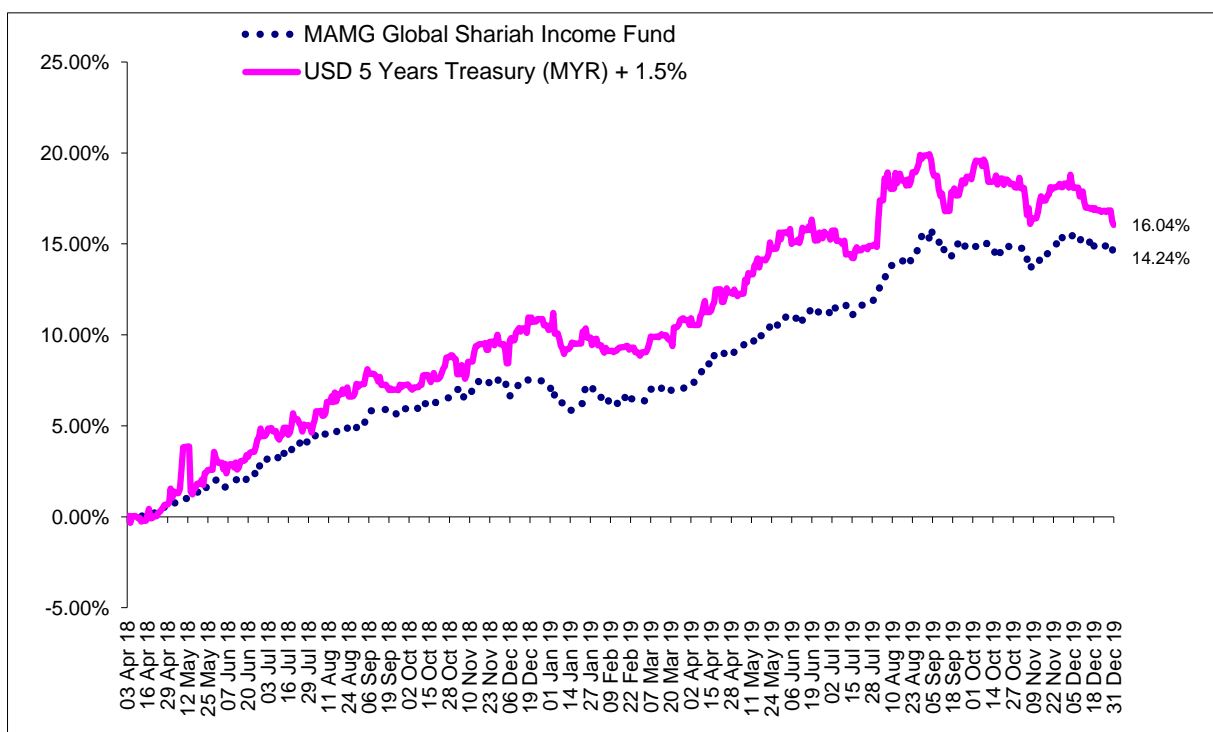
1. Key performance data of the Fund (cont'd)

Note:

- (1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of all fees.

2. Performance of the Fund for the financial year ended 31 December 2019

Category	1 year to 31.12.2019 %	Since launch to 31.12.2019 %
Capital growth	4.91	12.42
Income distribution	1.62	1.62
Total return of the Fund	6.61	14.24
Benchmark	5.18	16.04
Average total return	6.61	7.90



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 December 2019

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

Has the Fund achieved its objective?

The Fund generated a return of 6.61% for the period under review, compared to the benchmark which registered a return of 5.18% over the same period. The outperformance was due to a combination of stronger returns benefitting from bond price appreciation and income derived from the bonds held in the Target Fund during the period under review.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial year ended 31 December 2019 (cont'd)

B. Performance Review (cont'd)

3. Annual total return of the Fund

For the financial year/period ended	01.01.2019 to 31.12.2019 %	13.03.2018 (date of launch) to 31.12.2018 %
Capital growth	4.91	6.86
Income distribution	1.62	0.28
Total return	6.61	7.16
Benchmark	5.18	10.28

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:

$$\begin{aligned} \text{Capital return} &= (\text{NAV per unit end} / \text{NAV per unit begin}) - 1 \\ \text{Income return} &= \text{Income distribution per unit} / \text{NAV per unit ex-date} \\ \text{Total return} &= (1 + \text{Capital return}) \times (1 + \text{Income return}) - 1 \end{aligned}$$

C. Market Review

2019 opened with a vengeance after a poor 2018, as accounts put cash to work. United States Dollars ("USD") weakened broadly be it against Developed Markets ("DM") currencies or against Emerging Markets ("EM") currencies. Likewise, stock indices were in the green globally, with US indices returning 8-9%. Commodities also rebounded, with Brent crude trading above USD60/bbl after staying in the low USD50/bbl range in December 2019. Risk-on sentiment got further boost as the official statement from January's 2019 Federal Open Market Committee ("FOMC") meeting included the line "the US Federal Reserve ("Fed") will be patient as it determines future adjustments to the target range", with United States Treasury ("UST") yields flattening 5-7 basis points ("bps") at the belly while the long end remained stable. Across Japan and Europe, the Bank of Japan ("BoJ") and European Central Bank ("ECB") met over the month and offered no surprises to policy given well known downbeat revisions to growth and inflation prospects.

