

Maybank Asset Management Sdn Bhd  
199701006283 (421779-M)  
Level 12, Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
Telephone +603 2297 7888  
Facsimile +603 2715 0071  
[www.maybank-am.com](http://www.maybank-am.com)

# MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

(Formerly known as MAYBANK ETHICAL TRUST FUND)

Annual Report  
For the financial year ended 31 August 2020

## **CORPORATE INFORMATION**

### **MANAGER**

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

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

Telephone +603 2297 7888

Facsimile +603 2715 0071

[www.maybank-am.com](http://www.maybank-am.com)

### **TRUSTEE**

HSBC (Malaysia) Trustee Berhad (193701000084 (001281T)) □

13th Floor, HSBC South Tower

No. 2, Leboh Ampang

Kuala Lumpur

50100 Kuala Lumpur

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

| <b>CONTENTS</b>                   | <b>PAGE</b> |
|-----------------------------------|-------------|
| Manager's report                  | 1 - 9       |
| Trustee's report                  | 10          |
| Statement by Manager              | 11          |
| Independent auditors' report      | 12 - 15     |
| Statement of comprehensive income | 16          |
| Statement of financial position   | 17          |
| Statement of changes in equity    | 18          |
| Statement of cash flows           | 19          |
| Notes to the financial statements | 20 - 51     |

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

**Manager's report**  
**For the financial year ended 31 August 2020**

**A. Fund Information**

**1. Name of the Fund**

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

**2. Type of Fund**

Income and growth

**3. Category of Fund**

Equity

**4. Duration of the Fund**

The Fund is an open-ended Fund.

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

7 January 2003 / 28 January 2003

**6. Fund's investment objective**

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

**7. Fund distribution policy**

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

**8. Ethical Principles**

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

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

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

**Manager's report**

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

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

**9. Fund's performance benchmark**

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

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

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

**11. Net income distribution for the financial year ended 31 August 2020**

The Fund did not declare any distribution during the financial year ended 31 August 2020.

**12. Breakdown of unitholdings by size**

**Fund size**

As at 31 August 2020, the size of the Fund was 323,861,090 units.

**Breakdown of unitholdings as at 31 August 2020**

| <b>Unitholdings</b>     | <b>No. of unitholders</b> | <b>%</b>      | <b>No. of units ('000)</b> | <b>%</b>      |
|-------------------------|---------------------------|---------------|----------------------------|---------------|
| 5,000 units and below   | 255                       | 11.73         | 702                        | 0.22          |
| 5,001 to 10,000 units   | 253                       | 11.64         | 1,863                      | 0.58          |
| 10,001 to 50,000 units  | 930                       | 42.77         | 24,084                     | 7.44          |
| 50,001 to 500,000 units | 685                       | 31.51         | 82,607                     | 25.51         |
| 500,001 units and above | 51                        | 2.35          | 214,605                    | 66.25         |
| <b>Total</b>            | <b>2,174</b>              | <b>100.00</b> | <b>* 323,861</b>           | <b>100.00</b> |

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

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

**Manager's report**

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

**B. Performance Review**

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

| <b>Category</b>                         | <b>FY2020</b> | <b>FY2019</b> | <b>FY2018</b> |
|---|---------------|---------------|---------------|
| <b>Portfolio</b>                        |               |               |               |
| <b>Quoted equities - Local</b>          |               |               |               |
| Construction                            | 3.77          | 5.81          | 2.15          |
| Consumer Products & Services            | 7.58          | 9.10          | 11.10         |
| Energy                                  | 3.25          | -             | -             |
| Financial Services                      | 15.15         | 24.68         | 24.52         |
| Healthcare                              | 9.13          | 0.83          | 2.77          |
| Industrial Products                     | 8.97          | 4.97          | 7.95          |
| Plantations                             | 5.55          | 1.01          | 10.80         |
| Properties                              | 0.92          | 4.35          | 4.84          |
| Real Estate Investment Trusts ("REITs") | 6.17          | 6.31          | -             |
| Technology                              | 13.67         | 1.05          | -             |
| Telecommunications & Media              | 2.34          | 4.24          | 2.24          |
| Transportation & Logistics              | 3.97          | 11.59         | 7.16          |
| Utilities                               | 5.75          | 6.78          | 5.67          |
| <b>Quoted equities - Foreign</b>        |               |               |               |
| Hong Kong                               | -             | 3.05          | 5.99          |
| Singapore                               | 4.05          | 1.54          | -             |
| <b>Cash and other net assets (%)</b>    | 9.73          | 14.69         | 14.81         |
| <b>Total (%)</b>                        | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

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

**Manager's report**

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

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

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

| <b>Category</b>   | <b>FY2020</b> | <b>FY2019</b> | <b>FY2018</b> |
|---|---------------|---------------|---------------|
| NAV (RM'000)  | 100,021       | 115,055       | 132,734       |
| Units in circulation (units'000)                        | 323,861       | 364,352       | 366,839       |
| NAV per unit (RM)                                       | 0.3088        | 0.3158        | 0.3618        |
| Highest NAV per unit (RM)                               | 0.3178        | 0.3639        | 0.3914        |
| Lowest NAV per unit (RM)                                | 0.2344        | 0.3072        | 0.3429        |
| Net income distributed (RM'000)                         | -             | 9,062         | -             |
| Distribution date                                       | -             | 30/9/2018     | -             |
| Gross distribution per unit (sen)                       | -             | 2.50          | -             |
| Net distribution per unit (sen)                         | -             | 2.49          | -             |
| Annual total return (%) <sup>(1)</sup>                  |               |               |               |
| - Capital growth (%)                                    | (2.15)        | (12.74)       | (1.34)        |
| - Income distribution (%)                               | -             | 7.40          | -             |
| Benchmark (%)   | (5.39)        | (11.40)       | 2.62          |
| Management Expense Ratio ("MER") (%) <sup>(2)</sup>     | 1.68          | 1.62          | 1.74          |
| Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup> | 0.57          | 0.43          | 0.60          |

**Notes:**

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

2) The MER of the Fund increased to 1.68 times due to higher expenses during the current financial year under review.

(3) The PTR of the Fund increased to 0.57 times due to higher investing activities during the current financial year under review.

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

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

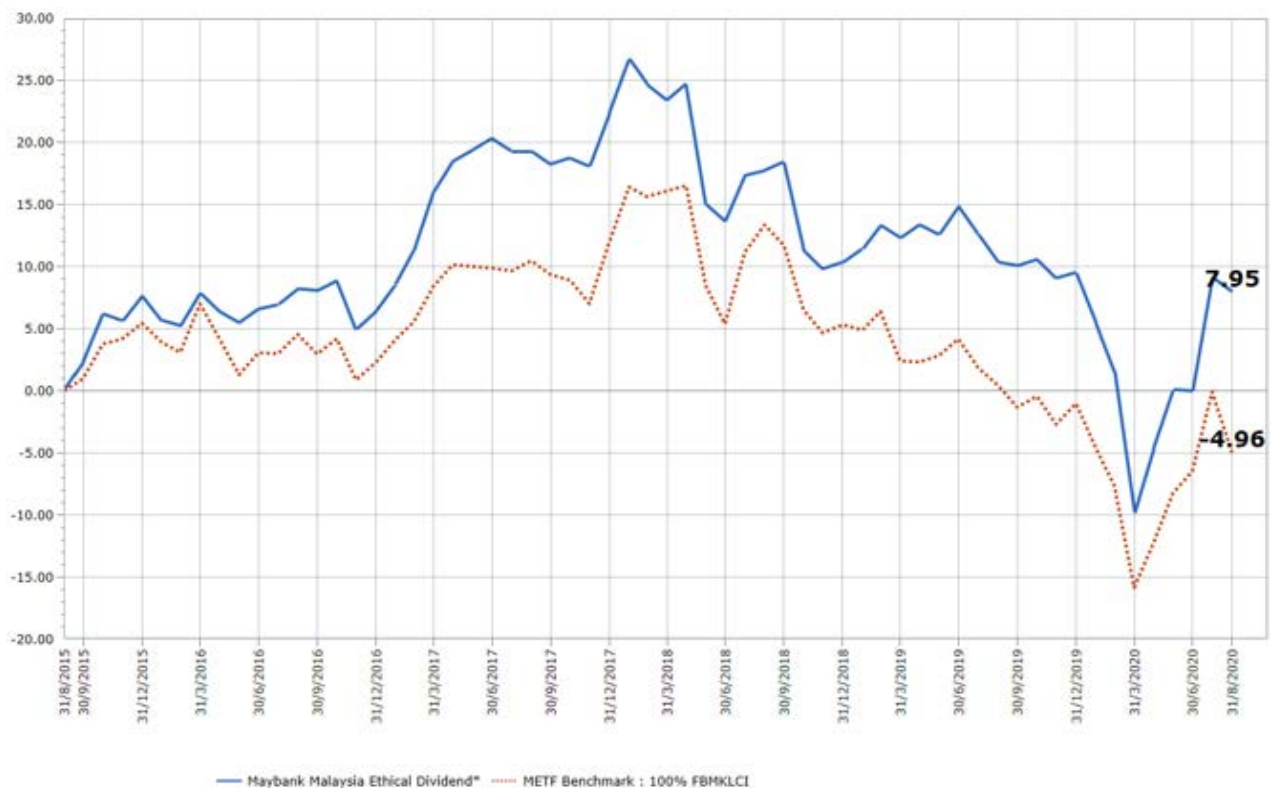
**Manager's report**

For the financial year ended 31 August 2020 (cont'd)

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

**2. Performance of the Fund up to 31 August 2020**

| Category                 | 1 year<br>to<br>31.08.2020<br>% | 3 years<br>to<br>31.08.2020<br>% | 5 years<br>to<br>31.08.2020<br>% |
|--------------------------|---------------------------------|----------------------------------|----------------------------------|
| Capital growth           | (2.15)                          | (21.90)                          | (26.26)                          |
| Income distribution      | -                               | 15.87                            | 46.39                            |
| Total return of the Fund | (2.15)                          | (9.50)                           | 7.95                             |
| Benchmark                | (5.39)                          | (13.98)                          | (4.96)                           |
| Average total return     | (2.15)                          | (3.27)                           | 1.54                             |



Source: Lipper

For the financial year under review, the Fund registered a total return of -2.2%, outperforming its benchmark which registered returns of -5.4%. This was mainly due to the overweighting of the portfolio in the technology sector. The technology sector did well, as investors positioned themselves on the back of a stronger 2H20/2021 outlook driven by new product launches as well as the play on 5G. Besides that, the underweight position in the financials as well as the telecommunication services, which did badly also contributed to the outperformance.



