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MAYBANK MALAYSIA INCOME FUND

(Formerly known as MAYBANK INCOME TRUST FUND)

Annual report
For the financial year ended 30 June 2020

CORPORATE INFORMATION

MANAGER

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

Universal Trustee (Malaysia) Berhad (197401000629) (17540-D)
No. 1, 3rd Floor
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Facsimile +603 2031 8715 / +603 2032 3194

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**Manager's report
For the financial year ended 30 June 2020**

A. Fund Information

- 1. Name of the Fund**
Maybank Malaysia Income Fund (formerly known as Maybank Income Trust Fund) (the "Fund")
- 2. Type of Fund**
Income
- 3. Category of Fund**
Bond
- 4. Duration of the Fund**
The Fund is an open-ended Fund.
- 5. Launch date / Commencement date**
15 May 1996 / 18 July 1996
- 6. Fund's investment objective**
The Fund aims to maximise returns over the medium term, and while at the same time offering stability of capital and regular consistent income.
- 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. Fund's performance benchmark**
Maybank 12-month fixed deposit rate
- 9. The Fund's asset allocation policy**
The Fund will invest a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.
- 10. Net income distribution for the financial year ended 30 June 2020**
The Fund distributed a total net income of 1,776,211 to unitholders for the financial year ended 30 June 2020.

Below are details and the impact of distribution declared during the financial year:

Distribution date	Gross/net distribution per unit sen	Before distribution RM	After distribution RM	Changes %
29 June 2020	3.00	1.1158	1.0858	(2.69)

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**Manager's report
For the financial year ended 30 June 2020 (cont'd)**

A. Fund Information (cont'd)

11. Breakdown of unitholdings as at 30 June 2020

Fund Size

As at 30 June 2020, the size of the Fund was 60,847,477 units.

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1,038	41.85	2,057	3.38
5,001 to 10,000 units	465	18.75	3,246	5.33
10,001 to 50,000 units	811	32.70	17,297	28.43
50,001 to 500,000 units	159	6.41	15,683	25.77
500,001 units and above	7	0.29	* 22,564	37.09
Total	2,480	100.00	60,847	100.00

* Includes units held under Institutional Unit Trust Scheme Advisers ("IUTAs").

B. Performance Review

1. Key performance data of the Fund

Category	FY2020	FY2019	FY2018
Portfolio			
Unquoted fixed income securities (%)			
- Automobile Manufacturing	-	-	4.70
- Construction	4.46	3.96	7.62
- Financial Services	8.24	26.14	32.90
- Government Agency	0.87	0.84	0.76
- Government Development	6.86	6.87	5.55
- Healthcare	4.01	-	-
- Power Generation	23.01	31.68	35.38
- Real Estate	10.77	5.83	-
- Sovereign	3.14	1.04	7.50
- Toll roads highways	5.51	5.52	-
- Transportation & Logistics	11.07	4.83	2.28
- Utilities	13.51	4.93	-
Cash and other net assets (%)	8.55	8.36	3.31
Total (%)	100.00	100.00	100.00

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

Manager's report

For the financial year ended 30 June 2020 (cont'd)

B. Performance Review (cont'd)

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

Category	FY2020	FY2019	FY2018
NAV (RM)	66,066,186	64,521,521	65,511,528
Units in circulation (units)	60,847,477	61,369,922	64,290,187
NAV per unit (RM)	1.0858	1.0514	1.0190
Highest NAV per unit (RM)	1.1154	1.0811	1.0545
Lowest NAV per unit (RM)	1.0515	1.0194	1.0164
Annual return (%) ⁽¹⁾			
- Capital growth (%)	0.43	3.15	0.18
- Income distribution (%)	5.69	2.85	2.94
Total return (%)	6.15	6.09	3.12
Benchmark (%)	2.84	3.32	3.20
Net income distributed (RM)	1,776,211	1,841,098	1,928,705
Distribution date	29/06/2020	30/06/2019	30/06/2018
Gross/net distribution per unit (sen)	3.00	3.00	3.00
Management Expense Ratio ("MER") (%)	1.15	1.11	1.17
Portfolio Turnover Ratio ("PTR") (times)	0.68	0.37	0.57

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.

Note:

- (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 Fund's MER increased to 1.15 due to higher expenses incurred during the current financial year.
- (3) The Fund's PTR increased to 0.68 times due to increased investing activities during the current financial year.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

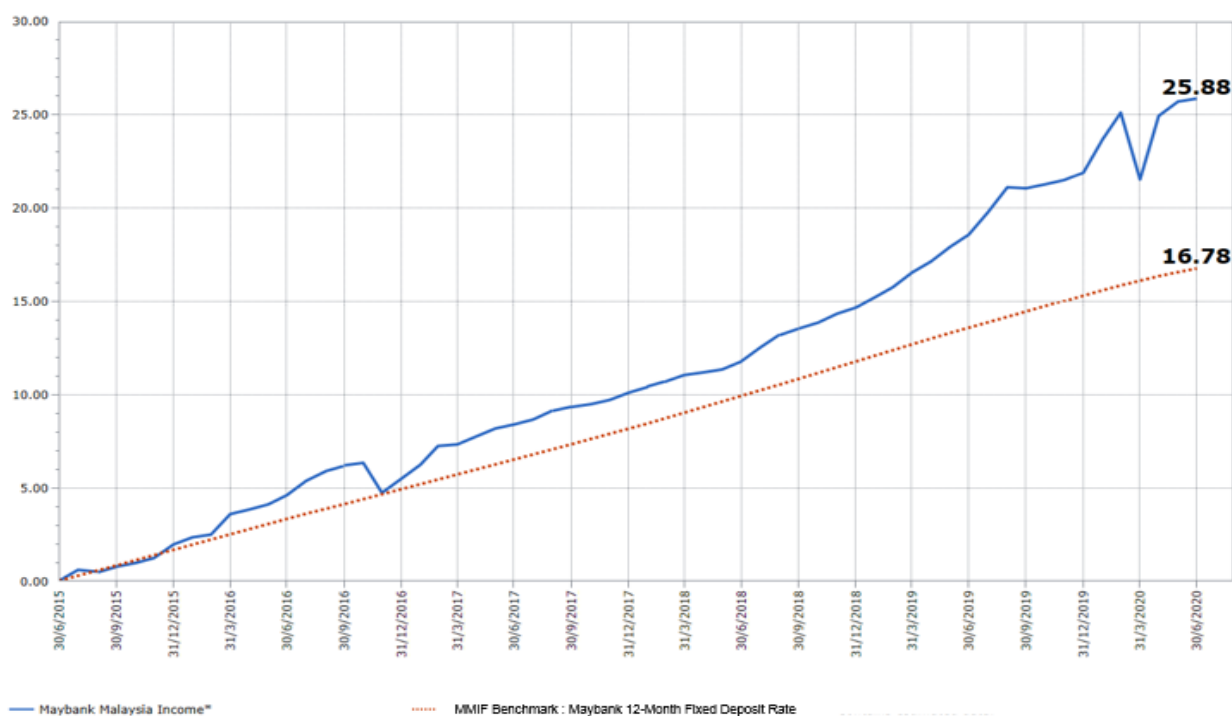
**Manager's report
For the financial year ended 30 June 2020 (cont'd)**

