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MAMG GLOBAL SHARIAH INCOME FUND

**Unaudited interim report
For the financial period from 1 January 2020 to 30 June 2020**

CORPORATE INFORMATION

MANAGER

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

BUSINESS OFFICE

Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
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TRUSTEE

SCBMB Trustee Berhad (201201021301) (1005793-T)
Level 23, Equatorial Plaza
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone +603 7682 9724

SHARIAH ADVISOR

Amanie Advisors Sdn Bhd (200501007003) (684050-H)
Level 13A-2
Menara Tokio Marine Life
189 Jalan Tun Razak
50400 Kuala Lumpur
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MAMG GLOBAL SHARIAH INCOME FUND

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MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial period from 1 January 2020 to 30 June 2020

A. Fund Information

1. Name of the Fund

MAMG Global Shariah Income Fund ("the Fund")

2. Type of Fund

Income & growth

3. Category of Fund

Feeder Fund

4. Duration of the Fund

The Fund is an open-ended fund.

5. Fund launch date

13 March 2018

6. Fund's investment objective

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

7. Fund distribution policy

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

8. Fund's performance benchmark

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

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

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

10. Net income distribution for the financial period from 1 January 2020 to 30 June 2020

The Fund did not declare any distribution for the financial period from 1 January 2020 to 30 June 2020.

11. Breakdown of unitholdings by size

Fund size

As at 30 June 2020, the size of the Fund was 3,371,286 units.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial period from 1 January 2020 to 30 June 2020 (cont'd)

A. Fund Information (cont'd)

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

Breakdown of unitholdings as at 30 June 2020

| Unitholdings | No. of unitholders | % | No. of units ('000) | % |
|-------------------------|--------------------|---------------|---------------------|---------------|
| 5,000 units and below | 1 | 25.00 | * 1 | 0.04 |
| 5,001 to 10,000 units | - | - | - | - |
| 10,001 to 50,000 units | 1 | 25.00 | 18 | 0.53 |
| 50,001 to 500,000 units | 1 | 25.00 | 135 | 4.00 |
| 500,001 units and above | 1 | 25.00 | 3,217 | 95.43 |
| Total | 4 | 100.00 | ** 3,371 | 100.00 |

* Includes 1,016 units held by the Manager

** Includes 3,370,270 units held by a Institutional Unit Trust Scheme Adviser ("IUTA")

B. Performance Review

1. Key performance data of the Fund

| Category | 01.01.2020 to 30.06.2020 | 01.01.2019 to 31.12.2019 | 13.03.2018 (date of launch) to 31.12.2018 |
|--|--------------------------------|--------------------------------|--|
| Portfolio composition | | | |
| Investment in Target Fund (%) | 98.08 | 96.33 | 96.33 |
| Cash and other net assets (%) | 1.92 | 3.67 | 3.67 |
| Total (%) | 100.00 | 100.00 | 100.00 |
| NAV (RM'000) | 3,898 | 8,721 | 8,721 |
| Units in circulation (units'000) | 3,371 | 7,762 | 7,762 |
| NAV per unit (RM) | 1.1563 | 1.1236 | 1.1236 |
| Highest NAV per unit (RM) | 1.1716 | 1.1548 | 1.0766 |
| Lowest NAV per unit (RM) | 1.1055 | 1.0556 | 1.0000 |
| Annual return (%) ⁽¹⁾ | | | |
| - Capital growth (%) | 2.97 | 4.91 | 6.86 |
| - Income distribution (%) | - | 1.62 | 0.28 |
| Total return (%) | 2.97 | 6.61 | 7.16 |
| Benchmark | 11.96 | 5.18 | 10.28 |
| Gross/net distribution per unit (sen) | - | 0.15 | 0.30 |
| Distribution date | - | 30/12/2019 | 31/12/2018 |
| Management Expense Ratio ("MER") (%) | 0.67 | 1.38 | 1.09 |
| Portfolio Turnover Ratio ("PTR") (times) | 0.40 | 0.20 | 0.64 |

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial period from 1 January 2020 to 30 June 2020 (cont'd)