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

**Manager's report**

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

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

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

**Has the Fund met its objective?**

For the period under review, the Fund did not meet its objective of income and capital growth over the medium to long term due to the weak market conditions across the region whereby most countries registered negative absolute returns during the period.

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

| <b>For the financial year ended</b> | <b>31.08.2020</b> | <b>31.08.2019</b> | <b>31.08.2018</b> | <b>31.08.2017</b> | <b>31.08.2016</b> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | <b>%</b>          | <b>%</b>          | <b>%</b>          | <b>%</b>          | <b>%</b>          |
| Capital growth                      | (2.15)            | (12.74)           | (1.34)            | 2.17              | (2.68)            |
| Income distribution                 | -                 | 7.40              | -                 | 8.02              | 10.84             |
| Total return                        | (2.15)            | (6.29)            | (1.34)            | 10.20             | 8.16              |
| Benchmark                           | (5.39)            | (11.40)           | 2.62              | 5.67              | 4.57              |

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

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

An illustration of the above would be as follows:

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

**C. Market Review**

During the period under review, most equity markets posted mixed performances. With United States ("US") hitting new highs in year 2020, the Dow Jones and S&P500 registered positive returns of 7.7% and 19.6% respectively for the period. However, Euro Stoxx 50 registered a loss of 4.5% for the period. Regionally, markets were mixed as well, with China, Japan and Taiwan up at 17.7%, 11.8% and 18.6% respectively but the other markets were down with Philippines being the biggest loser, down 26.3%, followed by Thailand -20.8%, Singapore -18.5%, Indonesia -17.2%, and Hong Kong -2.1%.

Markets were mainly volatile in the later part of 2019 as investors focused on developments of the trade deal between the US and China. The persistent on-off tit-for-tat tariff translates to volatility and poor visibility on the trade progress. Political and trade tensions also sparked in other nations, with Saudi Arabia oil plant being attacked by drones, Japan announcing that it has removed South Korea from the whitelist of trusted trade partners and anti-government protests happening in Hong Kong.

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

**Manager's report**

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

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

Entering into year 2020, markets started off with a bang, with momentum from end 2019 propelling equity markets up. The signing of the "Phase 1" US-China trade deal proceeded as widely expected. In addition, better macroeconomic data helped with many manufacturing indicators showing signs of bottoming. Generally good results from technology companies also provided a boost. However, towards the end of the month there was a sharp reversal as a new strain of coronavirus originating from the city of Wuhan in China started spreading, causing a disease named COVID-19. By 11 March 2020, the COVID-19 outbreak has been declared a global pandemic, which led to massive global sell down across all asset classes globally. The market sell-off was remarkable in terms of velocity, magnitude and breadth with sharp declines triggering circuit breakers multiple times in many markets. Fears of a global recession deepened as travel restrictions, lockdowns and social distancing measures took a toll on supply chains, consumption and employment.

Following the sharpest decline since the Global Financial Crisis ("GFC") in March 2020 where equity markets dropped by 20-30%, subsequent months saw a strong recovery in the financial markets. The recovery was triggered by the massive fiscal stimulus by Governments around the world and the monetary measures by the US Federal Reserve ("Fed"). In addition, investors were relieved from reopening of the economy in several key countries as well as the enhanced stimulus measures by governments and central banks worldwide. The anticipation of easing lockdown measures buoyed market sentiment as did the news that an anti-viral drug, Remdesivir, appeared to be a viable treatment option for COVID-19.

May 2020 saw a continuation of April 2020's rebound across all markets as lockdown measures around the world are gradually lifted and production constraints eases. Investors were also pricing in expectations of a significant recovery in corporate earnings in 2H20. In addition, liquidity from continuous stimulus packages announced by governments and central bankers around the world also helped to sustain the rally. The rally continued through to June 2020 as economies continued to re-open and some economic data points emerged better-than-feared. However, in July-August 2020, there were signs that the rally might be losing steam as investors began to contemplate on the benefits of reopening the economy against worries that such a move will lead to fresh waves of Covid-19 infections. In addition, markets started to see renewed tension between China and the US, centred on the former's imposition of a new national security law on Hong Kong. Some markets closed down in the month of July-August 2020.

Domestically, the large cap FBM KLCI Index closed -5.4% for the period, while the broader market FBM Emas Index also posted a loss of 2.3%. However, the FBM SmallCap Index managed to register a positive return of 6.4% for the period, mainly driven by a strong interest in the retail participation.

Malaysia began the Movement Control Order ("MCO") in March 2020 to stem the rising Covid-19 cases and announced a stimulus package worth RM250 billion ("bn") (17% of Gross Domestic Product ("GDP")) to help cushion the blow from the pandemic. During the period under review, the Bank Negara Malaysia ("BNM") has cut the policy rate four times (January 2020, March 2020, May 2020 and July 2020) to 1.75% as well as other measures such as an automatic 6-month moratorium on loan repayments.

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

**Manager's report**

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

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

In addition to the COVID-19 pandemic, the local market's sell down was exacerbated by a change in government at the end of February 2020 without going through an election, causing political uncertainties. This was achieved when several political parties joined forces to form a new government called Perikatan Nasional by claiming majority seats in the Dewan Rakyat, the lower chamber of the Parliament of Malaysia. For the period, foreign funds have taken out RM24.1bn net worth of equities with a massive outflow in the month of March amounting to RM5.5bn.

Earnings continue to see absolute downward revisions following the release of 2QFY20 corporate results in August 2020, which was exacerbated by the full impact of the business closures due to the lockdown in Malaysia as well the poorer outlook of the economy. Not surprising, earnings disappointment came from consumer discretionary, oil & gas, transportation (e.g. AirAsia, Malaysia Airports), retails and Gaming. On the other hand, positive earnings came from the glove sector resulting from the strong demand in the sector amidst the current climate.

**D. Market Outlook & Strategy**

There appears to be a disconnect between the financial markets and economic reality with markets rallying off March's low despite the uncertainty, due to the supportive liquidity environment. In the recent months, the positive momentum in financial markets continues to be driven by liquidity and sentiment but the breadth of the rally has been narrowed. Due to the global nature of COVID-19, governments must act together to contain the COVID-19 so that a reopening of the global economy can be coordinated, leading to a synchronised upswing in the economy. Unfortunately, containment has been an issue in some parts of the world, especially the West. Relatively, Asia has done better than the West in containing COVID-19 with China, Taiwan and Korea leading the way with the opening of the economy. However, Asia is still heavily dependent on the export markets to the Europe and the US. Therefore, a quick return to normalcy is unlikely and the recovery will be a more gradual and uneven process. While there has been some recovery in economic activity post lockdowns, the global economy still remains weak with countries continuing to battle the COVID-19 pandemic. Investors should be mindful of geopolitical risks as the US-China relations continue to deteriorate and the upcoming US Presidential elections may pose an additional risk.

Strategy wise, we have been rather defensive in terms of selection and have been holding more cash during the COVID-19 pandemic outbreak. We have been slowly increasing our equity exposure to benefit from the liquidity driven rally, but continue to be cautious as valuations seemed stretched. In terms of positioning, we continue to have exposure in high yielding companies to anchor the portfolio to weather market volatility which includes stocks in the REITs sector that offer relative defensiveness in times of uncertainties. In addition, we have reduced our oil & gas exposure due to lower demand resulting from the pandemic whilst supply remain on the high side. Sectors that we are interested in with a longer term view are technology, electronic manufacturing services and selected construction companies. We continue to believe that Malaysia is well positioned to face volatility as market liquidity is ample, represented by the large pension funds, life insurance and other institutional investors.

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

**Manager's report**

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

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

The following changes have occurred effective 17 January 2020:

- The name of the Fund has been changed to Maybank Malaysia Ethical Dividend Fund; and
- The Fund is no longer required to have a panel of advisors. As a result, the report from the previously appointed panel of advisors is no longer required to be included in the Fund's reports.