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 June 2020

Category	1 year to 30.06.2020 %	3 years to 30.06.2020 %	5 years to 30.06.2020 %
Capital growth	0.43	2.97	4.14
Income distribution	5.69	12.80	20.87
Total return of the Fund	6.15	16.15	25.88
Benchmark	2.84	9.66	16.78
Average total return	6.15	5.11	4.70

Performance of the Fund for the 5 years to 30 June 2020



Source : Lipper

Has the Fund met its objective?

The Fund generated a return of 6.15% for the period under review, outperforming the benchmark by 3.31% over the same period. The outperformance was due to a combination of stronger returns benefitting from the bond market rally and income derived from the sukuk held in the Fund during the period under review.

As the fund continues to pay distribution on a consistent basis, the fund has achieved its investment objective.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**Manager's report
For the financial year ended 30 June 2020 (cont'd)**

B. Performance Review (cont'd)

3. Annual total return of the Fund

For the financial year ended	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
	%	%	%	%	%
Capital growth	0.43	3.15	0.18	(0.07)	1.13
Income distribution	5.69	2.85	2.94	3.66	3.50
Total return	6.15	6.09	3.12	3.59	4.63
Benchmark	2.84	3.32	3.20	3.09	3.34

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

The Malaysian bond market rallied over the period under review with the first few months of the period left the global central banks dovish on concerns on the United States ("US")-China trade war. Risk appetite then returned in October 2019 amidst positive developments in the US-China trade negotiations, as well as increased supply in corporate bonds given the low yield environment. The US Federal Reserve ("Fed") had by then eased its monetary policy for the third time in 2019, bringing the fed fund rate level to 1.5% - 1.75%, while Malaysia's Overnight Policy Rate ("OPR") remained at 3.00% since the last cut in May 2019. In November 2019, the Malaysian bond market was supported by the surprise 50 basis points ("bps") cut in Statutory Reserve Requirement ("SRR") in early November 2019, as the resultant increase in liquidity (approximately RM7.0 billion ("bn") injected into the market) provided some sustained demand for Malaysian bonds, but demand was capped due to the de-escalation of the US-China trade war.

The New Year saw the Malaysian bond market supported by the surprise 25 bps OPR cut on 22 January 2020, which was a pre-emptive measure to "secure the improving growth trajectory amid price stability". Bond yields further rallied on safe haven demand and concerns on impact of the Coronavirus Disease 2019 ("COVID-19") scare on global growth. The Malaysian bond market continued its rally in February 2020, despite the short sell-off in the final week of the month due to the domestic political drama that saw the resignation of the Prime Minister ("PM") and the dissolution of the cabinet. Yields quickly recovered on strong local support and expectations of another OPR cut in March 2020, as well as global risk-off mode amidst COVID-19 fears.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

Manager's report

For the financial year ended 30 June 2020 (cont'd)

C. Market Review (cont'd)

However, the Malaysian bond market sold off in March 2020, with yields for government bonds higher by up to 55 bps month-on-month, amidst weak economic outlook due to COVID-19 pandemic as well as distressed oil prices. The sell-off was also across all other asset classes due to risk aversion as investors started to raise more cash. Central banks and governments globally introduced various unprecedented monetary, financial and economic stimulus package to support the economy. The implementation of the Movement Control Order ("MCO") in March 2020 resulted in economic activities to temporarily halt while Bank Negara Malaysia ("BNM") forecasted Malaysia GDP to dropped lower in between 0.5% to -2% for the year 2020. BNM cut OPR in its next 2 consecutive meetings in March 2020 (25bps) and May 2020 (50bps), bringing the OPR to 2.00%. In addition, the Statutory Reserve Requirement ("SRR") was lowered to 2% (from 3% previously) effective 20 March 2020 and banks are now allowed to use Malaysian Government Securities ("MGS") and Government Investment Issue ("GII") to fully meet the SRR compliance effective 16 May 2020 and up to 31 May 2021. This measure will release approximately RM16 bn in liquidity into the banking system. A total stimulus package of RM295 bn was announced to help individuals and Small and Medium-sized Enterprises during this hardship period. The government also implemented moratorium on bank loans for up to 6 months to ease people's financial commitment.

The bond market recovered in April 2020 and May 2020 on dovish interest rate outlook and reversed the losses in March 2020. Meanwhile in June 2020, the Malaysian sovereign bond yield curve steepened month-on-month in June 2020, as the shorter dated govies yields lowered by 1 bps while the belly and the long-end yields were up by 1 to 20 bps, tracking rising global yields on increasing optimism on economic recovery following gradual reopening of economies. Investors were also wary of increasing bond supply to fund the expected increase in fiscal deficit from the economic stimulus package announced by the government. However, increase in bond yields were capped with the re-emergence of concerns of a second wave of COVID-19 globally.

