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# MAYBANK INCOME MANAGEMENT-I FUND

Annual report

For the financial period from 8 January 2020 (date  
of launch) to 31 August 2020

## **CORPORATE INFORMATION**

### **MANAGER**

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

### **BUSINESS OFFICE**

Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
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### **EXTERNAL INVESTMENT MANAGER ("EIM")**

Maybank Islamic Asset Management Sdn Bhd (201301012623 (1042461-K))  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia

### **TRUSTEE**

PB Trustees Berhad (196801000374 (573019-U))  
17th Floor, Menara Public Bank  
146 Jalan Ampang  
50450 Kuala Lumpur  
Telephone +603 2177 3127  
Facsimile +603 2164 3285

### **SHARIAH ADVISER**

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

## **MAYBANK INCOME MANAGEMENT-I FUND**

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## MAYBANK INCOME MANAGEMENT-I FUND

### Manager's report

For the financial period from 8 January 2020 (date of launch) to 31 August 2020

#### A. Fund Information

**1. Name of Fund**

Maybank Income Management-I Fund (the "Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Fixed Income

**4. Duration of Fund**

The Fund is an open-ended fund.

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

8 January 2020 / 24 February 2020

**6. Fund's investment objective**

The Fund aims to provide investors with a consistent stream of income through investments in a diversified portfolio of Sukuk.

**7. Fund distribution policy**

Distribution will be made on a semi-annual basis (subject to availability of income) and at the discretion of the Manager. Distribution, if any, will be made from the realised income of the Fund. Additional distribution, if any, shall be incidental and shall be made from the realised income of the Fund.

**8. Fund's performance benchmark**

Maybank 12-months Islamic deposit rate +0.50% per annum

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

The Fund seeks to achieve its investment objective by investing a minimum of 70% of the Fund's NAV in MYR-denominated Sukuk. Up to 30% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits. The Fund may invest up to 30% of its NAV investment in non-MYR denominated Sukuk should the External Investment Manager ("EIM") deems the investments to be in line with the objective of the Fund.

**10. Breakdown of unitholdings by size**

**Fund size**

As at 31 August 2020, the size of the Fund was 185,754,993 units.

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

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	* 1	-
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	** 185,754	100.00
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>185,755</b>	<b>100.00</b>

## MAYBANK INCOME MANAGEMENT-I FUND

### Manager's report

For the financial period from 8 January 2020 (date of launch) to 31 August 2020 (cont'd)

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

##### 10. Breakdown of unitholdings by size

###### Breakdown of unitholdings as at 31 August 2020 (cont'd)

\* Represents 1,202 units held by Maybank Asset Management Sdn Bhd (the "Manager")

\*\* Includes units held under an Institutional Unit Trust Scheme Advisers ("IUTA")

##### 11. Net income distribution for the financial period from 8 January 2020 (date of launch) to 31 August 2020

The Fund declared a distribution of RM1,845,492 for the financial period from 8 January 2020 (date of launch) to 31 August 2020. Below are details of distribution declared and the impact of the distribution to the Fund's NAV:

Distribution date	Gross/net distribution per unit (sen)	Before distribution (RM)	After distribution (RM)	Changes %
26 August 2020	1.00	1.0348	1.0248	-0.97%

#### B. Performance Review

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

Category	08.01.2020 (date of launch) to 31.08.2020
Sukuk (%)	80.63
Cash and other net assets (%)	19.37
<b>Total (%)</b>	<b>100.00</b>
NAV (RM'000)	190,037
Units in circulation (units'000)	185,755
NAV per unit (RM)	1.0230
Highest NAV per unit (RM)	1.0349
Lowest NAV per unit (RM)	0.9677
Annual return (%) <sup>(1)</sup>	
- Capital growth (%)	2.28
- Income distribution (%)	0.98
Total return (%)	3.28

## MAYBANK INCOME MANAGEMENT-I FUND

### Manager's report

For the financial period from 8 January 2020 (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
----------	--

Benchmark (%)	1.67
Management Expense Ratio ("MER") (%)	0.16
Portfolio Turnover Ratio ("PTR") (times)	0.61