Risk sentiment remained firm in February 2019 as investors continued to ride the momentum from January 2019. USD was broadly stronger in the month on positive data which gained precedence over still dovish Fed meeting. USD's strength was more prominent against developed currencies compared to Asian currencies which was mixed. UST yields widened 6-10 bps across the curve with a slight steepening bias. Stock and commodities continued to be in the green despite the USD strength.

Risk sentiment was slightly impacted in March 2019 as global growth concerns came to the fore front after a spate of dovish central bank meetings and economic data. USD was broadly stronger in March 2019. March 2019 FOMC meeting surprised investors when the dot-plot estimates for rate rise in 2019 dropped from 2 hikes in December 2018 to 0 hikes.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial year ended 31 December 2019 (cont'd)

C. Market Review (cont'd)

For ECB's meeting, rate hike expectations were pushed beyond the summer of 2019 to year end 2019. Even a new round of Targeted Long Term Refinancing Options ("TLTRO") financing package for banks failed to improve sentiment. The weak sentiment in Europe gained more traction through the month post weaker than expected manufacturing Purchasing Manager's Index ("PMI"), with 10-year bund yields moving below 0%. UST yields tightened 25-30 bps across the curve given the change in macro backdrop. However, Equities and commodities remained strong despite the firmer USD.

Markets gave back some of its pessimism about growth in March 2019 as developed market bond curves steepened in April 2019. However, as more central banks continue to sound dovish given the lack of inflation, the USD continued to remain strong. In commodities, Brent crude increased by +6.3% to US\$73/bbl, driven by the expiration of US waiver of sanctions against countries that import Iranian oil. Equity indices globally also ended higher over the month. UST yields widened 3-10 bps across the curve with a clear steepening bias, which was felt across other DM bond curves like Bunds and Japanese Government Bonds ("JGB").

Volatility returned to the markets in May 2019, following the US administration accusing its Chinese counterparts backpedalling on prior trade negotiations. As of May 2019, there remains another USD 300 billion of Chinese imports to be levied by late June 2019 at the earliest, which the US administration may impose. UST yields rallied 34-38 bps along the curve and bull-steepened as rate cuts start to be priced in. Likewise, in Eurozone and Japan, respective 10 year yields are at lows of -0.20%/-0.10% respectively with concerns of slowing growth lingering. USD strengthened against most currencies save for the Japanese Yen ("JPY") and Indian Rupees ("INR"), which was due to the ruling National Democratic Alliance ("NDA") coalition securing a new mandate. Commodities are generally lower – except for Iron ore at USD 100/tons on reduced supply, crude oil, copper and coal prices declined. Likewise for equity indices globally.

June 2019's FOMC meeting showed a dovish tilt as the committee signalled higher likelihood of rate cuts. Furthermore, 7 out of 17 members have also pencilled in a 50 bps cut by end of 2019. Meanwhile, US President Donald Trump had called a truce on the trade war by not imposing additional tariffs on Chinese imports and allowing US companies to selectively resume dealing with Huawei Technologies. The UST curve steepened in June 2019, with front end yields declined by 14-17 bps. This was on the back of 34-38 bps rally in yields over May 2019. Markets are currently pricing in about 2-3 rate cuts by 2019. Meanwhile, ECB President Draghi has also called for "additional stimulus" given continuing weak growth and inflation, leading to speculation that policy rates will move further into negative territory. USD weakened broadly against DM and EM currencies. Commodities ended higher in response to the weaker USD and prospects of tighter crude oil supplies.

July 2019 saw a reversal in expectations of a big easing from FOMC from as much as 50 bps cut to only 25 bps. This was in response to stronger than expected domestic data (better than expected June 2019 Non Farm Payroll ("NFP") and Consumer Price Index ("CPI")). The G20 meeting came as a relief to markets as USA refrained from imposing additional tariffs on Chinese imports and also softened the previous antagonistic stance towards Huawei Technologies.

US-China trade tensions escalated in August 2019 with a decidedly risk-off tone to the markets. In early August, US President Trump ordered tariffs on USD 200bn of Chinese imports to increase from 10% to 25% to take effect in December 2019, which met with retaliatory tariffs from China. Bond yields globally rallied as markets reeled from the trade shock given the G20 meeting was only 2 months back (when Trump and Xi pledged not to increase tariffs). The heightened uncertainty had the entire German Bunds curve trading below 0% yield.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial year ended 31 December 2019 (cont'd)

C. Market Review (cont'd)

September 2019 saw some volatility on the rates front as some pull back of rate cut expectation from August 2019 was seen given a slew of friendlier headlines on US-China trade. Bond curves have sold off across US, Eurozone to Japan with a bear steepening bias. This comes as FOMC and ECB had largely delivered rate cuts as expected and for the ECB, the revival of its Asset Purchase Program and a new Long Term Refinancing Option ("LTRO") program to boost bank lending. The eventful month also saw a short-lived jump in crude oil prices given the Aramco attack by Houthi rebels but had largely died down by month end as growth concerns start to resurface and the quick resumption of crude supplies.

