

MAYBANK MALAYSIA SMALLCAP FUND **(formerly known as MAYBANK SMALLCAP** **TRUST FUND)**

Unaudited interim report
For the financial period from 1 August 2019 to 31 January 2020

CORPORATE INFORMATION

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MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

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MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

Manager's report

For the financial period from 1 August 2019 to 31 January 2020

A. Fund Information

1. Name of the Fund

Maybank Malaysia SmallCap Fund (formerly known as Maybank SmallCap Trust Fund) ("Fund")

2. Type of Fund

Growth Fund

3. Category of Fund

Equity Fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

3 March 2004 / 24 March 2004

6. Fund's investment objective

The Fund aims to achieve Medium to Long Term capital growth by primarily investing into securities of small and medium sized companies:

- (i) listed on the Bursa Malaysia's Main Market, ACE Market and/or any other boards approved by the Securities Commission Malaysia ("SC");
- (ii) with market capitalisation of not more than the limit considered by the SC to be appropriate for fund similar to this Fund; and
- (iii) which have the potential for capital appreciation over the Medium to Long Term.

7. Fund distribution policy

It is not the main objective of the Fund to distribute income as the main focus of the Fund is to secure capital growth in line with the performance of the Fund's benchmark. Any distribution is at the Manager's discretion, subject to Trustee's approval.

8. Fund's performance benchmark

Effective 1 March 2019, the Fund's benchmark is FTSE Bursa Malaysia ("FBM") SmallCap Index ("FBMSC"). Prior to 1 March 2019, the Fund's composite benchmark comprises of:

- 70% of the performance of the FBMSC; and
- 30% of the performance of the FBM Top 100 Index ("FBM100")

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

The Fund invests in securities of companies which have obtained approval from the relevant authorities for listing on the Main Market or ACE Market of Bursa Malaysia. The Fund invests primarily in selected small and medium sized companies with market capitalisation of not more than Ringgit Malaysia ("RM" or "MYR") 3 billion at the point of purchase of stocks which have the potential for capital appreciation over the Medium to Long Term. The Fund may also invest in companies with market capitalisation exceeding RM3 billion in order to increase the benefit of diversification and enhance the stability of the Fund. The Fund may invest between 70% and 98% in stocks and shares of small and medium cap companies; and between 2% and 30% in Liquid Assets and money market instruments.

MAYBANK MALAYSIA SMALLCAP FUND
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Manager's report

For the financial period from 1 August 2019 to 31 January 2020 (cont'd)

A. Fund Information (cont'd)

10. Breakdown of unitholdings by size

Fund size

As at 31 January 2020, the size of the Fund was 230,524,336 units.

Breakdown of unitholdings as at 31 January 2020

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	424	37.29	927	0.40
5,001 to 10,000 units	181	15.92	1,185	0.51
10,001 to 50,000 units	372	32.72	7,343	3.19
50,001 to 500,000 units	159	13.98	15,347	6.66
500,001 units and above	1	0.09	* 205,722	89.24
Total	1,137	100.00	** 230,524	100.00

* Represent 205,722,214 units held by Malayan Banking Berhad

** Included units held under Institutional Unit Trust Scheme Advisers ("IUTA")

B. Performance Review

1. Key performance data of the Fund

Category	01.08.2019 to 31.01.2020	01.08.2018 to 31.07.2019	01.08.2017 to 31.07.2018
Portfolio composition (%)			
Quoted equities - local			
Construction	5.01	6.18	2.93
Consumer Products	6.23	9.48	16.89
Energy	7.36	5.05	-
Finance	3.04	9.19	12.61
Healthcare	4.59	6.89	11
Industrial Products	21.22	17.92	15.51
Plantations	2.56	0.75	4.83
Properties	1.78	3.57	3.73
Real Estate Investment Trust ("REIT")	4.68	1.12	1.47
Technology	25.78	18.68	4.55
Telecommunication	1.93	5.35	6.94
Transportation	-	1.06	1.63
Utilities	3.93	4.32	5
Cash and other net assets	11.89	10.43	13.62
Total	100.00	100.00	100.00

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Manager's report

For the financial period from 1 August 2019 to 31 January 2020 (cont'd)

B. Performance Review (cont'd)

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

Category	01.08.2019 to 31.01.2020	01.08.2018 to 31.07.2019	01.08.2017 to 31.07.2018
NAV (RM'000)	121,745	114,307	121,710
Units in circulation (units'000)	230,524	232,216	235,387
NAV per unit (RM)	0.5281	0.4922	0.5171
Highest NAV per unit (RM)	0.5615	0.5233	0.5786
Lowest NAV per unit (RM)	0.4721	0.4461	0.4879
Net income distributed (RM'000)	-	-	-
Distribution date	-	-	-
Gross/net distribution per unit (sen)	-	-	-
Annual total return (%) ⁽¹⁾	7.29	(4.80)	(3.60)
Benchmark (%)	(1.94)	(5.41)	(9.47)
Management Expense Ratio ("MER") (%)	0.81	1.57	1.69
Portfolio Turnover Ratio ("PTR") (times)	0.50	0.59	0.46

Notes:

(1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.

