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MAYBANK MALAYSIA SUKUK FUND

Annual report
For the financial year ended 31 January 2020

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283 (421779-M))
Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
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EXTERNAL INVESTMENT MANAGER

Maybank Islamic Asset Management Sdn Bhd (201301012623 (10424610K))
Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia

TRUSTEE

TMF Trustees Malaysia Bhd (610812-W)
10th Floor, Menara Hap Seng
No. 1 & 3 Jalan P, Ramlee
50250 Kuala Lumpur
Telephone +603 2382 4288
Facsimile +603 2382 4170

SHARIAH ADVISER

Maybank Islamic Bhd (200701029411)
Level 15 Tower A
Dataran Maybank
No. 1 Jalan Maarof
59000 Kuala Lumpur

MAYBANK MALAYSIA SUKUK FUND

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MAYBANK MALAYSIA SUKUK FUND

Manager's report

For the financial year ended 31 January 2020

A. Fund Information

1. Name of Fund

Maybank Malaysia Sukuk Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Sukuk

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund launch date / commencement date

8 January 2014 / 24 February 2014

6. Fund's investment objective

The Fund aims to provide investors with annual income through investing in a portfolio of Sukuk.

7. Fund distribution policy

Distribution, if any, shall be on an annual basis and will be made from the realised income of the Fund.

8. Fund's performance benchmark

12-months Islamic Fixed Deposit-i rate

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

The Fund invests between 70% - 98% of the Fund's NAV in a portfolio of Ringgit Malaysia ("RM")-denominated sukuk issued and/or offered in Malaysia with a minimum sukuk rating of 'AA-' by RAM Holdings Berhad ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC"). The Fund will also invest between 2% - 30% of the Fund's NAV in Shariah-compliant liquid assets including Shariah-compliant money market instruments and placement in Shariah-compliant deposits.

10. Net income distribution for the financial year ended 31 January 2020

The Fund distributed a total net income of RM47,952,708 to unitholders for the financial year ended 31 January 2020.

Below are details of distributions made during the financial year:

Distribution date	Gross/net distribution per unit (sen)
30 January 2020	4.45

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

Distribution date	Before distribution (RM)	After distribution (RM)	Changes %
30 January 2020	1.1156	1.0711	(3.99)

MAYBANK MALAYSIA SUKUK FUND

Manager's report

For the financial year ended 31 January 2020 (cont'd)

A. Fund Information (cont'd)

11. Breakdown of unitholdings by size

Fund size

As at 31 January 2020, the size of the Fund was 1,079,375,515 units.

Breakdown of unitholdings as at 31 January 2020

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	2	8.33	* 3	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	2	8.33	61	0.01
50,001 to 500,000 units	2	8.33	580	0.05
500,001 units and above	18	75.01	** 1,078,731	99.94
Total	24	100.00	1,079,375	100.00

* Represents 1,202 units held by Maybank Asset Management Sdn Bhd (the "Manager")

** Includes units held under an Institutional Unit Trust Scheme Advisers ("IUTA") and 21,736,395 units held by Malayan Banking Berhad, the ultimate holding company of the Manager

B. Performance Review

1. Key performance data of the Fund

Category	2020	2019	2018
Sukuk (%)	88.06	85.62	91.02
Cash and other net assets (%)	11.94	14.38	8.98
Total (%)	100.00	100.00	100.00
NAV (RM'000)	1,156,157	286,298	55,189
Units in circulation (units'000)	1,079,376	282,093	54,251
NAV per unit (RM)	1.0711	1.0149	1.0173
Highest NAV per unit (RM)	1.1142	1.0718	1.0675
Lowest NAV per unit (RM)	1.0149	1.0148	1.0235
Annual return (%) ⁽¹⁾			
- Capital growth (%)	5.54	(0.23)	(0.56)
- Income distribution (%)	4.16	5.62	4.91
Total return (%)	9.93	5.37	4.32
Benchmark (%)	3.16	3.35	3.15
Distribution date	31.01.2020	31.01.2019	31.01.2018
Gross/net distribution per unit (sen)	4.45	5.70	5.00

MAYBANK MALAYSIA SUKUK FUND

Manager's report

For the financial year ended 31 January 2020 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	2020	2019	2018
Management Expense Ratio ("MER") (%) ⁽²⁾	0.41	0.44	0.75
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	0.58	1.20	0.98

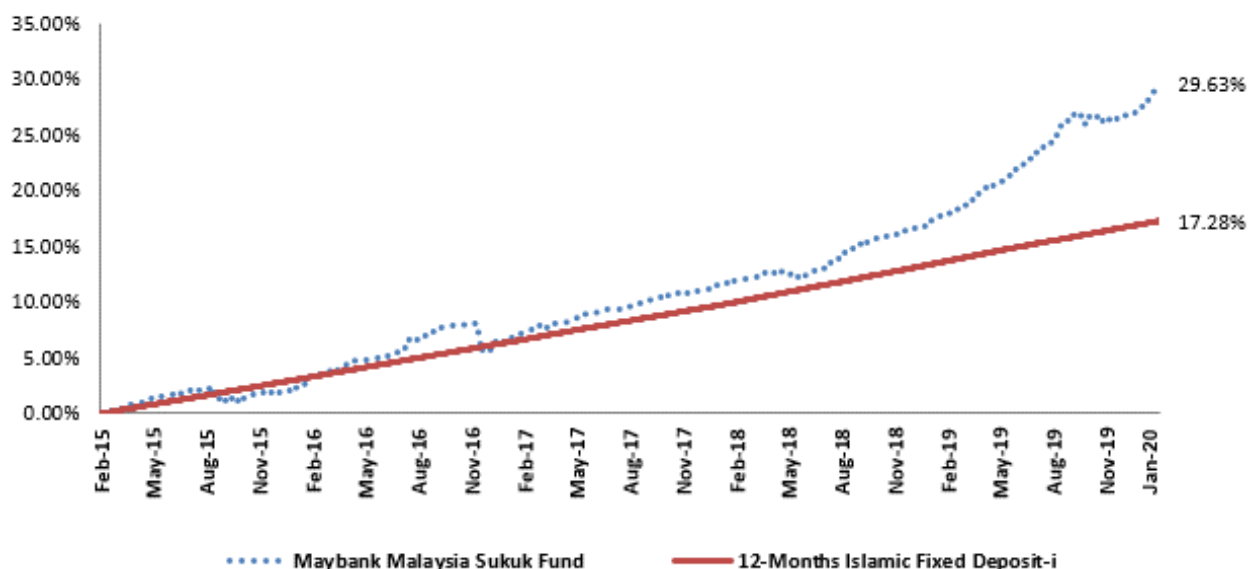
Note:

- (1) Actual return of the Fund for the financial year is computed based on the daily average NAV per unit, net of Manager and Trustee's fees.
- (2) The Fund's MER decreased from 0.44% to 0.41% in the current financial year as the total average NAV increased significantly during the current financial year under review.
- (3) The Fund's PTR increased from 1.20 times to 0.58 times in the current financial year due to increase in investing activities during the current financial year under review.

