

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

# MAYBANK FLEXI INCOME FUND

Annual report  
For the financial period from 28 November 2019  
(date of launch) to 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**

TMF Trustees Malaysia Bhd (200301008392 (610812-W))

10th Floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

## **MAYBANK FLEXI INCOME FUND**

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## **MAYBANK FLEXI INCOME FUND**

### **Manager's report**

**For financial period from 28 November 2019 (date of launch) to 31 August 2020**

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

**1. Name of Fund**

Maybank Flexi Income Fund (the "Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Fixed income fund

**4. Duration of Fund**

The Fund is an open-ended fund.

**5. Fund launch date**

28 November 2019

**6. Fund's investment objectives**

The Fund aims to outperform its benchmark by investing in a portfolio of fixed income securities, equities, real estate investment trusts ("REITs") and/or exchange-traded funds ("ETFs").

**7. Fund distribution policy**

Distribution will be made on a quarterly basis, subject to availability of income.

**8. Fund's performance benchmark**

70% Maybank 12-month fixed deposits rate + 30% MSCI Asia Pacific Ex-Japan Index

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

The Fund will invest at least 70% of its NAV in fixed income securities and/or liquid assets and not more than 30% of its NAV in equities, REITs and/or ETFs.

The Fund may employ currency and interest rate hedging strategies by utilising currency forwards to fully or partially hedge the foreign currency exposure to manage the currency risk. Furthermore, the Fund may also use futures to fully or partially hedge the interest rate risk inherent in the investment of fixed income securities.

**10. The Fund's asset allocation policy**

The Fund will be investing a minimum of 70% of the Fund's assets in fixed income securities and/or liquid assets; and up to 30% in equities, REITS and/or ETFs.

**11. Net income distribution for the financial period from 28 November 2019 (date of launch) to 31 August 2020**

The Fund did not declare any distribution for the financial period from 28 November 2019 (date of launch) to 31 August 2020.

## MAYBANK FLEXI INCOME FUND

### Manager's report

For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

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

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

###### Fund size

As at 31 August 2020, the size of the Fund was 150,085,711 units.

Units in circulation by Class of Units (units)	No. of units	%
USD Class	3,269,217	2.18
MYR Class	26,119,008	17.40
MYR (Hedged) Class	115,512,722	76.96
SGD (Hedged) Class	1,270,904	0.85
AUD (Hedged) Class	3,913,860	2.61
<b>Total</b>	<b>150,085,711</b>	<b>100.00</b>

##### Breakdown of unitholdings by Class of Units as at 31 August 2020

###### USD Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	1*	0.03
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	1	50.00	3,268	99.97
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>3,269</b>	<b>100.00</b>

\* Represent 1,000 units held by the Manager

###### MYR Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	33.33	1*	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	2	66.67	26,118	100.00
<b>Total</b>	<b>3</b>	<b>100.00</b>	<b>26,119</b>	<b>100.00</b>

\* Represent 1,000 units held by the Manager

**Manager's report**

For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

**A. Fund Information (cont'd)****12. Breakdown of unitholdings by size (cont'd)****Breakdown of unitholdings by Class of Units as at 31 August 2020 (cont'd)****MYR (Hedged) Class**

<b>Unitholdings</b>	<b>No. of unitholders</b>	<b>%</b>	<b>No. of units ('000)</b>	<b>%</b>
5,000 units and below	1	25.00	1*	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	1	25.00	200	0.17
500,001 units and above	2	50.00	115,312	99.83
<b>Total</b>	<b>4</b>	<b>100.00</b>	<b>115,513</b>	<b>100.00</b>

\* Represent 1,000 units held by the Manager

**SGD (Hedged) Class**

<b>Unitholdings</b>	<b>No. of unitholders</b>	<b>%</b>	<b>No. of units ('000)</b>	<b>%</b>
5,000 units and below	1	50.00	1*	0.08
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	1	50.00	1,270	99.92
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>1,271</b>	<b>100.00</b>

\* Represent 1,000 units held by the Manager

**AUD (Hedged) Class**

<b>Unitholdings</b>	<b>No. of unitholders</b>	<b>%</b>	<b>No. of units ('000)</b>	<b>%</b>
5,000 units and below	1	50.00	1*	0.03
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	1	50.00	3,913	99.97
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>3,914</b>	<b>100.00</b>

\* Represent 1,000 units held by the Manager

**Manager's report**

For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

**B. Performance Review****1. Key performance data of the Fund**

Category	08.01.2020 (date of launch) to 31.08.2020
<b>Portfolio</b>	
<b>Unquoted fixed income securities</b>	
Australia	6.37
Bahrain	0.51
British Virgin Island	6.62
Canada	0.51
Cayman Island	12.42
China	3.56
Great Britain	5.59
India	3.55
Indonesia	6.45
Malaysia	1.85
Mauritius	5.79
Netherlands	1.05
New Zealand	1.90
Philippines	3.64
Saudi Arabia	0.59
Singapore	9.57
Switzerland	4.18
Thailand	3.07
United Arab Emirates	1.24
<b>Quoted equities - Local</b>	
Plantation	0.12
<b>Quoted equities - Foreign</b>	
Hong Kong	4.17
Phillipines	0.07
Singapore	2.23
United States of America ("USA")	6.41
<b>Cash and other net assets (%)</b>	<b>8.53</b>
<b>Total (%)</b>	<b>100.00</b>

**Manager's report**

For financial period from 28 November 2019 (date of launch) to 31 August 2020

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

<b>Category</b>	<b>08.01.2020 (date of launch) to 31.08.2020</b>
<b>USD Class</b>	
NAV (USD'000)	3,255
Units in circulation (units'000)	3,269
NAV per unit (USD)	1.0310
Highest NAV per unit (USD)	1.0310
Lowest NAV per unit (USD)	-
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	3.00
- Income distribution (%)	-
Total return (%)	3.00
<b>MYR Class</b>	
NAV (RM'000)	6,285
Units in circulation (units'000)	26,119
NAV per unit (RM)	0.2497
Highest NAV per unit (RM)	0.2491
Lowest NAV per unit (RM)	0.2133
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	4.17
- Income distribution (%)	-
Total return (%)	4.17
<b>MYR (Hedged) Class</b>	
NAV (RM'000)	30,287
Units in circulation (units'000)	115,513
NAV per unit (RM)	0.2477
Highest NAV per unit (RM)	0.2477
Lowest NAV per unit (RM)	0.1935
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	3.08
- Income distribution (%)	-
Total return (%)	3.08



## MAYBANK FLEXI INCOME FUND

### Manager's report

For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

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

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

Category	08.01.2020 (date of launch) to 31.08.2020
<b>SGD (Hedged) Class</b>	
NAV (SGD'000)	914
Units in circulation (units'000)	1,271
NAV per unit (SGD)	0.7546
Highest NAV per unit (SGD)	0.7546
Lowest NAV per unit (SGD)	0.5972
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	2.47
- Income distribution (%)	-
Total return (%)	2.47
<b>AUD (Hedged) Class</b>	
NAV (AUD'000)	2,638
Units in circulation (units'000)	3,914
NAV per unit (AUD)	0.7568
Highest NAV per unit (AUD)	0.7449
Lowest NAV per unit (AUD)	0.4952
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	2.99
- Income distribution (%)	-
Total return (%)	2.99
Management Expense Ratio ("MER") (%)	1.11
Portfolio Turnover Ratio ("PTR") (times)	2.47

**Note:**

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

*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 FLEXI INCOME FUND

### Manager's report

For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

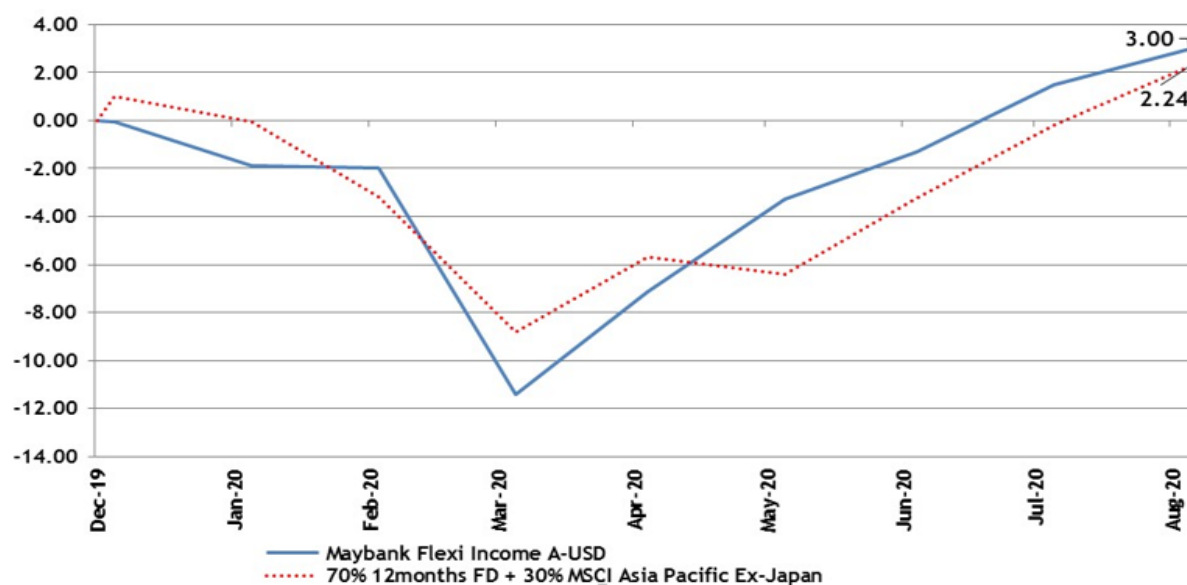
### B. Performance Review (cont'd)