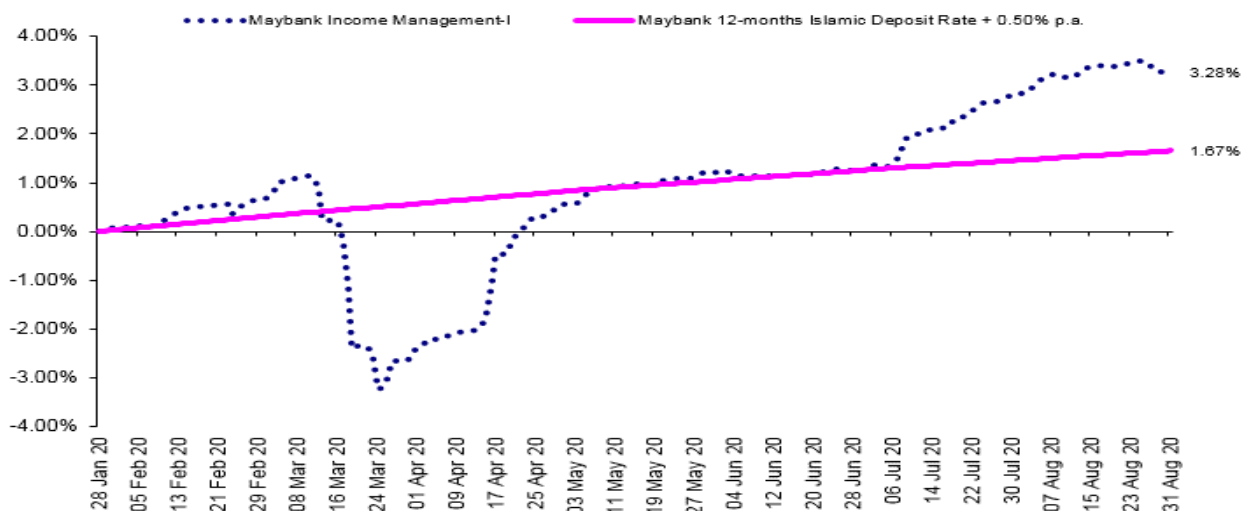
**Note:**

- (1) 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.*

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

Category	Since inception to 31.01.2020 %
Capital growth	2.28
Income distribution	0.98
Total return of the Fund	3.28
Benchmark	1.67
Average total return	-



Source: Lipper, as at 31 August 2020

## MAYBANK INCOME MANAGEMENT-I FUND

### Manager's report

For the financial period from 8 January 2020 (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)

The Fund generated a return of 3.28% for the period under review, outperforming the benchmark of 1.67% over the corresponding period. The outperformance was due to a combination of stronger returns benefitting from the sukuk market rally and income derived from the sukuks held in the Fund during the period under review.

##### Has the Fund achieved its objective?

Overall, the Fund has met its objective with the net income distribution made in the financial period under review.

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

Category	31.08.2020 %
Annual total return	3.28
Benchmark	1.67

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

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

An illustration of the above would be as follows:

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

## MAYBANK INCOME MANAGEMENT-I FUND

### Manager's report

For the financial period from 8 January 2020 (date of launch) to 31 August 2020 (cont'd)

#### C. Market Review

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

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

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

The local bond market made a strong comeback in July 2020, after a surprised OPR cut by BNM. The accompanying policy statement also keeps its option open, prompting more buying from the investors. However, the Malaysian sovereign bond market weakened in August 2020 amidst softer global bond market sentiment. Yield curve steepened month-on-month, as the shorter-end yields lowered slightly while the belly and long-end increased by 2 bps to 35 bps. The federal government's move to raise its debt limit to 60% of GDP from the current 55% (until 31 December 2022) triggered some profit taking activities. Meanwhile, the second quarter of 2020's GDP numbers was weaker than expected, with the economy contracted by 17.1% year-on-year, and resulted in revision in 2020 GDP projection by BNM to -3.5% to -5.5% (previously -2% to 0.5%). There were some buying activities post-GDP announcement as some market players position for another OPR cut in September 2020. However, the buying activity was short-lived, as the local bond market tracked rising global bond yields amidst lack of fresh market catalysts. In addition, market turned cautious ahead FTSE Russell's decision on Malaysia bond weightage in the World Global Bond Index scheduled for 24-September 2020.



## **MAYBANK INCOME MANAGEMENT-I FUND**

### **Manager's report**

**For the financial period from 8 January 2020 (date of launch) to 31 August 2020 (cont'd)**

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

Foreign holdings of MYR sovereign registered inflow in August 2020, which rose RM3.0 bn to RM209.0 bn (July: RM206.0 bn), bringing year-to-date ("YTD") net inflow to RM4.3 bn. Both foreign share of MGS and GII similarly increased for August 2020 to 24.0% from 23.5% in previous month. Improved foreign demand for local debt securities in August 2020 was likely driven by a mix factors of generally better risk appetite, weaker USD, reopening of economies and abated fear of deeper recession.

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

#### **E. Investment Strategy**

We continue to overweight corporate sukuku over sovereign sukuku to anchor the Fund's income in corporate sukuku's coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. We will continue to trade opportunistically and realize profit given our expectations that the economy will start to recover in second half of 2020 as economies gradually reopen and efforts by central banks and governments globally to combat the negative impact of COVID-19 start to show results. We will also look into new primary issuances that offer higher yields to deliver the required performance.

