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# MAMG GLOBAL INCOME TRUST FUND

Annual Report  
For financial year ended 31 July 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

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### **TRUSTEE**

SCBMB Trustee Berhad (1005793-T)

Level 23, Equatorial Plaza

Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone +603 7682 9724

### **EXTERNAL INVESTMENT MANAGER**

Amundi Malaysia Sdn Bhd (816729-K)

Level 29, Integra Tower

The Intermark

348 Jalan Tun Razak

50400 Kuala Lumpur

## **MAMG GLOBAL INCOME TRUST FUND**

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## **MAMG GLOBAL INCOME TRUST FUND**

### **Manager's report**

**For financial year ended 31 July 2020**

#### **A. Fund Information**

**1. Name of the Fund**

MAMG Global Income Trust Fund (formerly known as AMB Global Income Trust Fund) ("the Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Fixed income (closed-ended)

**4. Duration of the Fund**

The Fund is a closed-ended fund which will mature on 14 September 2020.

**5. Fund launch date**

17 July 2017

**6. Fund commencement date / maturity date**

13 September 2017 / 14 September 2020

**7. Fund's investment objective**

The Fund aims to provide unitholders with income by investing in a portfolio of fixed income instruments.

**8. Fund distribution policy**

Income distribution is declared at the end of the financial year of the Fund or for any specified period at the Manager's discretion.

**9. Fund's performance benchmark**

12-months Malayan Banking Berhad ("Maybank") fixed deposit rate

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

The Fund will invest between 70% and 99.50% of the Fund's NAV in fixed income instruments, and between 0.5% and 30% of the Fund's NAV in liquid assets.

## MAMG GLOBAL INCOME TRUST FUND

### Manager's report

For financial year ended 31 July 2020 (cont'd)

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

##### 11. Net income distribution for the financial year ended 31 July 2020

The Fund made a distribution of RM2,175,329 for the financial year ended 31 July 2020.

Below are details of distribution made during the financial year:

Distribution date	Gross/net distribution per unit (sen)
13 September 2019	2.10

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

Distribution date	Before distribution (RM)	After distribution (RM)	Changes %
13 September 2019	1.0332	1.0122	1.22

##### 12. Breakdown of unitholdings by size

###### Fund size

As at 31 July 2020, the size of the Fund was 101,109,868 units.

###### Breakdown of unitholdings as at 31 July 2020

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	-	-	-	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	1	16.67	160	0.16
500,001 units and above	5	83.33	100,950	99.84
<b>Total</b>	<b>6</b>	<b>100.00</b>	<b>* 101,110</b>	<b>100.00</b>

\* Includes 71,109,868 under Institutional Unit Trust Scheme Advisers ("IUTA"s).

## MAMG GLOBAL INCOME TRUST FUND

### Manager's report

For financial year ended 31 July 2020 (cont'd)

### B. Performance Review

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

Category	01.08.2019 to 31.07.2020	01.08.2018 to 31.07.2019	17.07.2017 (date of launch) to 31.07.2018
<b>Portfolio</b>			
<b>Fixed income securities - local (%)</b>			
- Telecommunications & Media	-	1.18	1.16
- Government issued securities	13.90	-	-
<b>Fixed income securities - foreign (%)</b>			
- Australia	-	4.83	4.64
- British Virgin Island	-	27.21	27.01
- Cayman Island	-	7.07	6.89
- China	-	4.65	4.42
- Hong Kong	4.90	17.14	16.28
- India	-	2.35	2.22
- Indonesia	2.52	2.42	2.33
- Isle of Man	-	3.53	3.47
- Oman	-	4.23	6.63
- Singapore	-	1.94	1.86
- South Korea	1.22	4.25	4.76
- Turkey	-	6.92	6.55
- United Kingdom	1.24	5.91	5.83
- United States of America	1.62	1.54	3.53
<b>Cash and other net assets (%)</b>	<sup>(3)</sup> 74.60	4.83	2.42
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
NAV (RM'000)	104,481	106,717	108,230
Units in circulation (units'000)	101,110	103,689	107,810
NAV per unit (RM)	1.0333	1.0287	1.0039
Highest NAV per unit (RM)	1.0343	1.0287	1.0054
Lowest NAV per unit (RM)	1.0122	0.9821	0.9979
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	0.47	2.48	0.33
- Income distribution (%)	2.07	2.04	-
Total return (%)	2.55	4.57	0.33
Net income distributed (RM)	2,175,329	2,155,400	-
Gross/net distribution per unit (sen)	2.10	2.00	-
Distribution date	13/09/2019	07/09/2018	-
Management Expense Ratio ("MER") (%)	0.87	0.88	0.95
Portfolio Turnover Ratio ("PTR") (times) <sup>(2)</sup>	1.21	0.12	0.63

## MAMG GLOBAL INCOME TRUST FUND

### Manager's report

For financial year ended 31 July 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 year/period is computed based on the daily average NAV per unit, net of Manager's fee and Trustee's fees.
- (2) The PTR of the Fund increased due to rebalancing of portfolios and to invest in liquid assets as the Fund approached its maturity date.
- (3) As the Fund approaches its maturity date, the Fund Manager chose to invest in more liquid assets to facilitate payout upon maturity of the Fund.

*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.*

Category	01.08.2019 to 31.07.2020	01.08.2018 to 31.07.2019	17.07.2017 (date of launch) to 31.07.2018
Annual total return (%)	2.55	4.57	0.33
Benchmark (%)	2.74	3.30	3.22

##### 2. Performance of the Fund since inception to 31 July 2020

Category	1 year to 31.07.2020 %	3 years to 31.07.2020 %	Since inception to 31.07.2020 %
Capital growth	0.47	3.30	3.30
Income distribution	2.07	4.15	4.15
Total return of the Fund	2.55	7.59	7.59
Benchmark	2.74	9.55	9.68
Average total return	2.55	2.47	2.43