On foreign shareholding, foreign outflows in March 2020 amounting to RM12.3 bn was the largest outflow in a single month since May 2008, as foreign asset managers trim down their position due to redemption from their clients. Foreign share of MGS fell to a low of 36.8% in March 2020 (Feb: 39.6%) and MGS + GII fell to 22.1% (Feb: 23.9%). The foreign outflows however slowed down in April 2020 to only RM1.979 bn while in May 2020 saw foreign investments back into inflows adding MYR 1.477b and subsequently even more inflows seen in June 2020 adding MYR 11.569 bn on the total foreign holding on the MYR debt. The large inflow in June 2020 trimmed YTD cumulative outflows to -RM5.8 bn from -RM17.4 bn in 5M2020. Foreign share of MGS and MGS+GII for the month of June 2020 increased to 37.3% (May 2020: 35.9%) and 23.0% (May 2020: 21.9%) respectively.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

Manager's report

For the financial year ended 30 June 2020 (cont'd)

D. Market Outlook and Strategy

The current COVID-19 pandemic is negatively affecting the economic activities on the global scale resulting central banks to resort to monetary and fiscal approach to combat the slowdown effect. BNM recently had revised Malaysia 2020 growth expectation lower from -2% to 0.5%. Hence, we expect yields will stay low for longer, as global growth outlook remains challenging. In its July 2020 meeting, BNM acknowledged the impact of COVID-19 on the global economy and pre-emptively lowered the OPR by another 25bps to 1.75%, in order to ensure domestic recovery momentum in anticipation of weak 2Q2020 GDP numbers. Further monetary policy action is expected to be data dependent, and we opine that BNM still has room to cut given the benign inflation outlook and may keep it options to use monetary policy open in safeguarding the economy performance.

We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. We will continue to trade opportunistically and realize profit given our expectations that the economy will start to recover in 2H2020 as economies gradually reopen and efforts by central banks and governments globally to combat the negative impact of COVID-19 start to show results. We will also look into new primary issuances that offer higher yields to deliver the required performance.

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

The name of the Fund has been changed to Maybank Malaysia Income Fund.

F. Soft Commissions and Rebates

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

During the financial year ended 30 June 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK MALAYSIA INCOME FUND (FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

We have acted as Trustee for Maybank Malaysia Income Fund (formerly known as Maybank Income Trust Fund) (the "Fund") for the financial year ended 30 June 2020. In our opinion and to the best of our Knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For and on behalf of

UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (197401000629) (17540-D)

ONG TEE VANN

Chief Executive Officer

Kuala Lumpur, Malaysia

13 August 2020

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

We, Dr Hasnita Binti Dato' Hashim and Ahmad Najib Bin Nazlan, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Malaysia Income Fund (formerly known as Maybank Income Trust Fund) as at 30 June 2020 and of its results, changes in equity and cash flows for the financial year then end 30 June 2020 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
13 August 2020

**Independent auditors' report to the Unitholders of
Maybank Malaysia Income Fund
(formerly known as Maybank Income Trust Fund)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia Income Fund (formerly known as Maybank Income Trust Fund) (the "Fund"), which comprise the statement of financial position as at 30 June 2020 of the Fund, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

**Independent auditors' report to the Unitholders of
Maybank Malaysia Income Fund
(formerly known as Maybank Income Trust Fund) (cont'd)**

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

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

**Independent auditors' report to the Unitholders of
Maybank Malaysia Income Fund
(formerly known as Maybank Income Trust Fund) (cont'd)**

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

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

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

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

**Independent auditors' report to the Unitholders of
Maybank Malaysia Income Fund
(formerly known as Maybank Income Trust Fund) (cont'd)**

Other matters

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

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

Yeo Beng Yean
03013/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
13 August 2020

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	2020 RM	2019 RM
INCOME			
Interest income	3	2,949,898	2,118,730
Net gain on fair value changes of fair value through profit or loss ("FVTPL") investments	7 (a)		
- Realised gain		1,249,716	211,927
- Unrealised gain		461,611	2,336,821
Other Income		6,500	-
		<u>4,667,725</u>	<u>4,667,478</u>
EXPENSES			
Manager's fee	4	658,869	661,932
Trustee's fee	5	23,060	23,167
Auditors' remuneration		10,000	11,000
Tax agent's fee		8,100	4,500
Administrative expenses		56,395	32,011
		<u>756,424</u>	<u>732,610</u>
Net income before taxation		3,911,301	3,934,868
Taxation	6	-	-
Net income after taxation, which is the total comprehensive income for the financial year		<u>3,911,301</u>	<u>3,934,868</u>
Net income after taxation is made up of the following:			
Net realised income		3,449,690	1,598,047
Net unrealised income		461,611	2,336,821
		<u>3,911,301</u>	<u>3,934,868</u>
Distributions for the financial year			
Net distributions	13	1,776,211	1,841,098
Gross/net distribution per unit (sen)		<u>3.00</u>	<u>3.00</u>
Distribution date (ex-date)		<u>29 June 2020</u>	<u>30 June 2019</u>

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

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 RM	2019 RM
ASSETS			
Financial assets at FVTPL	7	60,410,069	59,116,719
Deposit with licensed financial institution	8	4,647,000	4,115,000
Interest receivables		557,214	633,005
Amount due from Brokers	9	-	2,577,589
Amount due from Manager	10	262,892	1,042
Cash at bank		317,442	19,989
TOTAL ASSETS		<u>66,194,617</u>	<u>66,463,344</u>
LIABILITIES			
Amount due to Manager	10	64,822	58,899
Amount due to Trustee	11	1,876	1,906
Provision for distribution		-	1,841,098
Other payables and accruals	12	61,733	39,920
TOTAL LIABILITIES		<u>128,431</u>	<u>1,941,823</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>66,066,186</u>	<u>64,521,521</u>
EQUITY			
Unitholders' capital	14(a)	79,044,719	79,635,144
Accumulated losses	14(b) & (c)	(12,978,533)	(15,113,623)
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		<u>66,066,186</u>	<u>64,521,521</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	14(a)	<u>60,847,477</u>	<u>61,369,922</u>
NAV PER UNIT (RM)		<u>1.0858</u>	<u>1.0514</u>

