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# **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

(formerly known as MAYBANK ETHICAL TRUST FUND)

**Unaudited Interim Report  
For financial period from 1 September 2019 to 29  
February 2020**

## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (199701006283 (421779-M))

Level 12 Tower C

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### **TRUSTEE**

HSBC (Malaysia) Trustee Berhad (19370100084 (001281T))

13th Floor, HSBC South Tower

No. 2, Leboh Ampang

Kuala Lumpur Sentral

50100 Kuala Lumpur

## **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
**(formerly known as MAYBANK ETHICAL TRUST FUND)**

**Manager's report**

**For the financial period from 1 September 2019 to 29 February 2020**

**A. Fund Information**

**1. Name of the Fund**

Maybank Malaysia Ethical Dividend Fund (formerly known as Maybank Ethical Trust Fund) (the "Fund")

**2. Type of Fund**

Income and growth

**3. Category of Fund**

Equity

**4. Duration of the Fund**

The Fund is an open-ended Fund.

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

7 January 2003 / 28 January 2003

**6. Fund's investment objective**

The Fund seeks to provide investors with income and capital growth for Medium to Long Term through investments that comply with ethical principles.

**7. Fund distribution policy**

Income distribution (if any) is declared at the end of the financial year of the Fund or for any specified period at the Manager's discretion, subject to Trustee's approval.

**8. Ethical Principles**

The Fund will screen its investments and remove companies whose principal business involves the promotion of gambling, tobacco and alcohol. This screen is known as the *negative filter*. The Fund will also abstain from investing in companies that have violated ethical principles. The remaining securities after the negative filters are deemed as ethical. The Fund also has *positive filters* as follows:

	<b>Positive Filters</b>	<b>Examples</b>
i.	Environmentally friendly	- Provides eco-friendly products and services - Prevention of pollution - Recycling
ii.	Promotes healthy social values	- Promotes sports, community projects - Fulfils social obligations - Charitable - Good community relations
iii.	Maintain good corporate governance	- Ensures compliance to regulations and proper dissemination of information to stakeholders and employees - Steering management to enhance well-being of employees and customers

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
**(formerly known as MAYBANK ETHICAL TRUST FUND)**

**Manager's report**

**For the financial period from 1 September 2019 to 29 February 2020 (cont'd)**

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

**9. Fund's performance benchmark**

FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI")

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

The principal activity of the Fund is to invest between 70% to 98% of the Fund's net asset value ("NAV") in shares, and between 2% to 30% of the Fund's NAV in cash or fixed income securities (or a combination of both).

**11. Net income distribution for the financial period from 1 September 2019 to 29 February 2020**

The Fund did not declare any distribution for the financial period from 1 September 2019 to 29 February 2020.

**12. Breakdown of unitholdings by size**

**Fund size**

As at 29 February 2020, the size of the Fund was 377,502,691 units.

**Breakdown of unitholdings as at 29 February 2020**

<b>Unitholdings</b>	<b>No. of unitholders</b>	<b>%</b>	<b>No. of units ('000)</b>	<b>%</b>
5,000 units and below	245	10.99	679	0.20
5,001 to 10,000 units	255	11.44	1,882	0.56
10,001 to 50,000 units	939	42.13	24,330	7.21
50,001 to 500,000 units	734	32.93	90,598	26.84
500,001 units and above	56	2.51	220,014	65.19
<b>Total</b>	<b>2,229</b>	<b>100.00</b>	<b>*337,503</b>	<b>100.00</b>

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

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**Manager's report**

**For the financial period from 1 September 2019 to 29 February 2020 (cont'd)**

**B. Performance Review**

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

<b>Category</b>	<b>FPE2020</b>	<b>FY2019</b>	<b>FY2018</b>
<b>Portfolio</b>			
<b>Quoted equities - Local</b>			
Construction	4.45	5.81	2.15
Consumer Products & Services	9.75	9.10	11.10
Energy	5.25	-	-
Financial Services	18.25	24.68	24.52
Healthcare	2.70	0.83	2.77
Industrial Products & Services	4.26	4.97	7.95
Plantations	3.57	1.01	10.80
Properties	1.74	4.35	4.84
Technology	7.40	1.05	-
Telecommunications & Media	2.94	4.24	2.24
Real Estate Investment Trust ("REIT")	9.06	6.31	-
Transportation & Logistics	8.30	11.59	7.16
Utilities	7.46	6.78	5.67
<b>Quoted equities - Foreign</b>			
Hong Kong	-	3.05	5.99
Singapore	3.84	1.54	-
<b>Cash and other net assets (%)</b>	11.03	14.68	14.81
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**Manager's report**

**For the financial period from 1 September 2019 to 29 February 2020 (cont'd)**

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

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

Category	FPE2020	FY2019	FY2018
NAV (RM'000)	98,027	115,055	132,734
Units in circulation (units'000)	337,503	364,352	366,839
NAV per unit (RM)	0.2904	0.3158	0.3618
Highest NAV per unit (RM)	0.3177	0.3639	0.3914
Lowest NAV per unit (RM)	0.2905	0.3072	0.3429
Net income distributed (RM'000)	-	9,062	-
Distribution date	-	30/9/2018	-
Gross distribution per unit (sen)	-	2.50	-
Net distribution per unit (sen)	-	2.49	-
Annual total return (%) <sup>(1)</sup>			
- Capital growth (%)	(7.98)	(12.74)	(1.34)
- Income distribution (%)	-	7.40	-
Benchmark (%)	(8.03)	(11.40)	2.62
Management Expense Ratio ("MER") (%)	0.82	1.62	1.74
Portfolio Turnover Ration ("PTR") (times) <sup>(2)</sup>	0.36	0.43	0.60

**Notes:**

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

(2) The MER of the Fund reduced to 0.82 in the current financial period from 1 September 2019 to 29 February 2020.

(3) The PTR of the Fund reduced to 0.36 times due to lower investing activities during the current financial period under review.