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	6 months to 31.01.2020 %	1 year to 31.01.2020 %	3 years to 31.01.2020 %	5 years to 31.01.2020 %
Capital growth	7.29	13.30	5.30	8.33
Income distribution	-	-	7.46	7.46
Total return of the Fund	7.29	13.30	13.16	16.41
Benchmark	(1.94)	8.37	(7.92)	(10.77)
Average total return	-	13.30	4.21	3.08

MAYBANK MALAYSIA SMALLCAP FUND
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Manager's report

For the financial period from 1 August 2019 to 31 January 2020 (cont'd)

B. Performance Review (cont'd)

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



Source: Lipper

During the 6-months period under review, the Fund registered a capital growth of 7.29%, outperforming the benchmark's loss of -1.94%. The outperformance was attributed to overweight positions in selective technology stocks as well as some rubber gloves.

The impact of the Corona virus which begun mid-January 2020 caused uncertainty and impacted overall market sentiments, erasing initial gains early of the year. For the 1-year period, the Fund outperformed the benchmark with an average total return of 13.30% vs. its benchmark which recorded a 8.37% return.

3. Annual total return of the Fund

For the financial period ended	31.01.2020 %	31.07.2019 %	31.07.2018 %	31.07.2017 %	31.07.2016 %
Capital growth	7.29	(4.80)	(3.60)	11.56	(0.02)
Income distribution	-	-	-	8.32	-
Total return	7.29	(4.80)	(3.60)	19.88	(0.02)
Benchmark	(1.94)	(5.41)	(9.47)	10.69	(3.57)

MAYBANK MALAYSIA SMALLCAP FUND
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Manager's report

For the financial period from 1 August 2019 to 31 January 2020 (cont'd)

B. Performance Review (cont'd)

4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

C. Market Review

Over the 6 months period ending 31 January 2020, the Malaysia market registered a negative growth, with the FBM Kuala Lumpur Composite Index ("FMB KLCI") seeing a total return of -5.45%. However the FBMSC managed to register a gain 7.37% for the period, mainly contributed by the small cap components of the index. During the period, the MYR strengthen 2.2% against the greenback to 4.098 per United States Dollars ("USD").

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

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

D. Market Outlook

For the period under review, we took up a more aggressive stance on some selective small cap companies but kept our cash level higher. The Fund was overweight on technology counters as well as industrials. We recently moved into some selective Oil & Gas names and added positions into rubber gloves and plantations as Crude Palm Oil ("CPO") price continues to be on an uptrend on the back of potential vegetable oil shrinkage, African Swine Flu outbreak in China as well as implementation of B30 in Indonesia.

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Manager's report

For the financial period from 1 August 2019 to 31 January 2020 (cont'd)

D. Market Outlook (cont'd)

We anticipate that there will be some disruptions of business as the Corona Virus caused havoc across China beginning late January 2020 / February 2020. With regional markets falling sharply, Malaysian market will face downwards pressure as well. Focus will increasingly turn to disruption of supply chain and its impact on global growth.

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.

E. Investment Strategy

We believe there are opportunities for short term trading, mainly on bashed down companies from these disruptions, especially those which involves China. We turn our focus on selective technology counters and manufactures who are able to obtain supply to minimize production disruptions . On the premise that markets will continue to be volatile, we may tactically switch back our trading portion of 10-15% into cash and may hold higher cash holdings from time-to-time.

F. Soft Commissions and Rebates

The Manager and its delegates will not retain any form of soft commissions and rebates from or otherwise share in any commission with any broker in consideration for directing dealings in the investments of the Fund unless the 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 period under review, the Manager and its delegates did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK MALAYSIA SMALLCAP FUND (formerly known as MAYBANK SMALLCAP TRUST FUND) FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020

We, CIMB Commerce Trustee Berhad being the Trustee of Maybank Malaysia SmallCap Fund (formerly known as Maybank SmallCap Trust Fund) (“the Fund”) are of the opinion that Maybank Asset Management Sdn Bhd (“the Manager”), acting in the capacity as Managers of the Fund, has fulfilled its duties in the following manner for the financial period from 1 August 2019 to 31 January 2020.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Managers under the Deed and Supplemental Deeds, the Securities Commission Malaysia’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing for the Fund has been carried out in accordance with the Deed and Supplemental Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deed and Supplemental Deeds and relevant regulatory requirements.