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

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Unitholders' capital Note 14(a) RM	Accumulated losses Note 14(b) & (c) RM	Total equity RM
At 1 July 2019	79,635,144	(15,113,623)	64,521,521
Total comprehensive income for the financial year	-	3,911,301	3,911,301
Creation of units	4,433,548	-	4,433,548
Reinvestment of units	3,617,309	-	3,617,309
Cancellation of units	(8,641,282)	-	(8,641,282)
Distribution (Note 13)	-	(1,776,211)	(1,776,211)
At 30 June 2020	<u>79,044,719</u>	<u>(12,978,533)</u>	<u>66,066,186</u>
At 1 July 2018	82,718,921	(17,207,393)	65,511,528
Total comprehensive income for the financial year	-	3,934,868	3,934,868
Creation of units	1,759,406	-	1,759,406
Reinvestment of units	1,928,705	-	1,928,705
Cancellation of units	(6,771,888)	-	(6,771,888)
Distribution (Note 13)	-	(1,841,098)	(1,841,098)
At 30 June 2019	<u>79,635,144</u>	<u>(15,113,623)</u>	<u>64,521,521</u>

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

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	2020	2019
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of financial assets at FVTPL	47,549,179	27,518,181
Net payments for purchases of financial assets at FVTPL	(44,212,575)	(24,464,911)
Interest received	2,684,651	3,321,725
Manager's fee paid	(659,735)	(674,813)
Trustee's fee paid	(23,090)	(23,205)
Other expenses paid	(52,682)	(55,965)
Other income	6,500	-
Net cash generated from operating and investing activities	<u>5,292,248</u>	<u>5,621,012</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	4,171,698	1,758,364
Payments for cancellation of units	(8,634,493)	(6,767,440)
Net cash used in financing activities	<u>(4,462,795)</u>	<u>(5,009,076)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR		
	829,453	611,936
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		
	<u>4,134,989</u>	<u>3,523,053</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		
	<u>4,964,442</u>	<u>4,134,989</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	317,442	19,989
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	4,647,000	4,115,000
	<u>4,964,442</u>	<u>4,134,989</u>

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

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Malaysia Income Fund (formerly known as Maybank Income Trust Fund) ("the Fund") was constituted pursuant to the execution of a Deed dated 15 May 1996 ("Principal Deed") between Amanah Mutual Berhad ("AMB") as the previous Manager and Universal Trustee (Malaysia) Berhad as the Trustee. The Fund commenced operations on 19 June 1996 and will continue to be in operations until terminated by the Trustee as provided under the Deeds. The following supplemental deeds have been issued between AMB and the Trustee:

- First supplemental deed dated 16 April 1999
- Second supplemental deed dated 18 August 1999
- Third supplemental deed dated 23 March 2000
- Fourth supplemental deed dated 13 February 2001
- Fifth supplemental deed dated 8 February 2002
- Sixth supplemental deed dated 12 September 2003
- Seventh supplemental deed dated 26 May 2005
- Eighth supplemental deed dated 26 July 2016

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

Subsequently MAM and Universal Trustee (Malaysia) Berhad as the Trustee had entered into a Ninth Supplemental Deed dated 4 September 2018, to appoint MAM as the replacement Manager of the Fund effective 1 November 2018 and Tenth Supplemental Deed dated 11 July 2019 to change the name of the Fund. The Principal Deed and Supplemental Deeds are collectively referred to as 'Deeds'.

The Fund commenced operations on 19 June 1996 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 a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.

The Manager of the Fund is MAM, 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 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 MBB.

The financial statements were authorised for issue by the Board of Directors of the Manager on 13 August 2020.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial year ended 30 June 2020. The adoption of the above did not result in 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 Note 2.13 to the financial statements.

All amounts are stated in Ringgit Malaysia ("RM").

2.2 Standards and amendments to standards issued but not yet effective

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

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

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

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

2.3 Financial instruments

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

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

2.4 Financial assets

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

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

(i) Financial assets at amortised cost

Unless designated as at fair value through profit or loss ("FVTPL") on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

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

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

The Fund classifies cash and cash equivalents, amount due from brokers, amount due from Manager and interest receivables as financing and receivables, and are subsequently measured at amortised cost. These assets are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. The EIR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the profit income in profit or loss over the relevant period.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

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

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.

(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. The impairment model does not apply to equity investments.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

2.4 Financial assets (cont'd)

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

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

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

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

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

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

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

(iv) Derecognition of financial assets

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

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

On derecognition of financial asset at amortised cost, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

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, provision for distribution, other payables and accruals as other financial liabilities.

(ii) Recognition and measurement

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

The EIR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the profit expense in profit or loss over the relevant period.

(iii) Derecognition of financial liabilities

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

2.6 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.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

2.7 Revenue / Income

Revenue is measured at the fair value of consideration received or receivable:

- Interest income from unquoted fixed income securities and deposits with licensed financial institutions are recognised on the accruals basis using the effective interest rate method.
- Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.
- Redemption fee income is charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units.
- Other income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an Asset to a customer. an Asset is transferred when (or as) the customer obtains control of that asset.

2.8 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, deposit at call and highly liquid instruments with maturities of 3 months or less , which have an insignificant risk of changes in value.

2.9 Taxation

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

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

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

2.10 Fair value measurement

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.

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

2.10 Fair value measurement (cont'd)

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 asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets 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.

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

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

2.12 Segment reporting

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

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

2.13 Critical accounting estimates and judgments

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

3. INTEREST INCOME

	2020	2019
	RM	RM
Interest income from unquoted fixed income securities	2,932,449	3,221,518
Interest income from short-term deposits	130,229	154,406
Amortisation of premium, net of accretion of discount	(112,780)	(1,257,194)
	<u>2,949,898</u>	<u>2,118,730</u>

4. MANAGER'S FEE

The Manager's fee is computed daily up to 1.50% (2019: 1.00%) 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 daily based on the following table before deducting Manager's fee and Trustee's fee for that particular day:

NAV (RM)	Trustee fee rate (%) p.a.	
	2020	2019
Nil to 100 million	0.035	0.035
Above 100 million	0.010	0.010

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

6. TAXATION

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

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax.