B. Performance Review (cont'd)

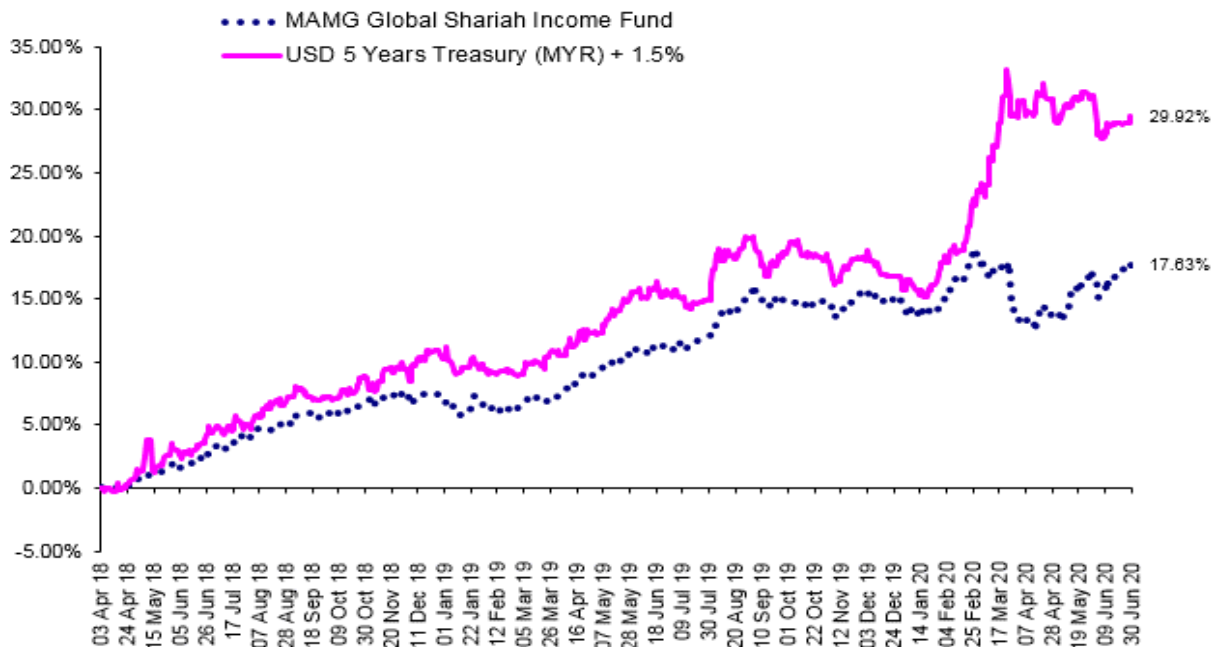
1. Key performance data of the Fund (cont'd)

Note:

- (1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of all fees.
- (2) The Fund's MER is 0.67% in the current financial period under review.
- (3) The Fund's PTR is 0.40 times in the current financial period under review.

2. Performance of the Fund for the financial period from 1 January 2020 to 30 June 2020

| Category | 6 months to 30.06.2020 % | 1 year to 30.06.2020 % | Since launch to 30.06.2020 % |
|--------------------------|--------------------------|------------------------|------------------------------|
| Capital growth | 2.97 | 4.28 | 15.76 |
| Income distribution | - | 1.33 | 1.62 |
| Total return of the Fund | 2.97 | 5.67 | 17.63 |
| Benchmark | 11.96 | 12.35 | 29.92 |
| Average total return | - | 5.67 | 7.31 |



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 June 2020

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

The Fund generated a return of 2.97% for the period under review, compared to the benchmark which registered a return of 11.96% over the same period. The underperformance was due to a combination of strong rally in US treasuries, higher corporate yields, widening credit spreads as well as weaker local currencies in the target fund during the period under review.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial period from 1 January 2020 to 30 June 2020 (cont'd)

B. Performance Review (cont'd)

3. Annual total return of the Fund

| For the financial period | 01.01.2020 to 30.06.2020 % | 01.01.2019 to 31.12.2019 % | 13.03.2018 (date of launch) to 31.12.2018 % |
|--------------------------|-------------------------------------|-------------------------------------|---|
| Capital growth | 2.97 | 4.91 | 6.86 |
| Income distribution | - | 1.62 | 0.28 |
| Total return | 2.97 | 6.61 | 7.16 |
| Benchmark | 11.96 | 5.18 | 10.28 |

4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

| | | |
|----------------|---|---|
| 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

Markets reacted with a negative tone in January 2020 as it grappled with uncertainties brought by the new coronavirus disease 2019 ("COVID-19") from China. Rates rallied across the bond markets, while equities were in the red, with the selloff intensifying during late January 2020. Over in commodities, despite new Organisation of the Petroleum Exporting Countries ("OPEC+") production cuts announced in Dec 2019, Brent crude declined by 12% given concerns of slowing Chinese consumption due to the outbreak of the virus. United States Dollar ("USD") broadly turned stronger against DM currencies due to risk aversion.