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

2. Performance of the Fund up to 31 January 2020

Category	1 year to 31.01.2020 %	3 years to 31.01.2020 %	5 years to 31.01.2020 %
Capital growth	5.54	1.24	3.53
Income distribution	4.16	19.35	25.21
Total return of the Fund	9.93	20.83	29.63
Benchmark	3.16	9.96	17.28
Average total return	9.93	6.51	5.32



Source: Lipper, as at 31 January 2020

MAYBANK MALAYSIA SUKUK FUND

Manager's report

For the financial year ended 31 January 2020 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 31 January 2020 (cont'd)

Maybank Malaysia Sukuk Fund recorded a return of 29.63% over the 5 year period to 31 January 2020, compared to the benchmark return of 17.28% over the same period. For the 1 year period to 31 January 2020, the Fund recorded a return of 9.93% compared to the benchmark return of 3.16%. The outperformance was driven by a combination of stronger return from a strong rally in the local bond market, tightening credit spreads and income derived from the sukuks held in the Fund during the current financial year under review.

Has the Fund achieved its objective?

Overall, the Fund has met its objective for the financial year ended 31 January 2020 with a net income distribution of 10 sens declared during the current financial year.

3. Annual total return of the Fund

Category	2020 %	2019 %	2018 %	2017 %	2016 %
Annual total return	9.93	5.37	4.32	3.87	3.29
Benchmark	3.16	3.35	3.15	3.15	3.30

4. Basis of calculation made in calculating the returns:

The performance figures are a comparison of the growth/decline in NAV after taking into account all the distributions payable (if any) during the stipulated period.

An illustration of the above would be as follows:

Capital return	=	(NAV per unit end / NAV per unit begin) - 1
Income return	=	Income distribution per unit / NAV per unit ex-date
Total return	=	(1+Capital return) x (1+Income return) - 1

MAYBANK MALAYSIA SUKUK FUND

Manager's report

For the financial year ended 31 January 2020 (cont'd)

C. Market Review

The local Malaysian Government Securities ("MGS") and Government Investment Issues ("GII") yields rallied during the period due to two 25 basis points ("bps") Overnight Policy Rate ("OPR") cuts by Bank Negara Malaysia ("BNM") in May 2019 and January 2020. The cuts together with the falling United States ("US") Treasury yields from 2.60% heights to 1.60% level resulted in 10-year MGS and GII yields drop as much as 90 bps to 3.13% and 3.20% respectively. Consequently, the strong rally in MGS and GII yields saw the local corporate bonds and sukuk yields dropped lower as well.

Foreign holdings of MGS and GIIs saw an increase during the period as foreign investors returned in search of higher yields as US Treasury yields dropped. The foreign inflows into MGS and GIIs were further supported by an improved risk sentiment and speculations on BNM ability to delve deeper into easing monetary policy. Foreign holdings of MGS jumped from 37.6% at the beginning of the period to 41.7% in January 2020 after recording a net inflows of RM22.8 billion in the period under review.

On the corporate bond front, the strong rally in govies spilled over to the Private Debt Securities ("PDS") market as corporate bond yields dropped especially in the GG and AAA-rated bonds and sukuk. Demand for AAA- and AA-rated bonds and sukuk were strong to outstrip the supply of such securities in the secondary as new issuances from primary markets slowed down. This saw the yields of such securities dropped 50 bps to 180 bps throughout the one year.

D. Market Outlook & Strategy

The Malaysian bond market does not differ significantly to other regional markets with yields currently near trough levels and curves seen to be flat for the time being. The government's outlook on the Malaysian economy for 2020 is rather positive with expectations that Gross Domestic Product ("GDP") will perform better at 4.80% compared to 4.30% in 2019. However, local economists are projecting a lower range between 4.20%-4.50%.

We foresee that BNM may still have room to cut its OPR by another 25 bps in 1H20 to follow its similar cut in January 2020 in measure against potential domestic economic impact of current coronavirus outbreak. Therefore, it may pin down the front end of the MGS curve with 3-year levels at 2.86% while the 10-year benchmark level looks already flat at the 3.13% level at end January 2020. However, moving past the coronavirus threat, there is a possibility of a different scenario; that is, if the negotiation of the US-China trade war continues on a positive path. This may actually cause the yield curve to steepen with the expectation that the 10-year MGS could move to the 3.80% level in 4Q2020. In the PDS space, we expect the credit spread to widen against the sovereign comparable in light of the improving global economy. Therefore, we are cautious to take on any bond duration in 1Q2020 and would favour to position ourselves defensively, preferring shorter term credit bonds for an affordable yield pickup.

After a stellar fixed income performance in 2019, the asset class may unlikely to see a similar strong returns as interest rates have now dropped to lower levels as a result of the rally. We will not be able to see the same degree of compression in interest rates that would push up bond prices. Indeed, globally interest rates are already at or close to record lows. In the Eurozone and Japan, even investment grade corporate bonds are yielding close to zero. It is only in Asia and the US where the yields are more reasonable with investment grade bonds yielding 3.0 to 3.5% although these yields are close to the all-time lows. Therefore, we are expecting a more modest return of around 4% to 5% for 2020.

MAYBANK MALAYSIA SUKUK FUND

Manager's report

For the financial year ended 31 January 2020 (cont'd)

D. Market Outlook & Strategy (cont'd)

Newly formed Malaysian government since Pilihan Raya Umum 14 ("PRU14"), Pakatan Harapan ("PH") lost their governing power after one of the main party, Parti Pribumi Bersatu Malaysia ("PPBM") has pulled out from the coalition and the Prime Minister resigned. This has heightened the uncertainty and volatility for both equities and fixed income markets. Investors are concerns on the stability of the future government and how it will be formed i.e. another coalition or snap election. Our Fund positioning of having slightly higher cash recently should benefit from these uncertainties as it cushion the downside risk and provide opportunistic trade in the market. Beyond the short term volatility, we should expect market to come to senses and back to normal growth trajectory.

We will continue to look for attractive sukuk investments to trade and also improve the portfolio current yield of 3.69% with the cash available. Aside from the sukuk secondary market, we will also look into new primary issuances that offers us higher yields to deliver the required performance. As of 31 January 2020, the Fund is 88.06% invested in RM-denominated sukuk investments.

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 January 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

TRUSTEE'S REPORT

TO THE UNITHOLDER'S OF MAYBANK MALAYSIA SUKUK FUND FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

We have acted as Trustee of Maybank Malaysia Sukuk Fund (the "Fund") for the financial year ended 31 January 2020. 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's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) Valuation and pricing were carried out in accordance with the Deeds and relevant regulatory requirements;
- (c) Creation and cancellation of units were 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

TMF Trustees Malaysia Berhad

(Company No: 200301008392/ 610812-W)

Norhayati Binti Azit

Director - Funds Services

Kuala Lumpur, Malaysia

12 March 2020

STATEMENT BY MANAGER

**TO THE UNITHOLDER'S OF
MAYBANK MALAYSIA SUKUK FUND
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

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 set out 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 Malaysia Sukuk Fund as at 31 January 2020 and of its results, changes in equity and cash flows for the financial year then ended and complied 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
12 March 2020

REPORT OF THE SHARIAH ADVISER

TO THE UNITHOLDER'S OF MAYBANK MALAYSIA SUKUK FUND FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

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

In our opinion, the Manager has managed and administered the Fund in accordance with the principles of Shariah and comply with applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia on Shariah matters for the financial year ended 31 January 2020.