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

Returns of the different classes and its benchmark for the financial period from 28 November 2019 (date of launch) to 31 August 2020 are as follows:

##### (a) USD Class

Period	The Fund %	Benchmark %
28 November 2019 to 31 August 2020	3.00	2.24



Source: Lipper, as at 31 August 2020

## MAYBANK FLEXI INCOME FUND

### Manager's report

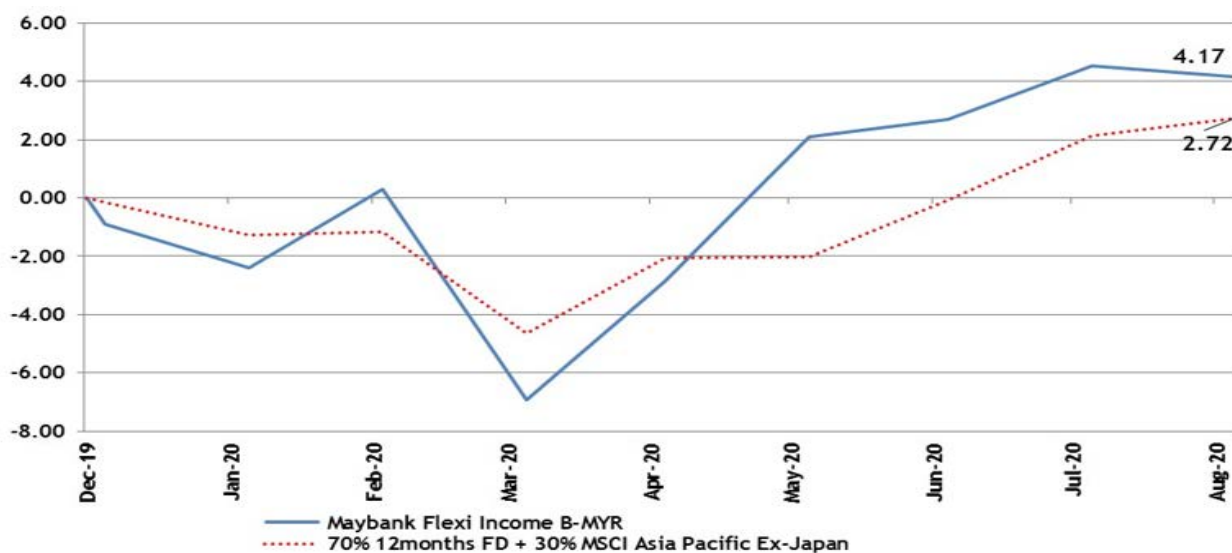
For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

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

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

##### (b) MYR Class

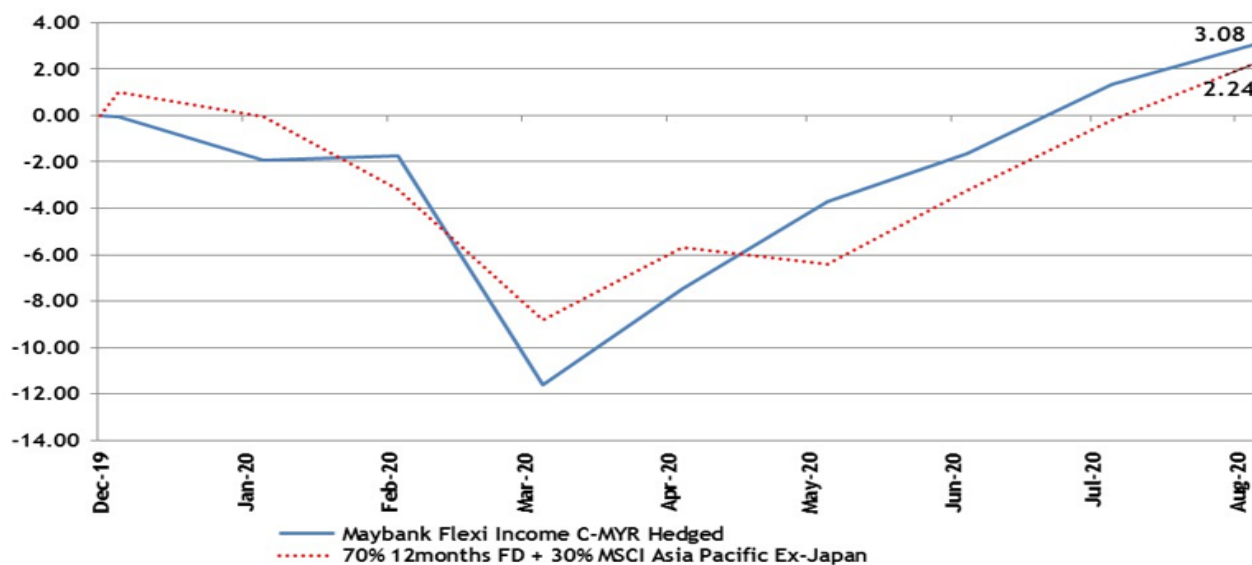
Period	The Fund %	Benchmark %
28 November 2019 to 31 August 2020	4.17	2.72



Source: Lipper, as at 31 August 2020

##### (c) MYR (Hedged) Class

Period	The Fund %	Benchmark %
28 November 2019 to 31 August 2020	3.08	2.24



Source: Lipper, as at 31 August 2020

## MAYBANK FLEXI INCOME FUND

### Manager's report

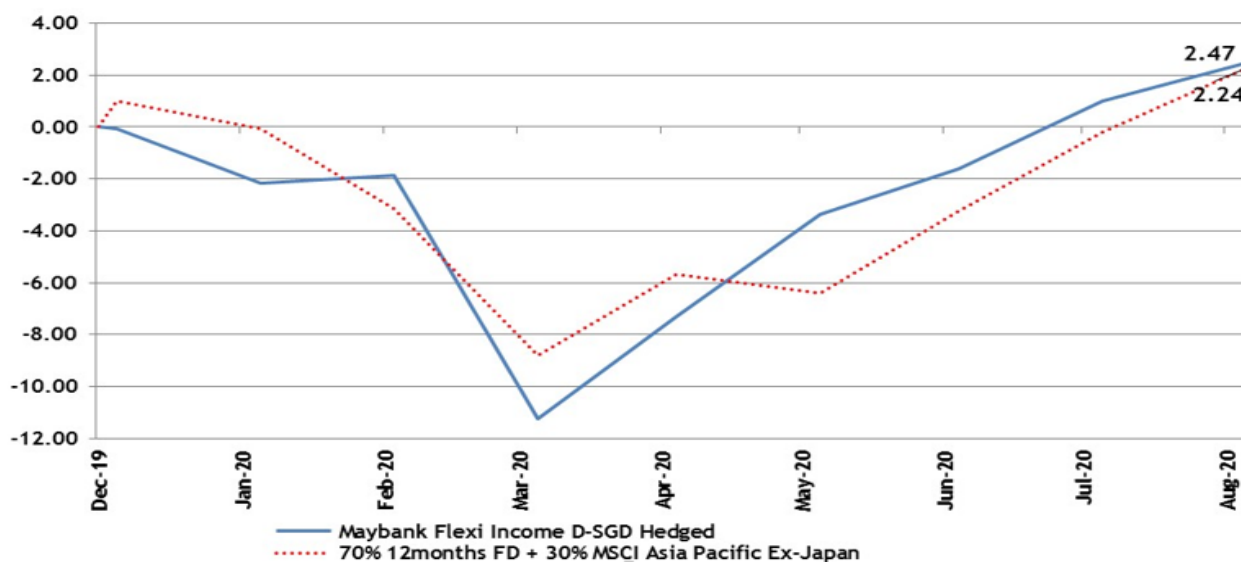
For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

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

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

##### (d) SGD (Hedged) Class

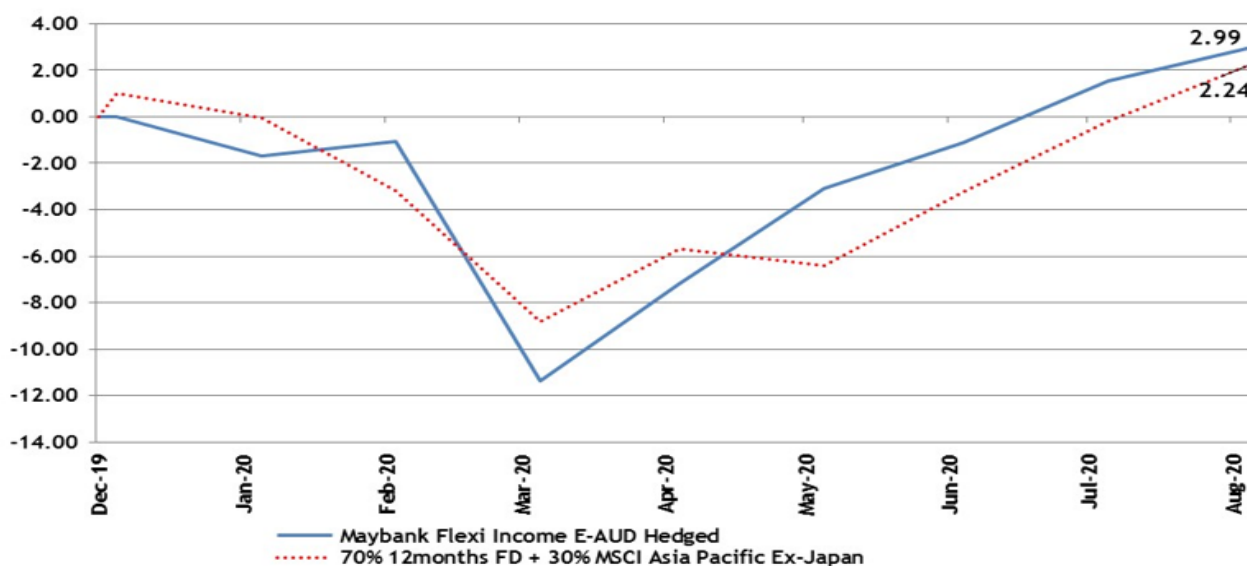
Period	The Fund %	Benchmark %
28 November 2019 to 31 August 2020	2.47	2.24