For and on behalf of the Trustee
CIMB Commerce Trustee Berhad

Lee Kooi Yoke
Chief Operating Officer

Kuala Lumpur, Malaysia
12 March 2020

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020**

I, Ahmad Najib Bin Nazlan, being the Director of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying unaudited financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134 Interim Financial Reporting and International Accounting Standards 34 Interim Financial Reporting so as to give a true and fair view of the financial position of Maybank Malaysia SmallCap Fund (formerly known as Maybank SmallCap Trust Fund) as at 31 January 2020 and of its results, changes in equity and cash flows for the financial period from 1 August 2019 to 31 January 2020 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
12 March 2020

MAYBANK MALAYSIA SMALLCAP FUND
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020

	Note	01.08.2019 to 31.01.2020 RM	01.08.2018 to 31.01.2019 RM
INCOME			
Dividend income		1,135,955	1,604,992
Interest income		229,547	262,691
Net gain/(loss) on fair value changes of fair value through profit or loss ("FVTPL") investments	6(b)		
- Unrealised gain/(loss)		5,685,138	(12,358,670)
- Realised gain/(loss)		2,471,403	(383,419)
		<u>9,522,043</u>	<u>(10,874,406)</u>
EXPENSES			
Manager's fee	3	895,958	866,014
Trustee's fee	4	41,811	40,414
Auditors' remuneration		5,279	5,196
Tax agent's fee		2,513	2,519
Brokerage and other transaction fees		234,558	118,747
Administrative expenses		17,735	9,890
		<u>1,197,854</u>	<u>1,042,780</u>
NET INCOME/(LOSS) BEFORE TAXATION		8,324,189	(11,917,186)
TAXATION	5	(6,502)	(6,224)
NET INCOME/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>8,317,687</u>	<u>(11,923,410)</u>
Total comprehensive income/(loss) for the financial period is made up of the following:			
Realised income		2,632,549	435,260
Unrealised income/(loss)		5,685,138	(12,358,670)
		<u>8,317,687</u>	<u>(11,923,410)</u>

MAYBANK MALAYSIA SMALLCAP FUND
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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	Note	31.01.2020 RM	31.07.2019 RM
ASSETS			
Investments at FVTPL	6	107,286,293	102,382,950
Deposits with licensed financial institutions	7	14,601,129	13,276,842
Dividend receivable		21,641	127,179
Interest receivable		1,100	1,055
Cash at bank		69,843	60,116
TOTAL ASSETS		<u>121,980,006</u>	<u>115,848,142</u>
LIABILITIES			
Amount due to Manager	8	191,122	182,048
Amount due to Trustee	9	7,537	6,841
Amount due to brokers	10	-	1,297,472
Other payables and accruals	11	36,431	54,694
TOTAL LIABILITIES		<u>235,090</u>	<u>1,541,055</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>121,744,916</u>	<u>114,307,087</u>
EQUITY			
Unitholders' capital	12(a)	133,621,283	134,501,140
Accumulated losses	12(b)&(c)	<u>(11,876,366)</u>	<u>(20,194,053)</u>
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		<u>121,744,917</u>	<u>114,307,087</u>
NUMBER OF UNITS IN CIRCULATION	12(a)	<u>230,524,336</u>	<u>232,215,726</u>
NAV PER UNIT		<u>0.5281</u>	<u>0.4922</u>

MAYBANK MALAYSIA SMALLCAP FUND
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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020

	Unitholders' capital RM	Accumulated losses RM	Total equity RM
At 1 August 2019	134,501,140	(20,194,053)	114,307,087
Total comprehensive income for the financial period	-	8,317,687	8,317,687
Creation of units	148,495	-	148,495
Cancellation of units	(1,028,352)	-	(1,028,352)
At 31 January 2020	<u>133,621,283</u>	<u>(11,876,366)</u>	<u>121,744,917</u>
At 1 August 2018	136,051,015	(14,341,207)	121,709,808
Total comprehensive loss for the financial period	-	(11,923,410)	(11,923,410)
Creation of units	3,250	-	3,250
Cancellation of units	(866,674)	-	(866,674)
At 31 January 2019	<u>135,187,591</u>	<u>(26,264,617)</u>	<u>108,922,974</u>

MAYBANK MALAYSIA SMALLCAP FUND
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UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020

	01.08.2019	01.08.2018
	to	to
	31.01.2020	31.01.2019
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from disposal of investments at FVTPL	60,981,841	27,334,047
Net payment for purchase of investments at FVTPL	(59,271,612)	(22,410,463)
Net dividend received	1,234,991	1,690,094
Interest received	229,503	260,766
Manager's fee paid	(881,053)	(904,190)
Trustee's fee paid	(41,116)	(41,080)
Other expenses paid	(32,852)	(16,309)
Net cash generated from operating and investing activities	<u>2,219,702</u>	<u>5,912,865</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	148,495	3,250
Payments for cancellation of units	(1,034,183)	(834,589)
Net cash used in financing activities	<u>(885,688)</u>	<u>(831,339)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,334,014	5,081,526
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	13,336,958	16,681,921
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>14,670,972</u>	<u>21,763,447</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	69,843	24,231
Deposits with licensed financial institutions with maturity of less than 3 months (Note 7)	14,601,129	21,739,216
	<u>14,670,972</u>	<u>21,763,447</u>

MAYBANK MALAYSIA SMALLCAP FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank SmallCap Trust Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 11 February 2004 between Amanah Mutual Berhad as the Manager, and Malaysian Trustee Berhad as the Trustee and the Registered Holders of the Fund. A Second Supplemental Deed dated 28 January 2014, which was entered into between the Manager, Malaysian Trustee Berhad and the new Trustee, CIMB Commerce Trustee Berhad, was issued to amend the principal Deed. Also, Third Supplemental Deed was also issued on 27 January 2016. The Fund commenced operations on 24 March 2004 and will continue to be in operations until terminated by the Trustee as provided under the Deeds.