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

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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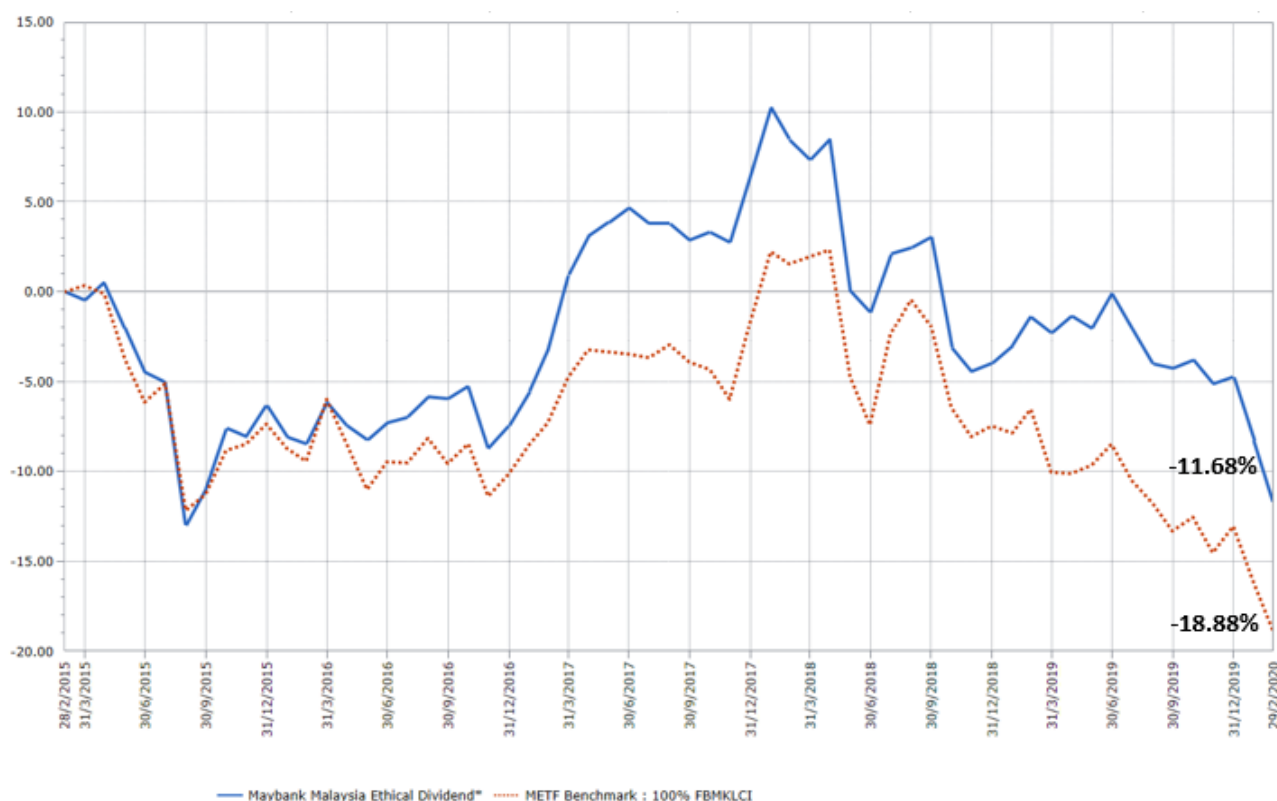
**Manager's report**

For the financial period from 1 September 2019 to 29 February 2020 (cont'd)

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

**2. Performance of the Fund up to 29 February 2020**

Category	6 months to 29.02.2020	1 year to 29.02.2020 %	3 year to 29.02.2020 %	5 year to 29.02.2020 %
Capital growth	(7.98)	(10.42)	(21.21)	(39.67)
Income distribution	-	-	15.87	46.39
Total return of the Fund	(7.98)	(10.42)	(8.71)	(11.68)
Benchmark	(8.03)	(13.18)	(12.47)	(18.88)
Average total return	-	(10.40)	(2.99)	(2.45)



Source: Lipper

For the period under review, the fund achieved a total return of -7.98%, slightly outperforming its benchmark, FBMKLCI which registered a return of -8.03%. This was mainly due to the underweighting of the financials, communication and materials sector. Besides that, the strategy to overweight position in the REITs sector also contributed to the outperformance. However, the Fund was dragged by the underperformance of the construction and technology sectors. Top 3 contributors to the Fund's performance were Kossan Industries, Axis REIT and Supermax whereas top 3 detractors to the Fund's performance were Public Bank, Westports and Berjaya Food.



**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**Manager's report**

**For the financial period from 1 September 2019 to 29 February 2020 (cont'd)**

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

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

<b>For the financial period/year ended</b>	<b>29.02.2020</b>	<b>31.08.2019</b>	<b>31.08.2018</b>	<b>31.08.2017</b>	<b>31.08.2016</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Capital growth	(7.98)	(12.74)	(1.34)	2.17	(2.68)
Income distribution	-	7.40	-	8.02	10.84
Total return	(7.98)	(6.29)	(1.34)	10.20	8.16
Benchmark	(8.03)	(11.40)	2.62	5.67	4.57

**4. Basis of calculation made in calculating the returns:**

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

An illustration of the above would be as follows:

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

**C. Market Review**

During the period under review, most equity markets registered negative returns on concerns of a slower global growth as a result of the coronavirus ("COVID-19") outbreak. Dow Jones registered a loss of 3.8% while the broader S&P500 index registered a gain of 1.0% for the period. Meanwhile, Euro Stoxx 50 registered a loss of 2.8%. Regionally, most markets were down except for Hong Kong and Taiwan, which posted a positive return of 1.6% and 6.4%. China, Singapore, Thailand, Indonesia and Philippines were all down, posting a negative return of 0.2%, 3.1%, 19.0%, 13.8% and 15.0%

During the period under review, markets were positive for the first few months as most market experienced a strong fourth quarter in 2019 but took a turn when the fears of the potential negative impact from the Covid-19 outbreak on the Chinese and global growth sent stocks on a downward spiral. The year 2020 started on a positive note in anticipation of the signing of the 'phase 1' US-China trade deal. The signing of the 'phase 1' US-China trade deal proceeded as widely expected on 15 January 2020 but equity markets saw a sharp correction in the second half of the month on concerns over the spread of the novel coronavirus and its detrimental effect on global economic growth. Markets saw a short-lived recovery in early February 2020 before selling off again towards month end as the number of cases outside China began increasing steadily. The COVID-19 shockwaves reverberated across markets globally with the S&P500 Index registering one of its sharpest corrections (-11.5% in the last week of February 2020) seen in years and 10-year US Treasury yields falling to fresh lows of 1.1%.