Source: Lipper, as at 31 August 2020

##### (e) AUD (Hedged) Class

Period	The Fund %	Benchmark %
28 November 2019 to 31 August 2020	2.99	2.24



Source: Lipper, as at 31 August 2020

## MAYBANK FLEXI INCOME FUND

### Manager's report

For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

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

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

Risk sentiment remained firm during August 2020, prompted by the passing of the EURO ("EUR") 750 billion Eurozone pandemic recovery fund and United States Federal Reserve ("Fed") dovish stance. Given that Fed has communicated clearly that they will tolerate above 2% inflation for some time (if and when it does get there) and that their focus is on shortfalls from maximum employment, we believe that liquidity will remain very supportive and interest rates will stay low for the next few years. The United States ("US") Treasury curve continues to remain flattened, with the 10 year at 0.70% and 30 year yields at 1.50%. US Dollar ("USD") took another leg lower broadly against G10 currencies as real yields dip further into negative territory, with the US Dollar Index ("DXY") remain low at 93.00 level and Gold surpass USD 2000/ounce level in August 2020.

Asian currencies depreciated against the USD since January 2020 with USD/ Singapore dollar ("SGD") peaked at 1.4600 mark appreciating by 8.52% in mid-March 2020 but has recovered fully since then with level back to 1.3600 by end of August 2020.

Credit continued to be strong, supported by net bond fund inflow into the region and better risk sentiments. The Fund USD class total return at 3.00% outperform by 76 basis points against the benchmark at 2.24%. The MYR class total return at 4.17% outperform by 145 basis points against the benchmark at 2.72%. The MYR hedge class total return at 3.08% outperform by 84 basis points against the benchmark at 2.24%. The SGD hedge class total return at 2.47% outperform by 23 basis points against the benchmark at 2.24% and lastly the AUD hedge class total return at 2.99% outperform by 75 basis points against the benchmark at 2.24%.

##### Has the Fund met its objective?

The Fund has met its objective of outperform its benchmark during the current financial period under review.

##### 3. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

Capital return	=	(NAV per unit end / NAV per unit begin) - 1
Income return	=	Income distribution per unit / NAV per unit ex-date
Total return	=	(1+Capital return) x (1+Income return) - 1

## **MAYBANK FLEXI INCOME FUND**

### **Manager's report**

**For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)**

#### **C. Market Review**

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

In December 2019, it was a clear risk on after the conclusion of Phase 1 negotiations between US and China trade talks. In Europe, the Tories had a clear victory that cleared the way for Prime Minister Johnson to pursue Brexit. Discount margin bond curves steepened with long end yields sold off while equities and commodities gained, with Brent crude rallying by +6% after OPEC+ meeting decided to maintain the output cuts. USD was markedly weaker, both against developed market and emerging market currencies.

In January 2020, the global economic outlook took for another round of downturn following the outbreak of coronavirus disease 2019 ("COVID-19") that began in Wuhan China. The outbreak will have larger impact on China Gross Domestic Product ("GDP") number with expectation to reduce quarter one GDP from 5.9% to 5.5%. With the Chinese economy today accounting for about 17% of global GDP, there is a rising concern over what impact that could have on the global economy as government and companies around the world implement a large of coronavirus-related work stoppages and travel restriction. The outbreak was forecasted to reduce the global economic growth by 0.2% to 0.3% and market saw 10 years US treasury yield dropped to a low 1.60% level as the event triggers risk off mode for most market players.

In February 2020, the COVID-19 outbreak has hit its toll on the US market as stocks plunged due to fear of the growing number of cases around the world. The Dow Jones Industrial Average ("DJIA") had plunged by 10.1% to 25,409.36 points, S&P 500 index by 8.4% to 2,954.20 points and NASDAQ by 6.4% to 8,567.37 points. The growing number of cases outside China and Asia has caused concerns on impact to US and global economy. Market is now expecting rate cut to come in the near term, as soon as April 2020. By year end 2020, market now expects about three rate cuts compared to one cut assumption back in January 2020. Meanwhile, oil price also fell following the virus outbreak with the West Texas Intermediate ("WTI") closed -16% WoW to USD44.76/Bbl in the last week of February 2020, the worst weekly performance since December 2008 and lowest level since mid-2017.

In March 2020, the COVID-19 outbreak went from bad to worse, causing increased volatility in global financial markets. Further exacerbating this, the Saudi-Russia oil price war caused a collapse in oil prices and added to the volatility. All markets turned bearish, and all asset classes (equities, bonds, Asian currencies and commodities) experienced a sharp correction from 3 March 2020 and these bearish conditions have prevailed since. On 11 March 2020, the World Health Organization declared that the COVID-19 outbreak had escalated to a pandemic. In this sharp sell-off, bond prices have fallen 20% to 30% lower as compared to the levels at the end of February 2020. The 10 year US treasury was seen dropped to a low of 0.54% during this uncertainty period.

## MAYBANK FLEXI INCOME FUND

### Manager's report

For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)

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

Despite the rising geopolitical tension with China and weak macro data in the month of May 2020, the US market continued to report gains in May 2020 supported by news on vaccines and reopening of the economy. The DJIA rose by 4.3% to 25,383.10 points, S&P 500 index by 4.5% to 3,044.30 points and Nasdaq by 6.8% to 9,489.90 points. Hopes in economy reopening and global supply cuts helped support the oil price, which recovered by over 60% during the month. On the other hand, macro data such as unemployment rate reported very weak at 14.7% in April 2020 and is expected to increase in May 2020. Consumer spending also fell by 13.6% in April 2020 compared to 7.5% in March 2020. Meanwhile, tension is on the rise as China passed the new National Security Law on Hong Kong which could trigger sanctions and remove the trade status by the US.

In April 2020, bond markets initially started with a strong recovery as the primary and secondary corporate bond purchase facilities announced by the Fed boosted investor confidence. Bond yields were also fairly attractive for investors to come back in again especially when US Federal Reserve has cut interest rates all the way to zero late March 2020. However, the recovery was partly derailed in the third week of April 2020 when oil suffered an unprecedented sell-off and the WTI contract for May 2020 delivery crashed from USD 18 per barrel to negative USD 37 per barrel. Bonds continued to suffer weakness in the fourth week of April 2020 when Franklin Templeton announced that they will be closing down six of their credit bond funds in India due to large redemptions in an illiquid environment, freezing over USD 3 billion in INR bond funds. While bonds prices sold off in the last two weeks of April 2020, overall for the April 2020 bond funds was still positive.

In June 2020, USD credit bond market continue to recover mildly outpacing government bonds despite continuation of the outbreak of COVID-19 virus as market players seek for stronger risk appetite. Most government around the world had taken active approach in providing ample liquidities into the financial market. There had been a plan for some countries to open up their economic activities while maintaining a strict SOP to fight the COVID-19 outbreak effectively. However, US COVID-19 cases continue to rise further but the government emphasized that they will not enter into another lockdown to slow down the infection. In Europe saw the European Commission president Ursula von der Leyen called for the Europe Union ("EU") to borrow €750 billion for a recovery fund to support the worst affected EU regions. This would be in addition to a €540 billion rescue package agreed in April 2020. The European Central Bank ("ECB") also offered support, expanding its pandemic emergency purchase programme to €1.35 trillion. On the commodities, the energy component posted a sharp gain as OPEC and Russia agreed to make temporary production cuts. This masked volatility in April 2020 caused by oversupply and storage concerns.

In July 2020, US Department of Commerce reported that their GDP shrank by 9.5% in the second quarter from the first, casting doubt over its path to economic recovery. The US unemployment data also took a turn unexpectedly rose to 1.4 million ending the declining trend in the past week. However, US consumer spending continue to rise in June 2020 to 5.6% as more businesses reopened. The Eurozone GDP also contracted by 12.1% in the 2Q but Purchasing Managers Index ("PMI") (Flash Composite purchasing manager) number showed increase to 54.8 from 48.5 indicating that activities are in expansion mode given that it's above 50. The EU recovery fund which was mooted in June 2020 was also approved whereby it will be made up from €390 billion of grants and €360 billion of loans to be distributed among EU member states.

## **MAYBANK FLEXI INCOME FUND**

### **Manager's report**

**For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)**

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

In August 2020, the global equity market rallied with S&P 500 index reaching a new peak at the back of optimism on the development of vaccines along with market players that foresee signs of an economic turnaround in the 3Q of 2020. The US-China relationship however took a downturn as what began as the two nations exchanging trade blows has now developed into restrictions on diplomats and military posturing. Positively, the ongoing stand-off was overshadowed through the month by US economic data that suggests that the economic recovery continues. In Europe, the recovery momentum slowed down as PMI number for August 2020 came out lower at 51.6 versus last month, nonetheless the number is still above 50 suggesting that the economy is still in expansion mode.