Bond curve steepened further in October 2019 as risk appetite returned amidst positive developments in the US-China trade negotiations. Meanwhile, on monetary policy front, the ECB held key rates steady, while 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. The US-China trade war de-escalated further in early November 2019, with increasing likelihood of an agreement to a partial trade deal, resulting in increasing yield with 10-year UST reaching a high of 1.94%, before easing back on lack of progress on the deal from both parties. Safe haven demand returned as market turned cautious after Donald Trump approved a bill supporting Hong Kong protestors that reignited tension between US and China. Risk-on sentiment returned in December 2019, driven by optimism in reaching phase one trade deal between US and China which is scheduled to be signed on 15 January 2020, Boris Johnson's win in the United Kingdom ("UK") general elections, and positive economic release in the US.

D. Market Outlook and Investment Strategy

Market volatility is expected to persist over the near term, due to uncertainties over major central banks' policies – particularly the magnitude of easing that the Fed will deliver in 2019, and trade risks as the US administration appears to opt for more protectionist policies. Worsening trade frictions between the US and China could significantly impact the growth prospects of the export-driven surplus economies, with open economies being the most exposed to a global trade war. US tariffs will have their first full-year impact on China's economy, which in turn will pressure credit spreads. Renewed concerns over contagion effects emanating from EM countries could also influence movement in bond yields across global markets, although such contagion effects remain contained for now.

On US monetary policy, we expect the Fed to shift to a monetary accommodation bias in 2019, the BoJ to remain firmly attached to yield curve control and the ECB to deliver further monetary accommodation in response to the sustained slowing of domestic economic conditions. On the back of this, we think most major Asian countries will also look to provide monetary stimulus. In the case of China, stimulus may take the form of reserve requirement ratio cuts and direct short and medium-term liquidity injections into the financial system, plus targeted action for specific financial entities, if required. On the Coronavirus outbreak, given the pro-active steps taken by China as well as other countries worldwide, the correction could prove to be short-lived followed by a rapid recovery. Should the situation blow out of control, the economic impact may be more severe thus prolonging the correction. However, accommodative policy and ample liquidity should help bolster a recovery later. Hence this could provide short-term boost to fixed income performance in general.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial year ended 31 December 2019 (cont'd)

D. Market Outlook and Investment Strategy (cont'd)

Overall, the target fund has stronger weightage in United Arab Emirates, Indonesia, Malaysia, Saudi Arabia, and Pakistan. On sectors, most of the target fund's top 10 holdings are in financials and quasi sovereign. The portfolio duration is at 4.40 years with an average rating of BBB- by international rating agencies and average portfolio yield of around 3.99%. As MGSIF is a feeder fund, it will continue investing between 95% to 98% into target fund to achieve closer performance with its target fund (currency risk not hedged).

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 31 December 2019, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAMG GLOBAL SHARIAH INCOME FUND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

We have acted as Trustee of MAMG Global Shariah Income Fund (the "Fund") for the financial year ended 31 December 2019. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd, (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/pricing has been carried out in accordance with the Deeds and any regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns for the year are tied to and reflect the objectives of the Fund.

For and on behalf of
SCBMB Trustee Berhad

Prasad A/L S Vijayasundram
Chief Executive Officer

Kuala Lumpur, Malaysia
17 February 2020

STATEMENT BY MANAGER

TO THE UNITHOLDERS OF MAMG GLOBAL SHARIAH INCOME FUND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 MAMG Global Shariah Income Fund as at 31 December 2019 and of its results, changes in equity and cash flows for the financial year then ended and comply with the requirements of the Deed.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
17 February 2020

REPORT OF THE SHARIAH ADVISER

TO THE UNITHOLDERS OF MAMG GLOBAL SHARIAH INCOME FUND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

We have acted as the Shariah Adviser of the MAMG Global Shariah Income Fund (the "Fund") for the financial year ended 31 December 2019. 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 31 December 2019.

In addition, we also confirm that the investment portfolio of the Fund comprises the investment in the Target Fund, cash at bank and deposits with licensed Islamic financial institutions which have been classified as Shariah-compliant by the following:

- (a) The Fund will only invest in a Shariah-compliant Target Fund.
- (b) The investment portfolio of the Fund will comprise instruments that have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission ("SACSC") or the Shariah Advisory Council of Bank Negara Malaysia ("SACBNM").
- (c) For instruments that are not classified as Shariah-compliant by the SACSC or the SACBNM, the status of the instruments has been determined in accordance with the ruling issued by the Shariah Adviser.