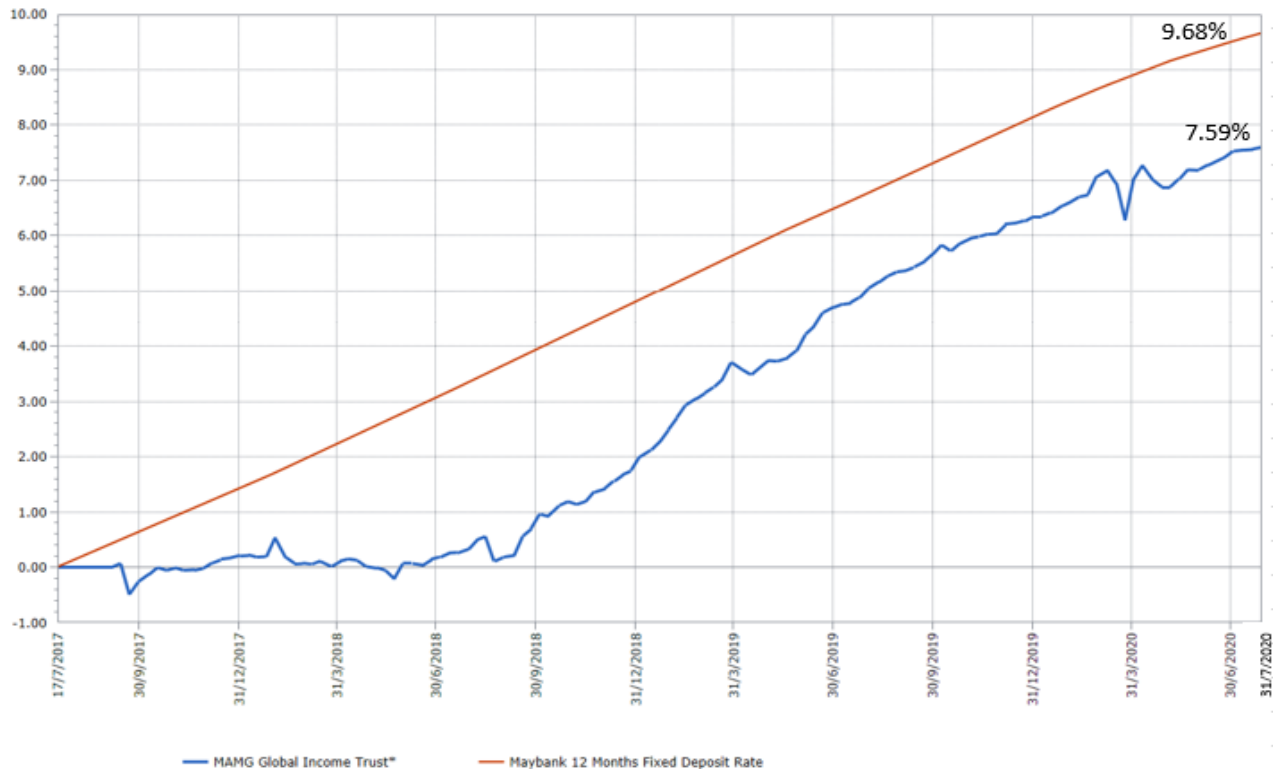
## MAMG GLOBAL INCOME TRUST FUND

### Manager's report

For financial year ended 31 July 2020 (cont'd)

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

##### 2. Performance of the Fund since inception to 31 July 2020 (cont'd)



Source: Lipper, as at 31 July 2020

The Fund posted 2.55% return against 2.74% benchmark return for the period under review, underperforming the benchmark by 0.19%. The underperformance was due to a combination of higher corporate yields and widening credit spreads during the outbreak of the pandemic. The performance also affected by fund manager's defensive strategy by holding more cash and short-end bonds in view of the closing of the fund.

#### Has the Fund met its objective?

The Fund has met its objective of providing unitholders with income distribution during the current financial year under review.

#### 3. 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



## MAMG GLOBAL INCOME TRUST FUND

### Manager's report

For financial year ended 31 July 2020 (cont'd)

#### C. Market Review

United States ("US")-China trade tensions escalated in August 2019 with a decidedly risk-off tone to the markets. In early August, US President Trump ordered tariffs on United States Dollar ("USD") 200 billion of Chinese imports to increase from 10% to 25% to take effect in December 2019, which met with retaliatory tariffs from China. Bond yields globally rallied as markets reeled from the trade shock given the G20 meeting was only 2 months back (when Trump and Xi pledged not to increase tariffs). The heightened uncertainty had the entire German Bunds curve trading below 0% yield.

September 2019 saw some volatility on the rates front as some pull back of rate cut expectation from August was seen given a slew of friendlier headlines on US-China trade. Bond curves have sold off across US, Eurozone to Japan with a bear steepening bias. This comes as Federal Open Market Committee ("FOMC") and European Central Bank ("ECB") had largely delivered rate cuts as expected and for the ECB, the revival of its Asset Purchase Program and a new Long term Refinancing Operations ("LTRO") program to boost bank lending. The eventful month also saw a short-lived jump in crude oil prices given the Aramco attack by Houthi rebels but had largely died down by month end as growth concerns start to resurface and the quick resumption of crude supplies.

October 2019 was broadly characterised by risk on environment given continuing market friendly headlines arising from US-China trade talks in mid-month ("Phase 1") and United Kingdom ("UK")-European Union ("EU") reaching a tentative agreement on Brexit amidst another potential extension to Article 50. The market also entered into the results season which was generally supportive lending strength to equities globally. Stronger sentiment caused the developed market bond curves to sell off, with a bear steepening bias. Among Asian currencies, the theme of weaker USD was at play as most currency pairs ended stronger against the USD.

November 2019 continued with risk on/risk off environment. Sentiment had oscillated due to various headlines from US-China Phase 1 deal to the general election in UK. There has also been some stabilisation in global macro data after a few months of weakness. Developed Market ("DM") Equities continue to remain firm generally while Brent crude oil was stronger on expected production cuts from OPEC+ effective 2020.

December 2019 was a clear risk on after the conclusion of Phase 1 negotiations between US-China trade talks. In Europe, the Tories had a clear victory that cleared the way for PM Johnson to pursue Brexit. DM bond curves steepened with long end yields sold off while Equities and commodities gained, with Brent crude rallying by +6% after OPEC+ meeting decided to maintain the output cuts. USD was markedly weaker, both against DM and Emerging Markets ("EM") currencies.

The global economic outlook took for another round of downturn in January following the outbreak of novel corona virus that began in Wuhan China. The outbreak will have larger impact on China GDP no with expectation to reduce Q1 Gross Domestic Product ("GDP") from 5.9% to 5.5%. With the Chinese economy today accounting for about 17% of Global GDP, there is a rising concern over what impact that could have on the global economy as government and companies around the world implement a large of coronavirus-related work stoppages and travel restriction. The outbreak was forecasted to reduce the global economic growth by 0.2% to 0.3% while market saw 10 years US Treasury ("UST") yield dropped to a low 1.60% level as the event triggers risk off mode for most market players.

## MAMG GLOBAL INCOME TRUST FUND

### Manager's report

For financial year ended 31 July 2020 (cont'd)

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

Markets reacted with a negative tone in January 2020 as it grappled with uncertainties brought by the new coronavirus 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 OPEC+ production cuts announced in December 2019, Brent crude declined by 12% given concerns of slowing Chinese consumption due to the outbreak of the virus. USD broadly turned stronger against DM currencies due to risk aversion.

The negative impact from the Coronavirus 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. 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 higher. USD remained strong against most currencies from risk aversion throughout February, albeit softening slightly towards month end due to rate cut expectations. Despite risk aversion, Asian credit outperformed vs regions in Middle East and North Africa ("MENA") and Latin America ("LATAM").

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 6 March 2020 and Saudi's plan to maximize crude production. Not only did crude crashed by 50% to USD 20/bbl, the impact also extended to the US High-Yield market and other asset classes. At the height of the panic, the entire 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 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 and into April, 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 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.

## **MAMG GLOBAL INCOME TRUST FUND**

### **Manager's report**

**For financial year ended 31 July 2020 (cont'd)**

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

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 bps. USD traded in a somewhat stronger tone in June 2020 as volatility resurfaced due to Geopolitical risks.