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

Generally, investor sentiment remain positive on credit over the past three months June-August 2020, risk assets performed very well with the Asia equity index MXASJ continue to move up constantly with June 2020 at +7.87%, July 2020 at +8.02% and August 2020 at +3.40%. Asia bond index JACICOTR up 3.9% was also seen to move higher with June 2020 at +2.08%, July 2020 at 2.20% and August 2020 at 0.40%. The key driver for the recovery is the massive fiscal and monetary stimulus announced by central banks globally along with businesses and trades starting to open up despite the COVID-19 pandemic. In addition, many governments continues to support programmes to keep local corporates and SMEs afloat during the hardship period including freezing bank loan payments, waiving property lease payments, releasing bank capital restrictions to encourage corporate lending and even directly investing in corporate bonds to keep the corporate bond market open.

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



## **MAYBANK FLEXI INCOME FUND**

### **Manager's report**

**For financial period from 28 November 2019 (date of launch) to 31 August 2020 (cont'd)**

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

We remain bullish on fixed income over the medium term as abundance of liquidity and lower deposit rates across the globe will drive investors to go down the credit curve. We continue to like long duration despite the massive rally in US treasuries as we believe that Fed will keep interest rates low for longer given higher fiscal deficit and unemployment. Also, our view is that Fed will eventually adopt yield curve control due to second wave of COVID-19. We also like selective high yield bonds in Indonesia and Chinese properties that are trading at 6-8% yield and we are comfortable with the risks. For Chinese property, we believe it is more a carry trade and less of capital appreciation. We also like High Grade bonds across Asia and Tier 2 financials in Australia and Thailand. Finally, we continue to be bearish on USD from a medium term perspective, despite USD index selling off 3% in July 2020. We believe the US economy will be the last to recover and Fed's balance sheet is growing at a faster pace than other countries. Hence, we like Thailand Baht ("THB"), Indonesian Rupiah ("IDR"), Australian Dollar ("AUD"), EUR and Indian Rupee ("INR") for long currency positions.

#### **F. Soft Commissions and Rebates**

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

During the financial period from 28 November 2019 (date of launch) to 31 August 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

#### **G. Significant Financial Risk of the Fund**

As the base currency of the Fund is denominated in USD and the currency denomination of the Classes may be denominated in other than USD, the Classes not denominated in USD are exposed to currency risk. Any fluctuation in the exchange rates between USD and the currency denomination of the Class (other than USD Class) will affect the unitholder's investments in those Classes (other than USD Class). The impact of the exchange rate movement between the base currency of the Fund and the currency denomination of the Class (other than USD Class) may result in a depreciation of the unitholder's holdings as expressed in the base currency of the Fund.

In order to manage currency risk, the Manager may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Class not denominated in USD. Currency hedging may reduce the effect of the exchange rate movement for the Class being hedged (other than USD Class) but it does not entirely eliminate currency risk between the Class and the base currency of the Fund. The unhedged portion of the Class will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Class.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAYBANK FLEXI INCOME FUND**

### **FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020**

We have acted as Trustee for Maybank Flexi Income Fund ("the Fund"), for the financial period from 28 November 2019 (date of launch) to 31 August 2020. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd, (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For and on behalf of the Trustee

**TMF Trustees Malaysia Bhd**

(Company No: 200301008392 (610812-W))

**Norhayati Binti Azit**

Director- Fund Services

Kuala Lumpur, Malaysia

14 October 2020

## **STATEMENT BY MANAGER**

### **TO THE UNITHOLDERS OF MAYBANK FLEXI INCOME FUND FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2019 (DATE OF LAUNCH) TO 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 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Flexi Income Fund as at 31 August 2020 and of its results, net assets and cash flows for the financial period from 28 November 2019 (date of launch) to 31 August 2020 and comply with the requirements of the Deed.

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 Unitholders of Maybank Flexi Income Fund**

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

#### *Opinion*

We have audited the financial statements of Maybank Flexi Income 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 net assets and statement of cash flows for the financial period from 28 November 2019 (date of launch) to 31 August 2020, and notes to the financial statements, including a summary of accounting policies, as set out on pages 21 to 64.

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 financial period from 28 November 2019 (date of launch) to 31 August 2020 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*

Maybank Asset Management Sdn Bhd (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.

## **Independent auditors' report to the Unitholders of Maybank Flexi Income Fund (cont'd)**

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

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

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.

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

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either 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 Trust 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 Flexi Income 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 Trust, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent auditors' report to the Unitholders of  
Maybank Flexi Income Fund (cont'd)**

**Other matters**

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

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

Yeo Beng Yean  
No. 03013/10/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
14 October 2020

## MAYBANK FLEXI INCOME FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020

		<b>28.11.2019</b> <b>(date of launch)</b> <b>to</b> <b>31.08.2020</b> <b>USD</b>
<b>INVESTMENT LOSS</b>		
Dividend income		71,038
Interest income		1,032,987
Net gain/(loss) from financial assets at fair value through profit or loss ("FVTPL"):	7(b)	
- Unrealised gain		997,408
- Realised loss		(1,542,542)
Net loss on foreign currency exchange and forward currency contracts	3	<u>(1,005,004)</u> <u>(446,113)</u>
<b>EXPENSES</b>		
Manager's fee	4	423,041
Trustee's fee	5	11,281
Auditors' remuneration		2,361
Tax agent's fee		1,160
Brokerage fee		37,738
Administrative expenses		<u>28,360</u> <u>503,941</u>
<b>NET LOSS BEFORE TAXATION</b>		(950,054)
<b>TAXATION</b>	6	<u>(3,586)</u>
<b>NET LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u>(953,640)</u>
Total comprehensive loss for the period is made up of the following:		
Net realised loss		(3,128,262)
Net unrealised income		<u>2,174,622</u> <u>(953,640)</u>

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



## MAYBANK FLEXI INCOME FUND

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

	Note	31.08.2020 USD
<b>ASSETS</b>		
Financial assets at FVTPL	7	38,805,312
Derivative assets	8	754,296
Deposits with a licensed financial institution	9	541,472
Interest receivable		432,000
Dividend receivable		18,443
Amount due from broker	10	1,578,461
Cash at bank	11	1,305,321
<b>TOTAL ASSETS</b>		<u>43,435,305</u>
<b>LIABILITIES</b>		
Amount due to Manager	12	740,106
Amount due to Trustee	13	1,472
Amount due to financial institution		5,984
Derivative liabilities	8	6,269
Amount due to broker	10	250,000
Other payables and accruals	14	6,450
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<u>1,010,281</u>
<b>NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS</b>		<u>42,425,024</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:</b>		
Unitholders' contribution	15(a)	43,378,664
Accumulated loss	15 (b) & (c)	(953,640)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>42,425,024</u>

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

## MAYBANK FLEXI INCOME FUND

### STATEMENT OF FINANCIAL POSITION (CONT'D) AS AT 31 AUGUST 2020

	Note	31.08.2020
<b>NUMBER OF UNITS IN CIRCULATION</b>	15(a)	<b>No. of units</b>
- USD Class		3,269,217
- MYR Class		26,119,008
- MYR (Hedged) Class		115,512,722
- SGD (Hedged) Class		1,270,904
- AUD (Hedged) Class		3,913,860
		<u>150,085,711</u>
<b>NAV PER UNIT IN RESPECTIVE CURRENCIES</b>	15(a)	
- USD Class		USD1.0310
- MYR Class		<u>RM1.0400</u>
- MYR (Hedged) Class		<u>RM1.0316</u>
- SGD (Hedged) Class		<u>SGD1.0255</u>
- AUD (Hedged) Class		<u>AUD1.0301</u>

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

**MAYBANK FLEXI INCOME FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020**

	<b>Unitholders' contribution Note 15 (a) USD</b>	<b>Accumulated loss Note 15 (b) &amp; (c) USD</b>	<b>Net assets attributable to unitholders USD</b>
<b>At 28 November 2019 (date of launch)</b>	-	-	-
Total comprehensive loss for the period	-	(953,640)	(953,640)
Creation of units	63,644,941	-	63,644,941
Cancellation of units	(20,266,277)	-	(20,266,277)
<b>At 31 August 2020</b>	<b>43,378,664</b>	<b>(953,640)</b>	<b>42,425,024</b>

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

## MAYBANK FLEXI INCOME FUND

### STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020

28.11.2019  
(date of launch)  
to  
31.08.2020  
USD

#### CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

Net proceeds from sale of investments	82,922,006
Net payment for purchase of investments	(124,023,983)
Interest received	700,494
Dividend income received	52,032
Realised loss of forward foreign exchange	(1,531,572)
Manager's fee paid	(367,987)
Trustee's fee paid	(6,677)
Payment of other fees and expenses	(25,430)
Net cash used in operating and investing activities	<u>(42,281,117)</u>

#### CASH FLOWS GENERATED FROM FINANCING ACTIVITIES

Proceeds from creation of units	63,616,918
Payments for cancellations of units	(19,690,148)
Net cash generated from financing activities	<u>43,926,770</u>

#### NET CHANGE IN CASH AND CASH

EQUIVALENTS FOR THE FINANCIAL PERIOD 1,645,653

#### CASH AND CASH EQUIVALENTS AT

THE DATE OF LAUNCH -

Effects of foreign exchange 201,140

#### CASH AND CASH EQUIVALENTS AT THE END OF

THE FINANCIAL PERIOD 1,846,793

#### Cash and cash equivalents comprise of:

Deposits with a licensed financial institution (Note 9) 541,472

Cash at bank (Note 11) 1,305,321

1,846,793

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

## **MAYBANK FLEXI INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE FINANCIAL PERIOD FROM 28 NOVEMBER 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020**

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

Maybank Flexi Income Fund (the "Fund") was constituted pursuant to the execution of a Principal Deed dated 6 November 2019 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM"), the Trustee, TMF Trustees Malaysia Berhad and the registered holders of the Fund.