The negative impact from the COVID-19 intensified in the month of February 2020 given the global spread of the virus, although the situation in China was starting to stabilise, both in lower rate of new cases and in the resumption of the economy. Discount Margin ("DM") rates continued to rally with a steepening bias due to the expectations of central bank easing. Equities and commodities were all in the red for the month, while Gold continued to March 2020 higher. USD remained strong against most currencies from risk aversion throughout February 2020, albeit softening slightly towards month end due to rate cut expectations. Despite risk aversion, Asian credit outperformed versus regions in Middle East and North America ("MENA") and Latin America ("LATAM").

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial period from 1 January 2020 to 30 June 2020 (cont'd)

C. Market Review (cont'd)

The markets entered March 2020 with a decidedly risk off tone given the increasing impact to the global economy due to COVID-19 spread and the ensuing lockdown. The sell-off intensified in the aftermath of the failed OPEC+ meeting to cut production in 6th March 2020 and Saudi's plan to maximize crude production. Not only did crude crashed by 50% to USD 20/ barrel ("bbl"), the impact also extended to the United States ("US") High-Yield market and other asset classes. At the height of the panic, the entire United States Treasury ("UST") curve traded at 1% or below. Equities markets went down in the range of 20-30% before recouping some losses in the last week of March 2020 on grand stimulus package of USD 2 trillion by the United States of America ("USA") and various measures taken by global central banks, among which the Federal Reserve ("Fed") to supply USD liquidity to foreign central banks via currency swaps. USD remained strong against most currencies, as there was capital flight from all regions into the safe haven investments, but gave back some ground as risk sentiment slightly recovered.

Risk sentiment recovered from late March 2020 and into April 2020, given aggressive easing by central banks and stimulus measures by the governments across the globe. However, commodities like oil continued to trade weak, as surging crude supplies found it hard to secure storage. Over in rates, UST generally traded in a range bound fashion despite prospects of increased issuance thanks to Fed's unlimited Quantitative Easing ("QE"). USD weakened slightly in April 2020 along with improved risk sentiment.

Risk sentiment in May 2020 continued to be firm as markets benefitted from both massive monetary and fiscal stimulus across the globe and sign of peaking in COVID-19 cases. Crude recovered sharply, with Brent moving from USD 20/bbl area to nearing USD 40/bbl on hopes of economic revival and pickup in demand. UST generally traded in a range bound fashion but moved into a slight bear steepening bias towards the month end as risk sentiment remained firm with 10 year and 30 year yields approaching 0.70% and 1.50% respectively. USD weakened broadly in tandem with stronger markets around the Globe.

After two months of sustained risk-on sentiments, markets took a breather with the pace of economic recovery in question while valuations had largely looked past the damage brought by COVID-19. As such, markets were more sensitive to COVID-19 infection headlines, especially in countries that reported a resurgence in infections after exiting lock-down. Despite the increased volatility, markets remained range bound given support from massive monetary stimulus. The UST curve experienced some bull-flattening pressure over the month, with the 10 and 30-year yields lower by about 20 basis points ("bps"). USD traded in a somewhat stronger tone in June 2020 as volatility resurfaced due to Geopolitical risks.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial period from 1 January 2020 to 30 June 2020 (cont'd)

D. Market Outlook and Investment Strategy

Generally, investor sentiment has improved since the drastic sell-off during March 2020 due to the pandemic outbreak. Over past two months April 2020 to May 2020, risk assets performed very well. The key driver for the recovery is the massive fiscal and monetary stimulus announced by central banks globally. In addition, many governments announced direct support programs to keep local corporates and small and medium-sized enterprise ("SME") afloat during the lockdown period including freezing bank loan payments, waiving property lease payments, releasing bank capital restrictions to encourage corporate lending and even directly investing in corporate bonds to keep the corporate bond market open.

Even as countries globally are re-opening up in stages from June 2020 onwards, the growth outlook remains challenging. There remain risks that a second wave of infections May 2020 trigger lockdowns again. The path to recovery is not smooth and will be uneven across countries and sectors. In the Organisation for Economic Co-operation and Development ("OECD") Economic Outlook report June 2020, the agency forecasted that global economic activity to fall 6% in FY2020 with OECD unemployment at 9.2% versus 5.4% FY2019. OECD also expects that full recovery to economic growth 4Q19 will take two years. In June 2020, both the ECB and US Fed continued to demonstrate a strong resolve to support the economy and to support jobs in the current economic crisis. The ECB increased the asset purchase program by EUR 600 billion ("bn") on 4th June 2020 and committed to extend the program till June 2021 or until the crisis is over. US Fed meeting minutes released on 10th June 2020 showed that the Fed expects zero interest rates through at least FY2022 and that a recovery of employment back to pre-COVID-19 is the key indicator.