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

	2020	2019
	RM	RM
Net income before taxation	<u>3,911,301</u>	<u>3,934,868</u>
Taxation at Malaysian statutory rate of 24% (2019: 24%)	938,712	944,368
Income not subject to tax	(1,120,254)	(1,120,194)
Expenses not deductible for tax purposes	<u>181,542</u>	<u>175,826</u>
Tax expense for the financial year	<u>-</u>	<u>-</u>

7. FINANCIAL ASSETS AT FVTPL

	2020	2019
	RM	RM
Unquoted fixed income securities	<u>60,410,069</u>	<u>59,116,719</u>

	Quantity	Aggregate	Market	Percentage
2020	Unit	cost	Value	of NAV
		RM	RM	%
Construction				
AZRB Capital Sdn Bhd - 5.00% / 24.12.2026	1,800,000	1,800,000	1,844,496	2.79
Gamuda Bhd - 4.10% / 28.06.2030	1,100,000	1,104,484	1,104,477	1.67
	<u>2,900,000</u>	<u>2,904,484</u>	<u>2,948,973</u>	<u>4.46</u>
Financial Services				
Affin Islamic Bank - 5.05% / 23.10.2028	1,600,000	1,622,416	1,669,296	2.53

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Financial Services (cont'd)				
Public Islamic Bank Bhd - 3.75% / 31.10.2029	1,000,000	1,000,000	1,016,370	1.54
Fortune Premiere Sdn Bhd - 5.05% / 31.10.2025	1,600,000	1,641,399	1,716,880	2.60
MNRB Holdings Bhd - 5.20% / 22.03.2029	1,000,000	1,000,000	1,034,280	1.57
	<u>5,200,000</u>	<u>5,263,815</u>	<u>5,436,826</u>	<u>8.24</u>
Government Agency				
Danga Capital Bhd - 5.02% / 21.09.2023	<u>500,000</u>	<u>503,355</u>	<u>573,005</u>	<u>0.87</u>
Government Development				
Sabah Development Bank - 5.30% / 27.04.2023	<u>4,300,000</u>	<u>4,308,659</u>	<u>4,532,329</u>	<u>6.86</u>
Healthcare				
TG Excellence Bhd - 3.95% / 27.02.2120	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,649,452</u>	<u>4.01</u>
Power Generation				
Cypark Resources Bhd - 5.32% / 30.06.2031	2,400,000	2,448,986	2,503,416	3.79
Erda Energy Sdn Bhd - 6.51% / 05.07.2035	1,700,000	2,099,905	2,099,993	3.18
Sarawak Energy Bhd - 3.30% / 14.06.2030	1,800,000	1,800,000	1,799,982	2.72
Manjung Island Energy Bhd - 4.82% / 25.11.2030	700,000	755,311	785,260	1.19

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Power Generation (cont'd)				
YTL Power				
International Bhd				
- 5.05% / 03.05.2027	1,400,000	1,439,025	1,521,310	2.30
- 4.49% / 24.03.2023	5,000,000	4,996,282	5,161,200	7.81
Quantum Solar Park (Semenanjung) Sdn Bhd				
- 5.16% / 06.10.2022	1,300,000	1,317,397	1,331,694	2.02
	<u>14,300,000</u>	<u>14,856,906</u>	<u>15,202,855</u>	<u>23.01</u>
Real Estate				
Country Garden				
Real Estate Sdn Bhd				
- 6.40% / 06.05.2022	1,300,000	1,300,000	1,366,274	2.07
- 6.40% / 18.03.2022	1,300,000	1,300,000	1,361,958	2.06
- 5.25% / 27.03.2025	900,000	900,000	954,234	1.44
IJM Land Bhd				
- 5.65% / 17.03.2119	1,100,000	1,100,000	1,146,442	1.74
- 4.73% / 17.03.2119	1,300,000	1,302,889	1,283,906	1.94
UEM Sunrise Berhad				
- 4.00% / 09.06.2023	1,000,000	1,000,000	1,002,700	1.52
	<u>6,900,000</u>	<u>6,902,889</u>	<u>7,115,514</u>	<u>10.77</u>
Sovereign				
Government of Malaysia				
- 4.13% / 09.07.2029	1,900,000	2,083,728	2,073,850	3.14
Toll roads highway				
Konsortium Lebuhraya Utara-Timur				
- 4.25% / 01.12.2023	900,000	892,729	921,195	1.39
- 4.75% / 02.12.2024	2,600,000	2,623,888	2,720,354	4.12
	<u>3,500,000</u>	<u>3,516,617</u>	<u>3,641,549</u>	<u>5.51</u>

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Transportation & Logistics				
DRB-HICOM Bhd - 4.85% / 11.12.2026	1,500,000	1,500,000	1,503,585	2.28
MMC Corp Bhd - 5.70% / 24.03.2028	3,200,000	3,273,010	3,472,448	5.26
Penang Port Sdn Bhd - 4.48% / 27.12.2029	500,000	531,018	531,585	0.80
Pelabuhan Tanjung Pelepas Sdn Bhd - 3.95% / 18.06.2027	1,800,000	1,800,000	1,804,662	2.73
	<u>7,000,000</u>	<u>7,104,028</u>	<u>7,312,280</u>	<u>11.07</u>
Utilities				
Pengurusan Air SPV Bhd - 3.32% / 04.06.2027	1,000,000	1,000,000	1,004,730	1.52
- 3.90% / 30.10.2029	1,600,000	1,600,000	1,664,096	2.52
Tenaga Nasional Bhd - 5.18% / 03.08.2037	3,000,000	3,567,257	3,543,510	5.36
TNB Northern Energy Bhd - 3.91% / 29.11.2021	500,000	503,483	507,180	0.77
- 4.62% / 30.05.2033	2,000,000	2,179,270	2,203,920	3.34
	<u>8,100,000</u>	<u>8,850,010</u>	<u>8,923,436</u>	<u>13.51</u>
Total unquoted fixed income securities	<u>57,200,000</u>	<u>58,894,491</u>	<u>60,410,069</u>	<u>91.45</u>
Unrealised gain on unquoted fixed income securities *			<u>1,515,578</u>	

* The unrealised gain on unquoted fixed income securities comprise the amounts arising from changes in fair values.