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**Manager's report**

**For the financial period from 1 September 2019 to 29 February 2020 (cont'd)**

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

Domestically, the large cap FBM KLCI Index closed -8.0% for the period, while the broader market FBM Emas Index posted loss of 7.7%. However, the FBM SmallCap Index managed to register a smaller loss of 1.1% for the period. For Malaysia, there was a period of political uncertainty in the month of February 2020 which led the market down 3.2%, plunging to a lowest level since 2011/2012.

For the period, foreign funds have taken out RM5.9bn net worth of equities. Strong outflow was seen in the month of February 2020, resulting a net outflow of RM2.1 billion year to date ("YTD").

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 Numbers 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 first quarter 2020 corporate results in February 2020. Key sectors that underperformed include automotive, aviation, construction, healthcare, oil and gas and technology. For financial year 2020, analysts have revised their estimates and are looking at an earnings growth of 0-5%.

**D. Market Outlook & Strategy**

Entering into 2020, we started off positive on Asian equities with the prospect of a partial US-China trade deal and supported by still-ample liquidity. Low yields further support the attractiveness of equity relative to fixed income. However, the novel coronavirus outbreak has introduced fresh uncertainties in the markets. The situation remains fluid and unpredictable. Should the situation blow out of control, the economic impact may be more severe thus prolonging the correction.

Domestically, we see the possibility of a better 2020 after past years' underperformance. While we think that the political scene could post downside risks on more uncertainties, we also think that the newly formed government will put in more effort to stimulate the local economy. Generally, returns comes from earnings growth and starting valuation. We have been experiencing negative earnings growth over the past few years but could likely have some earnings growth going forward provided the coronavirus outbreak is not prolonged. Valuations wise, the local market is already trading close to -3 standard deviation ("SD") of its 5 year mean which could mean that downside could be fairly limited. Besides that, the ample liquidity represented by the large pension funds, life insurance and other institutional investor may help support the market.

Strategy wise, we continue to be cautious and may hold higher level of cash time to time by reducing exposure to cyclical sectors. We are monitoring the outbreak closely and will opportunistically accumulate on companies with sound fundamentals as value emerges. We will continue to hold steady yielding companies to anchor the portfolio to weather market volatility. These include stocks in the REITs sector that offer defensiveness in times of uncertainties.

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND  
(formerly known as MAYBANK ETHICAL TRUST FUND)**

**Manager's report**

**For the financial period from 1 September 2019 to 29 February 2020 (cont'd)**

**E. Significant Changes in the State of Affairs of the Fund**

The following changes are with effect from 17 January 2020:

- The name of the Fund has been changed to Maybank Malaysia Ethical Dividend Fund; and
- The Fund is no longer required to have a panel of advisors, and hence, the panel has been removed.

**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 ETHICAL DIVIDEND FUND (Formerly known as MAYBANK ETHICAL TRUST FUND) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 29 FEBRUARY 2020**

We have acted as Trustee of Maybank Malaysia Ethical Dividend Fund (formerly known as Maybank Ethical Trust Fund) ("the Fund") for the financial period from 1 September 2019 to 29 February 2020. To the best of our knowledge, Maybank Asset Management Sdn Bhd ("the Management Company"), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Manager, Investment Compliance Monitoring  
Kuala Lumpur  
10 April 2020

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK MALAYSIA ETHICAL DIVIDEND FUND  
(Formerly known as MAYBANK ETHICAL TRUST FUND)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 29 FEBRUARY 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 the Maybank Malaysia Ethical Dividend Fund (formerly known as Maybank Ethical Trust Fund) as at 29 February 2020 and of its results, changes in equity and cash flows for the financial period from 1 September 2019 to 29 February 2020 and comply with the requirements of the Deeds.

For and on behalf of the Manager

**Ahmad Najib Bin Nazlan**  
Director

Kuala Lumpur, Malaysia  
10 April 2020

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
**(formerly known as MAYBANK ETHICAL TRUST FUND)**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 29 FEBRUARY 2020**

		<b>01.09.2019</b>	<b>01.09.2018</b>
		<b>to</b>	<b>to</b>
		<b>29.02.2020</b>	<b>28.02.2019</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
<b>INVESTMENT INCOME</b>			
Dividend income		1,545,885	1,958,082
Interest income		149,698	240,413
Net loss on financial assets at fair value through profit or loss ("FVTPL")	7(c)		
- Unrealised loss		(4,213,720)	(5,683,811)
- Realised (loss)/gain		(5,014,485)	(370,504)
Net loss on foreign exchange and forward currency contracts	3	(13,326)	(82,279)
Other income		6,028	-
		<u>(7,539,920)</u>	<u>(3,938,099)</u>
<b>EXPENSES</b>			
Manager's fee	4	817,157	922,477
Trustee's fee	5	43,582	49,199
Auditors' remuneration		4,475	4,901
Tax agent's fee		1,739	2,232
Brokerage and other transaction fees		172,365	61,621
Administrative expenses		36,848	31,892
		<u>1,076,166</u>	<u>1,072,322</u>
<b>Net loss before taxation</b>		(8,616,086)	(5,010,421)
<b>Taxation</b>	6	(32,670)	(11,887)
<b>Net loss after taxation, and total comprehensive loss for the financial period</b>		<u>(8,648,756)</u>	<u>(5,022,308)</u>
<b>Net loss after taxation is made up of the following:</b>			
Net realised (loss)/income		(4,163,012)	761,851
Net unrealised loss		(4,485,744)	(5,784,159)
		<u>(8,648,756)</u>	<u>(5,022,308)</u>
<b>Distributions for the financial period:</b>			
Net distributions	15	-	9,061,884
Gross distribution per unit (sen)	15	-	2.50
Net distribution per unit (sen)	15	-	2.49
Distribution date	15	-	30/09/2018