As the fund is a feeder fund, it will continue investing between 95% to 98% into target fund to achieve closer performance with its target fund. The target fund has stronger weightage in United Arab Emirates, Malaysia, Turkey, Saudi Arabia and Indonesia. On sectors, most of the target fund's major holdings are in financials, industrials and consumer bonds. As at June 2020, the portfolio duration remains low at 3.14 years with an average rating of BBB- by international rating agencies.

MAMG GLOBAL SHARIAH INCOME FUND

Manager's report

For the financial period from 1 January 2020 to 30 June 2020 (cont'd)

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

Below are the updates made in the Prospectus dated 8 July 2020:

- (i) The name of the Fund was changed to MAMG Global Income-I Fund
- (ii) Addresses of the Trustee and Shariah Adviser
- (iii) Board of Directors of the Manager
- (iv) The changes in Target Fund with effect from 19 June 2020
 - Change of name from AZ Multi Asset MAMG Global Sukuk to AZ Islamic-MAMG Global Sukuk
 - Investment objective of the Target Fund has been changed from to enhance the value of its assets in the medium or long term with a portfolio comprising of USD denominated sukuk issued by sovereign and corporates to medium term capital growth
 - Base currency of the Target Fund has been changed from Euro to USD
 - Investment policy of the Target Fund has been changed
- (v) The name of the management company of the Target Fund has been changed from AZ Fund Management S.A. to Azimut Investments S.A. with effect from 22 May 2020
- (vi) Investment management of the Target Fund has been delegated to Azimut (DIFC) Ltd
- (vii) Azimut (ME) Ltd has been appointed as the additional investment advisor of the Target Fund
- (viii) Specific risks of the Target Fund

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 from 1 January 2020 to 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 MAMG GLOBAL SHARIAH INCOME FUND FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

We have acted as Trustee of MAMG Global Shariah Income Fund (the "Fund") for the financial period from 1 January 2020 to 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 Deed, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/pricing has been carried out in accordance with the Deeds and any regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of
SCBMB Trustee Berhad

Prasad A/L S Vijayasundram
Chief Executive Officer

Kuala Lumpur, Malaysia
13 August 2020

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAMG GLOBAL SHARIAH INCOME FUND
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 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 MAMG Global Income-I Fund (formerly known as MAMG Global Shariah Income Fund) as at 30 June 2020 and of its results, changes in equity and cash flows for the financial period from 1 January 2020 to 30 June 2020 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
13 August 2020

REPORT OF THE SHARIAH ADVISER

TO THE UNITHOLDERS OF MAMG GLOBAL SHARIAH INCOME FUND FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

We have acted as the Shariah Adviser of the MAMG Global Shariah Income Fund (the "Fund") for the six month financial period ended 30 June 2020. Our responsibility is to ensure that the procedures and the processes employed by Maybank Asset Management Sdn Bhd (the "Manager") are in accordance with the principles of Shariah.

In our opinion, the Manager has managed and administered the Fund in accordance with the principles of Shariah and comply with applicable guidelines, ruling or decision issued by the Securities Commission Malaysia on Shariah matters for the financial period from 1 January 2020 to 30 June 2020.

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

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

For and on behalf of the Shariah Adviser of the Fund

DATUK DR MOHD DAUD BAKAR
Executive Chairman

Kuala Lumpur, Malaysia
13 August 2020

MAMG GLOBAL SHARIAH INCOME FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

| | | 01.01.2020 to 30.06.2020 RM | 01.01.2019 to 30.06.2019 RM |
|--|------|--------------------------------------|--------------------------------------|
| INVESTMENT INCOME | | | |
| Profit income | | 1,476 | 4,596 |
| Net gain on financial assets at fair value through profit or loss ("FVTPL") | 6(a) | | |
| - Realised gain | | 777,029 | 105,662 |
| - Unrealised (loss)/gain | | (478,438) | 260,384 |
| | | <u>300,067</u> | <u>370,642</u> |
| EXPENSES | | | |
| Manager's fee | 3 | 30,287 | 40,628 |
| Trustee's fee | 4 | 606 | 813 |
| Auditor's remuneration | | 3,482 | 4,472 |
| Tax agent's fee | | 1,740 | 2,436 |
| Administrative expenses | | 4,605 | 5,941 |
| | | <u>40,720</u> | <u>54,290</u> |
| Net income before tax | | 259,347 | 316,352 |
| Taxation | 5 | - | - |
| Net income after tax | | <u>259,347</u> | <u>316,352</u> |
| Net income after tax is made up of the following: | | | |
| Net realised income | | 737,785 | 55,968 |
| Net unrealised (loss)/income | | (478,438) | 260,384 |
| | | <u>259,347</u> | <u>316,352</u> |