The Fund launched 5 classes of units i.e. USD Class, MYR Class, MYR (Hedged) Class, SGD (Hedged) Class and AUD (Hedged) Class.

The Fund aims to outperform its benchmark by investing in a portfolio of fixed income securities, equities, REITs, and or ETFs. The Fund will invest at least 70% of its NAV in fixed income securities and/or liquid assets and not more than 30% of its NAV in equities, REITs and/or ETFs. The Fund may employ currency and interest rate hedging strategies by utilising currency forwards to fully or partially hedge the foreign currency exposure to manage the currency risk. Furthermore, the Fund may also use futures to fully or partially hedge the interest rate risk inherent in the investment of fixed income securities.

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

The financial statements were authorised for issue by the Board of Directors of the Manager 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 to Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

The Fund had adopted the MFRS, Amendments to Standards and IC Interpretations which have become effective during the financial period from 28 November 2019 (date of launch) to 31 August 2020. The adoption of the new pronouncements did not result in any material impact to the financial statements.

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

The financial statements are presented in USD.

## MAYBANK FLEXI INCOME FUND

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

#### 2.2 Standards and amendments 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.

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

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

#### 2.3 Financial instruments

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

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

#### 2.4 Financial assets

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

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

## MAYBANK FLEXI INCOME FUND

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

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

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

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

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

A financial asset is recognised at FVTPL if:

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

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

## MAYBANK FLEXI INCOME 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.

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

##### (iii) Impairment of financial assets

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

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

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

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.



## MAYBANK FLEXI INCOME FUND

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

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

##### (iv) Derecognition on financial assets

A financial asset is derecognised when:

- (1) The rights to receive cash flows from the asset have expired; or
- (2) The Fund has transferred its rights to receive cash flows from the financial asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:
  - the Fund has transferred substantially all the risks and rewards of the asset; or
  - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

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

#### 2.5 Financial liabilities

##### (i) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The Fund classifies amount due to Manager, amount due to Trustee, amount due to financial institution, amount due to brokers, 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 instruments.

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.

## **MAYBANK FLEXI INCOME FUND**

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

#### **2.6 Fair value measurement**

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

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

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

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

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

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

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

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

#### **2.7 Functional and foreign currency**

##### **(i) 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 USD, which is also the Fund's functional currency.

## **MAYBANK FLEXI INCOME FUND**

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

#### **2.7 Functional and foreign currency**

##### **(ii) Foreign currency transactions**

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.

#### **2.8 Unitholders' contribution**

The unitholders' contributions to the Fund are classified as liabilities under MFRS 132 *Financial Instruments: Presentation* as they are puttable instruments whereby the unitholders have the right to redeem their units in the Fund at their option.

The outstanding units are carried at the redemption amount that is payable at each financial period if unitholders exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

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

#### **2.9 Distributions**

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

#### **2.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and deposits with a licensed financial institution with original maturity of three (3) months or less which have an insignificant risk of changes in value.

## **MAYBANK FLEXI INCOME FUND**

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

#### **2.11 Taxation**

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

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period. Tax on dividend income from foreign equities is based on the tax regime of the respective countries that the Fund invests in.

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

#### **2.12 Revenue / Income**

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

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

Interest income from unquoted fixed income securities and deposits with a licensed financial institution are recognised on the accruals basis using the effective interest rate ("EIR") method.

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

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.

#### **2.13 Segment reporting**

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

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

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

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

## MAYBANK FLEXI INCOME FUND

### 3. NET LOSS ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

**28.11.2019**  
**(date of launch)**  
**to**  
**31.08.2020**  
**USD**

Realised foreign exchange loss	(679,716)
Unrealised foreign exchange gain	429,188
Realised loss on forward contracts	(1,502,502)
Unrealised gain on forward contracts	748,026
	<u>(1,005,004)</u>

### 4. MANAGER'S FEE

Manager's fee is computed daily based on 1.50% per annum (" p.a.") of the NAV of each class of the Fund before deducting the Manager's fee and Trustee's fees for that particular day.

### 5. TRUSTEE'S FEE

Trustee's fee is computed daily based on 0.04% p.a. of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for that particular day, accrued daily in the Fund's base currency, USD.

### 6. TAXATION

**28.11.2019**  
**(date of launch)**  
**to**  
**31.08.2020**  
**USD**

Current tax expense	<u>3,586</u>
---------------------	--------------

Income derived from sources outside Malaysia are exempted from Malaysian income tax. However such income may be subject to tax in the country from which it is derived. Tax on dividend income from foreign quoted equities is based on the tax regime of the respective countries that the Fund invests in.

The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting the permitted expenses. 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 is as follows:

## MAYBANK FLEXI INCOME FUND

### 6. TAXATION (CONT'D)

**28.11.2019**  
**(date of launch)**  
**to**  
**31.08.2020**  
**USD**

Net loss before taxation	<u>(950,054)</u>
Tax at Malaysian statutory rate of 24%	(228,013)
Income not subject to tax	(504,344)
Loss not deductible for tax purposes	611,411
Income tax at source	3,586
Expenses not deductible for tax purposes	<u>120,946</u>
Income tax expense for the financial period	<u>3,586</u>

### 7. FINANCIAL ASSETS AT FVTPL

The details of the investment in unquoted fixed income securities and quoted equities classified as FVTPL as at 31 August 2020 are as follows:

**28.11.2019**  
**(date of launch)**  
**to**  
**31.08.2020**  
**USD**

	Note	
Unquoted fixed income securities	(a)	33,290,167
Quoted equities	(b)	<u>5,515,145</u>
		<u>38,805,312</u>

#### (a) Unquoted fixed income securities

31.08.2020	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Australia</b>				
Australia and New Zealand				
Banking Group Ltd				
- 6.75% / 15.06.2026				
	1,000,000	1,142,582	1,145,600	2.70
Macquarie Bank London				
- 6.13% / 08.03.2027				
	500,000	498,224	511,700	1.21

## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Australia (cont'd)</b>				
Newcastle Coal Infrastructure Group - 4.40% / 29.09.2027	300,000	299,574	301,560	0.71
QBE Insurance Group Ltd - 5.88% / 12.05.2025	700,000	712,364	743,890	1.75
<b>Total Australia</b>	<b>2,500,000</b>	<b>2,652,744</b>	<b>2,702,750</b>	<b>6.37</b>
<b>Bahrain</b>				
CBB International Sukuk Co - 6.25% / 14.11.2024	200,000	209,158	217,500	0.51
<b>British Virgin Island</b>				
Greenland Holding Group - 6.25% / 16.12.2022	300,000	299,232	304,500	0.72
Huarong Finance Co Ltd - 4.50% / 24.01.2022	700,000	668,776	712,250	1.68
JG Summit Holdings Ltd - 4.13% / 09.07.2030	300,000	300,000	301,710	0.71
New Metro Global Ltd - 7.50% / 20.03.2022	250,000	250,030	256,175	0.60
- 6.50% / 23.04.2021	250,000	250,012	252,500	0.60
- 7.50% / 16.12.2021	200,000	202,829	205,420	0.48
RKPF Overseas Ltd - 6.70% / 30.09.2024	310,000	318,699	321,346	0.76
Wanda Properties Overseas Ltd - 6.88% / 203.07.2023	250,000	250,000	251,250	0.59
- 6.95% / 05.12.2022	200,000	196,120	204,940	0.48
<b>Total British Virgin Island</b>	<b>2,760,000</b>	<b>2,735,698</b>	<b>2,810,091</b>	<b>6.62</b>

## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Canada</b>				
Meglobal Canada Inc - 5.00% / 18.05.2025	200,000	201,354	218,240	0.51
<b>Cayman Island</b>				
ADIB Capital Investment Ltd - 7.13% / 20.09.2023	500,000	543,378	525,550	1.24
CIFI Holdings Group - 6.45% / 07.11.2024	500,000	483,936	519,000	1.22
Country Garden Holdings - 4.80% / 06.08.2030	300,000	300,000	302,580	0.71
DP World Plc - 6.00% / 01.10.2025	600,000	600,612	636,240	1.50
Greentown China Holdings - 5.65% / 13.07.2025	250,000	253,082	258,475	0.61
MAR Sukuk Ltd - 2.21% / 02.09.2025	250,000	250,000	252,250	0.59
Seazen Group Ltd - 6.00% / 08.12.2024	200,000	200,371	200,660	0.47
- 6.45% / 11.06.2020	500,000	500,764	508,800	1.20
Shimao Group Holdings Ltd - 4.60% / 13.07.2030	500,000	511,725	513,750	1.21
- 5.60% / 15.07.2026	250,000	258,133	269,825	0.64
Sunac China Holdings Ltd - 6.50% / 09.07.2023	300,000	298,166	301,980	0.71
- 7.25% / 14.06.2022	250,000	256,223	255,750	0.60
Times China Holding Ltd - 7.25% / 14.06.2022	250,000	253,625	253,425	0.60



## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Cayman Island (cont'd)</b>				
TMB Bank PCL - 4.90% / 02.12.2024	500,000	502,034	471,450	1.11
Total Cayman Island	5,150,000	5,212,049	5,269,735	12.42
<b>China</b>				
Postal Savings Bank of China Ltd - 4.50% / PERP	250,000	250,328	255,575	0.60
Ronshine China Holdings Ltd - 10.50% / 01.03.2022	400,000	409,917	427,480	1.01
- 8.75% / 25.10.2021	500,000	478,076	523,100	1.23
Times China Holdings Ltd - 10.95% / 27.11.2020	300,000	304,567	305,250	0.72
Total China	1,450,000	1,442,888	1,511,405	3.56
<b>Great Britain</b>				
Barclays PLC - 6.13% / 15.12.2025	250,000	252,378	257,425	0.61
BP Capital Markets PLC - 4.88% / 22.03.2030	350,000	350,000	381,045	0.90
Legal & General Group PLC - 5.25% / 21.03.2047	300,000	325,432	328,740	0.77
Phoenix Group Holdings Ltd - 4.75% / 04.09.2031	250,000	252,116	259,825	0.61
Standard Chartered PLC - 6.00% / 26.07.2025	500,000	499,999	523,650	1.23
- 5.38% / 03.10.2024	250,000	187,200	185,790	0.44

## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Great Britain (cont'd)</b>				
Swiss Re finance PLC				
- 2.71% / 04.06.2052	200,000	236,002	250,902	0.59
- 3.13% / 03.07.2035	250,000	179,275	184,907	0.44
Total Great Britain	2,350,000	2,282,402	2,372,284	5.59
<b>India</b>				
Adani Ports and Special Economic Zone				
- 4.20% / 04.08.2027	200,000	200,446	202,380	0.48
Power Finance Corp Ltd				
- 3.95% / 23.04.2030	550,000	545,999	543,290	1.28
- 4.50% / 18.06.2029	250,000	262,452	256,450	0.60
Renew Power Ltd				
- 5.88% / 05.03.2027	500,000	503,924	502,500	1.18
Total India	1,500,000	1,512,821	1,504,620	3.55
<b>Indonesia</b>				
Adaro Indonesia PT				
- 4.25% / 31.10.2024	500,000	499,543	492,000	1.16
Bank Tabungan Negara Tbk PT				
- 4.20% / 23.01.2025	650,000	620,973	645,190	1.52
Bayan Resources Tbk PT				
- 6.13% / 24.01.2023	400,000	390,901	391,400	0.92
Indonesia Asahan Alumini				
- 5.45% / 15.05.2030	200,000	195,610	235,840	0.56

## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Indonesia (cont'd)</b>				
Perusahaan Penerbit Indonesia - 5.45% / 15.01.2022	14,000,000,000	998,012	970,246	2.29
<b>Total Indonesia</b>	<b>14,001,750,000</b>	<b>2,705,039</b>	<b>2,734,676</b>	<b>6.45</b>
<b>Malaysia</b>				
Axiata SPV2 Ltd - 2.16% / 19.08.2030	300,000	303,043	300,150	0.71
Axiata SPV5 Ltd - 3.06% / 19.08.2050	500,000	503,439	485,850	1.15
<b>Total Malaysia</b>	<b>800,000</b>	<b>806,482</b>	<b>786,000</b>	<b>1.85</b>
<b>Mauritius</b>				
Greenko Solar Ltd - 5.95% / 29.07.2026	450,000	465,079	468,090	1.10
Network I2I Ltd - 5.65% / 15.01.2025	1,050,000	1,051,938	1,055,355	2.49
UPL Corp Ltd - 4.63% / 16.06.2030 - 5.25% / 27.02.2025	250,000 700,000	254,005 676,366	256,750 678,090	0.61 1.60
<b>Total Mauritius</b>	<b>2,450,000</b>	<b>2,447,388</b>	<b>2,458,285</b>	<b>5.79</b>
<b>Netherlands</b>				
Royal Capital BV - 5.00% / 05.02.2026	450,000	446,089	445,455	1.05
<b>New Zealand</b>				
Westpac Banking Corp - 5.00% / PERP	800,000	778,347	807,520	1.90

## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Philippines</b>				
Globe Telecom Inc - 3.00% / 23.07.2035	400,000	399,126	388,240	0.92
International Container Terminal Services Inc - 4.75% / 17.06.2030	400,000	401,398	414,120	0.98
San Miguel Corp - 5.50% / 29.07.2025	750,000	750,000	743,625	1.75
<b>Total Philippines</b>	<b>1,550,000</b>	<b>1,550,524</b>	<b>1,545,985</b>	<b>3.64</b>
<b>Saudi Arabia</b>				
Saudi Electricity Global Sukuk - 5.06% / 08.04.2043	200,000	257,891	249,620	0.59
<b>Singapore</b>				
DBS Group Holdings Ltd - 3.30% / 27.02.2025	1,000,000	1,000,072	1,003,700	2.37
Global Prime Capital Ltd - 5.50% / 18.10.2023	300,000	300,145	298,440	0.70
- 5.95% / 23.01.2025	500,000	502,030	485,450	1.14
Jollibee Worldwide Pte Ltd - 5.06% / 08.04.2043	300,000	300,007	300,600	0.71
- 5.06% / 08.04.2043	250,000	251,633	250,300	0.59
Pakuwon Prime Pte Ltd - 5.00% / 14.02.2024	200,000	192,197	201,000	0.47
NTUC Income Insurance - 3.10% / 20.07.2050	1,000,000	725,465	772,590	1.82
Singapore Tech Telemedia Ltd - 4.10% / 02.07.2027	250,000	179,300	189,708	0.45

## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Singapore (cont'd)</b>				
ST Telemedia Global Data Centres Pte Ltd - 3.13% / 28.07.2028	750,000	548,391	556,265	1.31
<b>Total Singapore</b>	<b>4,550,000</b>	<b>3,999,240</b>	<b>4,058,053</b>	<b>9.57</b>
<b>Switzerland</b>				
Credit Suisse Group AG - 5.25% / 11.02.2027	200,000	201,006	203,440	0.48
- 6.38% / 21.08.2026	250,000	260,956	270,200	0.64
UBS Group Ltd - 5.13% / 29.07.2026	450,000	453,084	466,290	1.10
- 7.00% / PERP	250,000	268,754	270,350	0.64
- 4.85% / PERP	250,000	185,595	184,520	0.43
- 5.88% / 28.11.2023	500,000	364,173	377,318	0.89
<b>Total Switzerland</b>	<b>1,900,000</b>	<b>1,733,568</b>	<b>1,772,118</b>	<b>4.18</b>
<b>Thailand</b>				
Bangkok Bank PCL - 3.73% / 25.09.2034	400,000	404,415	399,280	0.94
Kasikornbank PCL - 1.00% / 03.10.2022	700,000	670,413	699,510	1.65
Minor International PCL - 3.10% / 29.06.2023	200,000	200,000	202,040	0.48
<b>Total Thailand</b>	<b>1,300,000</b>	<b>1,274,828</b>	<b>1,300,830</b>	<b>3.07</b>

## MAYBANK FLEXI INCOME FUND

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

#### (a) Unquoted fixed income securities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>United Arab Emirates</b>				
Emirates NBD Bank PJSC - 6.13% / 26.04.2026	500,000	501,037	525,000	1.24
<b>Total unquoted fixed income securities</b>	<b>14,032,360,000</b>	<b>32,749,547</b>	<b>33,290,167</b>	<b>78.47</b>

#### (b) Quoted equities

##### Malaysia

Kossan Rubber Industries Bhd	13,000	26,848	49,878	0.12
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##### Hong Kong

AIA Group Ltd	6,000	64,761	62,438	0.15
Alibaba Group Holdings Ltd	2,300	60,137	82,205	0.19
A-Living Services Co Ltd	17,000	66,547	88,947	0.21
Anta Sports Product Ltd	4,000	38,090	42,348	0.10
Aoyuan Healthy Life Group Co Ltd	239,000	206,815	218,643	0.52
China Construction Bank Corporation	44,000	37,663	32,077	0.08
China Life Insurance Co Ltd	12,000	33,079	29,295	0.07

**MAYBANK FLEXI INCOME FUND****7. FINANCIAL ASSETS AT FVTPL (CONT'D)****(b) Quoted equities (cont'd)**

<b>31.08.2020 (cont'd)</b>	<b>Quantity Unit</b>	<b>Total cost USD</b>	<b>Market value USD</b>	<b>Percentage of NAV</b>
<b>Hong Kong (cont'd)</b>				
China Lilang Ltd	29,000	23,769	16,838	0.04
China Medical Systems Holdings Ltd	47,000	68,774	53,064	0.13
China Resources Gas Group Ltd	6,000	32,989	29,032	0.07
China Traditional Chinese Medicine Holdings Co Ltd	92,000	46,982	39,767	0.09
CIFI Holdings Group Co Ltd	60,000	48,729	52,489	0.12
Country Garden Services Holdings Co Ltd	12,000	44,300	85,934	0.20
ENN Energy Holdings Ltd	5,200	60,240	58,071	0.14
JD.COM Inc	2,000	77,517	79,586	0.19
KWG Group Holdings Ltd	39,735	58,515	77,213	0.18
Li Ning Co Ltd	12,000	39,040	53,341	0.13
Link Real Estate Investment Trust ("REIT")	1,500	15,919	11,893	0.03
Meituan Dianping - Class B	2,000	66,778	68,438	0.16
Netease Inc	4,000	79,579	81,082	0.19
Shimao Group Holdings Ltd	13,500	52,428	63,492	0.15
Sichuan Lanhuan Justbon Services Group Co Ltd	10,200	67,437	66,266	0.16
Techtronic Industries Co Ltd	5,500	46,243	71,463	0.17