The COVID 19 situation remain a concern in the global space but government around the world are now quite reluctant to implement total shut down again as they foresee the importance of getting the economy to be up and running. The development of vaccines seems to be the centre focus of the government to combat COVID 19 threat and to immediately resume the global economic cycle. Until the world can come out with the vaccines, the economic data will remain sluggish and government will refrain from hiking the key interest rate.

#### **D. Market Outlook**

Generally, investor sentiment has improved since the drastic sell-off during March 2020 due to the pandemic outbreak. Over past two months April 2020 - May 2020, risk assets performed very well with the Asia equity index MXASJ up 7.7% and Asia bond index JACICOTR up 3.9% versus -12% and -5.8% respectively in March. 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 Enterprises ("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.

Within the Asia USD corporate bonds market, we saw that the corporate bonds out of China continue to recover in May 2020. Investors continued to avoid India corporate bonds throughout May due to headline news that Franklin Templeton will be closing down six of their credit funds in India due to large redemptions in an illiquid environment, freezing over USD 3 billion in INR bond funds. India corporate bonds caught up some of the underperformance in May 2020 but remain the weakest link within Asia due to the inherent underlying structural problems and fiscal weakness that already existed pre-COVID 19.

Even as countries globally are re-opening up in stages from June onwards, the growth outlook remains challenging. There remain risks that a second wave of in infections may trigger lockdowns again. The path to recovery is not smooth and will be uneven across countries and sectors. In the OECD Economic Outlook report June 2020, the agency forecasted that global economic activity to fall 6% in FY2020 with the Organisation for Economic Cooperation and Development ("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, 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.

## **MAMG GLOBAL INCOME TRUST FUND**

### **Manager's report**

**For financial year ended 31 July 2020 (cont'd)**

#### **D. Market Outlook (cont'd)**

The ECB increased the asset purchase program by EUR 600 billion on 4 June 2020 and committed to extend the program till June 2021 or until the crisis is over. US Fed meeting minutes released on 10 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.

In the month of July 2020 saw Fed Chair Jerome Powell again reiterated that the US economic outlook as deeply uncertain, with the recovery dependent on both government support as well as efforts to contain the virus. The economic recovery remain fragile given that uncertainty about when an effective vaccine becomes an availability, fears of another wave of COVID-19 and business that survive are reluctant to quickly rehire workers.

#### **E. Investment Strategies**

The Fund invests mainly in USD global fixed income securities. The Manager employs a prudent fixed income securities selection strategy to create a strategic mix between investment grade and high-yield securities to generate returns that will outperform the benchmark. Foreign currency exposures are hedged against the RM to minimise foreign exchange risks. The Fund will continue its buy-and-maintain philosophy and manage the portfolio much like a bullet portfolio management strategy. In other words, at high-level, it buys and maintains a portfolio of bonds that have similar maturity as the Fund. That said, the Fund manager will monitor and trade whenever the opportunities/risks arise.

#### **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 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 31 July 2020, one of the Manager's delegate, Amundi Malaysia Sdn Bhd received soft commission in the form of research and advisory services that assist in the decision making process. The Manager and other delegates did not receive any soft commissions and rebates from brokers and/or dealers.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAMG GLOBAL INCOME TRUST FUND FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

We have acted as Trustee of MAMG Global Income Trust Fund for the financial year ended 31 July 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 of units of the Fund has been carried out in accordance with the Deeds and any regulatory requirements;
- (c) Creation and cancellation of units are 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 the Trustee  
**SCBMB Trustee Berhad**

Prasad A/L S Vijayasundram  
Chief Executive Officer

Kuala Lumpur  
15 September 2020

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAMG GLOBAL INCOME TRUST FUND  
FOR THE FINANCIAL YEAR ENDED 31 JULY 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 MAMG Global Income Trust Fund as at 31 July 2020 and of its results, changes in equity and cash flows for the financial year ended 31 July 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  
15 September 2020

## **Independent auditors' report to the Unitholders of MAMG Global Income Trust Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of MAMG Global Income Trust Fund (the "Fund"), which comprise the statement of financial position as at 31 July 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 ended 31 July 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 49.

In our opinion, the accompanying financial statements have been prepared on a basis other than of a going concern, as described in Note 2.1 to the financial statements, give a true and fair view of the financial position of the Fund as at 31 July 2020, and of its financial performance and cash flows for the financial year ended 31 July 2020 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*

Maybank Asset Management Sdn Bhd, (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 which is expected to be made available to us after the date of this auditors' report.

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 MAMG Global Income Trust Fund**

### *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. As disclosed in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than of a going concern.

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 MAMG Global Income Trust Fund**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. As described in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than of 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  
MAMG Global Income Trust Fund**

**Other matters**

This report is made solely to the Unit Holders 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  
15 September 2020

## MAMG GLOBAL INCOME TRUST FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2020

	Note	2020 RM	2019 RM
<b>INVESTMENT INCOME</b>			
Interest income	3	2,744,257	3,144,304
Net gain on financial assets at fair value through profit or loss ("FVTPL")	9(c)		
- Realised gain/(loss)		138,598	(790,890)
- Unrealised gain		219,086	2,467,054
Net gain on foreign exchange and forward currency contracts	4	366,426	689,212
Other income	5	74,681	140,547
		<u>3,543,048</u>	<u>5,650,227</u>
<b>EXPENSES</b>			
Manager's fee	6	838,447	847,627
Trustee's fee	7	41,922	42,381
Auditors' remuneration		3,029	15,500
Tax agent's fee		6,518	4,500
Administrative expenses		23,109	21,517
		<u>913,025</u>	<u>931,525</u>
<b>Net income before taxation</b>		2,630,023	4,718,702
Taxation	8	318	(13,084)
<b>Net income after taxation, and total comprehensive income for the financial year</b>		<u>2,630,341</u>	<u>4,705,618</u>
<b>Net income after taxation is made up of the following:</b>			
Net realised gain/(loss)		2,834,395	(657,498)
Net unrealised (loss)/gain		(204,054)	5,363,116
		<u>2,630,341</u>	<u>4,705,618</u>
<b>Distribution for the financial year:</b>			
Net distribution	17	<u>2,175,329</u>	<u>2,155,400</u>
Gross/net distribution per unit (sen)	17	<u>2.10</u>	<u>2.00</u>
Distribution date	17	<u>13/09/2019</u>	<u>07/09/2018</u>

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

**MAMG GLOBAL INCOME TRUST FUND**

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

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
Financial assets at FVTPL	9	26,536,347	101,554,635
Derivative asset	10	76,990	557,673
Interest receivable		1,360,196	896,125
Amount due from Financial Institutions	12	58,218,934	-
Tax recoverable		12,959	3,791
Cash at bank	11	18,371,689	3,777,987
<b>TOTAL ASSETS</b>		<u>104,577,115</u>	<u>106,790,211</u>
<b>LIABILITIES</b>			
Amount due to Manager	13	70,762	72,459
Amount due to Trustee	14	3,538	3,623
Other payables and accruals	15	22,120	24,971
<b>TOTAL LIABILITIES</b>		<u>96,420</u>	<u>101,053</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>104,480,695</u>	<u>106,689,158</u>
<b>EQUITY</b>			
Unitholders' capital	16(a)	101,053,594	103,717,069
Retained earnings	16(b) & (c)	3,427,101	2,972,089
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>104,480,695</u>	<u>106,689,158</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>	16(a)	<u>101,109,868</u>	<u>103,715,071</u>
<b>NAV PER UNIT (RM)</b>		<u>1.0333</u>	<u>1.0287</u>