**F. Soft Commissions and Rebates**

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

During the financial year under review, the Manager and its delegates did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAYBANK MALAYSIA ETHICAL DIVIDEND FUND □ (formerly known as MAYBANK ETHICAL TRUST FUND)**

We have acted as Trustee of Maybank Malaysia Ethical Dividend Fund (formerly known as Maybank Ethical Trust Fund) ("the Fund") for the financial year ended 31 August 2020. To the best of our knowledge, Maybank Asset Management Sdn Bhd ("the Management Company"), has operated and managed the Fund in accordance with the following:-

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

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Manager, Investment Compliance Monitoring  
Kuala Lumpur  
14 October 2020

## **STATEMENT BY MANAGER**

### **TO THE UNITHOLDERS OF MAYBANK MALAYSIA ETHICAL DIVIDEND FUND □ (formerly known as MAYBANK ETHICAL TRUST FUND) FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 as set out on pages 16 to 51 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 the Maybank Malaysia Ethical Dividend Fund (formerly known as Maybank Ethical Trust Fund) as at 31 August 2020 and of its results, changes in equity and cash flows for the financial year ended 31 August 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  
14 October 2020

Independent auditors' report to the unit holders of  
Maybank Malaysia Ethical Dividend Fund□  
(formerly known as Maybank Ethical Trust Fund)

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

### ***Opinion***

**We have audited the financial statements of Maybank Malaysia Ethical Dividend Fund (Previously known Maybank Ethical Trust Fund) ("the Fund"), which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 16 to 51.**

**In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2020, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.**

### ***Basis for opinion***

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

### ***Independence and other ethical responsibilities***

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

### ***Information other than the financial statements and auditors' report thereon***

**The Manager of the Fund is responsible for the other information. The other information comprises the information included in the Annual Report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.**

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

**In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information identified above 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.**

Independent auditors' report to the unitholders of  
Maybank Malaysia Ethical Dividend Fund □  
(formerly known as Maybank Ethical Trust Fund) (cont'd)

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

**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.**

**When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and Trustee of the Fund and take appropriate action.**

***Responsibility of the Manager and Trustee for the financial statements***

**The Manager of the Fund 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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.**

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

***Auditors' responsibility for the audit of the financial statements***

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



Independent auditors' report to the unitholders of  
Maybank Malaysia Ethical Dividend Fund □  
(formerly known as Maybank Ethical Trust Fund) (cont'd)

*Auditors' responsibility 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 scepticism 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. However, future events or conditions may cause the Fund to cease to continue as a going concern.**
- **Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.**

**Independent auditors' report to the unitholders of  
Maybank Malaysia Ethical Dividend Fund □  
(formerly known as Maybank Ethical Trust Fund) (cont'd)**

**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  
03013/10/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
14 October 2020

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020**

|   |             | <b>2020</b>        | <b>2019</b>        |
|---|-------------|--------------------|--------------------|
|   | <b>Note</b> | <b>RM</b>          | <b>RM</b>          |
| <b>INVESTMENT LOSS</b>  |             |                    |                    |
| Dividend income   |             | 3,123,754          | 4,131,207          |
| Interest income   |             | 253,980            | 466,985            |
| Net loss on financial assets at fair value through profit or loss ("FVTPL")         |             |                    |                    |
| - Unrealised gain/(loss)  | 7(c)        | 2,819,991          | (9,041,058)        |
| - Realised loss   |             | (6,864,760)        | (1,669,098)        |
| Net (loss)/gain on foreign exchange and forward currency contracts                  | 3           | (24,627)           | 194,228            |
|   |             | <u>(691,662)</u>   | <u>(5,917,736)</u> |
| <b>EXPENSES</b>   |             |                    |                    |
| Manager's fee   | 4           | 1,529,135          | 1,826,019          |
| Trustee's fee   | 5           | 81,554             | 97,388             |
| Auditors' remuneration  |             | 9,000              | 9,000              |
| Tax agent's fee   |             | 4,300              | 3,500              |
| Brokerage and other transaction fees  |             | 247,334            | 235,809            |
| Administrative expenses   |             | 93,055             | 39,410             |
|   |             | <u>1,964,378</u>   | <u>2,211,126</u>   |
| <b>Net loss before taxation</b>   |             | (2,656,040)        | (8,128,862)        |
| <b>Taxation</b>   | 6           | (44,590)           | (36,557)           |
| <b>Net loss after taxation, and total comprehensive loss for the financial year</b> |             | <u>(2,700,630)</u> | <u>(8,165,419)</u> |
| <b>Net loss after taxation is made up of the following:</b>                         |             |                    |                    |
| Net realised amount   |             | (5,237,342)        | 875,639            |
| Net unrealised amount   |             | 2,536,712          | (9,041,058)        |
|   |             | <u>(2,700,630)</u> | <u>(8,165,419)</u> |
| <b>Distributions for the financial year:</b>  |             |                    |                    |
| Net distributions   | 15          | -                  | 9,061,884          |
| Gross distribution per unit (sen)   | 15          | -                  | 2.50               |
| Net distribution per unit (sen)   | 15          | -                  | 2.49               |
| Distribution date   | 15          | -                  | 9/30/2018          |

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

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

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

|  | Note      | 2020<br>RM         | 2019<br>RM         |
|--|-----------|--------------------|--------------------|
| <b>ASSETS</b>                                      |           |                    |                    |
| Financial assets at FVTPL                          | 7         | 90,290,960         | 98,124,841         |
| Deposits with licensed financial institutions      | 8         | 5,759,261          | 15,045,846         |
| Dividend receivable                                |           | 90,763             | 141,848            |
| Interest receivable                                |           | 1,041              | 2,391              |
| Amount due from brokers                            | 9         | -                  | 1,034,618          |
| Amount due from Manager                            | 10        | -                  | 2,454              |
| Cash at bank                                       | 11        | 4,645,057          | 1,101,489          |
| <b>TOTAL ASSETS</b>                                |           | <u>100,787,082</u> | <u>115,453,487</u> |
| <b>LIABILITIES</b>                                 |           |                    |                    |
| Amount due to Manager                              | 10        | 724,062            | 332,228            |
| Amount due to Trustee                              | 12        | 6,827              | 7,898              |
| Other payables and accruals                        | 13        | 35,000             | 58,007             |
| <b>TOTAL LIABILITIES</b>                           |           | <u>765,889</u>     | <u>398,133</u>     |
| <b>NET ASSET VALUE ("NAV") OF THE FUND</b>         |           | <u>100,021,193</u> | <u>115,055,354</u> |
| <b>EQUITY</b>                                      |           |                    |                    |
| Unitholders' capital                               | 14(a)     | 100,547,868        | 112,881,399        |
| (Accumulated loss)/Retained earnings               | 14(b)&(c) | <u>(526,675)</u>   | <u>2,173,955</u>   |
| <b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b> |           | <u>100,021,193</u> | <u>115,055,354</u> |
| <b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>      | 14(a)     | <u>323,861,090</u> | <u>364,352,464</u> |
| <b>NAV PER UNIT</b>                                |           | <u>0.3088</u>      | <u>0.3158</u>      |

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

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020**

|  | Unitholders'<br>capital<br>Note 14(a)<br>RM | Retained earnings/<br>(Accumulated<br>loss)<br>Note 14(b)<br>&(c)<br>RM | Total equity<br><br>RM |
|--|---|---|------------------------|
| <b>At 1 September 2018</b>                         | 113,333,176                                 | 19,401,258  | 132,734,434            |
| Total comprehensive loss<br>for the financial year | -   | (8,165,419)   | (8,165,419)            |
| Creation of units                                  | 456,618                                     | -   | 456,618                |
| Reinvestment of units                              | 9,061,884                                   | -   | 9,061,884              |
| Cancellation of units                              | (9,970,279)                                 | -   | (9,970,279)            |
| Distribution (Note 15)                             | -   | (9,061,884)   | (9,061,884)            |
| <b>At 31 August 2019</b>                           | <u>112,881,399</u>                          | <u>2,173,955</u>  | <u>115,055,354</u>     |
| <b>At 1 September 2019</b>                         | 112,881,399                                 | 2,173,955   | 115,055,354            |
| Total comprehensive loss<br>for the financial year | -   | (2,700,630)   | (2,700,630)            |
| Creation of units                                  | 253,862                                     | -   | 253,862                |
| Cancellation of units                              | (12,587,393)                                | -   | (12,587,393)           |
| <b>At 31 August 2020</b>                           | <u>100,547,868</u>                          | <u>(526,675)</u>  | <u>100,021,193</u>     |

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

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

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 of financial assets at FVTPL                     | 60,432,880               | 53,773,858               |
| Net payments for purchases of financial assets at FVTPL                 | (55,996,647)             | (49,933,545)             |
| Net dividend received   | 3,124,499                | 4,117,686                |
| Interest received   | 255,330                  | 467,344                  |
| Net realised loss on forward foreign exchange contracts                 | -                        | (69,800)                 |
| Taxation paid   | -                        | (2,850)                  |
| Manager's fee paid  | (1,549,202)              | (1,879,910)              |
| Trustee's fee paid  | (82,625)                 | (98,512)                 |
| Other expenses paid   | (4,477)                  | (62,518)                 |
| Net cash generated from operating and investing activities              | <u>6,179,758</u>         | <u>6,311,753</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                             |                          |                          |
| Cash received from units created  | 256,316                  | 454,170                  |
| Cash paid on units cancelled  | (12,175,492)             | (9,815,154)              |
| Net cash used in financing activities                                   | <u>(11,919,176)</u>      | <u>(9,360,984)</u>       |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR</b> | <b>(5,739,418)</b>       | <b>(3,049,231)</b>       |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>     | <b>16,147,335</b>        | <b>19,124,738</b>        |
| Effect of foreign exchange  | (3,599)                  | 71,828                   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>           | <b><u>10,404,318</u></b> | <b><u>16,147,335</u></b> |
| <b>CASH AND CASH EQUIVALENTS COMPRISE:</b>                              |                          |                          |
| Cash at bank (Note 11)  | 4,645,057                | 1,101,489                |
| Deposits with licensed financial institutions (Note 8)                  | 5,759,261                | 15,045,846               |
|   | <u>10,404,318</u>        | <u>16,147,335</u>        |

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR FINANCIAL YEAR ENDED 31 AUGUST 2020**

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

Maybank Malaysia Ethical Dividend Fund (formerly known as Maybank Ethical Trust Fund) ("the Fund") was constituted pursuant to the executed Deed dated 4 December 2002 between Amanah Mutual Berhad as the Manager, and HSBC (Malaysia) Trustee Berhad as the Trustee and the Registered Holders of the Fund. Subsequently, Supplemental Deeds dated 12 March 2012, 20 June 2012 and 27 January 2016 made between Amanah Mutual Berhad and HSBC (Malaysia) Trustee Berhad have been issued. The Fund commenced operations on 7 January 2003 and will continue to be in operations until terminated by the Trustee as provided under the Deed.