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

For and on behalf of the Shariah Adviser of the Fund

Dr Aznan Bin Hasan

Chairman of the Shariah Committee of Maybank Islamic Bhd

Kuala Lumpur, Malaysia

12 March 2020

Independent auditors' report to the Unitholders of Maybank Malaysia Sukuk Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia Sukuk Fund (the "Fund"), which comprise the statement of financial position as at 31 January 2020 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the as at 31 January 2020, 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 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 Malaysia Sukuk Fund (cont'd)

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

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the Unitholders of Maybank Malaysia Sukuk Fund (cont'd)

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the Unitholders of
Maybank Malaysia Sukuk Fund (cont'd)**

Other matters

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

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

Yeo Beng Yean
03013/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
12 March 2020

MAYBANK MALAYSIA SUKUK FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	Note	2020 RM	2019 RM
INVESTMENT INCOME			
Profit income	4	38,511,807	4,657,272
Net gain on financial assets at fair value through profit or loss ("FVTPL")	9(b)		
- Realised gain		3,255,018	21,958
- Unrealised gain		44,836,949	1,711,252
Other income		59,250	-
		<u>86,663,024</u>	<u>6,390,482</u>
EXPENSES			
Manager's fee	5	3,156,648	357,963
Trustee's fee	6	450,950	51,138
Auditors' remuneration		8,500	8,500
Tax agent's fee		3,500	3,500
Shariah advisory fee		8,750	12,000
Administrative expenses		25,484	14,440
		<u>3,653,832</u>	<u>447,541</u>
Net income before taxation		83,009,192	5,942,941
Taxation	7	-	-
Net income after taxation and total comprehensive income for the financial year		<u>83,009,192</u>	<u>5,942,941</u>
Net income after taxation is made up of the following:			
Net realised income		38,172,243	4,231,689
Net unrealised income/(loss)		44,836,949	1,711,252
		<u>83,009,192</u>	<u>5,942,941</u>
Distribution for the financial year:			
Net distribution	14	47,952,708	16,079,304
Gross/net distribution per unit (sen)	14	4.45	5.70
Distribution date (ex-date)	14	<u>30 January 2020</u>	<u>31 January 2019</u>

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

MAYBANK MALAYSIA SUKUK FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020**

	Note	2020 RM	2019 RM
ASSETS			
Financial assets at FVTPL	9	1,018,138,803	245,129,563
Shariah-compliant deposits with licensed Islamic financial institutions	8	172,841,826	47,834,488
Profit income receivables		11,565,940	2,830,132
Amount due from Manager	10	4,653,263	6,670,121
Cash at bank		983,679	45,626
TOTAL ASSETS		1,208,183,511	302,509,930
LIABILITIES			
Amount due to Manager	10	4,003,669	96,483
Amount due to Trustee	11	50,385	11,493
Distributions payable		47,952,708	16,079,304
Other payables and accruals	12	19,596	25,110
TOTAL LIABILITIES		52,026,358	16,212,390
NET ASSET VALUE ("NAV") OF THE FUND		1,156,157,153	286,297,540
EQUITY			
Unitholders' capital	13(a)	1,107,561,160	284,488,938
Retained earnings	13(b) & (c)	48,595,993	1,808,602
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		1,156,157,153	286,297,540
NUMBER OF UNITS IN CIRCULATION (UNIT)	13(a)	1,079,375,515	282,093,045
NAV PER UNIT (RM)		1.0711	1.0149

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

MAYBANK MALAYSIA SUKUK FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	Unitholders' capital Note 13(a) RM	Retained earnings Note 13(b) & Note 13(c) RM	Total equity RM
At 1 February 2019	284,488,938	1,808,602	286,297,540
Total comprehensive income for the financial year	-	83,009,192	83,009,192
Creation of units	1,067,014,819	-	1,067,014,819
Reinvestment of units	14,385,580	-	14,385,580
Cancellation of units	(246,597,270)	-	(246,597,270)
Distributions (Note 14)	(11,730,907)	(36,221,801)	(47,952,708)
At 31 January 2020	<u>1,107,561,160</u>	<u>48,595,993</u>	<u>1,156,157,153</u>
At 1 February 2018	54,632,313	556,565	55,188,878
Total comprehensive income for the financial year	-	5,942,941	5,942,941
Creation of units	240,543,744	-	240,543,744
Reinvestment of units	2,712,550	-	2,712,550
Cancellation of units	(2,011,269)	-	(2,011,269)
Distributions (Note 14)	(11,388,400)	(4,690,904)	(16,079,304)
At 31 January 2019	<u>284,488,938</u>	<u>1,808,602</u>	<u>286,297,540</u>

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

MAYBANK MALAYSIA SUKUK FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020**

	2020	2019
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net payment for purchase of financial assets at FVTPL	(892,947,164)	(217,066,866)
Net proceeds from sale of financial assets at FVTPL	158,753,328	27,723,537
Profit income received	39,052,559	2,663,071
Manager's fee paid	(2,884,401)	(295,297)
Trustee's fee paid	(412,058)	(42,186)
Payment of other fees and expenses	7,497	(25,464)
Increase in Shariah-compliant deposits with licensed financial institutions with maturity of more than 3 months	(73,000,000)	-
Net cash used in from operating and investing activities	<u>(771,430,239)</u>	<u>(187,043,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,069,031,686	233,873,623
Payment for redemption of units	(242,962,332)	(2,056,102)
Distributions to unitholders	(1,693,724)	-
Net cash generated from financing activities	<u>824,375,630</u>	<u>231,817,521</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR	52,945,391	44,774,316
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>47,880,114</u>	<u>3,105,798</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>100,825,505</u>	<u>47,880,114</u>
Cash and cash equivalents comprise:		
Cash at bank	983,679	45,626
Shariah-compliant deposits with licensed Islamic financial institutions with maturity of less than 3 months (Note 8)	99,841,826	47,834,488
	<u>100,825,505</u>	<u>47,880,114</u>

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

MAYBANK MALAYSIA SUKUK FUND

NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Malaysia Sukuk Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 14 December 2012, a First Supplementary Deed dated 9 July 2014, Second Supplementary Deed dated 20 March 2015 and a Third Supplementary Deed dated 10 December 2015 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, TMF Trustees Malaysia Bhd. The Deeds & supplementary Deeds are collectively referred to as "Deeds".

The principal activity of the Fund is to invest between 70% to 98% of the Fund's NAV in a portfolio of Ringgit Malaysia ("RM")-denominated sukuk issued and/or offered in Malaysia with a minimum Sukuk rating of 'AA-' by RAM Holdings Berhad ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC"). However, if any of the sukuk held in the Fund has been downgraded to a rating of "BBB+" or lower by RAM or equivalent rating by MARC, the Manager may choose to dispose the sukuk as soon as practicable. However, if such prompt action may be detrimental to the Fund, the Manager may continue to hold onto the downgraded sukuk for up to 90 days.

The Manager will also invest between 2% to 30% of the Fund's NAV in Shariah-compliant liquid assets including Shariah-compliant money market instruments and placement in Shariah-compliant deposits.

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 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 Unit Trust Funds issued by the Securities Commission of Malaysia ("SC") and any other relevant guidelines issued by the SC as well as the terms and conditions of the investment management agreement between MIAM and Maybank AM.

The financial statements were authorised for issue by the Board of Directors of the Manager ("the Directors") on 12 March 2020.

MAYBANK MALAYSIA SUKUK FUND

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 2.14 in the financial statements.

2.2 Standards and amendments to standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
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 & amendments to standards will not have any material impact on the financial statements in the period of initial application.

2.3 Financial instruments

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

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

MAYBANK MALAYSIA SUKUK 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) Financial assets at amortised cost

Classification

The Fund classifies cash and cash equivalents, profit income receivables and amount due from Manager as financing and receivables, and are subsequently measured at amortised cost.