For and on behalf of the Shariah Adviser of the Fund

DATUK DR MOHD DAUD BAKAR

Executive Chairman

Kuala Lumpur, Malaysia

17 February 2020

Independent auditors' report to the Unitholders of MAMG Global Shariah Income Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MAMG Global Shariah Income Fund ("the Fund"), which comprise the statement of financial position as at 31 December 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 15 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 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 MAMG Global Shariah Income Fund (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 MAMG Global Shariah Income 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
MAMG Global Shariah Income Fund (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 PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
17 February 2020

MAMG GLOBAL SHARIAH INCOME FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		01.01.2019 to 31.12.2019 RM	13.03.2018 (date of launch) to 31.12.2018 RM
INVESTMENT INCOME			
Profit income		8,846	10,712
Net gain on financial assets at fair value through profit or loss ("FVTPL")	8(a)		
- Realised gain		203,958	124,617
- Unrealised gain		402,966	599,194
		<u>615,770</u>	<u>734,523</u>
EXPENSES			
Manager's fee	4	80,584	70,019
Trustee's fee	5	6,000	6,000
Auditor's remuneration		8,000	7,000
Tax agent's fee		4,600	3,500
Administrative expenses		12,122	12,864
		<u>111,306</u>	<u>99,383</u>
Net income before tax		504,464	635,140
Taxation	6	-	-
Net income after tax		<u>504,464</u>	<u>635,140</u>
Net income after tax is made up of the following:			
Net realised income		101,498	35,946
Net unrealised income		402,966	599,194
		<u>504,464</u>	<u>635,140</u>
Distributions for the financial year/period			
Net distributions	13	116,424	22,921
Gross/net distributions per unit (sen)	13	0.15	0.30
Distribution date (ex-date)	13	30/12/2019	31/12/2018

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

MAMG GLOBAL SHARIAH INCOME FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	31.12.2019 RM	31.12.2018 RM
ASSETS			
Financial asset at FVTPL	8	8,400,736	7,963,811
Deposit with a licensed Islamic financial institution	7	487,209	271,030
Profit income receivable		41	24
Cash at bank		10,969	9,292
TOTAL ASSETS		<u>8,898,955</u>	<u>8,244,157</u>
LIABILITIES			
Amount due to Manager	9	33,374	39,303
Amount due to Trustee	10	9,138	4,739
Distribution payable		116,424	22,921
Other payables and accruals	11	18,934	17,242
TOTAL LIABILITIES		<u>177,870</u>	<u>84,205</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>8,721,085</u>	<u>8,159,952</u>
EQUITY			
Unitholders' capital	12(a)	7,709,295	7,548,599
Retained earnings	12(b) & (c)	1,011,790	611,353
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>8,721,085</u>	<u>8,159,952</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	12(a)	<u>7,761,589</u>	<u>7,640,464</u>
NAV PER UNIT (RM)		<u>1.1236</u>	<u>1.0680</u>

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

MAMG GLOBAL SHARIAH INCOME FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Unitholders' capital Note 12(a) RM	Retained earnings Note 12(b) and 12(c) RM	Total equity RM
At 13 March 2018 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	635,140	635,140
Creation of units	9,931,231	-	9,931,231
Cancellation of units	(2,383,498)	-	(2,383,498)
Distributions (Note 13)	866	(23,787)	(22,921)
At 31 December 2018	7,548,599	611,353	8,159,952
At 1 January 2019	7,548,599	611,353	8,159,952
Total comprehensive income for the financial year	-	504,464	504,464
Creation of units	2,183,283	-	2,183,283
Reinvestment of units	22,921	-	22,921
Cancellation of units	(2,033,111)	-	(2,033,111)
Distributions (Note 13)	(12,397)	(104,027)	(116,424)
At 31 December 2019	7,709,295	1,011,790	8,721,085

MAMG GLOBAL SHARIAH INCOME FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	01.01.2019 to 31.12.2019 RM	13.03.2018 (date of launch) to 31.12.2018 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of financial assets at FVTPL	1,670,000	1,970,000
Net payment for purchase of financial assets at FVTPL	(1,500,000)	(9,210,000)
Profit income received	8,829	10,688
Manager's fee paid	(80,031)	(63,033)
Trustee's fee paid	(1,601)	(1,261)
Payment of other fees and expenses	(23,032)	(6,122)
Net cash generated from/(used in) operating and investing activities	<u>74,165</u>	<u>(7,299,728)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	2,183,283	9,931,231
Cash paid on units cancelled	<u>(2,039,592)</u>	<u>(2,351,181)</u>
Net cash generated from financing activities	<u>143,691</u>	<u>7,580,050</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR/PERIOD		
	217,856	280,322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		
	<u>280,322</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD		
	<u>498,178</u>	<u>280,322</u>
Cash and cash equivalents comprise :		
Cash at bank	10,969	9,292
Deposit with licensed Islamic financial institution with maturity of less than 3 months (Note 7)	<u>487,209</u>	<u>271,030</u>
	<u>498,178</u>	<u>280,322</u>

MAMG GLOBAL SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

MAMG Global Shariah Income Fund (the "Fund") was constituted pursuant to the execution of a Principal deed dated 4 December 2017 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, SCBMB Trustee Berhad. The Fund was launched on 13 March 2018.