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

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

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

MAM and HSBC (Malaysia) Trustee Bhd as the Trustee had entered into a Fourth 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.

Subsequently, MAM and HSBC (Malaysia) Trustee Bhd as the Trustee had entered into a Fifth Supplemental Deed dated 11 July 2019 to change the name of the Fund effective 17 January 2020.

MAM is a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence ("CMSL") with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of MAM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

The financial statement were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 14 October 2020.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

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

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

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

**2.1 Basis of preparation (cont'd)**

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

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

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

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

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

| <b>Description</b>   | <b>Effective for annual periods beginning on or after</b> |
|--|---|
| Revised Conceptual Framework for Financial Reporting   | 1 January 2020  |
| 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  |
| <i>Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred  |

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

**2.3 Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL are recognised immediately in profit or loss.



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

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

**2.4 Financial assets**

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

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

**(i) Financial assets at amortised cost**

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

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

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

The Fund classifies cash and cash equivalents, dividend receivables, interest receivables, amount due from brokers and amount due from Manager as financial assets at amortised cost and 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 or loss over the relevant period.

**(ii) Financial assets at FVTPL**

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

A financial asset is recognised at FVTPL if:

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

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

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

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

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

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

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.

**(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.

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

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

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

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

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

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

**(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.

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

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

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

**(iv) Derecognition of financial assets (cont'd)**

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

**(ii) Recognition and measurement**

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

**(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:

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

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

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

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

**2.6 Unitholders' capital (cont'd)**

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

**2.7 Revenue / Income**

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

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

Interest income is recognised using the effective interest rate method and disclosed separately in the profit or loss.

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

Other revenue/income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

**2.8 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and deposit with licensed financial institution with original maturity of three months or less which have an insignificant risk of changes in value.

**2.9 Income tax**

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

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

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

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

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

**2.10 Fair value measurement**

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

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

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

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

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

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

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

**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.

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

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

**2.11 Functional and foreign currency (cont'd)**

**(b) Transactions and balances**

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

**2.12 Distributions**

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

**2.13 Segment reporting**

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

**2.14 Critical accounting estimates and judgements**

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

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

**3. NET (LOSS)/GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS**

|   | <b>2020</b>     | <b>2019</b>    |
|---|-----------------|----------------|
|   | <b>RM</b>       | <b>RM</b>      |
| Net unrealised (loss)/gain on foreign exchange          | (283,279)       | 217,872        |
| Net realised gain on foreign exchange                   | 258,652         | 49,774         |
| Net realised loss on forward foreign exchange contracts | -               | (73,418)       |
|   | <u>(24,627)</u> | <u>194,228</u> |

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

**4. MANAGER'S FEE**

The Manager's fee is computed daily. The fee is based on 1.50% (2019: 1.50%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

**5. TRUSTEE'S FEE**

The Trustee's fee is computed based on 0.08% (2019: 0.08%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM18,000 p.a. The Trustee fee is calculated and accrued daily.

**6. TAXATION**

|  | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|
|  | <b>RM</b>     | <b>RM</b>     |
| Tax expense for the financial year:      |               |               |
| Current income tax expense               |               |               |
| - Foreign                                | 22,759        | 21,057        |
| - Local                                  | 21,831        | 7,962         |
| Under provision in prior financial years | -             | 7,538         |
|  | <u>44,590</u> | <u>36,557</u> |

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

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

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

|  | <b>2020</b>        | <b>2019</b>        |
|--|--------------------|--------------------|
|  | <b>RM</b>          | <b>RM</b>          |
| Net loss before taxation                                   | <u>(2,656,040)</u> | <u>(8,128,862)</u> |
| Taxation at Malaysian statutory rate of 24%<br>(2019: 24%) | (637,450)          | (1,950,927)        |
| Income not subject to tax                                  | (1,487,454)        | (1,150,181)        |
| Loss not deductible for tax purposes                       | 1,653,453          | 2,570,437          |
| Income tax at source                                       | 44,590             | 29,019             |
| Expenses not deductible for tax purposes                   | 471,451            | 530,671            |
| Under provision of income tax in prior years               | -                  | 7,538              |
| Tax expense for the financial year                         | <u>44,590</u>      | <u>36,557</u>      |

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

**7. FINANCIAL ASSETS AT FVTPL**

|                           |     | <b>2020</b>       | <b>2019</b>       |
|---------------------------|-----|-------------------|-------------------|
|                           |     | <b>RM</b>         | <b>RM</b>         |
| Quoted equities - local   | (a) | 86,236,724        | 92,853,125        |
| Quoted equities - foreign | (b) | 4,054,236         | 5,271,716         |
|                           |     | <u>90,290,960</u> | <u>98,124,841</u> |

| <b>2020</b>                             | <b>Quantity</b>  | <b>Aggregate</b> | <b>Market</b>    | <b>Percentage</b> |
|---|------------------|------------------|------------------|-------------------|
|   | <b>Unit</b>      | <b>cost</b>      | <b>value</b>     | <b>of NAV</b>     |
|   |                  | <b>RM</b>        | <b>RM</b>        | <b>%</b>          |
| <b>(a) Quoted equities - local</b>      |                  |                  |                  |                   |
| <b>Construction</b>                     |                  |                  |                  |                   |
| Gamuda Bhd                              | 791,780          | 2,473,538        | 2,692,052        | 2.69              |
| IJM Corporation Bhd                     | 896,900          | 2,013,656        | 1,076,280        | 1.08              |
|   | <u>1,688,680</u> | <u>4,487,194</u> | <u>3,768,332</u> | <u>3.77</u>       |
| <b>Consumer Products &amp; Services</b> |                  |                  |                  |                   |
| Ajinomoto (Malaysia) Bhd                | 38,600           | 621,431          | 636,900          | 0.64              |
| Berjaya Food Bhd                        | 997,000          | 1,896,859        | 1,236,280        | 1.24              |
| DRB - HICOM Bhd                         | 388,900          | 807,001          | 793,356          | 0.79              |
| Dutch Lady Milk Industries Bhd          | 16,600           | 878,085          | 660,680          | 0.66              |
| Fraser & Neave Holdings Bhd             | 66,200           | 2,063,896        | 2,027,044        | 2.03              |
| PETRONAS Dagangan Bhd                   | 108,000          | 2,989,219        | 2,224,800        | 2.22              |
|   | <u>1,615,300</u> | <u>9,256,491</u> | <u>7,579,060</u> | <u>7.58</u>       |
| <b>Energy</b>                           |                  |                  |                  |                   |
| Dialog Group Bhd                        | 552,800          | 1,946,720        | 1,984,552        | 1.98              |
| Serba Dinamik Holdings Bhd              | 234,300          | 542,240          | 424,083          | 0.42              |
| Wah Seong Corporation Bhd               | 1,610,713        | 1,893,761        | 845,624          | 0.85              |
|   | <u>2,397,813</u> | <u>4,382,721</u> | <u>3,254,259</u> | <u>3.25</u>       |



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

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

| 2020 (cont'd)                               | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - local (cont'd)</b> |                  |                         |                       |                           |
| <b>Financial Services (cont'd)</b>          |                  |                         |                       |                           |
| CIMB Group Holdings Bhd                     | 636,064          | 3,467,397               | 2,099,011             | 2.10                      |
| Hong Leong Bank Bhd                         | 196,500          | 3,802,982               | 2,751,000             | 2.75                      |
| Hong Leong Financial<br>Group Bhd           | 95,000           | 1,776,978               | 1,172,300             | 1.17                      |
| Malayan Banking Bhd ***                     | 493,802          | 4,375,754               | 3,619,569             | 3.62                      |
| Public Bank Bhd                             | 170,800          | 3,721,965               | 2,804,536             | 2.80                      |
| RHB Bank Bhd                                | 591,000          | 3,143,540               | 2,706,780             | 2.71                      |
|   | 2,183,166        | 20,288,616              | 15,153,196            | 15.15                     |
| <b>Healthcare</b>                           |                  |                         |                       |                           |
| Kossan Rubber Industries Bhd                | 571,500          | 3,785,325               | 9,132,570             | 9.13                      |
| <b>Industrial Products</b>                  |                  |                         |                       |                           |
| Cahaya Mata Sarawak Bhd                     | 507,000          | 1,725,329               | 760,500               | 0.76                      |
| Dufu Technology Corp. Bhd                   | 167,000          | 292,342                 | 561,120               | 0.56                      |
| Press Metal Aluminium<br>Holdings Bhd       | 294,900          | 1,496,453               | 1,536,429             | 1.54                      |
| Sam Engineering & Equipment<br>(M) Bhd      | 44,400           | 315,625                 | 306,360               | 0.31                      |
| Sunway Berhad                               | 1,014,000        | 1,673,907               | 1,419,600             | 1.42                      |
| Thong Guan Industries Bhd                   | 441,000          | 1,984,696               | 2,376,990             | 2.38                      |
| V.S. Industry Bhd                           | 1,061,400        | 1,318,555               | 1,995,432             | 2.00                      |
|   | 3,529,700        | 8,806,907               | 8,956,431             | 8.97                      |