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

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

During the financial period from 8 January 2020 (date of launch) to 31 August 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDER'S OF MAYBANK INCOME MANAGEMENT-I FUND FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2020 (DATE OF LAUNCH) TO 31 AUGUST 2020**

We have acted as Trustee of Maybank Income Management-I Fund (the "Fund") for the financial period from 8 January 2020 (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 Deed, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) Valuation and pricing were carried out in accordance with the Deeds and relevant regulatory requirements;
- (c) Creation and cancellation of units were carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns for the period were tied to and reflect the objective of the Fund.

For and on behalf of  
**PB Trustee Services Berhad**

**Cheah Kuan Yoon**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
14 October 2020

## **STATEMENT BY MANAGER**

### **TO THE UNITHOLDER'S OF MAYBANK INCOME MANAGEMENT-I FUND FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2020 (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 as set out on page 14 to 43 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 Income Management-I Fund as at 31 August 2020 and of its results, changes in equity and cash flows for the financial period from 8 January 2020 (date of launch) to 31 August 2020 and complied 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

## **REPORT OF THE SHARIAH ADVISER**

### **TO THE UNITHOLDER'S OF MAYBANK INCOME MANAGEMENT-I FUND FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2020 (DATE OF LAUNCH) TO 31 AUGUST 2020**

We have acted as the Shariah Adviser for Maybank Income Management-I Fund (the "Fund"). Our responsibility is to ensure that the procedures and the processes employed by Maybank Asset Management Sdn Bhd (the "Manager") is in accordance with the principles of Shariah.

In our opinion, the Manager has managed and administered the Fund in accordance with the principles of Shariah and comply with applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia on Shariah matters for the financial period from 8 January 2020 (date of launch) to 31 August 2020.

In addition, we also confirm that the investment portfolio of the Fund which comprises sukuk, cash at bank and deposits, have been classified as Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia ("SACSC") and the Shariah Advisory Council of Bank Negara Malaysia ("SACBNM").

This report is made solely to the unitholders of the Fund, as a body, and for no other purpose. We do not assume responsibility to any person for the content of this report and we shall not be liable for any errors or non-disclosure on the part of the Manager.

For and on behalf of the Shariah Adviser of the Fund

**Datuk Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur, Malaysia  
14 October 2020

## **Independent auditors' report to the Unitholders of Maybank Income Management-I Fund**

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

#### *Opinion*

We have audited the financial statements of Maybank Income Management-I Fund (the "Fund"), which comprise the statement of financial position as at 31 August 2020 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the period from 8 January 2020 (date of launch) to 31 August 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the as at 31 August 2020, and of its financial performance and cash flows for the period from 8 January 2020 (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 audit opinion.

#### *Independence and other ethical responsibilities*

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

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

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

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

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

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

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

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

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

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

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

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

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 Income Management-I Fund (cont'd)**

**Other matters**

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

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

Yeo Beng Yean  
03013/10/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
14 October 2020



**MAYBANK INCOME MANAGEMENT-I FUND****STATEMENT OF COMPREHENSIVE INCOME****FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2020 (DATE OF LAUNCH) TO 31 AUGUST 2020**

		<b>08.01.2020</b> <b>(date of</b> <b>launch)</b> <b>to</b> <b>31.08.2020</b> <b>RM</b>
	<b>Note</b>	
<b>INVESTMENT INCOME</b>		
Profit income	4	3,040,100
Net (loss)/ gain on financial assets at fair value through profit or loss ("FVTPL")	9(b)	
- Realised loss		(651,528)
- Unrealised gain		2,497,662
		<u>4,886,234</u>
<b>EXPENSES</b>		
Manager's fee	5	182,274
Trustee's fee	6	36,455
Auditors' remuneration		10,000
Tax agent's fee		4,900
Shariah advisory fee		9,718
Administrative expenses		13,298
		<u>256,645</u>
<b>Net income before taxation</b>		4,629,589
Taxation	7	-
<b>Net income after taxation and total comprehensive income for the financial period</b>		<u>4,629,589</u>
<b>Net income after taxation is made up of the following:</b>		
Net realised income		2,131,927
Net unrealised income		2,497,662
		<u>4,629,589</u>
<b>Distributions for the financial year:</b>	15	
Net distribution for the year		1,845,492
Gross/net distribution for per unit (sen)		1.00
Distribution date (ex-date)		<u>26 August 2020</u>