The Fund aims to maximise investment return by investing at least 95% of the Fund's NAV in the AZ Multi Asset MAMG Global Sukuk ("Target Fund"), a fund managed by AZ Fund Management S.A. ("Target Fund Manager"). The base currency of the Target Fund is in Euro, whereas the shares of the Target Fund in which the Fund invests in are denominated in Ringgit Malaysia ("RM").

The Target Fund is an open-ended collective investment scheme domiciled in the Grand Duchy of Luxembourg and was launched on 16 September 2013. The Target Fund is registered as an undertaking for collective investment under Part 1 of the Luxembourg law dated 17 December 2010 relating to undertakings for collective investment and subsequent amendments (the "2010 Law"). The AZ Multi Asset is subject in particular to the provisions of Part 1 of the 2010 Law, as established by the European directive 2014/91/EU of 23 July 2014, amending the directive 2009/65/EC co-ordinating the legislative, regulatory and administrative provisions relating to some undertakings for collective investment in transferable securities ("UCITS"), regarding the depositary function, the remuneration and penalties policies.

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

The investment adviser of the Manager for the Target Fund is Maybank Asset Management Singapore Pte Ltd.

The financial statements were authorised for issue by the Board of Directors of the Manager on 17 February 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") 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.

MAMG GLOBAL SHARIAH INCOME FUND

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

2.1 Basis of preparation (cont'd)

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.14 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 and amendments to standards issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: <i>Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17: <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

2.3 Financial instruments

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

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.4 Financial assets

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

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

(i) Classification of financial assets

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and 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 and profit income receivables as financing and receivables, and are subsequently measured at amortised cost. Investments in collective investment scheme is classified as FVTPL.

(ii) Financial assets at FVTPL

Investments in collective investment scheme are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is recognised at FVTPL if:

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

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.4 Financial assets (cont'd)

(ii) Financial assets at 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.

Dividend income on equity instruments as at FVTPL (i.e. investment in collective investment scheme) 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 is a probability-weighted estimate of credit losses. They are measured as follows:

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

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

Evidence that a financial asset is credit-impaired includes the

- 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. amount due from Manager), full impairment will be recognised on uncollected balances after the grace period.

MAMG GLOBAL SHARIAH INCOME FUND

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 profit in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of equity instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve. However, on derecognition of debt instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is reclassified to profit or loss.

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

Classification

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

Recognition and measurement

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments.

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.

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.6 Fair value measurement

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

MAMG GLOBAL SHARIAH INCOME FUND

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

2.7 Functional and presentation currency

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

2.8 Unitholders' capital

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

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

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

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

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distributions is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved.

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.

MAMG GLOBAL SHARIAH INCOME FUND

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

2.10 Cash and cash equivalents

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

2.11 Profit income

Profit income 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. Profit income is measured at the fair value of consideration received or receivable. Profit income from debt instrument is recognised using the effective profit method.

2.12 Income tax

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

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial year.

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

2.13 Segment information

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

2.14 Critical accounting estimates and judgements

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and 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.

MAMG GLOBAL SHARIAH INCOME FUND

3. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- i) Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") and the Shariah Advisory Council of Bank Negara Malaysia ("SACBNM"); and
- ii) Cash placement and liquid assets in local market, which are placed with licensed Islamic financial institutions.

4. MANAGER'S FEE

Manager's fee is computed daily based on 1.00% (13.03.2018 (date of launch) to 31.12.2018: 1.00%) per annum ("p.a.") of the NAV of the Fund before deducting the Manager's fee and Trustee's fees for that particular day.

5. TRUSTEE'S FEE

Trustee's fee is computed daily based on 0.02% (13.03.2018 (date of launch) to 31.12.2018: 0.02%) p.a. of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for that particular day, subject to a minimum fee of RM6,000 p.a.

MAMG GLOBAL SHARIAH INCOME FUND

6. TAXATION

	01.01.2019	13.03.2018
	to	(date of launch)
	31.12.2019	to
	RM	31.12.2018
		RM

Tax expense for the financial year/period:

Current income tax expense	-	-
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Income tax is calculated at the Malaysian statutory tax rate of 24% (13.03.2018 (date of launch) to 31.12.2018: 24%) of the estimated assessable income for the financial year/period.