The Manager, a company incorporated in Malaysia, is principally engaged in the management of unit trust funds. Amanah Saham Nasional Berhad ("ASNB") and Permodalan Nasional Berhad, companies incorporated in Malaysia, were the holding and ultimate holding company of the Manager until 16 May 2018.

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

MAM and CIMB Commerce Trustee Berhad as the Trustee had entered into a Fourth Supplemental Deed dated 4 September 2018 and Fifth Supplemental Deed dated 11 July 2019. The Deed and Supplemental Deeds are hereinafter referred to as 'Deeds'.

The principal activity of the Fund is to invest in a selected portfolio of investments in small and medium size companies listed on the Main Market of Bursa Malaysia Securities Berhad and other approved investments.

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").

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 134 *Interim Financial Reporting* ("MFRS 134") and International Accounting Standards 134 *Interim Financial Reporting*.

The interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's annual financial statements as at 31 July 2019.

MAYBANK MALAYSIA SMALLCAP FUND
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial period. 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 to the financial statements. The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Standards, amendments to standards and interpretations 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</i>	1 January 2020
<i>Reform MFRS 17: 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 and 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 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.

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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

The Fund classifies cash and cash equivalents, interest receivable, and dividend receivable as financial assets at amortised cost, and is subsequently measured at amortised cost using the effective interest rate.

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 quoted equities 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 instrument or a financial guarantee.

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

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

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 year, with any gains or losses arising on remeasurement recognised in profit or loss.

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

Dividend income on investments in equity instruments at FVTPL is recognised when the Fund's right to receive the dividends is established in accordance with MFRS 9 and is disclosed separately in the profit or loss.

(iii) Impairment of financial assets

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

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

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

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

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

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

For balances with short-term nature (e.g. interest receivable), full impairment will be recognised on uncollected balances after the grace period.

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST 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 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 assets at amortised cost, gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

2.5 Financial liabilities

(i) Classification

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

(ii) 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 interest 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.

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

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

2.6 Unitholders' capital

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

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

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

2.7 Revenue / Income

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

Dividend income is recognised when the right to receive is established. Interest income is recognised using the effective interest rate method.

Realised gain or loss on disposal of investments is accounted for as the difference between net disposal proceeds and the carrying amounts of the investments.

2.8 Cash and cash equivalents

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

2.9 Distribution

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

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

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

2.10 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 rate based upon the taxable income earned during the financial period.

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

2.11 Fair value measurement

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

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

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

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

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

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

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

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

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

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

2.12 Functional and presentation currency

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

2.13 Segment reporting

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

2.14 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 period.

3. MANAGER'S FEE

The Manager's fee is computed daily based on 1.50% (01.08.2018 to 31.01.2019: 1.50%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

4. TRUSTEE'S FEE

The Trustee fee is calculated and accrued daily. The Trustee fee is computed based on 0.07% (01.08.2018 to 31.01.2019: 0.07%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM 18,000 p.a.

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

5. TAXATION

	01.08.2019	01.08.2018
	to	to
	31.01.2020	31.01.2019
	RM	RM
Tax charge for the financial period:		
Current income tax expense	<u>6,502</u>	<u>6,224</u>

Income tax is calculated at the Malaysian statutory rate of 24% (01.08.2018 to 31.01.2019: 24%) of the estimated assessable income for the financial period.

The tax expense for the financial 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, interest income and dividend income earned by the Fund is exempted from tax.

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

	01.08.2019	01.08.2018
	to	to
	31.01.2020	31.01.2019
	RM	RM
Net income/(loss) before taxation	<u>8,324,189</u>	<u>(11,917,186)</u>
Taxation at Malaysian statutory rate of 24% (01.08.2018 to 31.01.2019 : 24%)	1,997,805	(2,860,125)
Income not subject to tax	(2,285,290)	(448,244)
Effect of income tax at source	6,502	6,224
Expenses not deductible for tax purposes	287,485	3,308,369
Tax expense for the financial period	<u>6,502</u>	<u>6,224</u>

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

6. INVESTMENTS AT FVTPL

- (a) The equities held by the Fund are categorised based on their principal business activities according to Bursa Malaysia sector classification as at reporting dates.