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

**MAYBANK INCOME MANAGEMENT-I FUND****STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2020**

		<b>08.01.2020 (date of launch) to 31.08.2020 RM</b>
<b>ASSETS</b>		
Financial assets at FVTPL	8	153,217,067
Shariah-compliant deposits with licensed Islamic financial institutions	9	42,928,469
Profit income receivable		1,476,869
Amount due from Manager	10	69,825
Cash at bank		125,237
<b>TOTAL ASSETS</b>		<b><u>197,817,467</u></b>
<b>LIABILITIES</b>		
Amount due to Manager	10	712,419
Amount due to Trustee	11	6,091
Amount due to Broker	12	7,032,900
Other payables and accruals	13	29,471
<b>TOTAL LIABILITIES</b>		<b><u>7,780,881</u></b>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<b><u>190,036,586</u></b>
<b>EQUITY</b>		
Unitholders' capital	14(a)	186,904,767
Retained earning	14(b) & (c)	3,131,819
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b><u>190,036,586</u></b>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>	14(a)	<b><u>185,754,993</u></b>
<b>NAV PER UNIT (RM)</b>		<b><u>1.0230</u></b>

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

## MAYBANK INCOME MANAGEMENT-I FUND

### STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2020 (DATE OF LAUNCH) TO 31 AUGUST 2020

	<b>Unitholders' capital Note 13(a) RM</b>	<b>Retained earning Note 13(b) &amp; Note 13(c) RM</b>	<b>Total equity RM</b>
At 8 January 2020 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	4,629,589	4,629,589
Creation of units	278,471,639	-	278,471,639
Reinvestment of units	1,845,492	-	1,845,492
Cancellation of units	(93,064,642)	-	(93,064,642)
Distributions (Note 15)	(347,722)	(1,497,770)	(1,845,492)
At 31 August 2020	<u>186,904,767</u>	<u>3,131,819</u>	<u>190,036,586</u>

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

**MAYBANK INCOME MANAGEMENT-I FUND****STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2020 (DATE OF LAUNCH) TO 31 AUGUST 2020****08.01.2020  
(date of  
launch)  
to  
31.08.2020  
RM****CASH FLOWS FROM OPERATING AND INVESTING  
ACTIVITIES**

Net payment for purchase of financial assets at FVTPL	(171,274,989)
Net proceeds from sale of financial assets at FVTPL	25,153,987
Profit income received	3,346,202
Manager's fee paid	(151,820)
Trustee's fee paid	(30,364)
Payment of other fees and expenses	(8,446)
Net cash used in operating and investing activities	<u>(142,965,430)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from creation of units	278,401,814
Payment for redemption of units	<u>(92,382,678)</u>
Net cash generated from financing activities	<u>186,019,136</u>

**NET INCREASE IN CASH AND CASH  
EQUIVALENTS FOR THE FINANCIAL PERIOD**

43,053,706

**CASH AND CASH EQUIVALENTS AT  
DATE OF LAUNCH**-**CASH AND CASH EQUIVALENTS AT THE END OF THE  
FINANCIAL PERIOD**43,053,706

Cash and cash equivalents comprise:

Cash at bank	125,237
Shariah-compliant deposits with licensed Islamic financial institutions with maturity of less than 3 months (Note 9)	<u>42,928,469</u>
	<u>43,053,706</u>

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

## **MAYBANK INCOME MANAGEMENT-I FUND**

### **NOTES TO THE FINANCIAL STATEMENT**

#### **FOR THE FINANCIAL PERIOD FROM 8 JANUARY 2020 (DATE OF LAUNCH) TO 31 AUGUST 2020**

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

Maybank Income Management-I Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 3 December 2019 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, PB Trustee Services Bhd.

The principal activity of the Fund is to invest a minimum of 70% of the Fund's NAV in MYR-denominated sukuk issued and/or offered in Malaysia with a minimum Sukuk rating of 'A3' by RAM Holdings Berhad ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC"). However, if any of the sukuk held in the Fund has been downgraded to a rating lower than 'A3', the Manager may choose to dispose the sukuk as soon as practicable. However, if such prompt action may be detrimental to the Fund, the Manager may continue to hold onto the downgraded sukuk for up to ninety (90) days.

The Manager will also invest up to 30% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits.

The Manager of the Fund is Maybank AM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence ("CMSL") with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA").

The principal place of business of 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").

Maybank AM has appointed Maybank Islamic Asset Management Sdn Bhd ("MIAM") as the External Investment Manager for the Fund. MIAM is a subsidiary of MAMG and is a holder of CMSL to carry out Islamic fund management business pursuant to Section 61 of the CMSA.

The roles and responsibilities of MIAM include management of the investment portfolio in accordance with the investment objective, subject to the CMSA and the Guidelines on Unit Trust Funds issued by the Securities Commission of Malaysia ("SC") and any other relevant guidelines issued by the SC as well as the terms and conditions of the investment management agreement between MIAM and Maybank AM.

The financial statements were authorised for issue by the Board of Directors of the Manager ("the Directors") on 14 October 2020.