The tax expense for the financial year/period 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 earned by the Fund and dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

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

	01.01.2019	13.03.2018
	to	(date of launch)
	31.12.2019	to
	RM	31.12.2018
		RM
Net income before tax	504,464	635,140
Tax at Malaysian statutory rate of 24% (13.03.2018 (date of launch) to 31.12.2018: 24%)	121,071	152,434
Effects of income not subject to tax	(147,785)	(176,286)
Effect of expenses not deductible for tax purposes	26,714	23,852
Income tax expense for the financial year/period	-	-

7. DEPOSIT WITH A LICENSED ISLAMIC FINANCIAL INSTITUTION

	31.12.2019	31.12.2018
	RM	RM

Short-term placements with a licensed Islamic financial institution with maturity of:
- less than 3 months

	487,209	271,030
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MAMG GLOBAL SHARIAH INCOME FUND

7. DEPOSIT WITH A LICENSED ISLAMIC FINANCIAL INSTITUTION (CONT'D)

The weighted average effective profit rates ("WAEPR") per annum and average maturity of deposits with a licensed Islamic financial institution as at the reporting date was as follows:

	01.01.2019 to 31.12.2019	Average maturity days	13.03.2018 (date of launch) to 31.12.2018	Average maturity days
	WAEPR % p.a.		WAEPR % p.a.	
Short-term placement				
Licensed Islamic financial institution	3.05	2	3.25	2

8. FINANCIAL ASSET AT FVTPL

Financial asset at FVTPL comprise investment in a collective investment scheme.

	Quantity unit	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2019				
AZ Multi Asset MAMG Global Sukuk - MYR DIS class	7,173,984	7,398,576	8,400,736	96.33%
Unrealised gain on investment at FVTPL			1,002,160	
31.12.2018				
AZ Multi Asset MAMG Global Sukuk - MYR DIS class	7,346,689	7,364,617	7,963,811	97.60%
Unrealised gain on investment at FVTPL			599,194	

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

MAMG GLOBAL SHARIAH INCOME FUND

9. AMOUNT DUE TO MANAGER

	Note	31.12.2019 RM	31.12.2018 RM
Amount due to Manager is in respect of :			
Manager's fee	(i)	7,539	6,986
Cancellation of units	(ii)	25,835	32,317
		<u>33,374</u>	<u>39,303</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/period. The normal credit term for Manager's fee is 15 days. (13.03.2018 (date of launch) to 31.12.2018: 15 days).

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

10. AMOUNT DUE TO TRUSTEE

Amount due to Trustee relates to the amount payable to the Trustee arising from the accruals for Trustee's fee at the end of the financial year/period. The normal credit term for Trustee's fee is 15 days. (13.03.2018 (date of launch) to 31.12.2018: 15 days).

11. OTHER PAYABLES AND ACCRUALS

Includes in other payables and accruals are:

	01.01.2019 to 31.12.2019 RM	13.03.2018 (date of launch) to 31.12.2018 RM
Due to external auditor	8,162	7,000
Due to tax agent	4,505	3,500
Other payables and accruals	6,267	6,742
	<u>18,934</u>	<u>17,242</u>

12. TOTAL EQUITY

	Note	01.01.2019 to 31.12.2019 RM	13.03.2018 (date of launch) to 31.12.2018 RM
Unitholders' capital	12 (a)	7,709,295	7,548,599
Accumulated realised income	12 (b)	9,630	12,159
Accumulated unrealised income	12 (c)	1,002,160	599,194
		<u>8,721,085</u>	<u>8,159,952</u>

MAMG GLOBAL SHARIAH INCOME FUND

12. TOTAL EQUITY (CONT'D)

(a) Unitholders' capital

	01.01.2019 to 31.12.2019		13.03.2018 (date of launch) to 31.12.2018	
	No. of units	RM	No. of units	RM
At the beginning of the financial year/period	7,640,465	7,548,599	-	-
Creation of units	1,927,834	2,183,283	9,900,745	9,931,231
Reinvestment of units	21,571	22,921	-	-
Cancellation of units	(1,828,281)	(2,033,111)	(2,260,280)	(2,383,498)
Distributions (Note 13)	-	(12,397)	-	866
At the end of the financial year/period	<u>7,761,589</u>	<u>7,709,295</u>	<u>7,640,465</u>	<u>7,548,599</u>

As at end of financial year, the total number and value of units held by the Manager are as follows:

	31.12.2019		31.12.2018	
	No. of units	RM	No. of units	RM
The Manager	<u>1,003</u>	<u>1,127</u>	<u>1,000</u>	<u>1,068</u>

(b) Accumulated realised income

	01.01.2019 to 31.12.2019 RM		13.03.2018 (date of launch) to 31.12.2018 RM	
At beginning of the financial year/period		12,159		-
Net realised income for the financial year/period		101,498		35,946
Distributions out of realised reserve (Note 13)		(104,027)		(23,787)
At end of the financial year/period		<u>9,630</u>		<u>12,159</u>