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

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that do not meet the criteria above are classified as either fair value through other comprehensive income ("FVTOCI") or FVTPL.

(ii) Financial assets at FVTPL

Investments in Shariah-compliant unquoted fixed income securities is classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is held for trading if:

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

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.

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

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

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

(iii) Impairment of financial assets

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

ECL is a probability-weighted estimate of credit losses. It is 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 MALAYSIA SUKUK FUND

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

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

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

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

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

(iv) Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of financial asset at amortised cost, gain or losses are recognised in profit or loss when the asset is derecognised, modified and impaired.

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, distributions payable and other payables and accruals as 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 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 MALAYSIA SUKUK FUND

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

2.5 Financial liabilities (cont'd)

Derecognition

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

2.6 Fair value measurement

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

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the

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:

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

MAYBANK MALAYSIA SUKUK FUND

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

2.6 Fair value measurement (cont'd)

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

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

2.7 Functional and presentation currency

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

2.8 Unitholders' capital

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

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

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

MAYBANK MALAYSIA SUKUK FUND

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

2.9 Distributions

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

2.10 Cash and cash equivalents

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

2.11 Revenue / Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. Profit income from Shariah-compliant unquoted fixed income securities includes amortisation of premium and accretion of discount, and is recognised using the effective profit rate method. Profit income from Shariah-compliant deposits with licensed Islamic financial institutions is recognised on the accrual basis using the effective profit rate method.

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

2.12 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 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.

MAYBANK MALAYSIA SUKUK FUND

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

2.14 Critical accounting estimates and judgements

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

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

3. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund during the financial year ended 31 January 2020 is Shariah-compliant.

4. PROFIT INCOME

	2020 RM	2019 RM
Profit income from Shariah-compliant unquoted fixed income securities	36,170,419	4,337,405
Profit income from Shariah-compliant deposits	4,845,485	513,141
Amortisation of premium, net of accretion of discount	(2,504,097)	(193,274)
	<u>38,511,807</u>	<u>4,657,272</u>

5. MANAGER'S FEE

The Manager's fee is computed daily. The fee is based on 0.35% (2019: 0.35%) per annum ("p.a.") on the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

MAYBANK MALAYSIA SUKUK FUND

6. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.05% (2019: 0.05%) p.a. of the NAV of the Fund before deducting the Manager's fee and Trustee's fees.

7. TAXATION

	2020 RM	2019 RM
Tax charge for the financial year:		
Current income tax expense	-	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable income for the financial year.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, the profit income earned by the Fund from its investment in Shariah-compliant unquoted fixed income securities and Shariah-compliant deposits is exempted from tax

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:

	2020 RM	2019 RM
Net income before taxation	83,009,192	5,942,941
Tax at Malaysian statutory rate of 24% (2019: 24%)	19,922,206	1,426,306
Effects of income not subject to tax	(20,799,126)	(1,533,716)
Effects of expenses not deductible for tax purposes	876,920	107,410
Tax expense for the financial year	-	-

MAYBANK MALAYSIA SUKUK FUND

8. SHARIAH-COMPLIANT DEPOSITS WITH A LICENSED ISLAMIC FINANCIAL INSTITUTION

	2020 RM	2019 RM
Shariah-compliant deposits with licensed Islamic financial institutions with maturity of:		
- less than 3 months	99,841,826	47,834,488
- more than 3 months	73,000,000	-
	<u>172,841,826</u>	<u>47,834,488</u>

The weighted average effective profit rates ("WAEPR") p.a. and average maturity of Shariah-compliant deposits with a licensed Islamic financial institution as at the reporting date are as follows:

	2020		2019	
	WAEPR % p.a.	Average maturity Days	WAEPR % p.a.	Average maturity Days
Shariah-compliant deposits with maturity of				
- less than 3 months	2.75	1	3.42	16
- more than 3 months	3.52	156	-	-

9. FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL comprise investments in RM-denominated sukuk or Shariah-compliant unquoted fixed income securities in Malaysia.

		2020 RM	2019 RM
Shariah-compliant unquoted fixed income securities	(a)	<u>1,018,138,803</u>	<u>245,129,563</u>

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

The composition of financial assets at FVTPL as at 31 January 2020 are as follows:

(a) Unquoted fixed income securities	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2020				
Anih Bhd				
- 5.34% - 29.11.2023	3,000,000	3,085,472	3,195,240	0.28
- 5.70% - 27.11.2026	5,000,000	5,312,864	5,624,000	0.49
- 6.00% - 29.11.2028	15,000,000	16,403,143	17,542,950	1.52
- 5.85% - 29.11.2027	5,000,000	5,380,617	5,735,550	0.50
AZRB Capital Sdn Bhd				
- 5.15% - 26.12.2029	5,000,000	5,000,000	5,109,000	0.44
- 5.25% - 26.12.2030	5,000,000	5,000,000	5,116,850	0.44
- 5.35% - 26.12.2031	5,000,000	5,000,000	5,122,700	0.44
Besraya (M) Sdn Bhd				
- 4.80% - 28.07.2021	3,500,000	3,503,655	3,565,555	0.31
- 5.04% - 26.07.2024	10,000,000	10,077,133	10,548,700	0.91
- 5.20% - 28.07.2026	1,000,000	1,012,125	1,082,230	0.09
- 5.36% - 28.07.2028	10,000,000	10,170,719	11,073,300	0.96
BEWG (M) Sdn Bhd				
- 5.10% - 17.07.2020	6,500,000	6,515,597	6,542,705	0.57
BGSM Management Sdn Bhd				
- 5.35% - 09.03.2026	5,000,000	5,194,713	5,435,950	0.47
- 5.60% - 27.12.2023	5,000,000	5,218,686	5,357,450	0.46
Country Garden Real Estate Sdn Bhd				
- 6.40%-6.05.2022	12,000,000	12,000,000	12,477,960	1.08
- 6.40% - 18.03.2022	10,000,000	10,000,000	10,378,200	0.90
- 6.60% - 23.02.2023	1,700,000	1,702,288	1,796,832	0.16
Cypark Ref Sdn Bhd				
- 5.11% - 30.06.2028	5,000,000	5,084,355	5,166,450	0.45
Danalnfra Nasional Bhd				
- 3.47% - 26.09.2029	10,000,000	10,000,000	10,094,600	0.87
- 4.79% - 27.11.2034	5,000,000	5,556,996	5,762,350	0.50
- 4.84% - 11.02.2039	13,500,000	13,650,659	15,729,525	1.36
- 4.90% - 21.02.2033	5,000,000	5,594,992	5,768,300	0.50