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

**MAMG GLOBAL INCOME TRUST FUND****STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

	<b>Unitholders' capital Note 16(a) RM</b>	<b>Retained earnings Note 16(b) &amp; (c) RM</b>	<b>Total equity RM</b>
At 1 August 2019	103,717,069	2,972,089	106,689,158
Total comprehensive income for the financial year	-	2,630,341	2,630,341
Cancellation of units	(2,663,475)	-	(2,663,475)
Distributions (Note 17)	-	(2,175,329)	(2,175,329)
At 31 July 2020	<u>101,053,594</u>	<u>3,427,101</u>	<u>104,480,695</u>
At 1 August 2018	107,808,226	421,871	108,230,097
Total comprehensive income for the financial year	-	4,705,618	4,705,618
Cancellation of units	(4,091,157)	-	(4,091,157)
Distributions (Note 17)	-	(2,155,400)	(2,155,400)
At 31 July 2019	<u>103,717,069</u>	<u>2,972,089</u>	<u>106,689,158</u>

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

**MAMG GLOBAL INCOME TRUST FUND****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale and redemption of financial assets at FVTPL	106,847,306	15,683,513
Net payments for purchase of financial assets at FVTPL	(88,850,221)	(9,148,032)
Net realised gain/(loss) on forward currency contracts	515,800	(2,364,919)
Interest received	4,011,116	4,264,913
Redemption fee received	74,681	27,715
Manager's fee paid	(840,144)	(860,475)
Trustee's fee paid	(42,007)	(42,429)
Taxation paid	(8,850)	(16,875)
Payment of other fees and expenses	(35,506)	(33,047)
Net cash generated from from operating and investing activities	<u>21,672,175</u>	<u>7,510,364</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid on units cancelled	(2,663,475)	(4,091,157)
Distributions to unitholders	(2,175,329)	(2,155,400)
Net cash used in financing activities	<u>(4,838,804)</u>	<u>(6,246,557)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR</b>	16,833,371	1,263,807
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	3,777,987	2,943,195
Effects of foreign exchange	(2,239,669)	(429,015)
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR</b>	<u>18,371,689</u>	<u>3,777,987</u>

Cash and cash equivalents comprise solely of cash at bank.

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

## **MAMG GLOBAL INCOME TRUST FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

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

MAMG Global Income Trust Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 23 May 2017 between the previous Manager, Amanah Mutual Berhad ("AMB") and the Trustee, SCBMB Trustee Berhad. The Fund is a three (3)-year close-ended Fund launched on 17 July 2017. The Fund commenced operations on 13 September 2017 and will mature on 14 September 2020.

To achieve its investment objective, the Fund will invest between 70% and 99.50% of the Fund's NAV in fixed income instruments, and between 0.5% and 30% of the Fund's NAV in liquid assets. The Fund will invest in bonds which carry a minimum rating of 'BBB-' by Standard & Poor's Financial Services LLC ("S&P") or equivalent by Moody's Investors Service ("Moody's"), Fitch Ratings Inc. ("Fitch") or any other rating agencies. Local bonds rated by RAM Rating Services Berhad ("RAM") will carry a minimum rating of 'BBB' or equivalent by Malaysian Rating Corporation Berhad ("MARC") or any other rating agencies.

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

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

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.

MAM and SCBMB Trustee Berhad as the Trustee had entered into a First Supplemental Deed dated 4 September 2018 to change the name of the Fund and to appoint MAM as the replacement Manager of the Fund effective 1 November 2018. The Deed and Supplemental Deed is hereinafter referred to as "Deeds".

Amundi Malaysia Sdn Bhd has been appointed by the Manager as the External Investment Manager ("EIM") for the Fund.

The financial statements were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 15 September 2020.

## MAMG GLOBAL INCOME TRUST FUND

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The Fund will mature on 14 September 2020. The financial statements of the Fund have been prepared on a basis other than going concern, whereby the carrying values of assets were stated at estimated realisable values and liabilities, including estimated expenses, were recorded to reflect remaining obligation, upon maturity of the Fund.

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"), regulatory requirements and the Deeds.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year ended 31 July 2020. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2 to the financial statements.

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

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

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Revised Conceptual Framework for Financial Reporting	1 January 2020
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 the standards will not have any material impact on the financial statements in the period of initial application.



## **MAMG GLOBAL 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) Classification of financial assets**

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

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

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

The Fund classifies cash and cash equivalents, interest receivables, and amount due from brokers as loans 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 asset and of allocating and recognising the interest income in profit and loss over the relevant period.

##### **(ii) Financial assets at FVTPL**

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

## MAMG GLOBAL INCOME TRUST FUND

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

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

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

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.

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

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

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

Unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the average yield quoted by at least three (3) independent and reputable financial institutions.

##### (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.

## **MAMG GLOBAL 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 is a probability-weighted estimate of credit losses. It is measured as follows:

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

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

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 gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### **2.5 Financial liabilities**

##### **(i) Classification**

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

## **MAMG GLOBAL INCOME TRUST FUND**

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

#### **2.5 Financial liabilities (cont'd)**

##### **(ii) Recognition and measurement**

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

##### **(iii) Derecognition**

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

#### **2.6 Unitholders' capital**

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

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

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

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

#### **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 a licensed financial institution are recognised on the accruals basis using the effective interest rate method.

Redemption fee income is charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units

Realised gain or loss on disposal of unquoted fixed income securities are measured as the difference between the net proceeds and its carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.

Other income such as early tender payment from bond issuers are recognised on an accruals basis when the right to receive has been established.

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.

## **MAMG GLOBAL INCOME TRUST FUND**

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

#### **2.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank.

#### **2.9 Income tax**

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

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

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

#### **2.10 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 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.

## **MAMG GLOBAL INCOME TRUST FUND**

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

#### **2.10 Fair value measurement (cont'd)**

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

#### **2.11 Functional and foreign currency**

##### **(a) Functional and presentation currency**

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

##### **(b) Transactions and balances**

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

#### **2.12 Distributions**

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as an adjustment to unitholders' capital. A proposed distribution is recognised as a liability in the financial 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.

#### **2.13 Segment reporting**

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

#### **2.14 Critical accounting estimates and judgements**

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

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

## MAMG GLOBAL INCOME TRUST FUND

### 3. INTEREST INCOME

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Interest income from unquoted fixed income securities	3,758,603	4,392,899
Amortisation of premium, net of accretion of discount	<u>(1,014,346)</u>	<u>(1,248,595)</u>
	<u>2,744,257</u>	<u>3,144,304</u>

### 4. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Realised foreign exchange (loss)/gain	(1,092,372)	158,069
Unrealised foreign exchange gain	57,544	1,161,045
Realised gain/(loss) on forward contracts	1,881,938	(2,364,919)
Unrealised (loss)/gain on forward contracts	<u>(480,684)</u>	<u>1,735,017</u>
	<u>366,426</u>	<u>689,212</u>

### 5. OTHER INCOME

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>RM</b>	<b>RM</b>
Redemption fee income	<b>(a)</b>	74,681	27,714
Early tender payment	<b>(b)</b>	-	112,833
		<u>74,681</u>	<u>140,547</u>

(a) The Fund is entitled to redemption fee income at 1.50% (2019: 1.50%) of the redemption amount for cancellation of units by unitholders before the maturity date, and is recognised upon cancellation of units.