MAMG GLOBAL SHARIAH INCOME FUND

12. TOTAL EQUITY (CONT'D)

(c) Accumulated unrealised income

	01.01.2019 to 31.12.2019 RM	13.03.2018 (date of launch) to 31.12.2018 RM
At beginning of the financial year/period	599,194	-
Net unrealised gain for the financial year/period	402,966	599,194
At end of the financial year/period	<u>1,002,160</u>	<u>599,194</u>

13. DISTRIBUTIONS

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

	01.01.2019 to 31.12.2019 RM	13.03.2018 (date of launch) to 31.12.2018 RM
Profit income	8,129	6,285
Realised gain on investment at FVTPL	187,424	73,111
Less: Expenses	(103,685)	(55,609)
Previous year realised income *	12,159	-
Distributions out of retained earnings (Note 12(b))	<u>104,027</u>	<u>23,787</u>
Effects of distribution equalisation (Note 12(a))	12,397	(866)
Distributions for the financial year/period	<u>116,424</u>	<u>22,921</u>

* The distribution were made from prior period's net realised income.

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

The gross and net distributions declared in the current financial year and previous financial period are as follows:

Distribution date	Gross/net distribution per unit (sen)
2019	
30 December 2019	<u>0.15</u>
2018	
31 December 2018	<u>0.30</u>

MAMG GLOBAL SHARIAH INCOME FUND

14. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

As the Fund bought and sold the units directly from the Manager of the Target Fund, there were no broker involved in the transactions made during the financial year/period.

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

	31.12.2019		31.12.2018	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Public Islamic Bank Berhad	41,344,050	60.44	77,758,480	90.94
Maybank Islamic Berhad *	27,060,762	39.56	7,742,987	9.06
	<u>68,404,812</u>	<u>100.00</u>	<u>85,501,467</u>	<u>100.00</u>

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

15. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties maybe individuals or other entities. In addition to the related party information disclosed elsewhere in the financial statements, the following is the significant related party transaction and balances of the Fund during the financial year/period.

	01.01.2019 to 31.12.2019 RM	13.03.2018 (date of launch) to 31.12.2018 RM
(i) <u>Significant related party transaction</u>		
<u>Maybank Islamic Berhad</u>		
Profit income from deposits	3,451	1,054
(ii) <u>Significant related party balances</u>		
<u>Maybank Islamic Berhad</u>		
Deposits with licensed Islamic financial institution	-	271,030
Profit income receivables	-	24
	<u>-</u>	<u>271,054</u>

MAMG GLOBAL SHARIAH INCOME FUND

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

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

16. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 December 2019 the MER of the Fund stood at 1.38% (13.03.2018 (date of launch) to 31.12.2018: 1.09%).

17. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 December 2019, the PTR of the Fund stood at 0.20 times (13.03.2018 (date of launch) to 31.12.2018: 0.64 times).

18. SEGMENT INFORMATION

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

The PMC of the Manager is responsible for the Fund's performance by investing at least 95% of the Fund's NAV in the ringgit denominated class of the Target Fund, and the remaining 2% - 5% of the Fund's NAV will be invested in Shariah-compliant liquid assets.

As the Fund is a feeder fund, the Target Fund Manager is the ultimate decision-maker on the investment strategy to ensure the Target Fund achieves its targeted return with an acceptable level of risk within the portfolio.

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

19. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.14 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

MAMG GLOBAL SHARIAH INCOME FUND

19. FINANCIAL INSTRUMENTS (CONT'D)

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

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

31.12.2019	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial asset at FVTPL	8,400,736	-	-	8,400,736
Deposit with a licensed Islamic financial institution	-	487,209	-	487,209
Profit income receivable	-	41	-	41
Cash at bank	-	10,969	-	10,969
Total financial assets	<u>8,400,736</u>	<u>498,219</u>	<u>-</u>	<u>8,898,955</u>
Financial liabilities				
Amount due to Manager	-	-	33,374	33,374
Amount due to Trustee	-	-	9,138	9,138
Distribution payable	-	-	116,424	116,424
Other payables and accruals	-	-	18,934	18,934
Total financial liabilities	<u>-</u>	<u>-</u>	<u>177,870</u>	<u>177,870</u>

MAMG GLOBAL SHARIAH INCOME FUND

19. FINANCIAL INSTRUMENTS (CONT'D)

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

31.12.2018	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial asset at FVTPL	7,963,811	-	-	7,963,811
Deposit with a licensed Islamic financial institution	-	271,030	-	271,030
Profit income receivable	-	24	-	24
Cash at bank	-	9,292	-	9,292
Total financial assets	7,963,811	280,346	-	8,244,157
Financial liabilities				
Amount due to Manager	-	-	39,303	39,303
Amount due to Trustee	-	-	4,739	4,739
Distribution payable	-	-	22,921	22,921
Other payables and accruals	-	-	17,242	17,242
Total financial liabilities	-	-	84,205	84,205

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value.

Collective investment scheme

The fair value of the collective investment scheme is determined by reference to its NAV at the reporting date.