## MAYBANK FLEXI INCOME FUND

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

#### (b) Quoted equities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>Hong Kong (cont'd)</b>				
Tencent Holding Ltd	4,400	225,311	306,859	0.72
Total Hong Kong	670,335	1,561,642	1,770,781	4.17
<b>Philippines</b>				
LTG Group Inc	180,000	32,273	31,267	0.07
<b>Singapore</b>				
Manulife US REIT	100,500	100,845	74,370	0.18
Prime US REIT	100,600	99,321	78,468	0.18
United Hampshire REIT	118,000	94,400	64,310	0.15
AEM Holdings Ltd	42,500	67,158	127,900	0.30
Ascendas India Trust	95,900	115,959	93,143	0.22
Capitaland Ltd	13,300	37,908	27,205	0.06
Comfortdelgro Co Ltd	40,000	47,203	44,737	0.11
CSE Global Ltd	94,400	39,470	34,730	0.08
DBS Group Holdings Ltd	9,500	166,170	145,114	0.34
Frecken Group Ltd	91,300	62,451	63,148	0.15
Lendlease Global Commercial REIT	95,300	65,336	44,878	0.11
Sasseur REIT	186,500	118,415	104,978	0.25
Singapore Technologies Engineering Ltd	16,100	48,911	41,344	0.10
Total Singapore	1,003,900	1,063,547	944,325	2.23



## MAYBANK FLEXI INCOME FUND

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

#### (b) Quoted equities (cont'd)

31.08.2020 (cont'd)	Quantity Unit	Total cost USD	Market value USD	Percentage of NAV
<b>United States of America ("USA")</b>				
Alibaba Group Holding Ltd	1,400	307,783	404,600	0.95
JD.Com Inc	1,600	69,765	127,937	0.30
SPDR Gold Shares	10,600	1,780,815	1,954,535	4.61
Vipshop Holdings Ltd	5,400	77,026	92,287	0.22
Baidu Inc	300	40,329	38,700	0.09
Netease Inc	200	72,654	100,835	0.24
	<u>19,500</u>	<u>2,348,372</u>	<u>2,718,894</u>	<u>6.41</u>
Total quoted equities	<u>1,886,735</u>	<u>5,032,682</u>	<u>5,515,145</u>	<u>13.00</u>
Total FVTPL Investments	<u>14,034,246,735</u>	<u>37,782,229</u>	<u>38,805,312</u>	<u>91.47</u>
Unrealised gain on FVTPL investment			<u>1,023,083</u>	

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

## MAYBANK FLEXI INCOME FUND

### 8. DERIVATIVE ASSETS/LIABILITIES

	Notional Principal amount USD	Fair Value	
		Assets USD	Liabilities USD
<u>Foreign exchange related contracts</u>			
<b>31.08.2020</b>			
Currency forwards:			
Less than 1 year	34,701,882	754,296	6,269

As at the reporting date, there was 29 forward contracts outstanding.

The Fund entered into forward currency contracts during the financial period to hedge the foreign currency exposure of the MYR (Hedged) Class, AUD (Hedged) Class and SGD (Hedged) Class based on the features of the respective classes as disclosed.

As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income, and borne solely by the unitholders of the respective classes (i.e. MYR (Hedged), AUD (Hedged) and SGD (Hedged) Class).

## MAYBANK FLEXI INCOME FUND

### 9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

31.08.2020  
USD

Short-term placement with licensed financial institution 541,472

The weighted average effective interest rates ("WAEIR") of deposit and average maturity deposit with licensed financial institution as at the reporting date is as follows:

	31.08.2020	
	WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	<u>1.70</u>	<u>4</u>

### 10. AMOUNT DUE FROM/(TO) BROKER

The amount due from/(to) brokers relate to the amount receivable/(payable) to brokers arising from the sale/(purchase) of investments. The settlement period for this receivable/(payable) is within two (2) to three (3) working days from the deal date.

### 11. CASH AT BANK

The Fund has cash at bank denominated in the currencies as follows:

	31.08.2020 USD
Ringgit Malaysia ("MYR")	406,892
United States Dollars ("USD")	872,796
Australian Dollars ("AUD")	3,364
Singapore Dollars ("SGD")	16,632
Euros ("EUR")	5,625
Indonesian Rupiah ("IDR")	12
	<u>1,305,321</u>

## MAYBANK FLEXI INCOME FUND

### 12. AMOUNT DUE TO MANAGER

	<b>Note</b>	<b>31.08.2020</b> <b>USD</b>
Amount due to Manager is in respect of:		
- Manager's fee	(i)	55,207
- Cancellation of units	(ii)	684,899
		<u>740,106</u>

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

(ii) The amount represents the amount payable to the Manager for units cancelled by the unitholders.

### 13. AMOUNT DUE TO TRUSTEE

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

### 14. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	<b>31.08.2020</b> <b>USD</b>
Amount due to external auditors	2,734
Amount due to tax agent	1,320
Other payables	2,396
	<u>6,450</u>

## MAYBANK FLEXI INCOME FUND

### 15. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

	Note	31.08.2020 USD
Unitholders' contribution	(a)	43,378,664
Accumulated realised loss	(b)	(3,128,262)
Accumulated unrealised income	(c)	2,174,622
		<u>42,425,024</u>

#### (a) Unitholders' contribution

The units are distributed based on the following share classes:

	31.08.2020	
	No. of units	USD
(i) USD Class	3,269,217	3,255,228
(ii) MYR Class	26,119,008	6,284,557
(iii) MYR (Hedged) Class	115,512,722	30,286,940
(iv) SGD (Hedged) Class	1,270,904	913,726
(v) AUD (Hedged) Class	3,913,860	2,638,213
	<u>150,085,711</u>	<u>43,378,664</u>

#### (i) USD Class

	31.08.2020	
	Units	USD
As at 28 November 2019 (date of launch)	-	-
Creation of units	3,730,222	3,727,309
Cancellation of units	(461,005)	(472,081)
As at end of the financial period	<u>3,269,217</u>	<u>3,255,228</u>

## MAYBANK FLEXI INCOME FUND

### 15. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

#### (a) Unitholders' contribution (cont'd)

	28.11.2019 (date of launch) to 31.08.2020	
	Units	USD
<b>(ii) MYR Class</b>		
As at 28 November 2019 (date of launch)	-	-
Creation of units	32,720,472	7,853,729
Cancellation of units	(6,601,464)	(1,569,172)
As at end of the financial period	<u>26,119,008</u>	<u>6,284,557</u>
<b>(iii) MYR (Hedged) Class</b>		
As at 28 November 2019 (date of launch)	-	-
Creation of units	199,050,816	47,885,833
Cancellation of units	(83,538,094)	(17,598,893)
As at end of the financial period	<u>115,512,722</u>	<u>30,286,940</u>
<b>(iv) SGD (Hedged) Class</b>		
As at 28 November 2019 (date of launch)	-	-
Creation of units	1,740,172	1,247,955
Cancellation of units	(469,268)	(334,229)
As at end of the financial period	<u>1,270,904</u>	<u>913,726</u>
<b>(v) AUD (Hedged) Class</b>		
As at 28 November 2019 (date of launch)	-	-
Creation of units	4,317,328	2,930,114
Cancellation of units	(403,468)	(291,901)
As at end of the financial period	<u>3,913,860</u>	<u>2,638,213</u>

## MAYBANK FLEXI INCOME FUND

### 15. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

#### (a) Unitholders' contribution (cont'd)

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

	<b>31.08.2020</b>	
	<b>No. of Units</b>	<b>Value at NAV</b>
The Manager (USD Class)	<u>1,000</u>	<u>USD1,031</u>
The Manager (MYR Class)	<u>1,000</u>	<u>RM1,040</u>
The Manager (MYR Hedged Class)	<u>1,000</u>	<u>RM1,032</u>
The Manager (SGD Hedged Class)	<u>1,000</u>	<u>SGD1,026</u>
The Manager (AUD Hedged Class)	<u>1,000</u>	<u>AUD1,030</u>

The units are held beneficially by the Manager for booking purposes, and are within the prescribed limit allowed by the SC's Guidelines on Unit Trust Funds. Other than the above, there were no other units held by the Manager or parties related to the Manager.

#### (b) Accumulated realised loss

	<b>28.11.2019 (date of launch) to 31.08.2020 USD</b>
At 28 November 2019 (date of launch)	-
Net realised loss for the financial period	<u>(3,128,262)</u>
At the end of the financial period	<u>(3,128,262)</u>

#### (c) Accumulated unrealised income

	<b>28.11.2019 (date of launch) to 31.08.2020 USD</b>
At 28 November 2019 (date of launch)	-
Net unrealised income for the financial period	<u>2,174,622</u>
At the end of the financial period	<u>2,174,622</u>

## MAYBANK FLEXI INCOME FUND

### 15. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

#### (d) Classes of shares

##### (i) Types of classes of units

The Fund issues cancellable units, in five classes of units as detailed below:

<b>Classes of units</b>	<b>Currency denomination</b>
USD	USD
MYR	MYR
MYR (Hedged)	MYR
SGD (Hedged)	SGD
AUD (Hedged)	AUD

There are different charges and features for each class as follows:

- (a) Initial investments for each class
- (b) Additional minimum investment
- (c) Transfer, switching and conversion charges for each class

##### (ii) NAV computation

The computation of NAV of the Fund is based on the Fund's functional currency, USD, irrespective of the multiple classes of units (denominated in other currencies). Due to multiple classes in this Fund, the expenses of the Fund are apportioned based on the MCR, which is the size of the respective class relative to the whole Fund. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

##### (iii) Redemption of units by unitholders

These units are redeemable at the unitholder's option. Redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

There is no restriction on the putting of the units back to the Fund (i.e. redemption), subject to the minimum redemption amount of units of each class and the minimum unit holding for each class. If the unit holdings of a unitholder are, after a redemption request, falls below the minimum unit holdings for the Fund, a request for full redemption is deemed to have been made.