(b) Payment received from a bond issuer for the repurchase of security issued, which is recognised when the right to receive has been established.

## MAMG GLOBAL INCOME TRUST FUND

### 6. MANAGER'S FEE

The Manager's fee is computed and accrued daily based on 0.80% per annum ("p.a.") (2019: 0.80%) of the Fund's NAV.

### 7. TRUSTEE'S FEE

The Trustee's fee is computed and accrued daily based on 0.04% p.a. (2019: 0.04%) of the Fund's NAV, subject to a minimum of RM12,000 p.a. (excluding foreign custodian fees and charges).

### 8. TAXATION

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Taxation for the financial year:		
Current income tax expense	-	13,084
Over provision in prior years	(318)	-
	<u>(318)</u>	<u>13,084</u>

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

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

A reconciliation of income tax (credit)/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:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Net income before taxation	<u>2,630,023</u>	<u>4,718,702</u>
Taxation at Malaysian statutory rate of 24% (2019: 24%)	631,206	1,132,488
Income not subject to tax	(832,408)	(1,322,323)
Expenses not deductible for tax purposes	14,950	15,796
Restriction on tax deductible expenses for unit trust funds	186,252	187,123
Over provision in prior years	(318)	-
Tax (credit)/expense for the financial year	<u>(318)</u>	<u>13,084</u>



## MAMG GLOBAL INCOME TRUST FUND

### 9. FINANCIAL ASSETS AT FVTPL

	Note	2020 RM	2019 RM
Investments in financial assets at FVTPL:			
Unquoted fixed income securities - local	(a)	14,518,415	1,260,876
Unquoted fixed income securities - foreign	(b)	12,017,932	100,293,759
		<u>26,536,347</u>	<u>101,554,635</u>

Name of issuer	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2020</b>				
<b>(a) Unquoted fixed income securities - local</b>				
GII Murabahah - 3.79% / 27.08.2020	14,500,000	14,516,527	14,518,415	13.90
Total unquoted fixed income securities - local	<u>14,500,000</u>	<u>14,516,527</u>	<u>14,518,415</u>	<u>13.90</u>
<b>(b) Unquoted fixed income securities - foreign</b>				
<b>Great Britain</b>				
Bank of India Ltd - 6.25% / 16.02.2021	300,000	1,275,760	1,298,162	1.24
<b>Hong Kong</b>				
Chong Hing Bank Ltd - 6.00% / 04.11.2020	300,000	1,270,078	1,280,441	1.23
Fubon bank Hong Kong Ltd - 6.13% / 30.11.2020	300,000	1,273,663	1,288,628	1.23
Weichai International Hong Kong Energy Group Ltd - 4.13% / 30.09.2020	600,000	2,526,447	2,552,339	2.44
Total Hong Kong	<u>1,200,000</u>	<u>5,070,188</u>	<u>5,121,408</u>	<u>4.90</u>
<b>Indonesia</b>				
Pertamina Persero Pt - 5.25% / 23.05.2021	600,000	2,572,412	2,628,691	2.52

**MAMG GLOBAL INCOME TRUST FUND**

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

Name of issuer	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2020</b>				
<b>(b) Unquoted fixed income securities - foreign</b>				
<b>South Korea</b>				
Hyundai Capital Services Inc - 2.63% / 29.09.2020	300,000	1,255,787	1,273,399	1.22
<b>United States of America</b>				
Australia & New Zealand Banking Group Ltd (New York branch) - 2.13% / 19.08.2020	400,000	1,637,982	1,696,272	1.62
Total unquoted fixed income securities - foreign	2,800,000	11,812,129	12,017,932	11.50
<b>Total unquoted fixed income securities</b>	<b>17,300,000</b>	<b>26,328,656</b>	<b>26,536,347</b>	<b>25.40</b>
<b>Unrealised gain on unquoted fixed income securities*</b>			<b>207,691</b>	
<b>2019</b>				
<b>(a) Unquoted fixed income securities - local</b>				
<b>Telecommunications &amp; Media</b>				
Axiata SPV1 Labuan Ltd - 5.38% / 28.04.2020	300,000	1,283,755	1,260,876	1.18
Total unquoted fixed income securities - local	300,000	1,283,755	1,260,876	1.18

**MAMG GLOBAL INCOME TRUST FUND**

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

Name of issuer	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019 (cont'd)</b>				
<b>(b) Unquoted fixed income securities - foreign</b>				
<b>Australia</b>				
Baosteel Financing 2015 Pty Ltd - 3.85% / 28.01.2020	300,000	1,268,522	1,242,066	1.16
Origin Energy Finance Ltd - 5.45% / 14.10.2021	900,000	3,979,064	3,917,081	3.67
	<u>1,200,000</u>	<u>5,247,586</u>	<u>5,159,147</u>	<u>4.83</u>
<b>British Virgin Island</b>				
China Cinda Finance (2015) I Ltd - 3.13% / 23.04.2020	900,000	3,778,698	3,717,401	3.48
China Great Wall International Holdings III Ltd - 2.63% / 27.10.2021	600,000	2,500,226	2,453,517	2.30
Double Rosy Ltd. - 3.63% / 18.11.2019	900,000	3,780,289	3,721,670	3.49
Franshion Development Ltd - 6.75% / 15.04.2021	600,000	2,673,072	2,624,069	2.46
Haitong International Finance 2015 Ltd - 4.20% / 29.07.2020	900,000	3,817,188	3,749,588	3.51
Huarong Finance Co Ltd - 3.38% / 24.01.2020	600,000	2,518,712	2,478,193	2.32
Rail Transit International Investment Co Ltd - 2.88% / 13.05.2021	300,000	1,257,317	1,215,881	1.14
Sino-Ocean Land Treasure Finance II Ltd - 4.45% / 04.02.2020	600,000	2,536,128	2,487,375	2.33

## MAMG GLOBAL INCOME TRUST FUND

### 9. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019 (cont'd)</b>				
<b>(b) Unquoted fixed income securities - foreign (cont'd)</b>				
<b>British Virgin Island (cont'd)</b>				
Skyland Mining Ltd - 3.25% / 06.07.2020	500,000	2,098,448	2,054,910	1.93
Huarong Finance II Ltd - 4.50% / 16.01.2020	600,000	2,451,135	2,490,518	2.33
Zhaohai Investment (BVI) Ltd - 4.00% / 23.07.2020	500,000	2,112,126	2,035,461	1.91
	<u>7,000,000</u>	<u>29,523,339</u>	<u>29,028,583</u>	<u>27.21</u>
<b>Cayman Island</b>				
BoS Funding Ltd - 3.37% / 08.06.2020	900,000	3,791,578	3,721,596	3.49
Braskem Finance Ltd - 7.00% / 07.05.2020	900,000	3,882,309	3,823,912	3.58
	<u>1,800,000</u>	<u>7,673,887</u>	<u>7,545,508</u>	<u>7.07</u>
<b>China</b>				
China Construction Bank Corp - 3.88% / 13.05.2025	600,000	2,535,265	2,487,375	2.33
JD.com Inc - 3.13% / 29.04.2021	600,000	2,519,860	2,473,339	2.32
	<u>1,200,000</u>	<u>5,055,125</u>	<u>4,960,714</u>	<u>4.65</u>
<b>Hong Kong</b>				
Bank of East Asia Ltd - 4.25% / 20.11.2024	600,000	2,524,322	2,484,306	2.33
Central Plaza Development Ltd - 3.88% / 25.01.2020	600,000	2,526,475	2,479,900	2.32