MAMG GLOBAL SHARIAH INCOME FUND**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

| | Note | 30.06.2020 RM | 31.12.2019 RM |
|---|-------------|------------------|------------------|
| ASSETS | | | |
| Financial asset at FVTPL | 6 | 3,823,327 | 8,400,736 |
| Deposit with a licensed Islamic financial institution | 7 | - | 487,209 |
| Profit income receivable | | - | 41 |
| Cash at bank | | 130,778 | 10,969 |
| TOTAL ASSETS | | 3,954,105 | 8,898,955 |
| LIABILITIES | | | |
| Amount due to Manager | 8 | 33,847 | 33,374 |
| Amount due to Trustee | 9 | 4,662 | 9,138 |
| Distribution payable | | - | 116,424 |
| Other payables and accruals | 10 | 17,512 | 18,934 |
| TOTAL LIABILITIES | | 56,021 | 177,870 |
| NET ASSET VALUE ("NAV") OF THE FUND | | 3,898,084 | 8,721,085 |
| EQUITY | | | |
| Unitholders' capital | 11(a) | 2,626,947 | 7,709,295 |
| Retained earnings | 11(b) & (c) | 1,271,137 | 1,011,790 |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | | 3,898,084 | 8,721,085 |
| NUMBER OF UNITS IN CIRCULATION (UNIT) | 11(a) | 3,371,286 | 7,761,589 |
| NAV PER UNIT (RM) | | 1.1563 | 1.1236 |

MAMG GLOBAL SHARIAH INCOME FUND

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

| | Unitholders' capital Note 11(a) RM | Retained earnings Note 11(b) and 11(c) RM | Total equity RM |
|--|---|--|--------------------------------|
| At 1 January 2019 | 7,548,599 | 611,353 | 8,159,952 |
| Total comprehensive income for the financial period | - | 316,352 | 316,352 |
| Creation of units | 301,924 | - | 301,924 |
| Reinvestment of units | 22,921 | - | 22,921 |
| Cancellation of units | (1,142,838) | - | (1,142,838) |
| At 30 June 2019 | 6,730,606 | 927,705 | 7,658,311 |
| At 1 January 2020 | 7,709,295 | 1,011,790 | 8,721,085 |
| Total comprehensive income for the financial period | - | 259,347 | 259,347 |
| Creation of units | 675,701 | - | 675,701 |
| Reinvestment of units | 116,424 | - | 116,424 |
| Cancellation of units | (5,874,473) | - | (5,874,473) |
| At 30 June 2020 | 2,626,947 | 1,271,137 | 3,898,084 |

MAMG GLOBAL SHARIAH INCOME FUND**UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020**

| | 01.01.2020 to 30.06.2020 RM | 01.01.2019 to 30.06.2019 RM |
|---|--|--|
| CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES | | |
| Net proceeds from sale of financial assets at FVTPL | 5,631,000 | 970,000 |
| Net payment for purchase of financial assets at FVTPL | (755,000) | - |
| Profit income received | 1,517 | 4,620 |
| Manager's fee paid | (34,636) | (41,104) |
| Trustee's fee paid | (5,082) | (822) |
| Payment of other fees and expenses | (11,249) | (16,904) |
| Net cash generated from operating and investing activities | <u>4,826,550</u> | <u>915,790</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from units created | 675,701 | 301,924 |
| Cash paid on units cancelled | (5,869,651) | (852,532) |
| Net cash used from financing activities | <u>(5,193,950)</u> | <u>(550,608)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD | (367,400) | 365,182 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | 498,178 | 280,322 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | <u>130,778</u> | <u>645,504</u> |
| Cash and cash equivalents comprise solely of cash at bank | <u>130,778</u> | <u>645,504</u> |

MAMG GLOBAL SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

MAMG Global Shariah Income Fund (the "Fund") was constituted pursuant to the execution of a deed dated 4 December 2017 ("Principal Deed") between Maybank Asset Management Sdn Bhd ("MAM") as the Manager and SCBMB Trustee Berhad as the Trustee. The First Supplemental Deed has been issued between MAM and the Trustee dated 13 April 2020.