## MAYBANK INCOME MANAGEMENT-I FUND

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

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

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

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

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

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

#### 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.

## **MAYBANK INCOME MANAGEMENT-I FUND**

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

#### **2.4 Financial assets**

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

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

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

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

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

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

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

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

Investments in Sukuk is 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

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

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

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

##### (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. It is measured as follows:

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

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



## MAYBANK INCOME MANAGEMENT-I FUND

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

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

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

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

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

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

##### (iv) Derecognition of financial assets

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

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

On derecognition of financial asset at amortised cost, gain or losses are recognised in profit or loss when the asset is derecognised, modified and impaired.

#### 2.5 Financial liabilities

##### Classification

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

##### Recognition and measurement

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

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

## MAYBANK INCOME MANAGEMENT-I FUND

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

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

##### Derecognition

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

#### 2.6 Fair value measurement

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

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the

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

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

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

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

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

## **MAYBANK INCOME MANAGEMENT-I FUND**

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

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

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

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

#### **2.7 Functional and presentation currency**

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

#### **2.8 Unitholders' capital**

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

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

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

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

## **MAYBANK INCOME MANAGEMENT-I FUND**

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

#### **2.9 Distributions**

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

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

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

#### **2.11 Revenue / Income**

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

Profit income from Sukuk and Shariah-compliant deposits with licensed Islamic financial institutions are recognised on the accruals basis using the EPR method.

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

Other income such as consent fee payment from Sukuk issuer are recognised on an accrual basis when the right to receive has been established.

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

#### **2.12 Taxation**

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

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial year.

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

## MAYBANK INCOME MANAGEMENT-I FUND

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

#### 2.13 Segment information

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

#### 2.14 Critical accounting estimates and judgements

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

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

### 3. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund during the financial period from 8 January 2020 (date of launch) to 31 August 2020 is Shariah-compliant.

### 4. PROFIT INCOME

	<b>08.01.2020</b> <b>(date of</b> <b>launch)</b> <b>to</b> <b>31.08.2020</b> <b>RM</b>
Profit income from Sukuk	3,005,239
Profit income from Shariah-compliant deposits	545,906
Amortisation of premium, net of accretion of discount	<u>(511,045)</u>
	<u><b>3,040,100</b></u>

### 5. MANAGER'S FEE

The Manager's fee is computed daily. The fee is based on 0.40% per annum ("p.a.") on the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

## MAYBANK INCOME MANAGEMENT-I FUND

### 6. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.04% p.a. of the NAV of the Fund before deducting the Manager's fee and Trustee's fees.

### 7. TAXATION

**08.01.2020**  
**(date of**  
**launch)**  
**to**  
**31.08.2020**  
**RM**

Tax charge for the financial period:

Current income tax expense

-

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial period.

The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, the profit income earned by the Fund from its investment in Sukuk and Shariah-compliant deposits is exempted from tax.

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

**08.01.2020**  
**(date of**  
**launch)**  
**to**  
**31.08.2020**  
**RM**

Net income before taxation

4,629,589

Tax at Malaysian statutory rate of 24%

1,111,101

Income not subject to tax

(1,172,696)

Expenses not deductible for tax purposes

61,595

Tax expense for the financial period

-

## MAYBANK INCOME MANAGEMENT-I FUND

### 8. FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL comprise investments in RM-denominated Sukuk as detailed below:

				<b>31.08.2020</b>
				<b>RM</b>
Sukuk				<u>153,217,067</u>
<b>(a) Sukuk</b>	<b>Quantity Unit</b>	<b>Aggregate Cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>31.08.2020</b>				
Aeon Credit Service (M) Bhd - 3.85% / 10.02.2027	5,000,000	5,000,000	5,127,200	2.70
Anih Bhd - 5.34% / 29.11.2023	2,000,000	2,121,474	2,149,760	1.13
Bank Muamalat (M) Bhd - 5.80% / 15.06.2026	5,000,000	5,066,031	5,069,450	2.67
Bumitama Agri Ltd - 4.20% / 22.07.2026	5,000,000	5,190,310	5,255,800	2.77
Country Garden Real Estate Sdn Bhd - 6.40% / 06.05.2022	5,000,000	5,157,495	5,258,900	2.77
Cypark Ref Sdn Bhd - 6.40% / 30.06.2025	5,000,000	5,118,957	5,249,350	2.76
DRB-Hicom Sdn Bhd - 4.55% / 12.12.2024	5,000,000	4,924,037	5,064,050	2.66
- 5.08% / 30.08.2030	7,000,000	7,032,900	7,032,900	3.70
Edra Energy Sdn Bhd - 6.35% / 5.07.2023	5,000,000	6,139,738	6,208,350	3.27
Fortune Premiere Sdn Bhd - 4.85% / 07.09.2023	1,000,000	1,040,600	1,053,820	0.55
- 5.05% / 05.09.2025	5,000,000	5,339,037	5,423,350	2.85
Gamuda Bhd - 4.26% / 16.11.2029	8,000,000	8,304,679	8,369,280	4.40