**MAMG GLOBAL INCOME TRUST FUND**

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

Name of issuer	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019 (cont'd)</b>				
<b>(b) Unquoted fixed income securities - foreign (cont'd)</b>				
<b>Hong Kong (cont'd)</b>				
ICBCIL Finance Co - 3.00% / 05.04.2020	900,000	3,773,168	3,717,363	3.48
Chong Hing Bank Ltd - 6.00% / 04.11.2020	300,000	1,310,220	1,279,798	1.20
CNAC (HK) Finbridge Co Ltd - 3.00% / 19.07.2020	600,000	2,496,107	2,475,074	2.32
Fubon Bank (Hong Kong) Ltd - 6.13% / 30.11.2020	300,000	1,316,475	1,284,352	1.20
MCC Holding (Hong Kong) Corp Ltd - 2.95% / 31.05.2020	500,000	2,095,550	2,062,603	1.93
Weichai International Hong Kong Energy Group Co Ltd - 4.13% / 30.09.2020	600,000	2,557,216	2,505,937	2.35
	<u>4,400,000</u>	<u>18,599,533</u>	<u>18,289,333</u>	<u>17.14</u>
<b>India</b>				
Adani Ports & Special Economic Zone Ltd - 3.50% / 29.07.2020	600,000	2,540,595	2,504,131	2.35
<b>Indonesia</b>				
PT Pertamina (Persero) - 5.25% / 23.05.2021	600,000	2,638,604	2,586,523	2.42
<b>Isle of Man</b>				
AngloGold Ashanti Holdings PLC - 5.38% / 15.04.2020	900,000	3,851,538	3,766,784	3.53

**MAMG GLOBAL INCOME TRUST FUND**

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

Name of issuer	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2019 (cont'd)</b>				
<b>(b) Unquoted fixed income securities - foreign (cont'd)</b>				
<b>Oman</b>				
Government of the Sultanate of Oman - 3.63% / 15.01.2021	900,000	3,789,770	3,694,457	3.46
National Bank of Oman S.A.O.G. - 3.13% / 07.10.2019	200,000	838,759	823,334	0.77
	<u>1,100,000</u>	<u>4,628,529</u>	<u>4,517,791</u>	<u>4.23</u>
<b>Singapore</b>				
BOC Aviation Ltd - 3.00% / 30.03.2020	500,000	2,098,554	2,065,161	1.94
<b>South Korea</b>				
Hyundai Capital Services Inc - 2.63% / 29.09.2020	300,000	1,255,939	1,236,547	1.16
Korea East-West Power Co Ltd - 2.50% / 02.06.2020	400,000	1,548,083	1,650,132	1.55
Korea Resources Corp Ltd - 2.25% / 29.04.2020	400,000	1,571,594	1,645,925	1.54
	<u>1,100,000</u>	<u>4,375,616</u>	<u>4,532,604</u>	<u>4.25</u>
<b>Turkey</b>				
Türkiye Garanti Bankasi AS - 4.75% / 17.10.2019	900,000	3,784,823	3,693,938	3.46
Yapi Ve Kredi Bankasi AS - 4.00% / 22.01.2020	900,000	3,773,857	3,689,297	3.46
	<u>1,800,000</u>	<u>7,558,680</u>	<u>7,383,235</u>	<u>6.92</u>

**MAMG GLOBAL INCOME TRUST FUND**

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

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>Name of issuer</b>				
<b>2019 (cont'd)</b>				
<b>(b) Unquoted fixed income securities - foreign (cont'd)</b>				
<b>United Kingdom</b>				
Bank of India (London Branch) - 6.25% / 16.02.2021	300,000	1,314,614	1,293,373	1.21
ICBC Standard Bank PLC - 8.13% / 02.12.2019	900,000	3,842,918	3,772,977	3.54
Syndicate Bank (London Branch) - 3.88% / 04.12.2019	300,000	1,261,137	1,240,123	1.16
	<u>1,500,000</u>	<u>6,418,669</u>	<u>6,306,473</u>	<u>5.91</u>
<b>United States of America</b>				
Australia & New Zealand Banking Group Ltd (New York branch) - 2.13% / 19.08.2020	400,000	1,627,781	1,647,772	1.54
Total unquoted fixed income securities - foreign	<u>24,100,000</u>	<u>101,838,036</u>	<u>100,293,759</u>	<u>94.01</u>
<b>Total unquoted fixed income securities</b>	<u>24,400,000</u>	<u>103,121,791</u>	<u>101,554,635</u>	<u>95.19</u>
<b>Unrealised loss on unquoted fixed income securities*</b>			<u><b>(1,567,156)</b></u>	

\* The unrealised gain/(loss) on unquoted fixed income securities comprise the amounts arising from changes in fair values and effects from foreign exchange.

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

## MAMG GLOBAL INCOME TRUST FUND

### 10. DERIVATIVE ASSET/LIABILITY

	Principal amount RM	Fair value	
		Assets RM	Liabilities RM
<b>Foreign exchange related contract</b>			
<b>2020</b>			
Less than 1 year	<u>24,470,275</u>	<u>76,990</u>	<u>-</u>
<b>2019</b>			
Less than 1 year	<u>102,769,425</u>	<u>557,673</u>	<u>-</u>

As at the reporting date, there was one forward exchange contract (2019: one forward contract) outstanding.

The forward currency contracts entered into during the financial year were for hedging against the currencies exposure arising mainly from investments in the foreign unquoted fixed income securities denominated in USD. As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

### 11. CASH AT BANK

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

	2020 RM	2019 RM
US Dollar ("USD")	4,119,819	1,912,733
RM	<u>14,251,870</u>	<u>1,865,254</u>
	<u>18,371,689</u>	<u>3,777,987</u>

### 12. AMOUNT DUE FROM FINANCIAL INSTITUTION

Amount due from financial institution relates to the amount receivable from the financial institution arising from the sale of investments. The settlement period for this receivable is within 3 working days from the trade date.

### 13. AMOUNT DUE TO MANAGER

The amount represents the accrual for the Manager's fee at the end of the financial year. The normal credit term for Manager's fee is 15 days.