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

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

| 2020 (cont'd)                                  | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - local (cont'd)</b>    |                  |                         |                       |                           |
| <b>Plantations</b>                             |                  |                         |                       |                           |
| Kuala Lumpur Kepong Bhd                        | 91,168           | 2,136,544               | 2,065,867             | 2.07                      |
| Sarawak Oil Palms Bhd                          | 544,900          | 2,061,728               | 1,977,987             | 1.98                      |
| Sime Darby Plantation Berhad                   | 99,800           | 525,537                 | 508,980               | 0.51                      |
| TSH Resources Bhd                              | 962,000          | 1,002,212               | 990,860               | 0.99                      |
|  | 1,697,868        | 5,726,021               | 5,543,694             | 5.55                      |
| <b>Properties</b>                              |                  |                         |                       |                           |
| Malaysian Resources Corporation Bhd            | 1,828,400        | 1,542,305               | 923,342               | 0.92                      |
| <b>Real Estate Investment Trusts ("REITs")</b> |                  |                         |                       |                           |
| Axis REIT                                      | 1,274,348        | 2,268,061               | 2,765,335             | 2.76                      |
| IGB REIT                                       | 978,700          | 1,817,924               | 1,810,595             | 1.81                      |
| KLCC Property Holdings Bhd                     | 205,400          | 1,603,108               | 1,602,120             | 1.60                      |
|  | 2,458,448        | 5,689,093               | 6,178,050             | 6.17                      |
| <b>Technology</b>                              |                  |                         |                       |                           |
| Frontken Corp Bhd                              | 383,500          | 748,286                 | 1,457,300             | 1.46                      |
| Globetronics Technology Bhd                    | 856,900          | 2,008,337               | 2,356,475             | 2.36                      |
| Inari Amerton Bhd                              | 1,340,200        | 2,389,682               | 3,015,450             | 3.01                      |
| Malaysian Pacific Industries Bhd               | 135,200          | 1,516,497               | 2,122,640             | 2.12                      |

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

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

| 2020 (cont'd)                               | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - local (cont'd)</b> |                  |                         |                       |                           |
| <b>Technology (cont'd)</b>                  |                  |                         |                       |                           |
| Pentamaster Corporation Bhd                 | 287,400          | 852,510                 | 1,370,898             | 1.37                      |
| Vitrox Corp Bhd                             | 277,200          | 2,576,187               | 3,354,120             | 3.35                      |
|   | 3,280,400        | 10,091,499              | 13,676,883            | 13.67                     |
| <b>Telecommunications<br/>&amp; Media</b>   |                  |                         |                       |                           |
| Digi.Com Bhd                                | 315,000          | 1,453,726               | 1,244,250             | 1.24                      |
| Telekom Malaysia Bhd                        | 264,900          | 887,461                 | 1,099,335             | 1.10                      |
|   | 579,900          | 2,341,187               | 2,343,585             | 2.34                      |
| <b>Transportation &amp; Logistics</b>       |                  |                         |                       |                           |
| Lingkaran Trans Kota<br>Holdings Bhd        | 742,000          | 3,212,583               | 3,108,980             | 3.11                      |
| MISC Bhd                                    | 113,800          | 704,748                 | 866,018               | 0.86                      |
|   | 855,800          | 3,917,331               | 3,974,998             | 3.97                      |
| <b>Utilities</b>                            |                  |                         |                       |                           |
| Taliworks Corporation Bhd                   | 2,529,200        | 2,338,322               | 2,213,050             | 2.21                      |
| Tenaga Nasional Bhd                         | 325,900          | 4,416,028               | 3,539,274             | 3.54                      |
|   | 2,855,100        | 6,754,350               | 5,752,324             | 5.75                      |
| Total quoted equities<br>- local            | 25,542,075       | 87,069,040              | 86,236,724            | 86.22                     |

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

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

| 2020 (cont'd)                                  | Quantity<br>Unit  | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|-------------------|-------------------------|-----------------------|---------------------------|
| <b>(b) Quoted equities - foreign</b>           |                   |                         |                       |                           |
| <b>Singapore</b>                               |                   |                         |                       |                           |
| Ascendas REIT                                  | 282,228           | 2,572,566               | 2,861,657             | 2.86                      |
| Fraser Logistics & Industrial Trust            | 288,379           | 1,060,564               | 1,192,579             | 1.19                      |
| Total quoted equities - foreign                | <u>570,607</u>    | <u>3,633,130</u>        | <u>4,054,236</u>      | <u>4.05</u>               |
| <b>Total quoted equities</b>                   | <u>26,112,682</u> | <u>90,702,170</u>       | <u>90,290,960</u>     | <u>90.27</u>              |
| <b>Unrealised loss on FVTPL investments **</b> |                   |                         | <u>(411,210)</u>      |                           |
| <b>2019</b>                                    |                   |                         |                       |                           |
| <b>(a) Quoted equities - local</b>             |                   |                         |                       |                           |
| <b>Construction</b>                            |                   |                         |                       |                           |
| Gamuda Bhd                                     | 999,000           | 3,112,973               | 3,596,400             | 3.13                      |
| Muhibbah Engineering (M) Bhd                   | 880,000           | 2,569,814               | 2,173,600             | 1.89                      |
| Gabungan AQRS Bhd                              | 742,730           | 875,931                 | 913,558               | 0.79                      |
|  | <u>2,621,730</u>  | <u>6,558,718</u>        | <u>6,683,558</u>      | <u>5.81</u>               |
| <b>Consumer Products &amp; Services</b>        |                   |                         |                       |                           |
| DRB - HICOM Bhd                                | 688,600           | 1,413,159               | 1,735,272             | 1.51                      |
| Berjaya Food Bhd                               | 2,030,000         | 3,862,210               | 3,166,800             | 2.75                      |
| Fraser & Neave Holdings Bhd                    | 54,600            | 1,667,056               | 1,927,380             | 1.68                      |

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

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

| 2019 (cont'd)  | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - local (cont'd)</b>          |                  |                         |                       |                           |
| <b>Consumer Products<br/>&amp; Services (cont'd)</b> |                  |                         |                       |                           |
| PETRONAS Dagangan Bhd                                | 108,000          | 2,989,219               | 2,471,040             | 2.15                      |
| MBM Resources Bhd                                    | 282,300          | 922,366                 | 1,165,899             | 1.01                      |
|  | <b>3,163,500</b> | <b>10,854,010</b>       | <b>10,466,391</b>     | <b>9.10</b>               |
| <b>Financial Services</b>                            |                  |                         |                       |                           |
| AEON Credit Service (M) Bhd                          | 222,100          | 2,350,241               | 3,331,500             | 2.90                      |
| CIMB Group Holdings Bhd                              | 1,141,077        | 6,358,723               | 5,773,850             | 5.02                      |
| Hong Leong Bank Bhd                                  | 134,300          | 2,733,751               | 2,229,380             | 1.94                      |
| Hong Leong Financial<br>Group Bhd                    | 95,000           | 1,776,978               | 1,601,700             | 1.39                      |
| Malayan Banking Bhd ***                              | 1,044,102        | 9,252,156               | 9,073,246             | 7.89                      |
| Public Bank Bhd                                      | 148,000          | 3,362,760               | 3,007,360             | 2.61                      |
| RHB Bank Bhd   | 591,000          | 3,143,540               | 3,368,700             | 2.93                      |
| RHB Capital Bhd *                                    | 790,000          | -                       | -                     | -                         |
|  | <b>4,165,579</b> | <b>28,978,149</b>       | <b>28,385,736</b>     | <b>24.68</b>              |
| <b>Healthcare</b>                                    |                  |                         |                       |                           |
| Supermax Corporation Bhd                             | 644,300          | 988,567                 | 960,007               | 0.83                      |
|  | <b>644,300</b>   | <b>988,567</b>          | <b>960,007</b>        | <b>0.83</b>               |

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

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

| 2019 (cont'd)                               | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|---|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - local (cont'd)</b> |                  |                         |                       |                           |
| <b>Industrial Products</b>                  |                  |                         |                       |                           |
| Cahaya Mata Sarawak Bhd                     | 718,200          | 2,444,046               | 1,687,770             | 1.47                      |
| Petronas Chemicals<br>Group Bhd             | 272,100          | 2,411,695               | 1,885,653             | 1.64                      |
| Uchi Technologies Bhd                       | 142,400          | 404,644                 | 400,144               | 0.35                      |
| UEM Edgenta Bhd                             | 10,700           | 31,565                  | 35,631                | 0.03                      |
| V.S. Industry Bhd                           | 1,349,100        | 1,548,177               | 1,699,866             | 1.48                      |
|   | <u>2,492,500</u> | <u>6,840,127</u>        | <u>5,709,064</u>      | <u>4.97</u>               |
| <b>Plantations</b>                          |                  |                         |                       |                           |
| Kuala Lumpur Kepong Bhd                     | 48,500           | 1,168,834               | 1,163,030             | 1.01                      |
|   | <u>48,500</u>    | <u>1,168,834</u>        | <u>1,163,030</u>      | <u>1.01</u>               |
| <b>Properties</b>                           |                  |                         |                       |                           |
| Malaysian Resources<br>Corporation Bhd      | 3,000,000        | 2,530,582               | 2,190,000             | 1.90                      |
| S P Setia Bhd                               | 1,228,464        | 3,957,518               | 1,916,404             | 1.67                      |
| S P Setia Bhd - RCPS-I                      | 512,000          | 512,000                 | 481,280               | 0.42                      |
| S P Setia Bhd - RCPS-I B                    | 501,290          | 441,135                 | 411,058               | 0.36                      |
|   | <u>5,241,754</u> | <u>7,441,235</u>        | <u>4,998,742</u>      | <u>4.35</u>               |