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AS AT 29 FEBRUARY 2020**

	Note	29.02.2020 RM	31.08.2019 RM
<b>ASSETS</b>			
Financial assets at FVTPL	7	87,203,441	98,124,841
Deposits with licensed financial institutions	8	6,400,006	15,045,846
Dividend receivable		129,158	141,848
Interest receivable		929	2,391
Amount due from brokers	9	-	1,034,618
Amount due from Manager	10	49,020	2,454
Cash at bank	11	4,552,461	1,101,489
<b>TOTAL ASSETS</b>		<u>98,335,015</u>	<u>115,453,487</u>
<b>LIABILITIES</b>			
Amount due to Manager	10	288,434	332,228
Amount due to Trustee	12	6,515	7,898
Other payables and accruals	13	13,145	58,007
<b>TOTAL LIABILITIES</b>		<u>308,094</u>	<u>398,133</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>98,026,921</u>	<u>115,055,354</u>
<b>EQUITY</b>			
Unitholders' capital	14(a)	104,501,722	112,881,399
Accumulated losses/Retained earnings	14(b)&(c)	<u>(6,474,801)</u>	<u>2,173,955</u>
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>		<u>98,026,921</u>	<u>115,055,354</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	14(a)	<u>337,502,691</u>	<u>364,352,464</u>
<b>NAV PER UNIT</b>		<u>0.2904</u>	<u>0.3158</u>

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 29 FEBRUARY 2020**

	<b>Unitholders' capital Note 14(a) RM</b>	<b>Accumulated loss/ Retained earnings Note 14(b) &amp;(c) RM</b>	<b>Total equity RM</b>
<b>At 1 September 2019</b>	112,881,399	2,173,955	115,055,354
Total comprehensive loss for the financial period	-	(8,648,756)	(8,648,756)
Creation of units	236,592	-	236,592
Cancellation of units	(8,616,269)	-	(8,616,269)
<b>At 29 February 2020</b>	<u>104,501,722</u>	<u>(6,474,801)</u>	<u>98,026,921</u>
<b>At 1 September 2018</b>	113,333,176	19,401,258	132,734,434
Total comprehensive loss for the financial period		(5,022,308)	(5,022,308)
Creation of units	88,372	-	88,372
Reinvestment of units	9,061,884	-	9,061,884
Cancellation of units	(5,459,900)	-	(5,459,900)
Distribution (Note 15)	-	(9,061,884)	(9,061,884)
<b>At 28 February 2019</b>	<u>117,023,532</u>	<u>5,317,066</u>	<u>122,340,598</u>



**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**UNAUDITED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 29 FEBRUARY 2020**

	<b>01.09.2019</b>	<b>01.09.2018</b>
	<b>to</b>	<b>to</b>
	<b>29.02.2020</b>	<b>28.02.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale of financial assets at FVTPL	41,655,208	14,879,460
Net payments for purchases of financial assets at FVTPL	(39,180,222)	(11,841,649)
Interest received	157,188	241,659
Net realised loss on forward foreign exchange contracts	-	(69,800)
Net dividend received	1,526,641	1,905,499
Manager's fee paid	(843,085)	(983,864)
Trustee's fee paid	(44,965)	(50,723)
Other expenses paid	(80,495)	(36,800)
Net cash generated from operating and investing activities	<u>3,190,270</u>	<u>4,043,782</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from units created	190,026	88,372
Cash paid on units cancelled	(8,634,135)	(5,318,481)
Net cash used in financing activities	<u>(8,444,109)</u>	<u>(5,230,109)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD</b>	<b>(5,253,839)</b>	<b>(1,186,327)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>16,147,335</b>	<b>19,124,738</b>
Effect of foreign exchange	58,971	2,111,045
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b><u>10,952,467</u></b>	<b><u>20,049,456</u></b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash at bank (Note 11)	4,552,461	2,640,574
Deposits with licensed financial institutions (Note 8)	6,400,006	17,408,882
	<u>10,952,467</u>	<u>20,049,456</u>

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
**(formerly known as MAYBANK ETHICAL TRUST FUND)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR FINANCIAL PERIOD FROM 1 SEPTEMBER 2019 TO 29 FEBRUARY 2020**

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

Maybank Malaysia Ethical Dividend Fund (formerly known as Maybank Ethical Trust Fund) ("Fund") was constituted pursuant to the executed Deed dated 4 December 2002 between Amanah Mutual Berhad ("AMB") as the Manager, and HSBC (Malaysia) Trustee Berhad as the Trustee and the Registered Holders of the Fund. The following supplemental Deeds have been issued between AMB and the Trustee:

- First supplemental Deed dated 4 December 2002
- Second supplemental Deed dated 12 March 2012
- Third supplemental Deed dated 20 June 2012
- Fourth supplemental Deed dated 27 January 2016

The Fund commenced operations on 7 January 2003 and will continue to be in operations until terminated by the Trustee as provided under the Deeds

The principal activity of the Fund is to invest in a selected portfolio of investments that comply with Ethical Principles. The investments mainly include equities quoted on Bursa Malaysia, fixed income securities and short term deposits. The Fund may also invest in stocks that derive the majority of their revenue from the Asia Pacific markets.

AMB, 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, the replacement Manager, and HSBC (Malaysia) Trustee Bhd 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".

MAM is 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 MAM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
**(formerly known as MAYBANK ETHICAL TRUST FUND)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

The financial statements of the Fund have been prepared for the six month period ended 29 February 2020 in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting ("MFRS 134") International Accounting Standards 34 Interim Financial Reporting, the Deeds and any regulatory requirement.

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 to the financial statements.

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

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

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Revised Conceptual Framework for Financial Reporting	1 January 2020
<i>Amendments to MFRS 3: Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108: Definition of Material</i>	1 January 2020
Amendments to MFRS 7, MFRS9 and MFRS 139: Interest Rate Benchmark Reform	1 January 2020
<i>MFRS 17: Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

**2.3 Financial instruments**

Financial assets and 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 ("FVTPL") are recognised immediately in profit or loss.

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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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 of financial assets**

The Fund classifies cash and cash equivalents, dividend receivable, interest receivable and amount due from Manager as 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 equity instruments and derivatives 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.

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.

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

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

**(ii) Financial assets at FVTPL (cont'd)**

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.

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 in profit or loss 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, full impairment will be recognised on uncollected balances after the grace period.