The Fund aims to maximise investment return by investing at least 95% of the Fund's NAV in the AZ Islamic MAMG Global Sukuk (previously was AZ Multi Asset MAMG Global Sukuk) ("Target Fund"), a fund managed by Azimut Investments S.A. (previously was AZ Fund Management S.A.) ("Target Fund Manager") and the investment management of the Target Fund has been delegated to Azimut (DIFC) Ltd. The base currency of the Target Fund is in United States Dollar ("USD") (previously was in Euro), whereas the shares of the Target Fund in which the Fund invests in are denominated in Ringgit Malaysia ("RM").

The Target Fund is an open-ended collective investment scheme domiciled in the Grand Duchy of Luxembourg and was launched on 16 September 2013. The Target Fund is registered as an undertaking for collective investment under Part 1 of the Luxembourg law dated 17 December 2010 relating to undertakings for collective investment and subsequent amendments (the "2010 Law").

The 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. Maybank AM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

MAMG GLOBAL SHARIAH INCOME 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"), 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 period from 1 January 2020 to 30 June 2020. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.14 to the financial statements.

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

2.2 Standards and amendments to standards issued but not yet effective

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

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

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

MAMG GLOBAL SHARIAH INCOME 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

Classification

The Fund classifies cash and cash equivalents and profit income receivables as financing and receivables, and are subsequently measured at amortised cost. Investments in collective investment scheme is classified as FVTPL.

These assets are subsequently measured using the effective profit rate ("EPR") method and are subject to impairment. The EPR is a method of calculating the amortised cost of financial asset and of allocating and recognising the profit income in profit or loss of the relevant period.

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

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

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

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

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

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

Dividend income on equity instruments as at FVTPL (i.e. investment in collective investment scheme) is disclosed separately in the profit or loss.

(iii) Impairment of financial assets

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

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

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets

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

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

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

For balances with short-term nature (e.g. amount due from Manager), 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 profit in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of 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

Classification

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

Recognition and measurement

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.5 Financial liabilities

Recognition and measurement (cont'd)

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

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

2.6 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 the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.6 Fair value measurement (cont'd)

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

2.7 Functional and presentation currency

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

2.8 Unitholders' capital

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

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

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

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

2.9 Distributions

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

2.10 Cash and cash equivalents

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.11 Revenue / Income

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

Dividend income is recognised when the right to receive payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income

Realised gain on disposal of investments is measured as the difference between the net proceeds and its carrying amount.

Other revenue/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.

2.12 Income tax

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

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

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

2.13 Segment information

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

2.14 Critical accounting estimates and judgements

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

MAMG GLOBAL SHARIAH INCOME FUND

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

2.14 Critical accounting estimates and judgements (cont'd)

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

3. MANAGER'S FEE

Manager's fee is computed daily based on 1.00% (01.01.2019 to 30.06.2019: 1.00%) per annum ("p.a.") of the NAV of the Fund before deducting the Manager's fee and Trustee's fees for that particular day.

4. TRUSTEE'S FEE

Trustee's fee is computed daily based on 0.02% (01.01.2019 to 30.06.2019: 0.02%) p.a. of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for that particular day, subject to a minimum fee of RM6,000 p.a.

5. TAXATION

| 01.01.2020 | 01.01.2019 |
|------------|------------|
| to | to |
| 30.06.2020 | 30.06.2019 |
| RM | RM |

Tax expense for the financial period:

| | | |
|----------------------------|---|---|
| Current income tax expense | - | - |
|----------------------------|---|---|

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.01.2019 to 30.06.2019: 24%) of the estimated assessable income for the financial period.

The tax expense for the financial period is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, profit income earned by the Fund and dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

MAMG GLOBAL SHARIAH INCOME FUND

5. TAXATION (CONT'D)

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

| | 01.01.2020 to 30.06.2020 RM | 01.01.2019 to 30.06.2019 RM |
|---|--|--|
| Net income before tax | <u>259,347</u> | <u>316,352</u> |
| Tax at Malaysian statutory rate of 24% (01.01.2019 to 30.06.2019: 24%) | 62,243 | 75,924 |
| Effects of income not subject to tax | (72,016) | (88,954) |
| Effect of expenses not deductible for tax purposes | <u>9,773</u> | <u>13,030</u> |
| Income tax expense for the financial period | <u>-</u> | <u>-</u> |