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2020 (cont'd)				
Danajamin Nasional Bhd - 4.80% - 06.10.2027	9,300,000	9,380,339	9,561,795	0.83
Edra Energy Sdn Bhd - 5.82% - 4.07.2025	5,000,000	5,366,849	5,468,400	0.47
- 5.85% - 05.01.2026	5,000,000	5,153,783	5,510,000	0.48
- 5.88% - 03.07.2026	5,000,000	5,159,287	5,550,050	0.48
- 5.97% - 05.01.2028	10,000,000	10,338,167	11,339,500	0.98
- 6.15% - 03.01.2031	20,000,000	22,427,434	23,560,600	2.04
- 6.19% - 04.07.2031	5,000,000	5,622,371	5,927,950	0.51
- 6.31% - 05.01.2033	5,000,000	5,669,586	6,039,100	0.52
- 6.43% - 05.07.2034	10,000,000	11,498,192	12,284,400	1.06
Fortune Premiere Sdn Bhd - 3.90% - 17.12.2024	10,000,000	10,008,441	10,116,000	0.87
- 4.85% - 02.11.2023	5,000,000	5,047,721	5,224,900	0.45
- 4.85% - 07.09.2023	9,000,000	9,166,283	9,395,010	0.81
- 5.05% - 05.09.2025	13,000,000	13,593,382	13,903,760	1.20
- 5.05% - 31.10.2025	300,000	301,466	321,285	0.03
Gamuda Bhd - 4.79% - 16.03.2023	19,000,000	19,115,511	19,636,500	1.70
Gulf Investment Corporation - 4.13% - 09.07.2029	9,500,000	10,118,641	10,218,200	0.88
- 5.10% - 16.03.2021	6,100,000	6,121,430	6,189,365	0.54
- 4.72% - 15.06.2033	10,000,000	10,369,722	11,460,000	0.99
IJM Corporation Bhd - 4.83% - 10.06.2022	7,400,000	7,464,701	7,607,200	0.66
- 5.05% - 18.08.2028	15,000,000	15,139,007	16,161,900	1.40
Jimah East Power Sdn Bhd - 5.68% - 04.12.2028	5,000,000	5,547,797	5,705,100	0.49
- 5.74% - 04.06.2029	5,000,000	5,536,932	5,750,400	0.50
- 5.77% - 04.12.2029	5,000,000	5,567,682	5,784,700	0.50
- 6.20% - 04.12.2031	5,000,000	5,578,835	6,050,150	0.52
- 5.52% - 04.06.2026	4,300,000	4,515,143	4,736,966	0.41
- 5.59% - 04.06.2027	400,000	420,131	447,408	0.04

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2020 (cont'd)				
Kimanis Power Sdn Bhd - 5.40% - 06.08.2027	2,000,000	2,084,103	2,210,660	0.19
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd				
- 4.25% - 01.12.2023	5,000,000	4,955,024	5,082,200	0.44
- 4.75% - 01.12.2028	10,000,000	10,247,472	10,586,100	0.92
- 4.75% - 02.12.2024	10,000,000	10,260,604	10,413,100	0.90
- 4.75% - 02.12.2025	5,000,000	5,178,070	5,239,050	0.45
- 4.75% - 02.12.2026	5,000,000	5,222,280	5,264,900	0.46
- 4.75% - 02.12.2027	20,000,000	20,908,569	21,137,600	1.83
- 4.75% - 30.11.2029	22,000,000	22,552,060	23,314,280	2.02
- 5.25% - 02.12.2030	5,000,000	5,261,907	5,516,800	0.48
Kuala Lumpur Kepong Bhd - 3.75% - 27.09.2029	5,000,000	5,000,000	5,060,900	0.44
Malakoff Power Bhd - 5.65% - 17.12.2025	5,000,000	5,268,909	5,519,000	0.48
MBB				
- 4.08% - 22.02.2117	5,000,000	5,000,000	5,070,000	0.44
- 4.13% - 22.02.2117	5,000,000	5,000,000	5,095,900	0.44
Malaysia Airports Capital Bhd - 4.15% - 27.12.2024	5,000,000	4,986,375	5,147,400	0.45
Manjung Island Energy Bhd				
- 4.82% - 25.11.2030	11,300,000	12,150,685	12,610,574	1.09
- 4.90% - 25.11.2013	24,400,000	25,962,438	27,531,008	2.38
MMC Corporation Bhd				
- 5.29% - 26.04.2023	1,900,000	1,907,382	1,957,532	0.17
- 5.70% - 24.03.2028	13,600,000	13,705,814	14,554,720	1.26
- 5.80% - 12.11.2025	7,500,000	7,654,336	8,007,900	0.69
-5.95% - 12.11.2027	6,500,000	6,686,996	7,059,065	0.61
Mumtaz Rakyat Sukuk Bhd - 4.95% - 19.06.2026	8,000,000	8,073,578	8,143,680	0.70

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2020 (cont'd)				
National Bank of Abu Dhabi - 4.75% - 09.12.2027	10,900,000	11,224,654	11,739,736	1.02
Penang Port Sdn Bhd - 4.48% - 27.12.2029	5,000,000	5,000,000	5,212,250	0.45
Pengurusan Air SPV Bhd - 3.80% - 30.10.2026	5,000,000	5,000,000	5,116,000	0.44
- 3.90% - 30.10.2029	5,000,000	5,000,000	5,180,350	0.45
- 4.00% - 30.10.2034	5,000,000	5,000,000	5,181,700	0.45
- 4.54% - 23.02.2029	5,000,000	5,000,000	5,421,700	0.47
Perbadanan Tabung Pendidikan Tinggi Nasional - 4.58% - 28.02.2034	5,000,000	5,000,000	5,619,250	0.49
- 4.80% - 01.03.2039	10,000,000	10,495,923	11,567,100	1.00
Prasarana Malaysia Bhd - 4.38% - 12.03.2031	5,000,000	5,000,000	5,433,550	0.47
- 4.53% - 10.03.2034	5,000,000	5,000,000	5,576,250	0.48
Projek Lebuhraya Usahasama Bhd - 4.80% - 12.01.2027	2,800,000	2,949,959	3,030,020	0.26
- 4.96% - 12.01.2029	5,000,000	5,492,466	5,537,900	0.48
- 5.00% - 11.01.2030	20,700,000	21,521,119	23,137,425	2.00
- 5.07% - 10.01.2031	5,000,000	5,369,761	5,649,250	0.49
- 5.15% - 12.01.2032	5,000,000	5,171,941	5,719,450	0.49
- 5.27% - 12.01.2033	5,000,000	5,214,403	5,809,150	0.50
Public Islamic Bank Bhd - 3.75% - 31.10.2029	5,000,000	5,000,000	5,068,550	0.44
Sabah Credit Corporation - 4.45% - 19.06.2026	5,000,000	5,035,775	5,196,300	0.45
- 4.90% - 16.02.2022	5,000,000	5,057,265	5,134,500	0.44
SAJ Capital Sdn Bhd - 5.19% - 26.01.2022	1,200,000	1,200,000	1,229,316	0.11
- 5.31% - 26.01.2024	7,000,000	7,070,559	7,328,860	0.63
- 5.55% - 26.01.2028	1,000,000	1,022,680	1,089,430	0.09