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

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

| 2019 (cont'd)                                      | Quantity<br>Unit | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - local (cont'd)</b>        |                  |                         |                       |                           |
| <b>Real Estate Investment<br/>Trusts ("REITs")</b> |                  |                         |                       |                           |
| Axis REIT  | 1,866,000        | 3,308,965               | 3,545,400             | 3.08                      |
| IGB REIT   | 578,100          | 1,073,380               | 1,196,667             | 1.04                      |
| KLCC Property Holdings Bhd                         | 309,100          | 2,412,467               | 2,522,256             | 2.19                      |
|  | <u>2,753,200</u> | <u>6,794,812</u>        | <u>7,264,323</u>      | <u>6.31</u>               |
| <b>Telecommunications<br/>&amp; Media</b>          |                  |                         |                       |                           |
| Digi.Com Bhd                                       | 315,000          | 1,453,726               | 1,581,300             | 1.37                      |
| Telekom Malaysia Bhd                               | 880,000          | 2,850,640               | 3,300,000             | 2.87                      |
|  | <u>1,195,000</u> | <u>4,304,366</u>        | <u>4,881,300</u>      | <u>4.24</u>               |
| <b>Transportation &amp; Logistics</b>              |                  |                         |                       |                           |
| Malaysia Airport Holdings<br>Bhd                   | 253,100          | 1,551,753               | 2,083,013             | 1.81                      |
| MISC Bhd   | 251,900          | 1,524,384               | 1,828,794             | 1.59                      |
| Westports Holdings Bhd                             | 800,000          | 2,739,953               | 3,360,000             | 2.92                      |
| Lingkar Trans Kota<br>Holdings Bhd                 | 742,000          | 3,212,583               | 3,494,820             | 3.04                      |
| MMC Corporation Bhd                                | 2,380,000        | 2,500,721               | 2,570,400             | 2.23                      |
|  | <u>4,427,000</u> | <u>11,529,394</u>       | <u>13,337,027</u>     | <u>11.59</u>              |
| <b>Technology</b>                                  |                  |                         |                       |                           |
| Inari Amerton Bhd                                  | 738,700          | 1,195,625               | 1,204,081             | 1.05                      |
|  | <u>738,700</u>   | <u>1,195,625</u>        | <u>1,204,081</u>      | <u>1.05</u>               |

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

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

| 2019 (cont'd)                                      | Quantity<br>Unit  | Aggregate<br>cost<br>RM | Market<br>value<br>RM | Percentage<br>of NAV<br>% |
|--|-------------------|-------------------------|-----------------------|---------------------------|
| <b>(a) Quoted equities - local (cont'd)</b>        |                   |                         |                       |                           |
| <b>Utilities</b>                                   |                   |                         |                       |                           |
| Ranhill Holdings Bhd                               | 1,348,600         | 1,637,711               | 1,793,638             | 1.56                      |
| Taliworks Corporation Bhd                          | 2,529,200         | 2,338,322               | 2,250,988             | 1.96                      |
| Tenaga Nasional Bhd                                | 269,000           | 3,631,735               | 3,755,240             | 3.26                      |
|  | <u>4,146,800</u>  | <u>7,607,768</u>        | <u>7,799,866</u>      | <u>6.78</u>               |
| Total quoted equities<br>- local                   | <u>31,638,563</u> | <u>94,261,605</u>       | <u>92,853,125</u>     | <u>80.72</u>              |
| <b>(b) Quoted equities - foreign</b>               |                   |                         |                       |                           |
| <b>Hong Kong</b>                                   |                   |                         |                       |                           |
| PetroChina Co Ltd                                  | <u>1,680,000</u>  | <u>5,047,704</u>        | <u>3,505,560</u>      | <u>3.05</u>               |
| <b>Singapore</b>                                   |                   |                         |                       |                           |
| Ascendas REIT                                      | <u>189,300</u>    | <u>1,751,574</u>        | <u>1,766,156</u>      | <u>1.54</u>               |
| Total quoted equities<br>- foreign                 | <u>1,869,300</u>  | <u>6,799,278</u>        | <u>5,271,716</u>      | <u>4.58</u>               |
| <b>Total quoted equities</b>                       | <u>33,507,863</u> | <u>101,060,883</u>      | <u>98,124,841</u>     | <u>85.30</u>              |
| <b>Unrealised loss on FVTPL<br/>investments **</b> |                   |                         | <u>(2,936,042)</u>    |                           |

\* As at 31 August 2019, the Fund holds shares in RHB Capital Bhd, which has been delisted to facilitate the transfer of shares and listing status to RHB Bank Bhd. Following the spin-off event on 2 June 2016, there is no cost and market value for the said security as all assets and liabilities have been vested to RHB Bank Bhd.

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

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

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



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

**8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>RM</b>   | <b>RM</b>   |
| Short-term placement with a maturity of less than 3 months | 5,759,261   | 15,045,846  |

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

|   | <b>2020</b>   |                 | <b>2019</b>   |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | <b>WAEIR</b>  | <b>Average</b>  | <b>WAEIR</b>  | <b>Average</b>  |
|   | <b>% p.a.</b> | <b>maturity</b> | <b>% p.a.</b> | <b>maturity</b> |
|   |               | <b>Days</b>     |               | <b>Days</b>     |
| Deposits with licensed financial institutions | 1.65          | 4               | 2.90          | 4               |

**9. AMOUNT DUE FROM BROKERS**

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

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

|   |       | <b>2020</b>    | <b>2019</b>    |
|---|-------|----------------|----------------|
|   |       | <b>RM</b>      | <b>RM</b>      |
| Amount due from Manager is in respect of: |       |                |                |
| Creation of units                         | (i)   | -              | 2,454          |
| Amount due to Manager is in respect of:   |       |                |                |
| Management fee                            | (ii)  | 128,012        | 148,079        |
| Cancellation of units                     | (iii) | 596,050        | 184,149        |
|   |       | <u>724,062</u> | <u>332,228</u> |

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

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

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

**11. CASH AT BANK**

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

|                   | <b>2020</b>      | <b>2019</b>      |
|-------------------|------------------|------------------|
|                   | <b>RM</b>        | <b>RM</b>        |
| US Dollar ("USD") | 4,636,271        | 1,051,626        |
| RM                | 8,786            | 49,863           |
|                   | <u>4,645,057</u> | <u>1,101,489</u> |

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

**12. AMOUNT DUE TO TRUSTEE**

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

**13. OTHER PAYABLES AND ACCRUALS**

|                             | <b>2020</b>   | <b>2019</b>   |
|-----------------------------|---------------|---------------|
|                             | <b>RM</b>     | <b>RM</b>     |
| Due to external auditors    | 10,494        | 10,441        |
| Due to tax agents           | 4,506         | 8,082         |
| Other payables and accruals | 20,000        | 39,484        |
|                             | <u>35,000</u> | <u>58,007</u> |

**14. TOTAL EQUITY**

|                                    | <b>Note</b> | <b>2020</b>        | <b>2019</b>        |
|------------------------------------|-------------|--------------------|--------------------|
|                                    |             | <b>RM</b>          | <b>RM</b>          |
| Unitholders' capital               | (a)         | 100,547,868        | 112,881,399        |
| Accumulated realised (loss)/income | (b)         | (121,506)          | 5,115,836          |
| Accumulated unrealised loss        | (c)         | (405,169)          | (2,941,881)        |
|                                    |             | <u>100,021,193</u> | <u>115,055,354</u> |

**(a) Unitholders' capital**

|  | <b>2020</b>        |                    | <b>2019</b>        |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | <b>Units</b>       | <b>RM</b>          | <b>Units</b>       | <b>RM</b>          |
| At the beginning of the financial year | 364,352,464        | 112,881,399        | 366,839,480        | 113,333,176        |
| Creation of units                      | 822,609            | 253,862            | 1,419,389          | 456,618            |
| Reinvestment of units                  | -                  | -                  | 26,815,000         | 9,061,884          |
| Cancellation of units                  | (41,313,983)       | (12,587,393)       | (30,721,405)       | (9,970,279)        |
| At the end of the financial year       | <u>323,861,090</u> | <u>100,547,868</u> | <u>364,352,464</u> | <u>112,881,399</u> |

As at the end of the financial year, there were no units held by the Manager or parties related to the Manager (2019: Nil units).