6. FINANCIAL ASSET AT FVTPL

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

| | Quantity unit | Aggregate cost RM | Market value RM | Percentage of NAV % |
|--|--------------------------|----------------------------------|--------------------------------|------------------------------------|
| 30.06.2020 | | | | |
| AZ Multi Asset MAMG Global Sukuk - MYR DIS class | <u>3,154,560</u> | <u>3,299,605</u> | <u>3,823,327</u> | <u>98.08%</u> |
| Unrealised gain on investment at FVTPL | | | <u>523,722</u> | |
| 31.12.2019 | | | | |
| AZ Multi Asset MAMG Global Sukuk - MYR DIS class | <u>7,173,984</u> | <u>7,398,576</u> | <u>8,400,736</u> | <u>96.33%</u> |
| Unrealised gain on investment at FVTPL | | | <u>1,002,160</u> | |

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

MAMG GLOBAL SHARIAH INCOME FUND

7. DEPOSIT WITH A LICENSED ISLAMIC FINANCIAL INSTITUTION

The Fund did not have any outstanding Shariah-compliant deposit with a licensed Islamic financial institution as at 30 June 2020. Details of the outstanding Shariah-compliant deposit as at 31 December 2019 is as follows:

| | 31.12.2019 |
|---|-------------------|
| | RM |
| Short-term placements with a licensed Islamic financial institution with maturity of: | |
| - less than 3 months | <u>271,030</u> |

The weighted average effective profit rates ("WAEPR") per annum and average maturity of deposits with a licensed Islamic financial institution as at 31 December 2019 is as follows:

| | 31.12.2019 | |
|--|-------------------|-----------------|
| | WAEPR | Average |
| | % p.a. | maturity |
| | | days |
| Short-term placement | | |
| Licensed Islamic financial institution | <u>3.05</u> | <u>2</u> |

8. AMOUNT DUE TO MANAGER

| | Note | 30.06.2020 | 31.12.2019 |
|--|-------------|-------------------|-------------------|
| | | RM | RM |
| Amount due to Manager is in respect of : | | | |
| Manager's fee | (i) | 3,190 | 7,539 |
| Cancellation of units | (ii) | 30,657 | 25,835 |
| | | <u>33,847</u> | <u>33,374</u> |

(i) Amount due to Manager relates to the amount payable to the Fund Manager arising from the accruals for Manager's fee at the end of the financial period. The normal credit term for Manager's fee is 15 days. (30.12.2019: 15 days).

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

MAMG GLOBAL SHARIAH INCOME FUND

9. AMOUNT DUE TO TRUSTEE

Amount due to Trustee relates to the amount payable to the Trustee arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee's fee is 15 days. (31.12.2019: 15 days).

10. OTHER PAYABLES AND ACCRUALS

Includes in other payables and accruals are:

| | 30.06.2020 RM | 31.12.2019 RM |
|-----------------------------|------------------|------------------|
| Due to external auditor | 3,482 | 8,162 |
| Due to tax agent | 6,245 | 4,505 |
| Other payables and accruals | 7,785 | 6,267 |
| | <u>17,512</u> | <u>18,934</u> |

11. TOTAL EQUITY

| | | 01.01.2020 to 30.06.2020 RM | 01.01.2019 to 31.12.2019 RM |
|-------------------------------|--------|--------------------------------------|--------------------------------------|
| | Note | | |
| Unitholders' capital | 11 (a) | 2,626,947 | 7,709,295 |
| Accumulated realised income | 11 (b) | 747,415 | 9,630 |
| Accumulated unrealised income | 11 (c) | 523,722 | 1,002,160 |
| | | <u>3,898,084</u> | <u>8,721,085</u> |

(a) Unitholders' capital

| | 01.01.2020 to 30.06.2020 | | 01.01.2019 to 31.12.2019 | |
|--|--------------------------------|------------------|--------------------------------|------------------|
| | No. of units | RM | No. of units | RM |
| At the beginning of the financial period | 7,761,589 | 7,709,295 | 7,640,465 | 7,548,599 |
| Creation of units | 583,525 | 675,701 | 1,927,834 | 2,183,283 |
| Reinvestment of units | 103,672 | 116,424 | 21,571 | 22,921 |
| Cancellation of units | (5,077,499) | (5,874,473) | (1,828,281) | (2,033,111) |
| Distributions (Note 12) | - | - | - | (12,397) |
| At the end of the financial period | <u>3,371,287</u> | <u>2,626,947</u> | <u>7,761,589</u> | <u>7,709,295</u> |