**MAYBANK INCOME MANAGEMENT-I FUND**

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

(a) Sukuk (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>31.08.2020 (cont'd)</b>				
Gamuda Land Bhd - 3.75% / 12.08.2027	5,000,000	5,000,000	5,008,400	2.64
Kuala Lumpur Kepong Bhd - 3.75% / 27.09.2029	5,000,000	5,152,429	5,255,100	2.77
MMC Corporation Bhd - 5.70% / 24.03.2028	2,200,000	2,296,160	2,446,686	1.29
- 5.95% / 12.11.2027	5,000,000	5,476,796	5,628,200	2.96
MRCB Bhd - 3.85% / 14.08.2023	5,000,000	5,013,703	5,023,600	2.64
Mumtaz Rakyat Sukuk Bhd - 4.95% / 19.06.2026	5,000,000	5,061,442	5,088,300	2.68
Penang Port Sdn Bhd - 4.68% / 26.12.2031	5,000,000	5,392,523	5,551,150	2.92
PLUS Bhd - 4.72% / 12.01.2026	5,000,000	5,318,721	5,482,950	2.89
Prasarana Malaysia Bhd - 3.75% / 23.03.2040	5,000,000	5,000,000	5,150,050	2.71
Perbadanan Tabung Pendidikan Tinggi Nasional - 3.40% / 28.08.2030	5,000,000	5,000,000	5,000,000	2.63
Sarawak Energy Bhd - 3.65% / 15.06.2030	5,000,000	5,000,000	5,168,900	2.72
- 3.65% / 15.06.2030	9,500,000	10,553,628	10,760,175	5.66
- 3.65% / 15.06.2030	3,000,000	3,437,003	3,543,960	1.86
Tanjung Bin Energy Issuer Bhd - 6.20% / 16.03.2032	2,200,000	2,740,550	2,750,550	1.45
Tenaga Nasional Bhd - 4.98% / 27.08.2038	5,000,000	5,952,529	5,947,450	3.13



## MAYBANK INCOME MANAGEMENT-I FUND

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

(a) Sukuk (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>31.08.2020 (cont'd)</b>				
TG Excellence Bhd - 3.95% / 26.02.2021	5,000,000	5,000,000	5,175,650	2.72
Tropicana Corporation Bhd - 5.50% / 30.06.2023	3,400,000	3,400,000	3,413,736	1.80
UMW Holdings Bhd - 5.22% / 02.10.2026	5,000,000	5,488,663	5,560,000	2.93
<b>Total Sukuk</b>	<b>143,300,000</b>	<b>150,719,405</b>	<b>153,217,067</b>	<b>80.63</b>
Unrealised gain on financial assets at FVTPL			<u>2,497,662</u>	

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

### 9. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED ISLAMIC FINANCIAL INSTITUTIONS

	<b>31.08.2020 RM</b>
Shariah-compliant deposits with licensed Islamic financial institutions	<u>42,928,469</u>

The weighted average effective profit rates ("WAEPR") p.a. and average maturity of Shariah-compliant deposits with licensed Islamic financial institutions as at the reporting date are as follows:

	<b>31.08.2020</b>
	<b>WAEPR % p.a.</b>
	<b>Average maturity Days</b>
Shariah-compliant deposits with maturity of - less than 3 months	<u>1.57</u>
	<u>4</u>

## MAYBANK INCOME MANAGEMENT-I FUND

### 10. AMOUNT DUE FROM/TO MANAGER

	Note	31.08.2020 RM
<b>(a) Amount due from Manager</b>		
Subscription of units	(i)	<u>69,825</u>
<b>(b) Amount due to Manager</b>		
Redemption of units	(ii)	681,964
Manager's fee	(iii)	<u>30,455</u>
		<u>712,419</u>

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

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

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

### 11. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the reporting date. The normal credit term for the Trustee's fee is 15 days.

### 12. AMOUNT DUE TO BROKERS

Amount due to brokers relate to the amount to be received from the brokers arising from the sale of investments. The settlement period for these payables are within 3 working days from the deal date.

### 13. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	31.08.2020 RM
Due to external auditors	11,554
Due to tax agent	5,565
Shariah advisory fee payables	2,351
Other payables	<u>10,001</u>
	<u>29,471</u>

## MAYBANK INCOME MANAGEMENT-I FUND

### 14. TOTAL EQUITY

	Note	31.08.2020 RM
Unitholders' capital	(a)	186,904,767
Accumulated realised income	(b)	634,157
Accumulated unrealised income	(c)	2,497,662
		<u>190,036,586</u>

#### (a) Unitholders' capital

	08.01.2020 (date of launch) to 31.08.2020	
	No. of units	RM
At date of launch	-	-
Creation of units	276,793,047	278,471,639
Reinvestment of units	1,804,352	1,845,492
Cancellation of units	(92,842,406)	(93,064,642)
Distribution equalisation (Note 15)	-	(347,722)
At the end of the financial period	<u>185,754,993</u>	<u>186,904,767</u>

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

	31.08.2020	
	No. of units	RM
The Manager	<u>1,010</u>	<u>1,033</u>

In the opinion of the Manager, the above units were transacted at the prevailing market price. Other than the above, there were no other units held by the Manager or parties related to the Manager.