MAMG GLOBAL SHARIAH INCOME FUND

19. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM
31.12.2019			
Financial assets at FVTPL	8,400,736	-	-
31.12.2018			
Financial assets at FVTPL	7,963,811	-	-

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

Other than its financial assets 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 were not carried at fair value and whose carrying amounts were not reasonable approximations of their respective fair values.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

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

MAMG GLOBAL SHARIAH INCOME FUND

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates and equity prices.

(i) Profit rate risk

Cash and deposits with licensed Islamic financial institutions are particularly sensitive to movements in profit rates. When profit rates rise, the return on cash will rise while the value of investments will fall and vice versa, thus affecting the NAV of the Fund. The sensitivity to profit rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

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

(ii) Price risk

Price risk is the risk of unfavourable changes in the fair values of investments as the result of changes in market prices (other than those arising from profit rate risk). The price risk exposure arises primary from the Fund's investments in shares of the Target Fund.

As the base currency of the Target Fund is denominated in Euro and the currency denomination of the units of the Target Fund is denominated in RM, any movement in exchange rates between the Euro and RM can affect the value and performance of the Target Fund and ultimately the performance of the Fund. The exchange rate fluctuations between RM and other currencies will be reflected in the published NAV per unit of the MYR DIS class of the Target Fund.

Price risk sensitivity

Management's best estimate of the effect on profit after taxation and NAV of the Fund for the current financial year due to a reasonably possible change in price, with all other variables held constant is indicated in the table below:

	31.12.2019		31.12.2018	
	Changes in price %	Effects on NAV increase/ (decrease) RM	Changes in price %	Effects on NAV increase/ (decrease) RM
Financial asset at	+5	420,037	+5	398,191
FVTPL	-5	(420,037)	-5	(398,191)

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

MAMG GLOBAL SHARIAH INCOME FUND

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

(c) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will default on its contractual obligation resulting in a financial loss to the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of 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 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.

(ii) Credit quality of financial assets

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

Deposit with a licensed Islamic financial institution, cash at bank and profit receivable	31.12.2019		31.12.2018	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	498,219	5.71	280,346	3.44

(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 other 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.

MAMG GLOBAL SHARIAH INCOME FUND

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

(d) Liquidity risk (cont'd)

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 Deed. It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

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, deposits with licensed Shariah 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, liabilities and unitholders' capital to provide a complete view of the Fund's contractual commitments and liquidity. The Fund's financial assets and financial liabilities have been included in the "less than 1 month" category and the impact of discounting is insignificant.

31.12.2019	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets			
Financial asset at FVTPL	8,400,736	-	8,400,736
Deposit with a licensed Islamic financial institution	487,209	-	487,209
Profit income receivable	41	-	41
Cash at bank	10,969	-	10,969
Total undiscounted financial assets	<u>8,898,955</u>	<u>-</u>	<u>8,898,955</u>
Financial liabilities and unitholders' equity			
Amount due to Manager	33,374	-	33,374
Amount due to Trustee	9,138	-	9,138
Distribution payable	116,424	-	116,424
Other payables and accruals	18,934	-	18,934
Unitholders' total equity	<u>8,721,085</u>	<u>-</u>	<u>8,721,085</u>
Total undiscounted financial liabilities and unitholders' equity	<u>8,898,955</u>	<u>-</u>	<u>8,898,955</u>
Liquidity (gap)/surplus	<u>-</u>	<u>-</u>	<u>-</u>

MAMG GLOBAL SHARIAH INCOME FUND

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

(d) Liquidity risk (cont'd)

31.12.2018	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets			
Cash at bank	9,292	-	9,292
Deposit with a licensed Islamic financial institution	271,030	-	271,030
Financial asset at FVTPL	7,963,811	-	7,963,811
Profit income receivable	24	-	24
Total undiscounted financial assets	<u>8,244,157</u>	<u>-</u>	<u>8,244,157</u>
Financial liabilities and unitholders' equity			
Due to Manager	39,303	-	39,303
Due to Trustee	4,739	-	4,739
Distribution payable	22,921	-	22,921
Other payables and accruals	17,242	-	17,242
Unitholders' total equity	<u>8,159,952</u>	<u>-</u>	<u>8,159,952</u>
Total undiscounted financial liabilities and unitholders' equity	<u>8,244,157</u>	<u>-</u>	<u>8,244,157</u>
Liquidity (gap)/surplus	<u>-</u>	<u>-</u>	<u>-</u>

(i) Financial assets

The Fund's financial assets at FVTPL 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 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.

Financial assets exclude tax-related matters such as tax recoverable, if any.

(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.

Financial liabilities exclude tax-related matters such as tax payables, if any.

MAMG GLOBAL SHARIAH INCOME FUND

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

(d) Liquidity risk (cont'd)

(iii) Unitholders' total equity

As unitholders can request for cancellation on their units by giving the Manager a 10-day notice period, the unitholders' total equity has been categorised as having a maturity of "less than 1 month".

As at 31 December 2019, the Fund does not have any liquidity gap or surplus.

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

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