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2020 (cont'd)				
Sarawak Energy Bhd				
- 4.95% - 25.11.2033	11,500,000	12,018,600	13,116,325	1.13
- 5.18%- 25.04.2036	5,000,000	5,365,987	5,851,500	0.51
- 5.32%- 03.12.2032	25,000,000	28,627,240	29,360,750	2.54
- 5.50%- 04.07.2029	7,700,000	8,170,709	8,939,700	0.77
- 4.85% - 19.01.2027	10,000,000	10,806,096	10,880,700	0.94
Sarawak Hidro Sdn Bhd				
- 4.47% - 11.08.2027	5,100,000	5,093,351	5,438,742	0.47
Sime Darby Bhd				
- 5.65%- 24.03.2116	4,400,000	4,566,732	4,872,252	0.42
Southern Power Generation Sdn Bhd				
- 5.09%- 30.04.2029	5,000,000	5,279,404	5,528,150	0.48
- 5.37%- 29.10.2032	5,000,000	5,328,320	5,718,900	0.49
- 5.41%- 29.04.2033	5,000,000	5,466,102	5,737,000	0.50
- 5.45% - 31.10.2033	15,000,000	15,727,123	17,257,050	1.49
Tanjung Bin Energy Issuer Bhd				
- 5.28% - 16.08.2027	4,500,000	4,714,176	4,942,170	0.43
- 5.70%- 16.03.2027	4,500,000	4,789,926	5,086,035	0.44
- 5.85% - 15.09.2028	5,000,000	5,436,846	5,808,150	0.50
- 5.95%- 14.09.2029	5,000,000	5,577,400	5,917,800	0.51
- 6.10%- 14.03.2031	5,000,000	5,593,775	6,048,300	0.52
- 6.20%- 16.03.2032	12,000,000	13,665,776	14,708,280	1.27
Telekom Malaysia Bhd				
- 4.58%- 03.09.2027	8,900,000	9,270,170	9,559,490	0.83
Telekosang Hydro One Sdn Bhd				
- 5.10%- 06.08.2029	10,000,000	10,074,946	10,331,800	0.89
TNB Northern Energy Bhd				
- 5.18% - 03.08.2037	17,000,000	18,417,994	20,077,340	1.74

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2020 (cont'd)				
UEM Sunrise Bhd				
- 4.75% - 22.03.2024	5,000,000	5,113,564	5,225,400	0.45
- 5.00%- 19.05.2023	40,800,000	41,871,721	42,677,208	3.69
- 5.15%- 31.10.2025	10,000,000	10,435,091	10,782,200	0.93
- 5.32% - 12.11.2024	15,000,000	15,795,610	16,150,950	1.40
YTL Power International Bhd				
- 5.05%- 03.05.2027	29,100,000	29,804,937	31,445,169	2.72
Total Shariah-compliant unquoted fixed income securities	930,800,000	971,597,550	1,018,138,803	88.06
Unrealised gain on financial assets at FVTPL			<u>46,541,253</u>	

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2019				
Government of Malaysia				
- 3.99% - 15.10.2025	900,000	896,164	897,192	0.31
- 4.25% - 30.9.2030	500,000	490,445	496,330	0.17
Aman Sukuk Bhd				
- 4.780% - 30.05.2024	5,000,000	5,077,037	5,108,950	1.78
Anih Bhd				
- 5.34% - 29.11.2023	3,000,000	3,105,545	3,114,540	1.09
- 5.85% - 29.11.2027	5,000,000	5,420,082	5,428,400	1.90
Besraya (M) Sdn Bhd				
- 5.36% - 28.07.2028	10,000,000	10,186,701	10,226,600	3.57
- 5.20% - 28.07.2026	1,000,000	1,013,689	1,014,960	0.35
- 5.04% - 26.07.2024	10,000,000	10,091,823	10,091,700	3.52
- 4.80% - 28.07.2021	3,500,000	3,505,852	3,510,360	1.23
BEWG (M) Sdn Bhd				
- 5.10% - 17.7.2020	6,300,000	6,346,487	6,358,779	2.22
Celcom Network Sdn Bhd				
- 5.27% - 28.10.2026	2,300,000	2,371,879	2,397,451	0.84
CIMB Islamic Bank Bhd				
- 5.85% - 25.09.2019	3,300,000	3,330,658	3,334,782	1.16
Country Garden Real Estate Sdn Bhd				
- 6.60% - 23.02.2023	1,700,000	1,702,972	1,714,773	0.60
Danajamin Nasional Bhd				
- 4.80% - 6.10.2027	1,100,000	1,100,950	1,109,163	0.39
Fortune Premiere Sdn Bhd				
- 5.05% - 31.10.2025	5,000,000	5,021,141	5,056,550	1.77
- 5.05% - 05.09.2025	5,800,000	5,829,729	5,881,780	2.05
- 4.85% - 07.09.2023	1,000,000	1,000,000	1,008,960	0.35
Gamuda Bhd				
- 4.79% - 16.03.2023	1,100,000	1,102,281	1,107,337	0.39
Gulf Investment Corporation				
- 5.10% - 16.03.2021	6,100,000	6,139,907	6,141,785	2.15

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2019 (cont'd)				
IJM Corporation Bhd				
- 5.05% - 18.08.2028	15,000,000	15,151,848	15,278,250	5.34
- 4.83% - 10.06.2022	1,900,000	1,919,868	1,922,933	0.67
Jimah East Power Sdn Bhd				
- 6.20% - 04.12.2031	5,000,000	5,614,187	5,621,450	1.96
- 5.59% - 04.06.2027	400,000	422,376	424,928	0.15
- 5.52% - 04.06.2026	400,000	400,000	421,532	0.15
Kimanis Power Sdn Bhd				
- 5.40% - 06.08.2027	2,000,000	2,093,231	2,109,940	0.74
Malakoff Power Bhd				
- 5.65% - 17.12.2025	5,000,000	5,307,964	5,310,900	1.86
Malaysia Airports Capital Bhd				
- 4.15% - 27.12.2024	3,000,000	2,963,370	2,979,750	1.04
Manjung Island Energy Bhd				
- 4.90% - 25.11.2013	6,000,000	6,124,179	6,165,300	2.15
MMC Corporation Bhd				
- 5.70% - 24.03.2028	8,400,000	8,453,928	8,489,880	2.97
- 5.29% - 26.04.2023	1,600,000	1,606,242	1,606,704	0.56
- 5.80% - 12.11.2025	2,500,000	2,555,672	2,554,000	0.89
- 5.95% - 12.11.2027	1,500,000	1,550,962	1,543,905	0.54
- 5.90% - 16.03.2029	5,000,000	5,420,524	5,497,300	1.92
National Bank of Abu Dhabi				
- 4.75% - 09.12.2027	5,100,000	5,072,715	5,152,938	1.80
Projek Lebuhraya Usahasama Bhd				
- 5.15% - 12.01.2032	5,000,000	5,182,446	5,234,400	1.83
- 5.27% - 12.01.2033	5,000,000	5,226,130	5,285,150	1.85
- 5.00% - 11.01.2030	2,000,000	2,051,113	2,069,460	0.72
SAJ Capital Sdn Bhd				
- 5.19% - 26.01.2022	2,200,000	2,200,000	2,223,562	0.78
- 5.55% - 26.01.2028	1,000,000	1,024,926	1,035,200	0.36
- 5.31% - 26.01.2024	7,000,000	7,086,244	7,131,740	2.49