			31.01.2020	31.07.2019
			RM	RM
Investments at FVTPL			107,286,293	102,382,950
31.01.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Construction				
Econpile Holdings Bhd	3,000,000	2,223,050	1,860,000	1.53
Gabungan AQRS Bhd	2,040,000	2,397,600	2,162,400	1.78
Mitrajaya Holdings Bhd - WD	7	-	-	-
Muhibbah Engineering Bhd	148,100	352,371	251,770	0.21
TRC Synergy Bhd	1,529,200	1,108,170	588,742	0.48
Vizione Holdings Bhd	1,500,000	1,305,000	1,237,500	1.01
	<u>8,217,307</u>	<u>7,386,191</u>	<u>6,100,412</u>	<u>5.01</u>
Consumer Products				
Cocoaland Holdings Bhd	1,188,000	2,219,507	2,209,680	1.82
Guan Chong Bhd	504,300	756,450	1,517,943	1.25
Lii Hen Industries Bhd	203,800	603,578	591,020	0.49
MBM Resources Bhd	400,000	1,679,920	1,520,000	1.25
MyNEWS Holdings Bhd	2,006,900	2,182,738	1,746,003	1.42
	<u>4,303,000</u>	<u>7,442,193</u>	<u>7,584,646</u>	<u>6.23</u>
Energy				
Bumi Armada Bhd	4,000,000	1,262,600	1,420,000	1.17
Dayang Enterprise Holdings Bhd	660,000	952,985	1,828,200	1.50
Deleum Berhad	265,600	274,589	225,760	0.19
KNM Group Bhd	7,800,000	2,820,000	2,028,000	1.67
Perdana Petroleum Berhad	3,000,000	1,125,000	1,335,000	1.10
Petra Energy Berhad	1,843,600	2,667,549	2,120,140	1.73
	<u>17,569,200</u>	<u>9,102,723</u>	<u>8,957,100</u>	<u>7.36</u>

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

6. INVESTMENTS AT FVTPL

31.01.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Finance				
Malayan Banking Bhd **	276,804	2,208,852	2,333,458	1.92
RHB Bank Bhd	240,000	1,248,103	1,365,600	1.12
RHB Capital Bhd *	370,000	-	-	-
	<u>886,804</u>	<u>3,456,955</u>	<u>3,699,058</u>	<u>3.04</u>
Healthcare				
Kossan Rubber Industries Bhd	438,300	1,661,975	2,147,670	1.76
Supermax Corporation Bhd	1,932,476	2,795,802	3,439,807	2.83
	<u>2,370,776</u>	<u>4,457,777</u>	<u>5,587,477</u>	<u>4.59</u>
Industrial Products				
Destini Berhad	10,000,000	2,172,000	1,850,000	1.52
Dufu Technology Corp Bhd	848,900	2,138,693	3,276,754	2.69
FoundPac Group Berhad	4,000,000	1,340,175	2,920,000	2.40
HPMT Holdings Berhad	4,000,000	2,240,000	1,640,000	1.35
Pantech Group Holdings Berhad	3,239,265	1,791,240	1,571,044	1.29
Pestech International Berhad	2,000,000	2,868,250	2,500,000	2.05
SKP Resources Bhd	2,220,000	2,731,610	3,330,000	2.74
SLP Resources Bhd	2,211,300	2,846,939	2,432,430	2.00
Superlon Holdings Berhad	1,674,400	1,687,580	1,339,520	1.10
Thong Guan Industries Berhad	785,900	2,710,958	2,789,945	2.28
UCHI Technologies Bhd	830,000	2,522,492	2,191,200	1.80
	<u>31,809,765</u>	<u>25,049,937</u>	<u>25,840,893</u>	<u>21.22</u>
Property				
Malaysian Resources Corporation Bhd	2,812,500	2,504,993	1,884,375	1.55
SP Setia Bhd	320,000	320,000	288,000	0.23
	<u>3,132,500</u>	<u>2,824,993</u>	<u>2,172,375</u>	<u>1.78</u>
Plantation				
Hap Seng Plantations Bhd	776,700	1,446,077	1,297,089	1.07
Sarawak Oil Palms Bhd	529,400	1,663,425	1,815,842	1.49
	<u>1,306,100</u>	<u>3,109,502</u>	<u>3,112,931</u>	<u>2.56</u>

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

6. INVESTMENTS AT FVTPL

31.01.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Real Estate Investment Trust ("REIT")				
AXIS REIT	3,199,700	5,739,744	5,695,466	4.68
Technology				
D&O Green Technologies Bhd	6,032,000	3,811,333	4,795,440	3.94
Datasonic Group Bhd	1,900,000	1,323,695	2,774,000	2.28
Frontken Corp Bhd	2,431,500	2,447,975	5,689,710	4.67
GHL Systems Bhd	850,000	1,311,465	1,266,500	1.04
Globetronics Technology Bhd	1,500,000	2,845,200	3,540,000	2.91
I-Stone Group Bhd	15,540,700	3,520,721	3,185,844	2.62
JHM Consolidation Bhd	1,350,300	1,602,492	1,984,941	1.62
K-One Technology Bhd	4,031,800	984,532	846,678	0.70
Pentamaster Corporation Bhd	1,491,600	4,182,140	7,308,840	6.00
	<u>35,127,900</u>	<u>22,029,553</u>	<u>31,391,953</u>	<u>25.78</u>
Telecommunications and Media				
Green Packet Bhd	1,859,000	1,301,300	1,189,760	0.98
OCK Group Bhd	2,000,000	1,200,000	1,160,000	0.95
	<u>3,859,000</u>	<u>2,501,300</u>	<u>2,349,760</u>	<u>1.93</u>
Utilities				
Ranhill Holdings Bhd	3,338,460	4,044,307	3,288,383	2.70
Taliworks Corporation Bhd	1,803,400	1,599,319	1,505,839	1.23
	<u>5,141,860</u>	<u>5,643,626</u>	<u>4,794,222</u>	<u>3.93</u>
Total FVTPL investments	<u>116,923,912</u>	<u>98,744,494</u>	<u>107,286,293</u>	<u>88.11</u>
Unrealised gain on FVTPL investments			<u>8,541,799</u>	