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**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 asset 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 other payables and accruals, amount due to Manager and amount due to Trustee as other financial liabilities.

**(ii) Recognition and measurement**

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

**(iii) Derecognition**

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

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

**2.6 Unitholders' capital**

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

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

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

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

**2.7 Revenue / Income**

Revenue is recognised when control of goods or services are transferred at an amount that reflects the consideration to be entitled in exchange for the goods and 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 and 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 comprise cash at bank and deposit with licensed financial institution with original maturity of three months or less which have an insignificant risk of changes in value.

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

**2.9 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 year.

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

**2.10 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:

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

The principal or the most advantageous market must be accessible 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.

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

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 date.



**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.11 Functional and foreign currency**

**(a) 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.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.12 Distributions**

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 from unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

**2.13 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 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.

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**3. NET LOSS ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS**

	<b>01.09.2019</b> <b>to</b> <b>29.02.2020</b> <b>RM</b>	<b>01.09.2018</b> <b>to</b> <b>28.02.2019</b> <b>RM</b>
Net unrealised (loss)/gain on foreign exchange	(272,024)	87,869
Net realised gain/(loss) on foreign exchange	258,698	(96,730)
Net unrealised loss on forward foreign exchange contracts	-	(69,800)
Net realised loss on forward foreign exchange contracts	-	(3,618)
	<u>(13,326)</u>	<u>(82,279)</u>

**4. MANAGER'S FEE**

The Manager's fee is computed daily. The fee is based on 1.50% (2018: 1.50%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

**5. TRUSTEE'S FEE**

The Trustee's fee is computed based on 0.08% (01.09.2018 to 28.02.2019: 0.08%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM18,000 p.a. The Trustee fee is calculated and accrued daily.

**6. TAXATION**

	<b>01.09.2019</b> <b>to</b> <b>29.02.2020</b> <b>RM</b>	<b>01.09.2018</b> <b>to</b> <b>28.02.2019</b> <b>RM</b>
Tax expense for the financial period:		
Current income tax expense		
- Foreign	32,670	11,887
- Local	-	-
	<u>32,670</u>	<u>11,887</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.09.2018 to 28.02.2019: 24%) of the estimated assessable income for the financial period.

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, interest income and dividend income earned by the Fund is exempted from tax. Dividend income derived from sources outside Malaysia are exempted from Malaysia income tax. However, such income may be subject to tax in the country from which it is derived.

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**6. TAXATION (CONT'D)**

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

	<b>01.09.2019 to 29.02.2020 RM</b>	<b>01.09.2018 to 28.02.2019 RM</b>
Net loss before taxation	<u>(8,616,086)</u>	<u>(5,010,421)</u>
Taxation at Malaysian statutory rate of 24% (01.09.2018 to 28.02.2019: 24%)	(2,067,861)	(1,202,501)
Income not subject to tax	(403,742)	(548,727)
Effect of income tax at source	32,670	11,887
Expenses not deductible for tax purposes	2,471,603	1,751,228
Tax expense for the financial period	<u>32,670</u>	<u>11,887</u>

**7. FINANCIAL ASSETS AT FVTPL**

		<b>29.02.2020 RM</b>	<b>31.08.2019 RM</b>
Quoted equities - local	(a)	83,435,314	92,853,125
Quoted equities - foreign	(b)	3,768,127	5,271,716
		<u>87,203,441</u>	<u>98,124,841</u>

	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market value RM</b>	<b>Percentage of NAV %</b>
<b>29.02.2020</b>				
<b>(a) Quoted equities - local</b>				
<b>Construction</b>				
Gamuda Bhd	791,780	2,473,538	2,620,792	2.67
IJM Corporation Bhd	896,900	2,013,656	1,739,986	1.78
	<u>1,688,680</u>	<u>4,487,194</u>	<u>4,360,778</u>	<u>4.45</u>

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

29.02.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Consumer Products &amp; Services</b>				
Ajinomoto (M) Bhd	38,600	621,431	565,104	0.58
Berjaya Food Bhd	1,701,900	3,237,978	2,144,394	2.19
Drb-Hicom Bhd	738,600	1,532,659	1,639,692	1.67
Dutch Lady Milk Industries Bhd	16,600	878,085	706,164	0.72
Fraser & Neave Holdings Bhd	66,200	2,063,896	2,033,664	2.07
Petronas Dagangan Bhd	108,000	2,989,219	2,466,720	2.52
	2,669,900	11,323,268	9,555,738	9.75
<b>Energy</b>				
Bumi Armada Bhd	3,901,100	1,674,022	1,228,847	1.25
Dialog Group Bhd	460,000	1,605,059	1,536,400	1.57
Serba Dinamik Holdings Bhd	234,300	542,240	515,460	0.53
Wah Seong Corporation Bhd	1,602,700	1,893,761	1,859,132	1.90
	6,198,100	5,715,082	5,139,839	5.25
<b>Finance</b>				
CIMB Group Holdings Bhd	636,064	3,467,397	3,065,828	3.13
Hong Leong Bank Bhd	196,500	3,802,982	3,006,450	3.07
Hong Leong Financial Group Bhd	95,000	1,776,978	1,453,500	1.48
Malayan Banking Bhd ***	493,802	4,375,754	4,157,813	4.24
Public Bank Bhd	170,800	3,721,965	2,920,680	2.98
RHB Bank Berhad	591,000	3,143,540	3,280,050	3.35
RHB Capital Bhd *	790,000	-	-	-
	2,973,166	20,288,616	17,884,321	18.25
<b>Healthcare</b>				
Kossan Rubber Industries Bhd	552,100	2,431,792	2,650,080	2.70