MAMG GLOBAL SHARIAH INCOME FUND

11. TOTAL EQUITY (CONT'D)

(a) Unitholders' capital (cont'd)

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

| | 01.01.2020 to 30.06.2020 | | 01.01.2019 to 31.12.2019 | |
|-------------|--------------------------------|-------|--------------------------------|-------|
| | No. of units | RM | No. of units | RM |
| The Manager | 1,016 | 1,176 | 1,003 | 1,113 |

(b) Accumulated realised income

| | 01.01.2020 to 30.06.2020 RM | 01.01.2019 to 31.12.2019 RM |
|---|--------------------------------------|--------------------------------------|
| At beginning of the financial period | 9,630 | 12,159 |
| Net realised income for the financial period | 737,785 | 101,498 |
| Distributions out of realised reserve (Note 12) | - | (104,027) |
| At end of the financial period | <u>747,415</u> | <u>9,630</u> |

(c) Accumulated unrealised income

| | 01.01.2020 to 30.06.2020 RM | 01.01.2019 to 31.12.2019 RM |
|--|--------------------------------------|--------------------------------------|
| At beginning of the financial period | 1,002,160 | 599,194 |
| Net unrealised gain for the financial period | (478,438) | 402,966 |
| At end of the financial period | <u>523,722</u> | <u>1,002,160</u> |

12. DISTRIBUTIONS

There were no distributions declared during the current financial period.

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

| | 01.01.2019 to 31.12.2019 RM |
|---|--------------------------------------|
| Profit income | 8,129 |
| Realised gain on investment at FVTPL | 187,424 |
| Less: Expenses | (103,685) |
| Previous period realised income * | <u>12,159</u> |
| Distributions out of retained earnings (Note 11(b)) | 104,027 |
| Effects of distribution equalisation (Note 11(a)) | <u>12,397</u> |
| Distributions for the financial period | <u>116,424</u> |

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

MAMG GLOBAL SHARIAH INCOME FUND

12. DISTRIBUTIONS (CONT'D)

The distributions declared are settled in the form of units and presented as 'reinvestment of units' in Note 11(a) on payment date.

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

| Distribution date (ex-date) | Gross/net distribution per unit (sen) |
|-----------------------------|---------------------------------------|
| 01.01.2019 to 31.12.2019 | |
| 30 December 2019 | <u>0.15</u> |

13. TRANSACTIONS WITH BROKERS AND FINANCIAL INSTITUTIONS

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

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

| | 01.01.2020 to 30.06.2020 | Percentage of total placements % | 01.01.2019 to 30.06.2019 | Percentage of total placements % |
|----------------------------|--------------------------------|---|--------------------------------|---|
| | Value of placements RM | | Value of placements RM | |
| Public Islamic Bank Berhad | 12,560,927 | 100.00 | 8,848,642 | 24.77 |
| Maybank Islamic Berhad * | - | - | 26,878,780 | 75.23 |
| | <u>12,560,927</u> | <u>100.00</u> | <u>35,727,422</u> | <u>100.00</u> |

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

14. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

MAMG GLOBAL SHARIAH INCOME FUND

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

| | 01.01.2020 to 30.06.2020 RM | 01.01.2019 to 30.06.2019 RM |
|--|--------------------------------------|--------------------------------------|
| (i) <u>Significant related party transaction</u> | | |
| <u>Maybank Islamic Berhad</u> | | |
| Profit income from deposits | 1,476 | 3,451 |

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.

15. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. For the financial period from 1 January 2020 to 30 June 2020 the MER of the Fund stood at 0.67% (01.01.2019 to 30.06.2019: 0.66%).

16. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis. For the financial period from 1 January 2020 to 30 June 2020, the PTR of the Fund stood at 0.40 times (01.01.2019 to 30.06.2019: 0.06 times).

17. FAIR VALUE HIERARCHY

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| | Level 1 RM | Level 2 RM | Level 3 RM |
|---------------------------|---------------|---------------|---------------|
| 30.06.2020 | | | |
| Financial assets at FVTPL | 3,823,327 | - | - |
| 31.12.2019 | | | |
| Financial assets at FVTPL | 8,400,736 | - | - |

MAMG GLOBAL SHARIAH INCOME FUND

18. SEGMENT INFORMATION

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

The PMC of the Manager is responsible for the Fund's performance by investing up to 25% of its net assets in cash and deposits, up to 100% of its net asset in sub-investment grade debt securities and up to 10% of its net assets in Shariah-compliant contingent convertible bonds.

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

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

19. CAPITAL MANAGEMENT

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

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

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