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

6. INVESTMENTS AT FVTPL (CONT'D)

31.07.2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Construction				
Gabungan AQRS Bhd	2,040,000	2,397,600	2,856,000	2.50
IJM Corp Bhd	500,000	986,192	1,165,000	1.02
Mitrajaya Holdings Bhd - WD	7	-	-	-
Muhibbah Engineering (M) Bhd	780,000	1,855,838	2,098,200	1.84
TRC Synergy Bhd	1,529,200	1,108,170	940,458	0.82
	<u>4,849,207</u>	<u>6,347,800</u>	<u>7,059,658</u>	<u>6.18</u>
Consumer Products				
Bermaz Auto Bhd	500,000	250,000	1,275,000	1.12
Cocoaland Holdings Bhd	1,188,000	2,219,507	2,257,200	1.97
Guan Chong Bhd	823,100	2,469,300	2,971,391	2.60
Hai-O Enterprise Bhd	265,900	592,633	603,593	0.53
Lii Hen Industries Bhd	830,000	2,458,145	2,456,800	2.15
Malayan Flour Mills Bhd	1,890,900	3,671,417	1,266,903	1.11
	<u>5,497,900</u>	<u>11,661,002</u>	<u>10,830,887</u>	<u>9.48</u>
Energy				
Hibiscus Petroleum Bhd	2,800,000	3,590,940	2,940,000	2.57
KNM Group Bhd	7,000,000	2,520,000	2,835,000	2.48
	<u>9,800,000</u>	<u>6,110,940</u>	<u>5,775,000</u>	<u>5.05</u>
Finance				
Aeon Credit Service (M) Bhd	275,231	2,766,883	4,552,321	3.98
CIMB Group Holdings Bhd	440,567	2,297,652	2,238,080	1.96
Malayan Banking Bhd **	276,804	2,208,852	2,394,355	2.09
RHB Banking Bhd	240,000	1,248,103	1,320,000	1.15
RHB Capital Bhd *	370,000	-	-	-
	<u>1,602,602</u>	<u>8,521,490</u>	<u>10,504,756</u>	<u>9.19</u>
Healthcare				
Kossan Rubber Industries Bhd	680,000	2,578,469	2,767,600	2.42
KPJ Healthcare Bhd	2,850,000	2,981,098	2,664,750	2.33
Supermax Corporation Bhd	500,000	762,800	830,000	0.73
Top Glove Corp Bhd	356,000	1,612,911	1,616,240	1.41
	<u>4,386,000</u>	<u>7,935,278</u>	<u>7,878,590</u>	<u>6.89</u>

MAYBANK MALAYSIA SMALLCAP FUND
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6. INVESTMENTS AT FVTPL (CONT'D)

31.07.2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Industrial Products				
Cahaya Mata Sarawak Bhd	1,180,000	4,667,624	3,351,200	2.93
Cypark Resources Bhd	1,973,100	3,210,786	2,841,264	2.49
Foundpac Group Bhd	4,260,000	1,414,931	1,448,400	1.27
HPMT Holdings Bhd	4,000,000	2,240,000	1,580,000	1.38
Pantech Group Holdings Bhd	2,369,965	1,354,090	1,184,983	1.04
Pestech International Bhd	2,000,000	2,868,250	2,880,000	2.52
SKP Resources Bhd	2,000,000	2,491,050	2,480,000	2.17
SLP Resources Bhd	1,211,300	1,548,089	1,538,351	1.35
Superlon Holdings Bhd	690,600	752,793	614,634	0.54
Techbond Group Bhd	400,000	264,000	302,000	0.26
Uchi Technologies Bhd	830,000	2,522,492	2,257,600	1.98
	<u>20,914,965</u>	<u>23,334,105</u>	<u>20,478,432</u>	<u>17.92</u>
Plantation				
Ta Ann Holdings Bhd	<u>383,500</u>	<u>1,378,234</u>	<u>862,875</u>	<u>0.75</u>
Property				
Malaysian Resources Corporation Bhd	2,880,000	2,565,112	2,620,800	2.29
MKH Bhd	964,600	2,148,390	1,167,166	1.02
S P Setia Bhd - PA	320,000	320,000	288,000	0.25
	<u>4,164,600</u>	<u>5,033,502</u>	<u>4,075,966</u>	<u>3.57</u>
Real Estate Investment Trust (REIT)				
MRCB-Quill REIT	<u>1,200,000</u>	<u>1,475,279</u>	<u>1,284,000</u>	<u>1.12</u>
Telecommunications				
Digi.Com Bhd	540,000	2,468,241	2,700,000	2.36
TIME dotCom Bhd	380,000	1,481,674	3,420,000	2.99
	<u>920,000</u>	<u>3,949,915</u>	<u>6,120,000</u>	<u>5.35</u>