#### (b) Accumulated realised income

	08.01.2020 (date of launch) to 31.08.2020 RM	
At date of launch		-
Net realised income for the financial period		2,131,927
Distributions out of realised reserve (Note 15)		(1,497,770)
At end of the financial period		<u>634,157</u>

## MAYBANK INCOME MANAGEMENT-I FUND

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

#### (c) Accumulated unrealised income

	08.01.2020 (date of launch) to 31.08.2020 RM
At date of launch	-
Net unrealised income for the financial period	2,497,662
At end of the financial period	<u>2,497,662</u>

### 15. DISTRIBUTIONS

Net distributions to unitholders are from the following sources:

	08.01.2020 (date of launch) to 31.08.2020 RM
Profit income	1,668,335
Less: Expenses	<u>(170,565)</u>
Distributions out of realised reserve (Note 14(b))	1,497,770
Distributions out of distribution equalisation (Note 14(a))	<u>347,722</u>
Distributions for the financial period	<u>1,845,492</u>
	<b>Gross/Net distribution per unit (sen)</b>
<b>Distribution date (ex-date)</b>	
<b>2020</b>	
26 August 2020	<u>1.00</u>

The distributions declared were settled in the form of units and presented as 'reinvestment of units' in Note 14(a) on payment date.

## MAYBANK INCOME MANAGEMENT-I FUND

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

Details of transactions with brokers/dealers for the financial period are as follows:

	<b>08.01.2020 (date of launch) to 31.08.2020</b>	<b>Percentage of total trade %</b>
	<b>Value of trade RM</b>	
Affin Hwang Investment Bank Bhd	34,000,000	18.06
Alliance Bank Bhd	7,000,000	3.72
CIMB Bank Bhd	20,000,000	10.62
CIMB Islamic Bank Bhd	20,000,000	10.62
Hong Leong Investment Bank Bhd	5,000,000	2.66
Hong Leong Bank Bhd	17,200,000	9.13
MBB *	33,400,000	17.74
RHB Bank Bhd	51,700,000	27.46
	<b>188,300,000</b>	<b>100.00</b>

Details of transactions, primarily Shariah-compliant deposits with licensed Islamic financial institutions for the financial period are as follows:

	<b>31.08.2020</b>	<b>Percentage of total placements %</b>
	<b>Value of placements RM</b>	
CIMB Islamic Bank Bhd	1,227,981,445	20.00
Maybank Islamic Bhd ("MIB") **	2,315,426,000	37.71
Hong Leong Islamic Bank Bhd	2,595,995,860	42.28
	<b>6,139,403,305</b>	<b>100.00</b>

\* MBB is the ultimate holding company of the Manager.

\*\* MIB is a subsidiary of MBB, the ultimate holding company of the Manager.

## MAYBANK INCOME MANAGEMENT-I FUND

### 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 may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, below are the significant related party transactions and balances of the Fund.

#### (a) Significant related party transactions

	<b>31.08.2020</b>
	<b>RM</b>
<u>MIB:</u>	
Profit Income	200,074

#### (b) Significant related party balances

	<b>31.08.2020</b>
	<b>RM</b>
<u>MIB:</u>	
Cash at bank	125,237
Shariah-compliant deposits	15,006,000
	<u>15,131,237</u>

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

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

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and other administrative expenses. For the financial period from 8 January 2020 (date of launch) to 31 August 2020, the MER of the Fund stood at 0.16%.

### 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 average NAV of the Fund calculated on a daily basis. For the financial period from 8 January 2020 (date of launch) to 31 August 2020, the PTR of the Fund stood at 0.61 times.

## **MAYBANK INCOME MANAGEMENT-I FUND**

### **20. SEGMENT INFORMATION**

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

The PMC is responsible for the performance of the Fund by investing a minimum of 70% of the Fund's NAV in MYR-denominated Sukuk. Up to 30% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits. The Fund may also invest up to 30% of its NAV investment in non-MYR denominated Sukuk should the EIM deems the investments to be in line with the objective of the Fund.

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

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

There were no changes in the reportable operating segments during the financial period from 8 January 2020 (date of launch) to 31 August 2020.

### **21. FINANCIAL INSTRUMENTS**

#### **(a) Classification of financial instruments**

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured and how income and expenses are recognised.