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

29.02.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Industrial Products and Services</b>				
Cahaya Mata Sarawak Bhd	507,000	1,725,329	968,370	0.99
Sunway Bhd	570,200	1,030,818	1,009,254	1.03
Uchi Technologies Bhd	467,900	1,305,572	1,244,614	1.27
VS Industry Bhd	742,900	1,054,582	950,912	0.97
	<u>2,288,000</u>	<u>5,116,301</u>	<u>4,173,150</u>	<u>4.26</u>
<b>Plantation</b>				
Kuala Lumpur Kepong Bhd	91,168	2,136,544	1,991,109	2.03
Sarawak Oil Palms Bhd	312,700	1,185,033	1,019,402	1.04
Sime Darby Plantation Bhd	99,800	525,537	495,008	0.50
	<u>503,668</u>	<u>3,847,114</u>	<u>3,505,519</u>	<u>3.57</u>
<b>Property</b>				
Malaysian Corporation Resources Bhd	3,000,000	2,530,582	1,710,000	1.74
<b>REITs</b>				
AXIS REIT	2,205,400	3,926,836	4,256,422	4.34
IGB REIT	1,289,900	2,466,536	2,528,204	2.58
KLCC REIT	258,200	2,015,202	2,101,748	2.14
	<u>3,753,500</u>	<u>8,408,574</u>	<u>8,886,374</u>	<u>9.06</u>
<b>Technology</b>				
Frontken Corporation Bhd	210,500	506,006	477,835	0.49
Globetronics Technology Bhd	856,900	2,008,337	1,782,352	1.82
Inari Amerton Bhd	898,300	1,514,011	1,266,603	1.29
Malaysian Pacific Industries Bh	46,800	515,718	511,056	0.52
Pentamaster Corporation Bhd	191,600	852,510	879,444	0.90
Vitrox Corporation Bhd	277,200	2,576,187	2,328,480	2.38
	<u>2,481,300</u>	<u>7,972,769</u>	<u>7,245,770</u>	<u>7.40</u>

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

29.02.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Telecommunications and Media</b>				
Digi.com	315,000	1,453,726	1,310,400	1.34
Telekom Malaysia Bhd	423,000	1,370,251	1,565,100	1.60
	738,000	2,823,977	2,875,500	2.94
<b>Transportation and Logistics</b>				
Lingkar Trans Kota Holdings Bhd	742,000	3,212,583	3,339,000	3.41
MISC Bhd	268,800	1,664,641	2,040,192	2.08
Westports Holdings Bhd	800,000	2,739,953	2,752,000	2.81
	1,810,800	7,617,177	8,131,192	8.30
<b>Utilities</b>				
Ranhill Holdings Bhd	1,348,600	1,637,711	1,274,427	1.30
Taliworks Corporation Bhd	2,529,200	2,338,322	2,099,236	2.14
Tenaga Nasional Bhd	325,900	4,416,028	3,943,390	4.02
	4,203,700	8,392,061	7,317,053	7.46
Total quoted equities - local	32,860,914	90,954,507	83,435,314	85.13
<b>(b) Quoted equities - foreign</b>				
<b>Singapore</b>				
Ascendas REIT	282,228	2,572,566	2,609,248	2.66
Frasers Commercial Trust	233,884	1,171,728	1,158,879	1.18
	516,112	3,744,294	3,768,127	3.84
Total quoted equities - foreign	516,112	3,744,294	3,768,127	3.84
<b>Total quoted equities</b>	<b>33,377,026</b>	<b>94,698,801</b>	<b>87,203,441</b>	<b>88.97</b>
<b>Unrealised loss on FVTPL investments **</b>			<b>(7,495,360)</b>	

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

31.08.2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local</b>				
<b>Construction</b>				
Gamuda Bhd	999,000	3,112,973	3,596,400	3.13
Muhibbah Engineering (M) Bhd	880,000	2,569,814	2,173,600	1.89
Gabungan AQRS Bhd	742,730	875,931	913,558	0.79
	<u>2,621,730</u>	<u>6,558,718</u>	<u>6,683,558</u>	<u>5.81</u>
<b>Consumer Products &amp; Services</b>				
DRB - HICOM Bhd	688,600	1,413,159	1,735,272	1.51
Berjaya Food Bhd	2,030,000	3,862,210	3,166,800	2.75
Fraser & Neave Holdings Bhd	54,600	1,667,056	1,927,380	1.68
PETRONAS Dagangan Bhd	108,000	2,989,219	2,471,040	2.15
MBM Resources Bhd	282,300	922,366	1,165,899	1.01
	<u>3,163,500</u>	<u>10,854,010</u>	<u>10,466,391</u>	<u>9.10</u>
<b>Financial Services</b>				
AEON Credit Service (M) Bhd	222,100	2,350,241	3,331,500	2.90
CIMB Group Holdings Bhd	1,141,077	6,358,723	5,773,850	5.02
Hong Leong Bank Bhd	134,300	2,733,751	2,229,380	1.94
Hong Leong Financial Group Bhd	95,000	1,776,978	1,601,700	1.39
Malayan Banking Bhd ***	1,044,102	9,252,156	9,073,246	7.89
Public Bank Bhd	148,000	3,362,760	3,007,360	2.61
RHB Bank Bhd	591,000	3,143,540	3,368,700	2.93
RHB Capital Bhd *	790,000	-	-	-
	<u>4,165,579</u>	<u>28,978,149</u>	<u>28,385,736</u>	<u>24.68</u>
<b>Healthcare</b>				
Supermax Corporation Bhd	644,300	988,567	960,007	0.83
	<u>644,300</u>	<u>988,567</u>	<u>960,007</u>	<u>0.83</u>

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

31.08.2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Industrial Products</b>				
Cahaya Mata Sarawak Bhd	718,200	2,444,046	1,687,770	1.47
Petronas Chemicals Group Bhd	272,100	2,411,695	1,885,653	1.64
Uchi Technologies Bhd	142,400	404,644	400,144	0.35
UEM Edgenta Bhd	10,700	31,565	35,631	0.03
V.S. Industry Bhd	1,349,100	1,548,177	1,699,866	1.48
	<u>2,492,500</u>	<u>6,840,127</u>	<u>5,709,064</u>	<u>4.97</u>
<b>Plantations</b>				
Kuala Lumpur Kepong Bhd	48,500	1,168,834	1,163,030	1.01
	<u>48,500</u>	<u>1,168,834</u>	<u>1,163,030</u>	<u>1.01</u>
<b>Properties</b>				
Malaysian Resources Corporation Bhd	3,000,000	2,530,582	2,190,000	1.90
S P Setia Bhd	1,228,464	3,957,518	1,916,404	1.67
S P Setia Bhd - RCPS-I	512,000	512,000	481,280	0.42
S P Setia Bhd - RCPS-I B	501,290	441,135	411,058	0.36
	<u>5,241,754</u>	<u>7,441,235</u>	<u>4,998,742</u>	<u>4.35</u>
<b>Real Estate Investment Trusts ("REITs")</b>				
Axis REIT	1,866,000	3,308,965	3,545,400	3.08
IGB REIT	578,100	1,073,380	1,196,667	1.04
KLCC Property Holdings Bhd	309,100	2,412,467	2,522,256	2.19
	<u>2,753,200</u>	<u>6,794,812</u>	<u>7,264,323</u>	<u>6.31</u>
<b>Telecommunications &amp; Media</b>				
Digi.Com Bhd	315,000	1,453,726	1,581,300	1.37
Telekom Malaysia Bhd	880,000	2,850,640	3,300,000	2.87
	<u>1,195,000</u>	<u>4,304,366</u>	<u>4,881,300</u>	<u>4.24</u>