**MAYBANK MALAYSIA INCOME FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Construction				
WCT Holdings Bhd - 5.65% / 20.04.2026	2,500,000	2,506,781	2,552,225	3.96
Financial Services				
Affin Islamic Bank - 5.05% / 23.10.2028	1,000,000	1,004,799	1,022,020	1.58
Bank Islam Malaysia Bhd - 5.50% / 15.12.2025	750,000	750,000	765,683	1.19
Fortune Premiere Sdn Bhd - 5.05% / 31.10.2025	900,000	903,610	934,731	1.45
Gulf Investment Corp - 5.10% / 16.03.2021	5,000,000	5,007,729	5,052,350	7.83
MNRB Holdings Bhd - 5.20% / 22.03.2029	2,000,000	2,000,000	2,029,160	3.14
Mumtaz Rakyat Sukuk Bhd - 4.95% / 19.06.2026	2,000,000	2,000,000	2,027,260	3.14
Sabah Credit Corp - 4.69% / 06.08.2020	5,000,000	5,002,709	5,037,650	7.81
	<u>16,650,000</u>	<u>16,668,847</u>	<u>16,868,854</u>	<u>26.14</u>
Government Agency				
Danga Capital Bhd - 5.02% / 21.09.2023	500,000	503,532	541,855	0.84
Government Development				
Sabah Development Bank - 5.30% / 27.04.2023	4,300,000	4,311,564	4,431,623	6.87

**MAYBANK MALAYSIA INCOME FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Power Generation				
Jimah East Power Sdn Bhd - 5.77% / 04.12.2029	3,700,000	4,140,139	4,160,946	6.45
Malakoff Power Bhd - 5.35% / 16.12.2022	5,000,000	5,117,263	5,212,650	8.08
Sarawak Energy Bhd - 4.50% / 19.01.2022	3,000,000	3,000,779	3,048,840	4.73
Tanjung Bin Energy Issuer Bhd - 6.00% / 15.03.2030	1,300,000	1,463,069	1,490,554	2.31
YTL Power International Bhd - 5.05% / 03.05.2027	1,400,000	1,443,804	1,464,610	2.27
- 4.49% / 24.03.2023	5,000,000	4,995,122	5,056,350	7.84
	19,400,000	20,160,176	20,433,950	31.68
Real Estate				
Country Garden Real Estate Sdn Bhd - 6.40% / 06.05.2022	1,300,000	1,300,000	1,305,044	2.02
- 6.40% / 18.03.2022	1,300,000	1,300,000	1,307,657	2.03
IJM Land Bhd - 5.65% / 17.03.2119	1,100,000	1,100,000	1,147,784	1.78
	3,700,000	3,700,000	3,760,485	5.83
Sovereign				
Government of Malaysia - 5.73% / 30.07.2019	670,000	671,278	671,286	1.04

**MAYBANK MALAYSIA INCOME FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Toll roads highway				
Konsortium Lebuhraya Utara-Timur				
- 4.25% / 01.12.2023	900,000	890,805	900,225	1.40
- 4.75% / 02.12.2024	2,600,000	2,628,701	2,658,968	4.12
	<u>3,500,000</u>	<u>3,519,506</u>	<u>3,559,193</u>	<u>5.52</u>
Transportation & Logistics				
Anih Bhd				
- 5.70% / 27.11.2026	500,000	532,158	545,555	0.85
- 6.00% / 29.11.2028	900,000	988,910	1,015,038	1.57
MMC Corp Bhd				
- 5.70% / 24.03.2028	1,500,000	1,500,000	1,553,235	2.41
	<u>2,900,000</u>	<u>3,021,068</u>	<u>3,113,828</u>	<u>4.83</u>
Utilities				
Tenaga Nasional Bhd				
- 4.98% / 27.08.2038	3,000,000	3,000,000	3,183,420	4.93
	<u>57,120,000</u>	<u>58,062,752</u>	<u>59,116,719</u>	<u>91.64</u>
Unrealised gain on unquoted fixed income securities *			<u>1,053,967</u>	

* The unrealised gain on unquoted fixed income securities comprise the amounts arising from changes in fair values.

- (a) Changes in 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 on FVTPL investments' in the profit and loss when the associated assets are sold. See accounting policy Note 2.4(ii) for details.

**MAYBANK MALAYSIA INCOME FUND
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8. DEPOSIT WITH LICENSED FINANCIAL INSTITUTION

	2020 RM	2019 RM
Short-term placement with a maturity of less than 3 months	<u>4,647,000</u>	<u>4,115,000</u>

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

	2020		2019	
	WAEIR % p.a.	Average maturity days	WAEIR % p.a.	Average maturity days
Deposit with a licensed financial institution	<u>1.95</u>	<u>1</u>	<u>3.15</u>	<u>3</u>

9. AMOUNT DUE FROM BROKERS

Amount due from Brokers relates to the amount receivable from a broker arising from the sale of unquoted fixed income securities. The settlement period for these receivables are within 3 working days from the deal date.

10. AMOUNT DUE FROM/(DUE TO) MANAGER

	Note	2020 RM	2019 RM
Amount due from Manager is in respect of:			
Creation of units	(i)	<u>262,892</u>	<u>1,042</u>
Amount due to Manager is in respect of:			
Management fee	(ii)	53,585	54,451
Cancellation of units	(iii)	<u>11,237</u>	<u>4,448</u>
		<u>64,822</u>	<u>58,899</u>

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

(ii) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial year. The normal credit term for Manager's fee is 15 days (2019: 15 days).

(iii) The amount represents amount payable to the Manager for units redeemed/cancelled.