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unquoted fixed income securities (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2019 (cont'd)				
Sarawak Energy Bhd				
- 5.50% - 04.07.2029	2,700,000	2,805,849	2,899,422	1.01
- 5.32% - 03.12.2032	5,000,000	5,240,078	5,276,250	1.84
- 4.95% - 25.11.2033	5,000,000	5,010,805	5,062,600	1.77
- 5.18% - 25.04.2036	1,800,000	1,750,183	1,843,470	0.64
- 5.28% - 17.08.2035	5,500,000	5,697,817	5,717,085	2.00
Sarawak Hidro Sdn Bhd				
- 4.47% - 11.08.2027	4,600,000	4,581,978	4,604,186	1.61
Sime Darby Bhd				
- 5.65% - 24.03.2026	4,400,000	4,589,496	4,625,632	1.62
Southern Power Generation Sdn Bhd				
- 5.45% - 31.10.2033	15,000,000	15,763,336	15,849,900	5.54
Tanjung Bin Energy Issuer Bhd				
- 5.70% - 16.03.2027	1,400,000	1,484,016	1,502,928	0.52
- 6.20% - 16.03.2032	7,000,000	7,771,055	7,967,890	2.78
Telekom Malaysia Bhd				
- 4.58% - 03.09.2027	2,300,000	2,302,851	2,315,985	0.81
TNB Northern Energy Bhd				
- 4.62% - 30.05.2033	3,000,000	2,941,102	2,973,150	1.04
UEM Sunrise Bhd				
- 5.00% - 19.05.2023	3,800,000	3,826,252	3,844,270	1.34
- 5.15% - 31.10.2025	2,200,000	2,206,007	2,246,486	0.78
YTL Power International Bhd				
- 5.05% - 03.05.2027	16,100,000	16,293,170	16,340,695	5.71
Total Shariah-compliant unquoted fixed income securities	237,400,000	243,425,259	245,129,563	85.62
Unrealised gain on financial assets at FVTPL *			1,704,304	

MAYBANK MALAYSIA SUKUK FUND

9. FINANCIAL ASSETS AT FVTPL (CONT'D)

- (b) Changes in the fair value of FVTPL investments are recognised in 'unrealised gain on FVTPL investments' in profit or loss. Accumulated unrealised gains or losses are reclassified to 'realised gain on FVTPL investments' in profit or loss when the associated assets are sold. See accounting policy 2.3(ii) for details.

10. AMOUNT DUE FROM/TO MANAGER

	Note	2020 RM	2019 RM
(a) Amount due from Manager			
Subscription of units	(i)	4,653,263	6,670,121
(b) Amount due to Manager			
Redemption of units	(ii)	3,650,971	16,032
Manager's fee	(iii)	352,698	80,451
		<u>4,003,669</u>	<u>96,483</u>

(i) The amount represents amount receivable from the Manager for units subscribed.

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

(iii) The amount 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 (2019: 15 days).

11. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the reporting date. The normal credit term for the Trustee's fee is 15 days (2019: 15 days).

12. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2020 RM	2019 RM
Due to external auditors	9,911	8,500
Due to tax agent	4,505	3,500
Shariah advisory fee payables	3,180	12,000
Other payables	2,000	1,110
	<u>19,596</u>	<u>25,110</u>

MAYBANK MALAYSIA SUKUK FUND

13. TOTAL EQUITY

	Note	2020 RM	2019 RM
Unitholders' capital	(a)	1,107,561,160	284,488,938
Accumulated realised income	(b)	2,136,209	185,767
Accumulated unrealised income	(c)	46,459,784	1,622,835
		<u>1,156,157,153</u>	<u>286,297,540</u>

(a) Unitholders' capital

	2020		2019	
	No. of units	RM	No. of units	RM
At the beginning of the financial year	282,093,045	284,488,938	54,251,007	54,632,313
Creation of units	1,009,273,016	1,067,014,819	227,092,972	240,543,744
Reinvestment of units	14,156,248	14,385,580	2,664,326	2,712,550
Cancellation of units	(226,146,794)	(246,597,270)	(1,915,260)	(2,011,269)
Distribution equalisation (Note 14)	-	(11,730,907)	-	(11,388,400)
At the end of the financial year	<u>1,079,375,515</u>	<u>1,107,561,160</u>	<u>282,093,045</u>	<u>284,488,938</u>

As at the end of the financial year, the total number and value of units held legally or beneficially by the Manager and its related party are as follows:

	2020		2019	
	No. of units	RM	No. of units	RM
The Manager	1,202	1,287	1,138	1,155
MBB, the ultimate holding company of the Manager	21,736,395	23,281,852	27,971,367	28,388,270
	<u>21,737,597</u>	<u>23,283,139</u>	<u>27,972,505</u>	<u>28,389,425</u>

In the opinion of the Manager, the above units were transacted at the prevailing market price. Other than the above, there were no other units held by the Manager or parties related to the Manager.

(b) Accumulated realised income

	2020 RM	2019 RM
At beginning of the financial year	185,767	644,982
Net realised income for the financial year	38,172,243	4,231,689
Distributions out of realised reserve (Note 14)	(36,221,801)	(4,690,904)
At end of the financial year	<u>2,136,209</u>	<u>185,767</u>

MAYBANK MALAYSIA SUKUK FUND

13. TOTAL EQUITY (CONT'D)

(c) Accumulated unrealised income

	2020	2019
	RM	RM
At beginning of the financial year	1,622,835	(88,417)
Net unrealised income for the financial year	44,836,949	1,711,252
At end of the financial year	<u>46,459,784</u>	<u>1,622,835</u>

14. DISTRIBUTIONS

Net distributions to unitholders are from the following sources:

	2020	2019
	RM	RM
Profit income	36,383,836	4,483,423
Realised gain on sale of investments	3,075,162	21,138
Previous year's net realised income*	185,767	644,982
Less: Expenses	<u>(3,422,964)</u>	<u>(458,639)</u>
Distributions out of realised reserve (Note 13(b))	36,221,801	4,690,904
Distributions out of distribution equalisation (Note 13(a))	11,730,907	11,388,400
Distributions for the financial year	<u>47,952,708</u>	<u>16,079,304</u>

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

	2020	2019
	RM	RM
Analysed as:		
Cash distribution	1,311,690	1,693,724
Reinvestment of units	46,641,018	14,385,580
Distribution for the financial year	<u>47,952,708</u>	<u>16,079,304</u>

A portion of the distributions declared were settled in the form of units and presented as 'reinvestment of units' in Note 13(a) on payment date.

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

Distribution date (ex-date)	Gross/net distribution per unit (sen)
2020	
30 January 2020	<u>4.45</u>
2019	
31 January 2019	<u>5.70</u>

MAYBANK MALAYSIA SUKUK FUND

15. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of transactions with brokers/dealers for the financial year are as follows:

	2020		2019	
	Value of trade RM	Percentage of total trade %	Value of trade RM	Percentage of total trade %
Affin Hwang Investment Bank Bhd	5,175,267	0.50	60,535,735	24.89
Affin Investment Bank Bhd	240,058,673	23.23		
Alliance Bank Bhd	158,769,018	15.36	51,246,838	21.07
AmBank Bhd	45,031,880	4.36	11,283,765	4.64
AmIslamic Bank Bhd	8,821,987	0.85	3,738,123	1.54
Bank Islam Malaysia Bhd	10,078,000	0.98	2,778,182	1.14
CIMB Bank Bhd	110,053,817	10.65	8,154,306	3.35
CIMB Islamic Bank Bhd	8,364,797	0.81	5,362,507	2.20
Hong Leong Bank Bhd	124,179,678	12.02	40,158,314	16.51
HSBC Bank Bhd	-	-	2,206,380	0.91
Kenanga Investment Bank Bhd	2,028,425	0.20	-	-
MBB *	114,584,914	11.09	4,205,236	1.73
Public Investment Bank Bhd	5,000,000	0.48	-	-
RHB Bank Bhd	169,225,791	16.38	53,553,892	22.02
Standard Chartered Bank (M) Bhd	7,328,243	0.71	-	-
Standard Chartered Bank Singapore	24,700,000	2.38	-	-
	1,033,400,490	100.00	243,223,277	100.00

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

	2020		2019	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
CIMB Islamic Bank Bhd	-	-	353,244,803	11.88
Hong Leong Islamic Bank Bhd	10,980,520,190	81.83	228,188,797	7.67
Maybank Islamic Bhd ("MIB") **	2,305,602,969	17.18	1,698,304,720	57.10
Public Islamic Bank Bhd	113,256,732	0.84	20,000,000	0.67
RHB Islamic Bank Bhd	20,000,000	0.15	674,768,000	22.69
	13,419,379,891	100.00	2,974,506,320	100.00

* MBB is the ultimate holding company of the Manager.