MAYBANK MALAYSIA SMALLCAP FUND
(formerly known as MAYBANK SMALLCAP TRUST FUND)

6. INVESTMENTS AT FVTPL (CONT'D)

31.07.2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Technology				
Datasonic Group Bhd	1,200,000	822,700	816,000	0.71
Frontken Corp Bhd	3,300,000	3,322,360	5,148,000	4.50
Globetronics Technology Bhd	1,500,000	2,845,200	2,670,000	2.34
JHM Consolidation Bhd	1,638,500	1,944,519	2,064,510	1.81
K-One Technology Bhd	4,031,800	984,532	907,155	0.79
MY E.G. Services Bhd	1,880,000	2,421,018	2,914,000	2.55
Pentamaster Corporation Bhd	1,581,600	3,948,711	5,551,416	4.86
UWC Bhd	928,900	1,182,303	1,281,882	1.12
	<u>16,060,800</u>	<u>17,471,343</u>	<u>21,352,963</u>	<u>18.68</u>
Transportation				
Suria Capital Holdings Bhd	869,000	1,640,497	1,216,600	1.06
Utilities				
Ranhill Holdings Bhd	3,569,960	4,324,752	4,569,549	4.00
Taliworks Corp Bhd	412,900	342,153	373,674	0.33
	<u>3,982,860</u>	<u>4,666,905</u>	<u>4,943,223</u>	<u>4.32</u>
Total FVTPL investments	<u>74,631,434</u>	<u>99,526,290</u>	<u>102,382,950</u>	<u>89.57</u>
Unrealised gain on FVTPL investments			<u>2,856,660</u>	

* As at the reporting date, the Fund holds shares in RHB Capital Bhd, which has been delisted to facilitate the transfer of shares and listing status to RHB Bank Bhd. Following the spin-off event on 2 June 2016, there is no cost and market value for the said security as all assets and liabilities have been vested to RHB Bank Bhd.

** Malayan Banking Bhd is the ultimate holding company of the Manager.

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

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7. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	31.01.2020	31.07.2019
	RM	RM
Licensed banks	<u>14,601,129</u>	<u>13,276,842</u>

The weighted average effective interest rates ("WAEIR") of deposits and the average maturity of deposits as at the reporting date were as follows:

	31.01.2020		31.07.2019	
	WAEIR	Average	WAEIR	Average
	% p.a.	maturity	% p.a.	maturity
		Days		Days
Licensed banks				
- less than 3 months	<u>2.75</u>	<u>3</u>	<u>2.90</u>	<u>1</u>

8. AMOUNT DUE TO MANAGER

		31.01.2020	31.07.2019
		RM	RM
Amount due to Manager is in respect of:			
Manager's fee	(i)	161,505	146,600
Cancellation of units	(ii)	<u>29,617</u>	<u>35,448</u>
		<u>191,122</u>	<u>182,048</u>

(i) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial period. The normal credit term for Manager's fee is 15 days (31.07.2019: 15 days)

(ii) The amount represented amount payable to the Manager for units cancelled.

9. AMOUNT DUE TO TRUSTEE

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

10. AMOUNT DUE TO BROKERS

Amount due to brokers relates to the amount payable to brokers arising from the purchase of investments. The settlement period for this payable is within 2 working days from the deal date.

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11. OTHER PAYABLES AND ACCRUALS

	31.01.2020	31.07.2019
	RM	RM
Due to external auditors	5,279	12,084
Due to tax agents	6,445	8,681
Other payables and accruals	24,707	33,929
	<u>36,431</u>	<u>54,694</u>

12. TOTAL EQUITY

		01.08.2019	01.08.2018
		to	to
	Note	31.01.2020	31.07.2019
		RM	RM
Unitholders' capital	12 (a)	133,621,283	134,501,140
Accumulated realised loss	12 (b)	(20,418,164)	(23,050,713)
Accumulated unrealised income	12 (c)	8,541,798	2,856,660
		<u>121,744,917</u>	<u>114,307,087</u>

(a) Unitholder's capital

	01.08.2019		01.08.2018	
	to		to	
	31.01.2020		31.07.2019	
	Units	RM	Units	RM
As at beginning of the financial period/year	232,215,726	134,501,140	235,386,500	136,051,015
Creation of units	287,273	148,495	55,888	26,777
Cancellation of units	(1,978,663)	(1,028,352)	(3,226,662)	(1,576,652)
As at end of the financial period/year	<u>230,524,336</u>	<u>133,621,283</u>	<u>232,215,726</u>	<u>134,501,140</u>

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

	31.01.2020		31.07.2019	
	Units	RM	Units	RM
MBB, the ultimate holding of the Manager	<u>205,722,214</u>	<u>108,646,376</u>	<u>205,722,214</u>	<u>101,265,782</u>

The units are held beneficially by the Manager for booking purposes, and are within the prescribed limit allowed by the SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the directors or parties related to the Manager.