## MAYBANK FLEXI INCOME FUND

### 16. TRANSACTIONS WITH RELATED AND OTHER STOCKBROKING COMPANIES/BROKERS

Transactions with top 10 stockbroking companies / brokers / dealers are as follows:

	Value of trade USD	Percentage of total trade %	Brokerage fees USD	Percent of brokerage fees %
Maybank Investment Bank Bhd*	26,490,517	8.95	21,765	92.69
Citibank International Ltd	15,673,780	5.29	-	-
HSBC Holdings Plc	12,755,550	4.31	-	-
Standard Chartered Plc	11,540,550	3.90	-	-
UBS Group	10,893,950	3.68	-	-
Deutsche Bank AG	8,290,404	2.80	-	-
Goldman Sachs Group Inc	8,000,000	2.70	-	-
DBS Singapore	7,540,850	2.55	-	-
First Abu Dhabi Bank PJSC	7,400,000	2.50	-	-
Credit Suisse Group AG	7,233,950	2.44	-	-
Others	180,253,569	60.88	1,717	7.31
	<u>296,073,120</u>	<u>100.00</u>	<u>23,482</u>	<u>100.00</u>

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

### 17. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

(i) <u>Significant related party transaction</u>	<b>28.11.2019</b> <b>(date of launch) to</b> <b>31.08.2020</b>
<u>Maybank Islamic Berhad</u> Profit income from deposits	<u>31,253</u>
(ii) <u>Significant related party balances</u>	
<u>Maybank Islamic Berhad</u> Deposit with a licensed financial institution	<u>541,472</u>

## **MAYBANK FLEXI INCOME FUND**

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

The MER of the Fund is the ratio of the sum of total expenses incurred by the Fund to the daily average NAV of the Fund. For the financial period from 28 November 2019 (date of launch) to 31 August 2020, the MER of the Fund stood at 1.11%.

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

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the daily average NAV of the Fund from 28 November 2019 (date of launch) to 31 August 2020, the PTR of the Fund stood at 2.47 times.

### **20. SEGMENT INFORMATION**

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

The PMC of the Manager is responsible for the Fund's performance by investing at least 70% of its NAV in fixed income securities and/or liquid assets and not more than 30% of its NAV in equities, REITs and/or ETF.

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

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

## MAYBANK FLEXI INCOME FUND

### 21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### (a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.14 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.

	Financial assets at FVTPL USD	Financial assets at amortised cost USD	Financial liabilities at amortised cost USD	Total USD
<b>31.08.2020</b>				
<b>Assets</b>				
Financial assets at FVTPL	38,805,312	-	-	38,805,312
Derivative assets	754,296	-	-	754,296
Deposits with a licensed financial institution	-	541,472	-	541,472
Interest receivable	-	432,000	-	432,000
Dividend receivable	-	18,443	-	18,443
Amount due from broker	-	1,578,461	-	1,578,461
Cash at bank	-	1,305,321	-	1,305,321
<b>Total financial assets</b>	<b>39,559,608</b>	<b>3,875,697</b>	<b>-</b>	<b>43,435,305</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	740,106	740,106
Amount due to Trustee	-	-	1,472	1,472
Amount due to Financial Institution	-	-	5,984	5,984
Derivative liabilities	-	-	6,269	6,269
Amount due to broker	-	-	250,000	250,000
Other payables and accruals	-	-	6,450	6,450
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,010,281</b>	<b>1,010,281</b>

## MAYBANK FLEXI INCOME FUND

### 21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

##### Unquoted fixed income securities

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

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

##### Quoted equities

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

##### Derivative assets and liabilities

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

#### (c) Fair value hierarchy

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

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

	Level 1 USD	Level 2 USD	Level 3 USD
<b>31.08.2020</b>			
Financial assets at FVTPL	5,515,145	33,290,167	-
Derivative assets	-	754,296	-
	<u>5,515,145</u>	<u>34,044,463</u>	<u>-</u>
Derivative liabilities	-	(6,269)	-

## **MAYBANK FLEXI INCOME FUND**

### **21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)**

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

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

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

#### **(a) Introduction**

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deed, the 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) Interest rate risk**

Cash at bank is sensitive to movements in interest rates. When interest rates rise, the return on cash will rise while the value of investments will fall and vice versa, 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.

##### **(ii) 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 FLEXI INCOME FUND

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

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

##### (ii) Equity Price risk (continued)

###### Equity price risk sensitivity

Management's best estimate of the effect on the Fund's NAV due to a reasonably possible change in price, with all other variables held constant is indicated in the table below. The impact to profit after taxation and NAV is expected to be the same.

	31.08.2020	
	Changes in price %	Effects on NAV Increase/ (Decrease) USD
Financial assets at FVTPL	+5	1,940,266
	-5	(1,940,266)

##### (iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Manager did not enter into any hedging instruments (e.g. forward currency contracts) to hedge the foreign currency exposure of the Fund.

The base currency of the Fund is USD. As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between USD and the currencies in which the Fund's assets are denominated in may have an impact on the fair value of the Fund's assets. If the currencies in which the assets are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment and of the Fund.

The Fund is a multi-class Fund. The impact of the exchange rate movement between USD and the foreign currency of MYR, AUD, SGD and EUR Class, may result in a depreciation of the unitholders' investment in the Fund as expressed in USD.

## MAYBANK FLEXI INCOME FUND

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

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

##### (iii) Currency risk (cont'd)

The table below analyses the net positions of the Fund's financial assets and financial liabilities, which are exposed to foreign exchange risk as at 31 August 2020:

**31.08.2020**

	EUR USD	MYR USD	SGD USD	TOTAL USD
Financial assets at FVTPL	250,902	49,878	3,178,275	3,479,055
Cash at bank	5,625	406,892	16,632	429,149
<b>Total financial assets and net on balance-sheet position</b>	<b>256,527</b>	<b>456,770</b>	<b>3,194,907</b>	<b>3,908,204</b>

The Fund's exposures to fluctuations in the AUD/USD and IDR/USD exchange rates are not significant.

The following table summarises the sensitivity of the Fund's net on-balance sheet open position to movements in the exchange rates. The analysis calculated the effect of a reasonably possible movement of the currency rate against USD on the Fund's NAV with all other variables held constant.

	<b>31.08.2020</b>	
	<b>Change in exchange rates %</b>	<b>Effects on NAV Increase/ (decrease) USD</b>
<b>EUR/USD</b>	+5%	12,826
	-5%	(12,826)
<b>MYR/USD</b>	+5%	22,839
	-5%	(22,839)
<b>SGD/USD</b>	+5%	159,745
	-5%	(159,745)

The impact to loss after taxation and NAV is expected to be the same.

## MAYBANK FLEXI INCOME FUND

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

#### (c) Credit risk

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

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

#### (i) Credit risk exposure

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

#### (ii) Credit risk concentration

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



## MAYBANK FLEXI INCOME FUND

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

#### (c) Credit risk

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

		<b>31.08.2020</b>
		<b>As a</b>
		<b>percentage</b>
		<b>of NAV</b>
<b>Financial assets</b>	<b>USD</b>	<b>%</b>
AAA	1,305,321	3.08
AA-	1,003,700	2.37
A+	255,575	0.60
A1	633,295	1.49
A3	743,890	1.75
A-	519,820	1.23
B+	217,500	0.51
B1	525,550	1.24
BAA1	712,250	1.68
BAA2	300,150	0.71
BA1	1,000,070	2.36
BA2	761,335	1.79
BA3	1,774,701	4.18
BBB+	1,250,399	2.95
BBB	4,892,148	11.53
BBB-	4,715,530	11.11
BB+	807,660	1.90
BB	3,427,245	8.08
BB-	4,336,945	10.22
Non Rated	5,412,403	12.76
	<u>34,595,487</u>	<u>81.54</u>

#### (d) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other 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 Deed. It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

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

## MAYBANK FLEXI INCOME FUND

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

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

The following table summarises the maturity profile of the Fund's financial assets, liabilities and unitholders' capital to provide a complete view of the Fund's contractual commitments and liquidity. The Fund's financial assets and financial liabilities have been included in the "less than 1 month" category and the impact of discounting is insignificant.

31.08.2020	Less than 1 month USD	More than 1 month USD	Total USD
<b>Financial assets</b>			
Financial assets at FVTPL	5,515,145	33,290,167	38,805,312
Derivative assets	64,578	689,718	754,296
Deposits with a licensed financial institution	541,472	-	541,472
Interest receivable	124,888	307,112	432,000
Dividend receivable	18,443	-	18,443
Amount due from broker	1,578,461	-	1,578,461
Cash at bank	1,305,321	-	1,305,321
	9,148,308	34,286,997	43,435,305
<b>Financial liabilities and net assets attributable to unitholders of the Fund</b>			
Amount due to Manager	740,106	-	740,106
Amount due to Trustee	1,472	-	1,472
Amount due to Financial Institution	5,984	-	5,984
Derivative liabilities	-	6,269	6,269
Amount due to broker	250,000	-	250,000
Other payables and accruals	6,450	-	6,450
Net assets attributable to unitholders of the Fund	42,425,024	-	42,425,024
Total undiscounted financial liabilities and net assets attributable to unitholders	43,429,036	6,269	43,435,305
<b>Liquidity (gap)/surplus</b>	(34,280,728)	34,280,728	-

#### Notes:

##### (i) Financial assets

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

## MAYBANK FLEXI INCOME FUND

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

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

##### (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 is required to settle its financial obligation.

##### (iii) Net assets attributable to unitholders of the Fund

As unitholders could request for redemption of their units within ten calendar days from transaction date, the net assets attributable to unitholders of the Fund has been categorised as having a maturity of "less than 1 month".

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

### 23. UNITHOLDERS' CONTRIBUTION MANAGEMENT

The unitholders' contribution 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 returns better 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.

### 24. COMPARATIVE

There are no comparative figures presented as this is the Fund's first reporting period since the Fund was launched on 28 November 2019.