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

31.08.2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Transportation &amp; Logistics</b>				
Malaysia Airport Holdings Bhd	253,100	1,551,753	2,083,013	1.81
MISC Bhd	251,900	1,524,384	1,828,794	1.59
Westports Holdings Bhd	800,000	2,739,953	3,360,000	2.92
Lingkar Trans Kota Holdings Bhd	742,000	3,212,583	3,494,820	3.04
MMC Corporation Bhd	2,380,000	2,500,721	2,570,400	2.23
	<u>4,427,000</u>	<u>11,529,394</u>	<u>13,337,027</u>	<u>11.59</u>
<b>Technology</b>				
Inari Amerton Bhd	738,700	1,195,625	1,204,081	1.05
	<u>738,700</u>	<u>1,195,625</u>	<u>1,204,081</u>	<u>1.05</u>
<b>Utilities</b>				
Ranhill Holdings Bhd	1,348,600	1,637,711	1,793,638	1.56
Taliworks Corporation Bhd	2,529,200	2,338,322	2,250,988	1.96
Tenaga Nasional Bhd	269,000	3,631,735	3,755,240	3.26
	<u>4,146,800</u>	<u>7,607,768</u>	<u>7,799,866</u>	<u>6.78</u>
Total quoted equities - local	<u>31,638,563</u>	<u>94,261,605</u>	<u>92,853,125</u>	<u>80.72</u>

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

31.08.2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(b) Quoted equities - foreign</b>				
<b>Hong Kong</b>				
PetroChina Co Ltd	1,680,000	5,047,704	3,505,560	3.05
<b>Singapore</b>				
Ascendas REIT	189,300	1,751,574	1,766,156	1.54
Total quoted equities - foreign	1,869,300	6,799,278	5,271,716	4.59
<b>Total quoted equities</b>	<b>33,507,863</b>	<b>101,060,883</b>	<b>98,124,841</b>	<b>85.31</b>
<b>Unrealised loss on FVTPL investments **</b>			<b>(2,936,042)</b>	

\* 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.

\*\* The unrealised loss on FVTPL investments comprise the amounts arising from changes in fair values and effects from foreign exchange.

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

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

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS**

	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>RM</b>
Short-term placement with a maturity of less than 3 months	6,400,006	15,045,846

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

	<b>29.02.2020</b>		<b>31.08.2019</b>	
	<b>WAEIR</b>	<b>Average</b>	<b>WAEIR</b>	<b>Average</b>
	<b>% p.a.</b>	<b>maturity</b>	<b>% p.a.</b>	<b>maturity</b>
		<b>Days</b>		<b>Days</b>
Deposits with licensed financial institutions	2.65	3	2.90	4

**9. AMOUNT DUE FROM BROKERS**

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

**10. AMOUNT DUE FROM/TO MANAGER**

		<b>29.02.2020</b>	<b>31.08.2019</b>
		<b>RM</b>	<b>RM</b>
Amount due from Manager is in respect of:			
Creation of units	(i)	49,020	2,454
Amount due to Manager is in respect of:			
Management fee	(ii)	122,152	148,079
Cancellation of units	(iii)	166,282	184,149
		<b>288,434</b>	<b>332,228</b>

- (i) The amount represents amount receivable from the Manager for units created.
- (ii) 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 (31.08.2019: 15 days).
- (iii) The amount represents amount payable to the Manager for units redeemed or cancelled.

**11. CASH AT BANK**

The table below indicates the currencies that the Fund have in cash at bank as at the reporting date:

	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>RM</b>
US Dollar ("USD")	4,488,368	1,051,626
RM	58,812	49,863
Singapore Dollar ("SGD")	5,281	-
	<b>4,552,461</b>	<b>1,101,489</b>

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**12. AMOUNT DUE TO TRUSTEE**

Amount due to Trustee relates to the amount payable arising from the accrual for Trustee's fee at the end of the financial year. The normal credit term is 15 days. (31.08.2019: 15 days)

**13. OTHER PAYABLES AND ACCRUALS**

	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>RM</b>
Due to external auditors	4,475	10,441
Due to tax agents	5,321	8,082
Other payables and accruals	3,349	39,484
	<u>13,145</u>	<u>58,007</u>

**14. TOTAL EQUITY**

	<b>Note</b>	<b>29.02.2020</b>	<b>31.08.2019</b>
		<b>RM</b>	<b>RM</b>
Unitholders' capital	(a)	104,501,722	112,881,399
Accumulated realised income	(b)	952,824	5,115,836
Accumulated unrealised (loss)/income	(c)	(7,427,625)	(2,941,881)
		<u>98,026,921</u>	<u>115,055,354</u>

**(a) Unitholders' capital**

	<b>29.02.2020</b>		<b>31.08.2019</b>	
	<b>Units</b>	<b>RM</b>	<b>Units</b>	<b>RM</b>
At the beginning of the financial period/year	364,352,464	112,881,399	366,839,480	113,333,176
Creation of unit	761,120	236,592	1,419,389	456,618
Reinvestment of units	-	-	26,815,000	9,061,884
Cancellation of units	(27,610,893)	(8,616,269)	(30,721,405)	(9,970,279)
At the end of the financial period/year	<u>337,502,691</u>	<u>104,501,722</u>	<u>364,352,464</u>	<u>112,881,399</u>

As at the end of the financial period, there were no units held by the Manager and related party (31.08.2019: Nil).