### 14. AMOUNT DUE TO TRUSTEE

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



## MAMG GLOBAL INCOME TRUST FUND

### 15. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2020 RM	2019 RM
Amount due to external auditors	10,494	10,971
Amount due to tax agent	4,505	9,000
Other payables	7,121	5,000
	<u>22,120</u>	<u>24,971</u>

### 16. TOTAL EQUITY

	Note	2020 RM	2019 RM
Unitholders' capital	(a)	101,053,594	103,717,069
Accumulated realised gain	(b)	6,221,463	5,562,397
Accumulated unrealised loss	(c)	<u>(2,794,362)</u>	<u>(2,590,308)</u>
		<u>104,480,695</u>	<u>106,689,158</u>

#### (a) Unitholders' capital

	2020		2019	
	Units	RM	Units	RM
As at beginning of the financial year	103,715,071	103,717,069	107,810,000	107,808,226
Cancellation of units	<u>(2,605,203)</u>	<u>(2,663,475)</u>	<u>(4,094,929)</u>	<u>(4,091,157)</u>
As at end of the financial year	<u>101,109,868</u>	<u>101,053,594</u>	<u>103,715,071</u>	<u>103,717,069</u>

As at the reporting date, there were no units held by the Manager or parties related to the Manager (2019: Nil).

#### (b) Accumulated realised gain

	2020 RM	2019 RM
As at beginning of the financial year	5,562,397	8,375,295
Net realised gain/(loss) for the financial year	2,834,395	(657,498)
Distribution out of retained earnings (Note 17)	<u>(2,175,329)</u>	<u>(2,155,400)</u>
As at end of the financial year	<u>6,221,463</u>	<u>5,562,397</u>

#### (c) Accumulated unrealised loss

	2020 RM	2019 RM
As at beginning of the financial year	(2,590,308)	(7,953,424)
Net unrealised (loss)/gain for the financial year	<u>(204,054)</u>	<u>5,363,116</u>
As at end of the financial year	<u>(2,794,362)</u>	<u>(2,590,308)</u>

## MAMG GLOBAL INCOME TRUST FUND

### 17. DISTRIBUTIONS

The distributions declared to unitholders is from the following source:

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Interest income	1,505,446	-
Net gain on disposal of investments	1,108,427	-
Redemption fee income	71,060	-
Previous period's net realised income	-	2,155,400
Less: Expenses	(501,896)	-
Taxation	(7,708)	-
Distributions out of realised reserve (Note 15(b)) *	<u>2,175,329</u>	<u>2,155,400</u>

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

The Fund has unrealised losses brought forward arising from the changes in fair value of the FVTPL investments. See Note 16(c).

The distribution date, gross and net distribution per unit in the current financial year is as follows:

<b>Distribution date</b>	<b>Gross/net distribution per unit (sen)</b>
<b>2020</b>	
13 September 2019	<u>2.10</u>
<b>2019</b>	
7 September 2018	<u>2.00</u>

## MAMG GLOBAL INCOME TRUST FUND

### 18. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

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

	2020		2019	
	Value of trade RM	Percent of total trade %	Value of trade RM	Percent of total trade %
<b>Brokers</b>				
Ambank Malaysia Bhd	10,000,000	10.38	-	-
Bank of America Merrill Lynch	5,000,000	5.19	-	-
Barclays Plc	-	-	3,180,456	24.20
BNP Paribas Malaysia Bhd	3,178,125	3.30	-	-
Crédit Agricole Corporate & Investment Bank	-	-	3,792,406	28.86
Commonwealth Bank of Australia	-	-	1,629,437	12.40
First Abu Dhabi Bank	847,500	0.88	-	-
HSBC Bank Malaysia Bhd	24,500,000	25.42	-	-
JP Morgan, London	-	-	1,250,992	9.52
ING Amsterdam	-	-	815,633	6.21
Maybank Investment Bank Bhd	10,000,000	10.38	-	-
Mitsubishi UFJ Trust International Ltd	2,542,500	2.64	-	-
Mizuho Securities Asia Ltd	2,542,500	2.64	-	-
Nomura Singapore	-	-	2,473,068	18.81
Standard Chartered Bank, Malaysia Bhd	37,754,375	39.17	-	-
	<u>96,365,000</u>	<u>100.00</u>	<u>13,141,992</u>	<u>100.00</u>

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

## **MAMG GLOBAL INCOME TRUST FUND**

### **19. 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.

Other than the related party information disclosed elsewhere in the financial statements, there were no other significant related party transactions or balances during the financial year.

The Manager is of the opinion that the transactions and balances 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.

### **20. MANAGEMENT EXPENSE RATIO ("MER")**

The MER of the Fund is the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 31 July 2020, the MER of the Fund stood at 0.87%. (2019: 0.88%)

### **21. PORTFOLIO TURNOVER RATIO ("PTR")**

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial year to the daily average NAV of the Fund. For the financial year ended 31 July 2020, the PTR of the Fund stood at 1.21 times (2019: 0.12 times).

### **22. SEGMENTAL INFORMATION**

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

The PMC is responsible for the performance of the Fund by investing between 70% and 99.50% of the Fund's NAV in fixed income instruments, and between 0.5% and 30% of the Fund's NAV in liquid assets.

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.

## MAMG GLOBAL INCOME TRUST FUND

### 23. FINANCIAL INSTRUMENTS

#### (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 2.2 to Note 2.14 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.

	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>2020</b>				
<b>Assets</b>				
Financial assets at FVTPL	26,536,347	-	-	26,536,347
Derivative asset	76,990	-	-	76,990
Redemption receivable	-	58,218,934	-	58,218,934
Interest receivable	-	1,360,196	-	1,360,196
Cash at bank	-	18,371,689	-	18,371,689
<b>Total financial assets</b>	<b>26,613,337</b>	<b>77,950,819</b>	<b>-</b>	<b>104,564,156</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	70,762	70,762
Amount due to Trustee	-	-	3,538	3,538
Other payables and accruals	-	-	22,120	22,120
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>96,420</b>	<b>96,420</b>
<b>2019</b>				
<b>Assets</b>				
Financial assets at FVTPL	101,554,635	-	-	101,554,635
Derivative asset	557,673	-	-	557,673
Interest receivable	-	896,125	-	896,125
Cash at bank	-	3,777,987	-	3,777,987
<b>Total financial assets</b>	<b>102,112,308</b>	<b>4,674,112</b>	<b>-</b>	<b>106,786,420</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	72,459	72,459
Amount due to Trustee	-	-	3,623	3,623
Other payables and accruals	-	-	24,971	24,971
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>101,053</b>	<b>101,053</b>

## MAMG GLOBAL INCOME TRUST FUND

### 23. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial instruments that are carried at fair value (cont'd)

The Fund's financial assets at FVTPL are carried at fair value.

##### Unquoted fixed income securities

Local unquoted fixed income securities denominated in RM are revalued on a daily basis based on fair value prices quoted by BPA as per SC's Guidelines on Unit Trust Funds.

Foreign unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the average price quoted by at least three (3) independent and reputable financial institutions.

##### Derivative assets and liabilities

The fair value of over-the-counter forward foreign exchange contracts are obtained by using valuation models which incorporate various observable market inputs such as changes in spot rate, and changes in the forward points.