**MAYBANK MALAYSIA INCOME FUND
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11. AMOUNT DUE TO TRUSTEE

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

12. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2020	2019
	RM	RM
Due to external auditors	11,554	12,084
Due to tax agent	5,247	9,000
Other payables	44,932	18,836
	<u>61,733</u>	<u>39,920</u>

13. DISTRIBUTION

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

	2020	2019
	RM	RM
Interest income	1,413,064	2,361,781
Realised gain on disposal	916,535	211,927
Less: Expenses	(553,388)	(732,610)
Net distribution	<u>1,776,211</u>	<u>1,841,098</u>

The Fund has unrealised losses brought forward arising from the changes in fair value of the FVTPL investments. See Note 14(c).

Gross/net distribution per unit (sen)	<u>3.00</u>	<u>3.00</u>
Distribution dates	<u>29 June 2020</u>	<u>30 June 2019</u>

**MAYBANK MALAYSIA INCOME FUND
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14. TOTAL EQUITY

	Note	2020 RM	2019 RM
Unitholders' capital	(a)	79,044,719	79,635,144
Accumulated realised loss	(b)	(14,494,111)	(16,167,590)
Accumulated unrealised income	(c)	1,515,578	1,053,967
		<u>66,066,186</u>	<u>64,521,521</u>

(a) Unitholders' capital

	2020		2019	
	Units	RM	Units	RM
At the beginning of the financial year	61,369,922	79,635,144	64,290,187	82,718,921
Creation of units	4,050,186	4,433,548	1,661,328	1,759,406
Reinvestment of units	3,386,778	3,617,309	1,892,000	1,928,705
Cancellation of units	<u>(7,959,409)</u>	<u>(8,641,282)</u>	<u>(6,473,593)</u>	<u>(6,771,888)</u>
At the end of the financial year	<u>60,847,477</u>	<u>79,044,719</u>	<u>61,369,922</u>	<u>79,635,144</u>

There were no units held by the directors or parties related to the Manager during the current and previous financial year.

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

(b) Accumulated realised loss

	2020 RM	2019 RM
At the beginning of the financial year	(16,167,590)	(15,924,539)
Net realised income for the financial year	3,449,690	1,598,047
Distribution out of retained earnings (Note 13)	(1,776,211)	(1,841,098)
At the end of the financial year	<u>(14,494,111)</u>	<u>(16,167,590)</u>

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

(c) Accumulated unrealised income

	2020 RM	2019 RM
At the beginning of the financial year	1,053,967	(1,282,854)
Net unrealised gain for the financial year	461,611	2,336,821
At the end of the financial year	<u>1,515,578</u>	<u>1,053,967</u>

15. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

In addition to the related party information disclosed elsewhere in the financial statements, there are no other significant related party transaction and balances of the Fund during the financial year.

(i) <u>Significant related party transaction</u>	2020 RM	2019 RM
MBB:		
Interest income from deposit placement	<u>130,022</u>	<u>115,743</u>
Maybank Islamic Bhd:		
Interest income from deposits	<u>206</u>	<u>205</u>

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

	2020	2019
	RM	RM
(ii) <u>Significant related party balances</u>		
MBB:		
Deposits with financial institution	<u>4,647,000</u>	<u>4,115,000</u>

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

16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

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

Brokers/dealers	2020		2019	
	Value of trade RM	Percent of total trade %	Value of trade RM	Percent of total trade %
Affin Hwang Investment Bank Bhd	7,100,000	8.57	9,399,859	19.04
Alliance Bank Malaysia Bhd	7,500,000	9.05	4,383,265	8.88
AmBank Bhd	1,100,000	1.33	-	-
AmBank Islamic Bhd	-	-	2,000,000	4.05
CIMB Bank Bhd	4,500,000	5.43	14,337,136	29.05
CIMB Investment Bank Bhd	-	-	3,751,513	7.60
CIMB Islamic Bank Bhd	4,500,000	5.43	5,086,280	10.30
Hong Leong Bank Bhd	7,750,000	9.35	1,016,399	2.06
Hong Leong Investment Bank Bhd	2,600,000	3.14	-	-
MBB *	13,200,000	15.93	-	-
Public Investment Bank Bhd	1,000,000	1.21	-	-
RHB Investment Bank Bhd	32,700,000	39.47	6,786,229	13.75
Standard Chartered Bank (M) Bhd	900,000	1.09	2,600,000	5.27
	<u>82,850,000</u>	<u>100.00</u>	<u>49,360,681</u>	<u>100.00</u>

**MAYBANK MALAYSIA INCOME FUND
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16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONT'D)

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

Financial institutions	2020		2019	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
CIMB Bank Bhd	-	-	511,009	0.06
Hong Leong Bank Bhd	-	-	25,579,126	2.91
MBB *	1,188,094,000	99.68	820,608,000	93.35
Maybank Islamic Bhd **	3,860,000	0.32	-	-
Public Bank Bhd	-	-	27,164,117	3.09
RHB Bank Bhd	-	-	5,197,036	0.59
	<u>1,191,954,000</u>	<u>100.00</u>	<u>879,059,288</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager.

** Maybank Islamic Bhd is a subsidiary of MBB, the ultimate holding company

17. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund, and recovered expenses to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee and other administrative expenses. For the financial year ended 30 June 2020, the MER of the Fund stood at 1.15% (2019: 1.11%).

18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 June 2020, the PTR of the Fund stood at 0.68 times (2019: 0.37 times).

19. SEGMENT INFORMATION

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker of the Manager makes the strategic decisions on resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieves its targeted to maximise returns over the Medium Term and while at the same time offering stability of capital and regular consistent income.

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 fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.