**(b) Accumulated realised (loss)/income**

|   | <b>2020</b>      | <b>2019</b>      |
|---|------------------|------------------|
|   | <b>RM</b>        | <b>RM</b>        |
| At the beginning of the financial year            | 5,115,836        | 13,302,081       |
| Net realised (loss)/income for the financial year | (5,237,342)      | 875,639          |
| Distributions out of realised reserve (Note 15)   | -                | (9,061,884)      |
| At the end of the financial year                  | <u>(121,506)</u> | <u>5,115,836</u> |

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

**14. TOTAL EQUITY (CONT'D)**

**(c) Accumulated unrealised loss**

|   | <b>2020</b>      | <b>2019</b>        |
|---|------------------|--------------------|
|   | <b>RM</b>        | <b>RM</b>          |
| At the beginning of the financial year            | (2,941,881)      | 6,099,177          |
| Net unrealised gain/(loss) for the financial year | 2,536,712        | (9,041,058)        |
| At the end of the financial year                  | <u>(405,169)</u> | <u>(2,941,881)</u> |

**15. DISTRIBUTION**

The Fund did not declare any distribution in the current financial year ended 31 August 2020.

The sources of distribution declared to the unitholders in the previous financial year ended 31 August 2019 is as follows:

|                                       | <b>2019</b>      |
|---------------------------------------|------------------|
|                                       | <b>RM</b>        |
| Previous year's net realised income * | 9,061,884        |
| Less : Expenses                       | -                |
| Less : Taxation                       | -                |
| Net distribution                      | <u>9,061,884</u> |

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

The gross and net distribution per unit and the distribution date in the previous financial year is as below:

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

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

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

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

|   | <b>Value of<br/>trade<br/>RM</b> | <b>Percent of<br/>total trade<br/>%</b> | <b>Brokerage<br/>fees<br/>RM</b> | <b>Percent of<br/>brokerage<br/>fees<br/>%</b> |
|---|----------------------------------|---|----------------------------------|--|
| <b>2020</b>                               |                                  |   |                                  |  |
| TA Securities Bhd                         | 18,740,421                       | 16.64                                   | 18,771                           | 10.07  |
| Kenanga Investment Bank Bhd               | 13,781,115                       | 12.24                                   | 27,550                           | 14.78  |
| Public Investment Bank Bhd                | 12,800,082                       | 11.37                                   | 25,620                           | 13.75  |
| Maybank Investment Bank Bhd<br>("MIBB") * | 9,211,259                        | 8.18                                    | 14,457                           | 7.76   |
| Nomura Securities Malaysia<br>Sdn Bhd     | 8,783,086                        | 7.80                                    | 17,541                           | 9.41   |
| UOB Kay Hian Securities<br>(M) Sdn Bhd    | 7,270,000                        | 6.46                                    | 14,534                           | 7.80   |
| CIMB Investment Bank Berhad               | 6,860,555                        | 6.09                                    | 13,732                           | 7.37   |
| Affin Investment Bank Berhad              | 6,818,276                        | 6.05                                    | 13,639                           | 7.32   |
| MIDF Amanah Investment<br>Bank Berhad     | 5,998,599                        | 5.33                                    | 5,991                            | 3.22   |
| CLSA Securities (M) Sdn Bhd               | 5,233,921                        | 4.65                                    | 10,456                           | 5.61   |
| Others                                    | 17,101,474                       | 15.19                                   | 24,064                           | 12.91  |
|   | <b>112,598,788</b>               | <b>100.00</b>                           | <b>186,355</b>                   | <b>100.00</b>                                  |
| <b>2019</b>                               | <b>RM</b>                        | <b>%</b>                                | <b>RM</b>                        | <b>%</b>                                       |
| CIMB Investment Bank Bhd                  | 8,033,616                        | 7.91                                    | 16,069                           | 9.59   |
| Alliance Investment Bank Bhd              | 3,509,693                        | 3.46                                    | 7,036                            | 4.20   |
| JF Apex Securities Bhd                    | 8,599,089                        | 8.47                                    | 8,639                            | 5.15   |
| UOB Kay Hian Securities<br>Sdn Bhd        | 4,058,394                        | 4.00                                    | 6,908                            | 4.12   |
| JP Morgan Securities<br>(M) Sdn Bhd       | 3,907,863                        | 3.85                                    | 7,796                            | 4.65   |
| Hong Leong Investment<br>Bank Bhd         | 17,778,561                       | 17.51                                   | 33,260                           | 19.84  |
| Maybank Investment Bank Bhd<br>("MIBB") * | 5,242,480                        | 5.16                                    | 10,492                           | 6.26   |
| TA Securities Holding Bhd                 | 17,518,419                       | 17.26                                   | 17,582                           | 10.49  |
| Nomura Securities<br>(M) Sdn Bhd          | 10,592,596                       | 10.44                                   | 21,193                           | 12.64  |
| Public Investment Bank Bhd                | 3,445,694                        | 3.39                                    | 6,901                            | 4.12   |
| Others                                    | 18,821,150                       | 18.55                                   | 31,743                           | 18.94  |
|   | <b>101,507,555</b>               | <b>100.00</b>                           | <b>167,619</b>                   | <b>100.00</b>                                  |

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

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

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

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

| Financial institutions | 2020                      |                                     | 2019                      |                                     |
|------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------------|
|                        | Value of placements<br>RM | Percentage of total placements<br>% | Value of placements<br>RM | Percentage of total placements<br>% |
| CIMB Bank Bhd          | 5,759,261                 | 100.00                              | 2,976,678,037             | 87.87                               |
| Affin Bank Bhd         | -                         | -                                   | 410,903,060               | 12.13                               |
|                        | <u>5,759,261</u>          | <u>100.00</u>                       | <u>3,387,581,097</u>      | <u>100.00</u>                       |

**17. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES**

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

|                                     | 2020<br>RM     | 2019<br>RM     |
|-------------------------------------|----------------|----------------|
| (i) <u>MBB</u> :<br>Dividend income | <u>386,108</u> | <u>634,661</u> |

|  | 2020<br>RM       | 2019<br>RM       |
|--|------------------|------------------|
| (ii) <u>MBB</u> :<br>Investment in quoted equity | <u>3,619,569</u> | <u>9,073,246</u> |

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

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

The MER of the Fund is the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 31 August 2020, the MER of the Fund stood at 1.68% (2019: 1.62%).

**19. PORTFOLIO TURNOVER RATIO ("PTR")**

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial year to the daily average NAV of the Fund. For financial year ended 31 August 2020, the PTR of the Fund stood at 0.57 times (2019: 0.43 times).

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

**20. SEGMENT INFORMATION**

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

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

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

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

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

**21. 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 2.3 to 2.14 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised. The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

|  | <b>Financial<br/>assets<br/>at FVTPL<br/>RM</b> | <b>Financial<br/>assets at<br/>amortised<br/>cost<br/>RM</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>RM</b> | <b>Total<br/>RM</b> |
|--|---|--|---|---------------------|
| <b>2020</b>                                      |   |  |   |                     |
| <b>Assets</b>                                    |   |  |   |                     |
| Financial assets at FVTPL                        | 90,290,960                                      | -  | -   | 90,290,960          |
| Deposits with licensed<br>financial institutions | -   | 5,759,261  | -   | 5,759,261           |
| Dividend receivable                              | -   | 90,763   | -   | 90,763              |
| Interest receivable                              | -   | 1,041  | -   | 1,041               |
| Cash at bank                                     | -   | 4,645,057  | -   | 4,645,057           |
| <b>Total financial assets</b>                    | <b>90,290,960</b>                               | <b>10,496,122</b>  | <b>-</b>  | <b>100,787,082</b>  |
| <b>Liabilities</b>                               |   |  |   |                     |
| Amount due to Manager                            | -   | -  | 724,062   | 724,062             |
| Amount due to Trustee                            | -   | -  | 6,827   | 6,827               |
| Other payables and<br>accruals                   | -   | -  | 35,000  | 35,000              |
| <b>Total financial liabilities</b>               | <b>-</b>  | <b>-</b>   | <b>765,889</b>  | <b>765,889</b>      |

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

**21. FINANCIAL INSTRUMENTS (CONT'D)**

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

| <b>2019</b>                                      | <b>Financial<br/>assets<br/>at FVTPL<br/>RM</b> | <b>Financial<br/>assets at<br/>amortised<br/>cost<br/>RM</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost<br/>RM</b> | <b>Total<br/>RM</b> |
|--|---|--|---|---------------------|
| <b>Assets</b>                                    |   |  |   |                     |
| Financial assets at FVTPL                        | 98,124,841                                      | -  | -   | 98,124,841          |
| Deposits with licensed<br>financial institutions | -   | 15,045,846   | -   | 15,045,846          |
| Dividend receivable                              | -   | 141,848  | -   | 141,848             |
| Interest receivable                              | -   | 2,391  | -   | 2,391               |
| Amount due from brokers                          | -   | 1,034,618  | -   | 1,034,618           |
| Amount due from Manager                          | -   | 2,454  | -   | 2,454               |
| Cash at bank                                     | -   | 1,101,489  | -   | 1,101,489           |
| <b>Total financial assets</b>                    | <b>98,124,841</b>                               | <b>17,328,646</b>  | <b>-</b>  | <b>115,453,487</b>  |
| <b>Liabilities</b>                               |   |  |   |                     |
| Amount due to Manager                            | -   | -  | 332,228   | 332,228             |
| Amount due to Trustee                            | -   | -  | 7,898   | 7,898               |
| Other payables and<br>accruals                   | -   | -  | 58,007  | 58,007              |
| <b>Total financial liabilities</b>               | <b>-</b>  | <b>-</b>   | <b>398,133</b>  | <b>398,133</b>      |

**(b) Financial instruments that are carried at fair value**

The Fund's financial instruments at FVTPL are measured at fair value.