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

MAYBANK MALAYSIA SUKUK FUND

16. 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, below are the significant related party transactions and balances of the Fund.

(a) Significant related party transactions

	2020	2019
	RM	RM
MIB: Profit Income	386,183	232,053

(b) Significant related party balances

	2020	2019
	RM	RM
MIB: Shariah-compliant deposits	-	47,834,488

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.

17. 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. The fees and expenses include Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and other administrative expenses. For the financial year ended 31 January 2020, the MER of the Fund stood at 0.41% (2019: 0.44%).

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18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 January 2020, the PTR of the Fund stood at 0.58 times (2019: 1.20 times).

19. SEGMENT INFORMATION

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

The PMC is responsible for the performance of the Fund by investing between 70% to 98% of the Fund's NAV in a portfolio of RM-denominated sukuk issued by Malaysian issuers and Malaysian financial institutions with a minimum sukuk rating of 'AA-' by RAM or equivalent rating by MARC. The Manager will also invest between 2% to 30% of the Fund's NAV in Shariah-compliant liquid assets including Shariah-compliant money market instruments and placement in Shariah-compliant 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 of 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.

20. 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 describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

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20. FINANCIAL INSTRUMENTS (CONT'D)

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

2020	Financial assets at FVTPL RM	Financial assets amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial Assets				
Financial assets at FVTPL	1,018,138,803	-	-	1,018,138,803
Shariah-compliant deposits with a licensed Islamic financial institution	-	172,841,826	-	172,841,826
Profit income receivables	-	11,565,940	-	11,565,940
Amount due from Manager	-	4,653,263	-	4,653,263
Cash at bank	-	983,679	-	983,679
Total financial assets	1,018,138,803	190,044,708	-	1,208,183,511
Financial Liabilities				
Amount due to Manager	-	-	4,003,669	4,003,669
Amount due to Trustee	-	-	50,385	50,385
Distributions payable	-	-	47,952,708	47,952,708
Other payables and accruals	-	-	19,596	19,596
Total financial liabilities	-	-	52,026,358	52,026,358
2019				
Financial Assets				
Financial assets at FVTPL	245,129,563	-	-	245,129,563
Shariah-compliant deposits with a licensed Islamic financial institution	-	47,834,488	-	47,834,488
Profit income receivables	-	2,830,132	-	2,830,132
Amount due from Manager	-	6,670,121	-	6,670,121
Cash at bank	-	45,626	-	45,626
Total financial assets	245,129,563	57,380,367	-	302,509,930
Financial Liabilities				
Amount due to Manager	-	-	96,483	96,483
Amount due to Trustee	-	-	11,493	11,493
Distributions payable	-	-	16,079,304	16,079,304
Other payables and accruals	-	-	25,110	25,110
Total financial liabilities	-	-	16,212,390	16,212,390

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20. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value and revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency Malaysia Sdn Bhd.

(c) Fair value hierarchy

The Fund uses the following hierarchy for determining 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
2020			
Financial assets at FVTPL	-	1,018,138,803	-
2019			
Financial assets at FVTPL	-	245,129,563	-

(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 and derivative assets and liability, 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.

21. 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, the SC's Guidelines on Unit Trust Fund's and the CMSA.

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21. 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 in RM as at the reporting date. The Fund is also not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

(i) Profit rate risk

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

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

	2020		2019	
	Changes in	Effect on NAV	Changes in	Effect on NAV
	profit rates	(Decrease)/	profit rates	(Decrease)/
	%	Increase	%	Increase
		RM		RM
Financial assets	+1	(66,238,883)	+1	(15,980,841)
at FVTPL	-1	(72,948,086)	-1	17,592,894

The impact to net income after tax is expected to be the same as the effects on NAV.

(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.

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

(c) Credit risk (cont'd)

(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 risk concentration

The following tables analyse the Fund's investments in financial assets at FVTPL, profit income receivables on Shariah-compliant unquoted fixed income securities, cash at bank, Shariah-compliant deposits with a licensed Islamic financial institution and profit income receivables on Shariah-compliant deposits with a licensed Islamic financial institution by rating categories. The ratings are obtained from RAM.

	2020		2019	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
Financial assets at FVTPL and profit income receivables				
AAA	258,702,485	22.38	91,180,895	15.12
AA1	142,617,996	12.34	49,737,835	17.37
AA2	162,532,194	14.06	31,851,811	11.13
AA3	551,312,094	47.68	121,657,761	42.49
Government Securities	88,365,481	7.64	1,411,506	0.49
	1,203,530,250	104.10	247,955,217	86.60

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

(d) Liquidity risk

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

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

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash at bank and Shariah-compliant deposits with a licensed Islamic financial institution 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

	Less than 1 month RM	More than 1 month RM	Total RM
2020			
Financial assets			
Financial assets at FVTPL	-	1,018,138,803	1,018,138,803
Shariah-compliant deposits with a licensed Islamic financial institution	99,841,826	73,000,000	172,841,826
Profit income receivables	1,765,210	9,800,730	11,565,940
Amount due from Manager	4,653,263	-	4,653,263
Cash at bank	983,679	-	983,679
Total undiscounted financial assets	107,243,978	1,100,939,533	1,208,183,511
Financial liabilities and unitholders' equity			
Amount due to Manager	4,003,669	-	4,003,669
Amount due to Trustee	50,385	-	50,385
Distributions payable	47,952,708	-	47,952,708
Other payables and accruals	19,596	-	19,596
Unitholders' equity	1,156,157,153	-	1,156,157,153
Total undiscounted financial liabilities and unitholders' equity	1,208,183,511	-	1,208,183,511
Liquidity (gap)/surplus	(1,100,939,533)	1,100,939,533	-

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

(d) Liquidity risk (cont'd)

2019

Financial assets

Financial assets at FVTPL	-	245,129,563	245,129,563
Shariah-compliant deposits with a licensed Islamic financial institution	47,834,488	-	47,834,488
Profit income receivables	677,252	2,152,880	2,830,132
Amount due from Manager	6,670,121	-	6,670,121
Cash at bank	45,626	-	45,626
Total undiscounted financial assets	55,227,487	247,282,443	302,509,930

Financial liabilities and unitholders' equity

Amount due to Manager	96,483	-	96,483
Amount due to Trustee	11,493	-	11,493
Distributions payable	16,079,304	-	16,079,304
Other payables and accruals	25,110	-	25,110
Unitholders' equity	286,297,540	-	286,297,540
Total undiscounted financial liabilities and unitholders' equity	302,509,930	-	302,509,930
Liquidity (gap)/surplus	(247,282,443)	247,282,443	-

(i) Financial assets

Shariah-compliant deposits with a licensed Islamic financial institution 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 year to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

(ii) Financial liabilities

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

(iii) Unitholders' equity

As unitholders could request for redemption of their units within ten calendar days from transaction date, unitholders' equity has been categorised as having a maturity of "less than 1 month".

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22. 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 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 during the current and previous financial year.