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12. TOTAL EQUITY (CONT'D)

	01.08.2019	01.08.2018
	to	to
	31.01.2020	31.07.2019
	RM	RM
(b) Accumulated realised loss		
At the beginning of the financial period	(23,050,713)	(22,009,375)
Net realised income for the financial period	2,632,549	(1,041,338)
At the end of the financial period	<u>(20,418,164)</u>	<u>(23,050,713)</u>

Disposal of certain underperforming investment prior to 1 August 2011 resulted in the significant accumulated realised losses brought forward.

(c) Accumulated unrealised income

At the beginning of the financial period	2,856,660	7,668,168
Net unrealised loss for the financial period	5,685,138	(4,811,508)
At the end of the financial period	<u>8,541,798</u>	<u>2,856,660</u>

13. TRANSACTIONS WITH BROKERS/DEALERS

The transactions with top 10 brokers/dealers for the current and previous financial period are as follows:

	Value of	Percent of	Brokerage	Percent of
	trade	total trade	fees	brokerage
01.08.2019 to 31.01.2020	RM	%	RM	fees
				%
Kenanga Investment Bank Bhd	28,739,183	24.40	55,643	30.52
Hong Leong Investment Bank Bhd	19,270,528	16.36	33,262	18.24
TA Securities Bhd	17,854,551	15.16	18,029	9.89
JF Apex Securities Bhd	17,202,552	14.60	17,388	9.54
RHB Investment Bank Bhd	13,236,010	11.24	30,423	16.69
Maybank Investment Bank Bhd ("MIBB") *	5,992,110	5.09	10,920	5.99
MIDF Amanah Investment Bank Bhd	4,253,711	3.61	4,273	2.34
M&A Securities Bhd	3,389,173	2.88	3,389	1.86
CIMB Investment Bank Bhd	2,862,780	2.43	1,382	0.76
UOB Kay Hian Securities Sdn Bhd	2,382,202	2.02	2,386	1.31
Others	2,611,983	2.21	5,224	2.86
	<u>117,794,783</u>	<u>100.00</u>	<u>182,319</u>	<u>100.00</u>

MAYBANK MALAYSIA SMALLCAP FUND
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13. TRANSACTIONS WITH BROKERS/DEALERS (CONT'D)

01.08.2018 to 31.07.2019	Value of trade RM	Percent of total trade %	Brokerage fees RM	Percent of brokerage fees %
Maybank Investment Bank Bhd ("MIBB") *	9,244,499	18.37	13,974	15.13
Affin Investment Bank Bhd	6,516,773	12.95	13,035	14.11
Kenanga Investment Bank Bhd	6,462,947	12.85	12,964	14.03
CIMB Investment Bank Bhd	5,773,890	11.48	11,542	12.49
Hong Leong Investment Bank Bhd	4,279,190	8.51	7,155	7.75
Alliance Investment Bank Bhd	3,140,442	6.24	6,278	6.80
JP Morgan Securities (M) Bhd	3,006,471	5.98	6,025	6.52
RHB Investment Bank Bhd	1,986,912	3.95	4,024	4.36
CLSA Securities (M) Sdn Bhd	1,382,430	2.75	2,759	2.99
Others	8,519,130	16.93	14,620	15.83
	<u>50,312,684</u>	<u>100.00</u>	<u>92,376</u>	<u>100.00</u>

* MIBB is a subsidiary of Malayan Banking Bhd ("MBB"), the ultimate holding company of the Manager.

14. 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 period.

Other than those disclosed elsewhere in the financial statements, the significant related party transactions and balances as at the reporting date are as below.

	01.08.2019 to 31.01.2020 RM	01.08.2018 to 31.07.2019 RM
(a) Significant related party transactions		
MBB:		
Interest income from deposits	112,477	244,959
Dividend income	69,201	153,734

MAYBANK MALAYSIA SMALLCAP FUND
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14. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES (CONT'D)

(b) Significant related party balances

MBB:

Deposit with a licensed financial institution	9,647,889	2,922,842
Interest income receivable	<u>2,220</u>	<u>232</u>

15. MANAGEMENT EXPENSE RATIO ("MER")

MER is calculated based on the ratio of the total fees and recovered expenses for the year, to the average daily NAV of the Fund. For the financial period ended 1 August 2019 to 31 January 2020, the MER of the Fund stood at 0.81% (01.08.2018 to 31.01.2019: 0.81%).

16. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial period to the daily average NAV of the Fund. For the financial period ended 1 August 2019 to 31 January 2020, the PTR of the Fund stood at 0.50 times (01.08.2018 to 31.01.2019: 0.24 times).

17. FAIR VALUE HIERARCHY

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.01.2020				
Investments at FVTPL	<u>107,286,293</u>	<u>-</u>	<u>-</u>	<u>107,286,293</u>
31.07.2019				
Investments at FVTPL	<u>102,382,950</u>	<u>-</u>	<u>-</u>	<u>102,382,950</u>

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18. SEGMENTAL REPORTING

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker of the Manager 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 chief operating decision-maker is responsible for the performance of the Fund by investing a minimum of 70% of the Fund's assets in equities and equity-related securities, and a minimum of 2% of the Fund's NAV will be invested in liquid assets.

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

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

19. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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