Quoted equities

The fair value of quoted investments in shares and REITs are determined by reference to the last bid price on the relevant stock exchanges (e.g. Bursa Malaysia, Singapore Exchange and Hong Kong Exchanges) as at the reporting date.

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

Other than its investments at FVTPL, 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 are not carried at fair value and whose carrying amounts are not reasonable approximations of their respective fair values.

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

**22. 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><br><b>RM</b> | <b>Level 2</b><br><b>RM</b> | <b>Level 3</b><br><b>RM</b> |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>2020</b>               |                             |                             |                             |
| Financial assets at FVTPL | 90,290,960                  | -                           | -                           |
| <b>2019</b>               |                             |                             |                             |
| Financial assets at FVTPL | 98,124,841                  | -                           | -                           |

**23. FINANCIAL RISK AND 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 CMSA.

**(b) Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices. The maximum risk resulting from financial instruments equals their fair value. The market risk is managed through consistent monitoring and swift response to various factors that may adversely affect the Fund.

**(i) Equity price risk**

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equities. This risk can be minimised through investing in a wide range of companies in different sectors, which function independently from one another.



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

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

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

**(i) Equity price risk (cont'd)**

Equity price risk sensitivity

Management's best estimate of the effect on net loss for the year due to a reasonable change in equity index, with all other variables held constant is indicated in the table below. The impact to NAV and net loss after taxation is expected to be the same.

|                 | <b>Changes<br/>in equity<br/>price<br/>%</b> | <b>Effects on<br/>NAV<br/>Increase/<br/>(decrease)<br/>RM</b> |
|-----------------|--|---|
| <b>2020</b>     |  |   |
| Quoted equities | + 5  | 4,514,548   |
|                 | - 5  | (4,514,548)   |
| <hr/>           |  |   |
| <b>2019</b>     |  |   |
| Quoted equities | + 5  | 4,906,242   |
|                 | - 5  | (4,906,242)   |
| <hr/>           |  |   |

Equity price risk concentration

The Fund's exposure to equity price risk based on its portfolio of investments as at the reporting date is disclosed in Note 7 to the financial statements.

**(c) 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 assets/liabilities) which are exposed to foreign exchange risks as at the reporting date. As the Fund's functional currency is RM, the financial assets and financial liability (excluding derivative assets/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.

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

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

**(c) Foreign exchange risk (cont'd)**

|   | <b>SGD<br/>RM</b> | <b>USD<br/>RM</b> | <b>TOTAL<br/>RM</b> |
|---|-------------------|-------------------|---------------------|
| <b>2020</b>   |                   |                   |                     |
| Financial assets at FVTPL                                       | 4,054,236         | -                 | 4,054,236           |
| Cash at bank  | -                 | 4,636,271         | 4,636,271           |
| <b>Total financial assets and net on balance-sheet position</b> | <b>4,054,236</b>  | <b>4,636,271</b>  | <b>8,690,507</b>    |

The Fund did not hedge its exposure to foreign currency in the current financial year.

|   | <b>SGD<br/>RM</b> | <b>HKD<br/>RM</b> | <b>USD<br/>RM</b> | <b>TOTAL<br/>RM</b> |
|---|-------------------|-------------------|-------------------|---------------------|
| <b>2019</b>   |                   |                   |                   |                     |
| Financial assets at FVTPL                                       | 1,766,156         | 3,505,560         | -                 | 3,505,560           |
| Cash at bank  | -                 | -                 | 1,051,626         | 1,051,626           |
| <b>Total financial assets and net on balance-sheet position</b> | <b>-</b>          | <b>3,505,560</b>  | <b>1,051,626</b>  | <b>4,557,186</b>    |

The following table indicates the currencies to which the Fund had significant exposure at the reporting date on its financial assets. The analysis calculated the effect of a reasonably possible movement of the currency rate against RM on NAV and on profit/(loss) with all other variables held constant.

|        | <b>2020</b>                                   |   | <b>2019</b>                                   |   |
|--------|---|---|---|---|
|        | <b>Change in<br/>exchange<br/>rates<br/>%</b> | <b>Effects on<br/>NAV<br/>increase/<br/>(decrease)<br/>RM</b> | <b>Change in<br/>exchange<br/>rates<br/>%</b> | <b>Effects on<br/>NAV<br/>increase/<br/>(decrease)<br/>RM</b> |
| SGD/RM | +5%   | 202,712   | +5%   | 88,308  |
|        | -5%   | (202,712)   | -5%   | (88,308)  |
| HKD/RM | +5%   | -   | +5%   | 175,278   |
|        | -5%   | -   | -5%   | (175,278)   |
| USD/RM | +5%   | 231,814   | +5%   | 52,581  |
|        | -5%   | (231,814)   | -5%   | (52,581)  |

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

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

**(d) Interest rate risk**

Cash and money market placements are particularly sensitive to movements in interest rates. When interest rates rise, the return on cash and money market placements will rise, thus affecting the NAV of the Fund. The sensitivity to interest rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

The Fund deposit with licensed financial institution carry a fixed rate and therefore is not affected by movements in market interest rates.

**(e) 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 assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

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

The following table summarises the maturity profile of the Fund's financial liabilities. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

| <b>2020</b>   | <b>Less than<br/>1 month<br/>RM</b> | <b>More than<br/>1 month<br/>RM</b> | <b>Total<br/>RM</b> |
|---|-------------------------------------|-------------------------------------|---------------------|
| <b>Financial assets</b>                               |                                     |                                     |                     |
| Financial assets at FVTPL                             | 90,290,960                          | -                                   | 90,290,960          |
| Deposits with licensed financial institutions         | 5,759,261                           | -                                   | 5,759,261           |
| Dividend receivable                                   | 90,763                              | -                                   | 90,763              |
| Interest receivable                                   | 1,041                               | -                                   | 1,041               |
| Cash at bank  | 4,645,057                           | -                                   | 4,645,057           |
| Total undiscounted financial assets                   | <u>100,787,082</u>                  | <u>-</u>                            | <u>100,787,082</u>  |
| <b>Financial liabilities and unitholders' capital</b> |                                     |                                     |                     |
| Amount due to Manager                                 | 724,062                             | -                                   | 724,062             |
| Amount due to Trustee                                 | 6,827                               | -                                   | 6,827               |
| Other payables and accruals                           | 35,000                              | -                                   | 35,000              |
| Unitholders' equity                                   | <u>100,021,193</u>                  | <u>-</u>                            | <u>100,021,193</u>  |
| Total undiscounted and unitholders' equity            | <u>100,787,082</u>                  | <u>-</u>                            | <u>100,787,082</u>  |
| Liquidity gap   | <u>-</u>                            | <u>-</u>                            | <u>-</u>            |

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

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

| (e) Liquidity risk (cont'd)   | Less than<br>1 month<br>RM | More than<br>1 month<br>RM | Total<br>RM        |
|---|----------------------------|----------------------------|--------------------|
| <b>2019</b>   |                            |                            |                    |
| <b>Financial assets</b>   |                            |                            |                    |
| Financial assets at FVTPL   | 98,124,841                 | -                          | 98,124,841         |
| Deposits with licensed financial institutions                       | 15,045,846                 | -                          | 15,045,846         |
| Dividend receivable   | 141,848                    | -                          | 141,848            |
| Interest receivable   | 2,391                      | -                          | 2,391              |
| Amount due from brokers   | 1,034,618                  | -                          | 1,034,618          |
| Amount due from Manager   | 2,454                      | -                          | 2,454              |
| Cash at bank  | 1,101,489                  | -                          | 1,101,489          |
| Total undiscounted financial assets                                 | <u>115,453,487</u>         | <u>-</u>                   | <u>115,453,487</u> |
| <b>Financial liabilities and<br/>Unitholders' capital</b>           |                            |                            |                    |
| Amount due to Manager   | 332,228                    | -                          | 332,228            |
| Amount due to Trustee   | 7,898                      | -                          | 7,898              |
| Other payables and accruals   | 58,007                     | -                          | 58,007             |
| Unitholders' equity   | 115,055,354                | -                          | 115,055,354        |
| Total undiscounted financial liabilities<br>and unitholders' equity | <u>115,453,487</u>         | <u>-</u>                   | <u>115,453,487</u> |
| Liquidity surplus   | <u>-</u>                   | <u>-</u>                   | <u>-</u>           |

**Notes:**

**(i) Financial assets**

Analysis of financial assets at FVTPL and deposits into maturity groupings is based on the expected date on which these assets will be realised. The Fund's equities have been included in the "less than 1 month" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unitholders' equity be required to be redeemed. The other assets shall not comprise of tax recoverable in view that it is not a financial asset. For other 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.

**(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.

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

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

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

**(iii) Unitholders' capital**

The unitholders can request for redemption on their units by giving the Manager a T + 10 calendar day notice period, the unitholders' capital have been categorised as having a maturity of "less than 1 month".

**(f) 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 asset 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 quality of financial assets**

The following table analyses the Fund's deposits with licensed financial institutions, cash at bank and interest receivables from financial institutions by rating categories. The rating is obtained from RAM Holdings Bhd's official website.

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

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

**(f) Credit risk (cont'd)**

| Deposits with<br>licensed financial<br>institutions, cash at<br>bank and interest<br>receivable | 2020       |                                   | 2019       |                                   |
|---|------------|-----------------------------------|------------|-----------------------------------|
|   | RM         | As a<br>percentage<br>of NAV<br>% | RM         | As a<br>percentage<br>of NAV<br>% |
| AAA   | 10,405,359 | 10.40                             | 16,149,726 | 14.04                             |

**24. 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 and previous financial years.