**MAYBANK MALAYSIA INCOME FUND
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19. SEGMENT INFORMATION (CONT'D)

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

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

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

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.13 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised. The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

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

2020	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	60,410,069	-	-	60,410,069
Deposit with licensed financial institutions	-	4,647,000	-	4,647,000
Interest receivables	-	557,214	-	557,214
Amount due from Manager	-	262,892	-	262,892
Cash at bank	-	317,442	-	317,442
Total financial assets	60,410,069	5,784,548	-	66,194,617
Financial liabilities				
Amount due to Manager	-	-	64,822	64,822
Amount due to Trustee	-	-	1,876	1,876
Other payables and accruals	-	-	61,733	61,733
Total financial liabilities	-	-	128,431	128,431

**MAYBANK MALAYSIA INCOME FUND
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20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2019				
Financial assets				
Financial assets at FVTPL	59,116,719	-	-	59,116,719
Deposit with licensed financial institutions	-	4,115,000	-	4,115,000
Interest receivables	-	633,005	-	633,005
Amount due from brokers	-	2,577,589	-	2,577,589
Amount due from Manager	-	1,042	-	1,042
Cash at bank	-	19,989	-	19,989
Total financial assets	<u>59,116,719</u>	<u>7,346,625</u>	<u>-</u>	<u>66,463,344</u>
Financial liabilities				
Amount due to Manager	-	-	58,899	58,899
Amount due to Trustee	-	-	1,906	1,906
Provision for distribution	-	-	1,841,098	1,841,098
Other payables and accruals	-	-	39,920	39,920
Total financial liabilities	<u>-</u>	<u>-</u>	<u>1,941,823</u>	<u>1,941,823</u>

(b) Financial instruments that are carried at fair value

The fair value of unquoted fixed income securities are based on the fair value prices quoted by Bond Pricing Agency Sdn Bhd, a bond pricing agency registered with SC as at reporting date.

(c) Fair value hierarchy

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

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

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20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

(c) Fair value hierarchy (cont'd)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial assets at FVTPL	-	60,410,069	-	60,410,069
2019				
Financial assets at FVTPL	-	59,116,719	-	59,116,719

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

Financial instruments with maturities of less than one year approximate their carrying values due to the relatively short-term maturity of these instruments.

21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed to price risk arising from the Fund's financial assets at FVTPL. The Fund is also exposed to interest rate risk arising from deposit placed with a licensed financial institution. The Fund is not exposed to foreign currency risk as it does not hold any financial instruments denominated in foreign currency as at the reporting date. The Fund is also not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

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

(b) Market risk (cont'd)

(i) Interest rate risk

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

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

	2020		2019	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
Unquoted fixed income securities	+1	(3,405,629)	+1	(2,796,129)
	-1	3,804,349	-1	3,095,905

The impact to the Fund's net income after tax and NAV is expected to be the same.

The Fund's deposit with licensed financial institutions carries interest rate and is short-term in nature, and therefore is not affected by movements in market interest rate.

(c) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will default on its contractual obligation resulting in a financial loss to the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

**MAYBANK MALAYSIA INCOME FUND
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21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk (cont'd)

(i) Credit risk exposure

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

(ii) Credit risk concentration

The following table analyses the Fund's investments in financial assets at FVTPL, cash at bank, deposit with licensed financial institutions, interest receivables on unquoted fixed income securities and interest receivables on deposit with licensed financial institutions by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and interest receivables on unquoted fixed income securities were obtained from RAM Holdings Bhd ("RAM") and Malaysian Rating Corporation Bhd ("MARC") while the ratings for cash at bank, deposit with licensed financial institutions and interest receivables on deposit with licensed financial institutions were obtained from RAM's official website.

	2020		2019	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
Financial Assets				
AAA	17,145,612	25.95	13,044,395	20.22
AA1	12,349,675	18.69	19,301,709	29.92
AA2	1,729,719	2.62	2,510,254	3.89
AA3	24,542,864	37.15	23,318,700	36.14
A1	5,587,927	8.46	3,856,743	5.98
A2	2,464,566	3.73	1,165,494	1.81
Government securities	2,111,361	3.20	687,418	1.07
	<u>65,931,725</u>	<u>99.80</u>	<u>63,884,713</u>	<u>99.03</u>

**MAYBANK MALAYSIA INCOME FUND
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21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk

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

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

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

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

2020	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	-	60,410,069	60,410,069
Deposit with licensed financial institution	4,647,000	-	4,647,000
Interest receivables	91,426	465,788	557,214
Amount due from Manager	262,892	-	262,892
Cash at bank	317,442	-	317,442
Total undiscounted financial assets	<u>5,318,760</u>	<u>60,875,857</u>	<u>66,194,617</u>
Financial liabilities and unitholders' equity:			
Amount due to Manager	64,822	-	64,822
Amount due to Trustee	1,876	-	1,876
Other payables and accruals	61,733	-	61,733
Unitholders' equity	66,066,186	-	66,066,186
Total undiscounted financial liabilities and unitholders' equity	<u>66,194,617</u>	<u>-</u>	<u>66,194,617</u>
Liquidity (gap)/surplus	<u>(60,875,857)</u>	<u>60,875,857</u>	<u>-</u>

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

(d) Liquidity risk (cont'd)

2019	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	-	59,116,719	59,116,719
Deposit with licensed financial institution	4,115,000	-	4,115,000
Interest receivables	59,178	573,827	633,005
Amount due from brokers	2,577,589	-	2,577,589
Amount due from Manager	1,042	-	1,042
Cash at bank	19,989	-	19,989
Total undiscounted financial assets	<u>6,772,798</u>	<u>59,690,546</u>	<u>66,463,344</u>
Financial liabilities and unitholders' equity:			
Amount due to Manager	58,899	-	58,899
Amount due to Trustee	1,906	-	1,906
Provision for distribution	1,841,098	-	1,841,098
Other payables and accruals	39,920	-	39,920
Unitholders' equity	64,521,521	-	64,521,521
Total undiscounted financial liabilities and unitholders' equity	<u>66,463,344</u>	<u>-</u>	<u>66,463,344</u>
Liquidity (gap)/surplus	<u>(59,690,546)</u>	<u>59,690,546</u>	<u>-</u>

Notes:

(i) Financial assets

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

(ii) Financial liabilities

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

**MAYBANK MALAYSIA INCOME FUND
(FORMERLY KNOWN AS MAYBANK INCOME TRUST FUND)**

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

(d) Liquidity risk (cont'd)

Notes:

(iii) Unitholders' capital

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

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

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 the current financial year.