**(b) Accumulated realised income**

	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>RM</b>
At the beginning of the financial period/year	5,115,836	13,302,081
Net realised (loss)/income for the financial period/year	(4,163,012)	875,639
Distributions out of realised reserve (Note 15)	-	(9,061,884)
At the end of the financial period/year	<u>952,824</u>	<u>5,115,836</u>

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**  
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**14. TOTAL EQUITY (CONT'D)**

**(c) Accumulated unrealised (loss)/income**

	<b>29.02.2020</b>	<b>31.08.2019</b>
	<b>RM</b>	<b>RM</b>
At the beginning of the financial period/year	(2,941,881)	6,099,177
Net unrealised loss for the financial period/year	(4,485,744)	(9,041,058)
At the end of the financial period/year	<u>(7,427,625)</u>	<u>(2,941,881)</u>

**15. DISTRIBUTION**

There were no distributions declared during the financial period from 1 September 2019 to 29 February 2020.

The sources of distribution declared to the unitholders in the previous financial period from 1 September 2018 to 28 February 2019 is as follows:

	<b>01.09.2018</b>
	<b>to</b>
	<b>28.02.2019</b>
	<b>RM</b>
Previous year's net realised income *	9,061,884
Less : Expenses	-
Less : Taxation	-
Net distribution	<u>9,061,884</u>

\* The distribution declared in the previous financial period were from previous financial year's net realised income (net of tax).

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

Gross distribution per unit (sen)	<u>2.50</u>
Net distribution per unit (sen)	<u>2.49</u>
Distribution date	<u>30/9/2018</u>

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**16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS**

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

	<b>Value of trade</b>	<b>Percent of total trade</b>	<b>Brokerage fees</b>	<b>Percent of brokerage fees</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
<b>01.09.2019 to 29.02.2020</b>				
TA Securities Holding Bhd	12,611,114	15.93	12,631	9.76
Kenanga Investment Bank Bhd	6,799,969	8.59	13,600	10.51
Public Investment Bank Bhd	6,295,013	7.95	12,590	9.73
UOB Kay Hian Securities Sdn Bhd	6,175,061	7.80	12,350	9.55
CLSA Securities (M) Sdn Bhd	5,227,978	6.60	10,456	8.08
Alliance Investment Bank Bhd	5,147,265	6.50	5,147	3.98
Nomura Securities Sdn Bhd	4,785,914	6.05	9,572	7.40
CIMB Investment Bank Bhd (M) Sdn Bhd	4,692,940	5.93	9,386	7.25
Hong Leong Investment Bank Bhd	4,672,628	5.90	8,935	6.91
Maybank Investment Bank Bhd ("MIBB") *	4,231,425	5.35	8,463	6.54
Others	18,513,489	23.40	26,247	20.29
	<b>79,152,796</b>	<b>100.00</b>	<b>129,377</b>	<b>100.00</b>
<b>01.09.2018 to 28.02.2019</b>				
CIMB Investment Bank Bhd	6,624,005	23.84	13,248	27.50
Alliance Investment Bank Bhd	3,518,184	12.66	7,036	14.60
JF Apex Securities Bhd	3,429,332	12.34	3,463	7.19
UOB Kay Hian Securities Sdn Bhd	3,104,226	11.17	6,208	12.88
JP Morgan Securities (M) Sdn Bhd	2,850,640	10.26	5,701	11.83
Hong Leong Investment Bank Bhd	2,510,076	9.04	3,456	7.17
Maybank Investment Bank Bhd ("MIBB") *	2,002,455	7.21	2,870	5.96
TA Securities Holding Bhd	1,146,320	4.13	1,146	2.38
RHB Investment Bank Bhd	987,900	3.56	1,976	4.10
CLSA Securities (M) Sdn Bhd	633,485	2.28	1,267	2.63
Others	973,509	3.51	1,812	3.76
	<b>27,780,132</b>	<b>100.00</b>	<b>48,183</b>	<b>100.00</b>

\* MIBB is a subsidiary of Malayan Banking Bhd, the ultimate holding company of the Manager.

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**16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONT'D)**

Details of transactions, primarily cash placements with financial institutions are as follow:

<b>Financial institutions</b>	<b>01.09.2019 to 29.02.2020</b>		<b>01.09.2018 to 28.02.2019</b>	
	<b>Value of placements RM</b>	<b>Percentage of total placements %</b>	<b>Value of placements RM</b>	<b>Percentage of total placements %</b>
CIMB Bank Bhd	1,267,997,817	100.00	1,220,419,554	74.81
Affin Bank Bhd	-	-	410,903,060	25.19
	<u>1,267,997,817</u>	<u>100.00</u>	<u>1,631,322,614</u>	<u>100.00</u>

**17. 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.

	<b>29.02.2020 RM</b>	<b>28.02.2019 RM</b>
(i) <u>Significant related party transactions</u>		
MBB:		
Dividend income	<u>193,526</u>	<u>307,500</u>
(ii) <u>Significant related party balances</u>		
MBB:		
Investment in quoted equity	<u>4,157,813</u>	<u>9,073,246</u>

Other than those disclosed elsewhere in the financial statements, there were no other significant related party transactions and balances as at the reporting date.

**18. MANAGEMENT EXPENSE RATIO ("MER")**

The MER of the Fund is the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial period from 1 September 2019 to 29 February 2020, the MER of the Fund stood at 0.82% (01.09.2018 to 28.02.2019: 0.81%).

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**19. 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 year to the daily average NAV of the Fund. For financial period from 1 September 2019 to 29 February 2020, the PTR of the Fund stood at 0.36 times (01.09.2018 to 28.02.2019: 0.12 times).

**20. SEGMENT INFORMATION**

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

The PMC is responsible for the performance of the Fund by investing between 70% to 98% of the Fund's NAV in shares, and between 2% to 30% of the Fund's NAV in cash or fixed income securities (or a combination of both).

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

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

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

**21. 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.

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>
<b>29.02.2020</b>			
Financial assets at FVTPL	87,203,441	-	-
<b>31.08.2019</b>			
Financial assets at FVTPL	98,124,841	-	-



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

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