#### (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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>2020</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Financial assets at FVTPL	-	26,536,347	-
Derivative asset	-	76,990	-
	<hr/>	<hr/>	<hr/>
<b>2019</b>			
Financial assets at FVTPL	-	101,554,635	-
Derivative asset	-	557,673	-
	<hr/>	<hr/>	<hr/>

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

Other than its financial assets at FVTPL and derivative assets and liabilities, the Fund's financial instruments were not carried at fair value but their carrying amounts were reasonable approximations of fair value due to their short-term maturity.

There were no financial instruments which were not carried at fair value and whose carrying amounts were not reasonable approximations of their respective fair values.

## MAMG GLOBAL INCOME TRUST FUND

### 24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is 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 Capital Markets and Services Act 2007 ("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 foreign currency risk arising from the Fund's investments in unquoted fixed income securities denominated in foreign currencies, and other financial assets and liabilities denominated in foreign currencies. The Fund is also exposed to interest rate risk arising from its financial assets at FVTPL and deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

##### (i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below analyses the net position of the Fund's financial assets and financial liability (excluding derivative liabilities) which are exposed to foreign exchange risk as at the reporting date. As the Fund's functional currency is RM, the financial assets and financial liability (excluding derivative liabilities) denominated in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liability of the Fund that may affect the value of the NAV attributable to unitholders.

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Assets - denominated in USD</b>		
Financial assets at FVTPL	12,017,932	101,554,635
Interest receivable	234,525	896,125
Cash at bank	4,119,819	1,912,733
<b>Total assets</b>	<u>16,372,276</u>	<u>104,363,493</u>
<b>Net on-balance sheet open position</b>	<u>16,372,276</u>	<u>104,363,493</u>
<b>Forward exchange contracts - principal amount (Note 10) *</b>	<u>24,470,275</u>	<u>102,769,425</u>

\* The Fund has entered into forward currency contract to hedge against its USD exposure arising mainly from the Fund's investments in USD-denominated unquoted fixed income securities.

## MAMG GLOBAL INCOME TRUST FUND

### 24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (b) Market risk (cont'd)

##### (i) Foreign exchange risk (cont'd)

The table below summarises the sensitivity of the Fund's net on-balance sheet open position (excluding derivative assets/liabilities) to movements in exchange rates. The analysis is based on the assumptions that the exchange rates will increase or decrease by 5% with all other variables held constant.

	2020		2019	
	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM
Currencies				
USD	+5	818,614	+5	5,406,027
	-5	(818,614)	-5	(5,406,027)

##### (ii) Interest rate risk

Fixed income securities are particularly sensitive to movements in market interest 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 interest 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 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
Financial assets at FVTPL	+1	(53,763)	+1	(913,556)
	-1	53,908	-1	929,304



## **MAMG GLOBAL INCOME TRUST FUND**

### **24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

#### **(b) Market risk (cont'd)**

##### **(ii) Interest rate risk (cont'd)**

As at the reporting date, the Fund did not have any deposit with a licensed financial institution carry a fixed rate and is short term in nature, and therefore is not significantly 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.

##### **(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 unquoted fixed income securities, cash at bank, and interest receivable on unquoted fixed income securities by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and interest receivable on unquoted fixed income securities were obtained from S&P or its equivalent rating by Moody's and/or Fitch, while the ratings for cash at bank were obtained from RAM's official website.

## MAMG GLOBAL INCOME TRUST FUND

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

#### (c) Credit risk (cont'd)

##### (ii) Credit risk concentration (cont'd)

Financial assets	2020		2019	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	76,590,623	73.31	3,777,987	3.54
AA	-	-	1,656,892	1.55
AA-	1,712,480	1.64	1,663,549	1.56
A	-	-	10,400,089	9.75
A-	-	-	4,563,507	4.28
BBB+	3,872,297	3.71	25,805,004	24.19
BBB	3,955,725	3.79	18,493,028	17.33
BBB-	2,633,453	2.52	32,430,745	30.40
B+	-	-	7,437,946	6.97
NR	15,722,588	15.05	-	-
	<u>104,487,166</u>	<u>100.02</u>	<u>106,228,747</u>	<u>99.57</u>

#### (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.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

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 a licensed financial institution 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, liabilities and unitholders' capital to provide a complete view of the Fund's contractual commitments and liquidity:

**MAMG GLOBAL INCOME TRUST FUND**

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

**(d) Liquidity risk (cont'd)**

<b>2020</b>	<b>Less than 1 month RM</b>	<b>More than 1 month RM</b>	<b>Total RM</b>
<b>Financial assets</b>			
Financial assets at FVTPL	16,214,686	10,321,661	26,536,347
Derivative asset	76,990	-	76,990
Redemption receivable	58,218,934	-	58,218,934
Interest receivable	1,260,955	99,241	1,360,196
Cash at bank	18,371,689	-	18,371,689
Total undiscounted financial assets	<u>94,143,254</u>	<u>10,420,902</u>	<u>104,564,156</u>
<b>Financial liabilities and unitholders' equity</b>			
Amount due to Manager	70,762	-	70,762
Amount due to Trustee	3,538	-	3,538
Other payables and accruals	22,120	-	22,120
Unitholders' equity	104,480,695	-	104,480,695
Total undiscounted financial liabilities and unitholders' equity	<u>104,577,115</u>	<u>-</u>	<u>104,577,115</u>
Liquidity (gap)/surplus	<u>(10,433,861)</u>	<u>10,420,902</u>	<u>(12,959)</u>
<b>2019</b>			
<b>Financial assets</b>			
Financial assets at FVTPL	-	101,554,634	101,554,634
Derivative asset	557,673	-	557,673
Interest receivable	136,049	760,077	896,126
Cash at bank	3,777,987	-	3,777,987
Total undiscounted financial assets	<u>4,471,709</u>	<u>102,314,711</u>	<u>106,786,420</u>
<b>Financial liabilities and unitholders' equity</b>			
Amount due to Manager	72,459	-	72,459
Amount due to Trustee	3,623	-	3,623
Other payables and accruals	24,971	-	24,971
Unitholders' equity	106,689,158	-	106,689,158
Total undiscounted financial liabilities and unitholders' equity	<u>106,790,211</u>	<u>-</u>	<u>106,790,211</u>
Liquidity (gap)/surplus	<u>(102,318,502)</u>	<u>102,314,711</u>	<u>(3,791)</u>

## **MAMG GLOBAL INCOME TRUST FUND**

### **24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

#### **(d) Liquidity risk (cont'd)**

##### **(i) Financial assets**

The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised. Financial assets exclude tax-related matters such as tax recoverable.

##### **(ii) Financial liabilities**

The maturity grouping is based on the remaining period from the end of the reporting period 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 can be required to pay. Financial liabilities exclude tax-related matters such as provision for taxation.

##### **(iii) Unitholders' total equity**

As unitholders can request for redemption on their units by giving the Manager a 10-day notice period, the unitholders' total 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.

### **25. CAPITAL MANAGEMENT**

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's objectives for managing capital are:

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

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

### **26. SUBSEQUENT EVENT**

Subsequent to the reporting date, the Manager has approved and waived a portion of the Manager's fee on the maturity date of the Fund. This waiver is recognised and reflected in the financial statements of the Fund in the period in which the waiver was approved.