The following table analyses the financial assets and financial liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the classes of financial instrument to which they are assigned, and therefore by the measurement basis.

## MAYBANK INCOME MANAGEMENT-I FUND

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

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

2020	Financial assets at FVTPL RM	Financial assets amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Financial Assets</b>				
Financial assets at FVTPL	153,217,067	-	-	153,217,067
Shariah-compliant deposits with a licensed Islamic financial institution	-	42,928,469	-	42,928,469
Profit income receivable	-	1,476,869	-	1,476,869
Amount due from Manager	-	69,825	-	69,825
Cash at bank	-	125,237	-	125,237
<b>Total financial assets</b>	<b>153,217,067</b>	<b>44,600,400</b>	<b>-</b>	<b>197,817,467</b>
<b>Financial Liabilities</b>				
Amount due to Manager	-	-	712,419	712,419
Amount due to Trustee	-	-	6,091	6,091
Amount due to broker	-	-	7,032,900	7,032,900
Other payables and accruals	-	-	29,471	29,471
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>7,780,881</b>	<b>7,780,881</b>

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

The Fund's financial assets at FVTPL are carried at fair value and revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency Malaysia Sdn Bhd.

#### (c) Fair value hierarchy

The Fund uses the following hierarchy for determining 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).

	RM	RM	RM
<b>31.08.2020</b>			
Financial assets at FVTPL	-	153,217,067	-



## MAYBANK INCOME MANAGEMENT-I FUND

### 21. FINANCIAL INSTRUMENTS (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, the Fund's financial instruments were not carried at fair value but their carrying amounts were reasonable approximations of fair value due to their short-term maturity.

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

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**(a) Introduction**

The Fund's objective in managing risk is the creation and protection of unitholders' capital. Risks are inherent in the Fund's activities, but they are managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, the SC's Guidelines on Unit Trust Fund's and the CMSA.

**(b) Market risk**

Market risk is the risk that the fair value or future cash flows of Shariah-compliant financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and security prices. However, the Fund is not exposed to currency risk as it does not hold Shariah-compliant investments denominated in currencies other than in RM as at the reporting date. The Fund is also not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

**(i) Profit rate risk**

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

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

## MAYBANK INCOME MANAGEMENT-I FUND

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

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

##### (i) Profit rate risk (cont'd)

	08.01.2020 (date of launch) to 31.08.2020	
	Changes in profit rates %	Effect on NAV (Decrease)/ Increase RM
Financial assets at FVTPL	+1	(1,532,171)
	-1	1,532,171

The impact to net income after tax is expected to be the same as the effects on NAV.

#### (c) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will default on its 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 profit, 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 Shariah-compliant financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

##### (i) Credit risk exposure

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

##### (ii) Credit risk concentration

The following tables analyse the Fund's investments in financial assets at FVTPL, cash at bank, Shariah-compliant deposits with licensed Islamic financial institutions and profit income receivables by rating categories. The ratings are obtained from RAM.

## MAYBANK INCOME MANAGEMENT-I FUND

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

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

	31.08.2020	As a percentage of NAV
	RM	%
<b>Financial assets</b>		
AAA	59,734,426	31.43
AA1	19,798,523	10.42
AA2	14,465,697	7.61
AA3	77,791,538	40.94
A1	15,593,449	8.21
A3	10,364,009	5.45
	<u>197,747,642</u>	<u>104.06</u>

#### (d) Liquidity risk

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

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

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

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

## MAYBANK INCOME MANAGEMENT-I FUND

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

	Less than 1 month RM	More than 1 month RM	Total RM
<b>31.08.2020</b>			
<b>Financial assets</b>			
Financial assets at FVTPL	-	153,217,067	153,217,067
Shariah-compliant deposits with licensed Islamic financial institutions	42,928,469	-	42,928,469
Profit income receivable	965,334	511,535	1,476,869
Amount due from Manager	69,825	-	69,825
Cash at bank	125,237	-	125,237
Total undiscounted financial assets	44,088,865	153,728,602	197,817,467
<b>Financial liabilities and unitholders' equity</b>			
Amount due to Manager	712,419	-	712,419
Amount due to Trustee	6,091	-	6,091
Amount due to broker	7,032,900	-	7,032,900
Other payables and accruals	29,471	-	29,471
Unitholders' equity	190,036,586	-	190,036,586
Total undiscounted financial liabilities and unitholders' equity	197,817,467	-	197,817,467
<b>Liquidity (gap)/surplus</b>	(153,728,602)	153,728,602	-

#### (i) Financial assets

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

#### (ii) Financial liabilities

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

## **MAYBANK INCOME MANAGEMENT-I FUND**

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

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

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

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

### **23. CAPITAL MANAGEMENT**

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

The Fund's objectives for managing capital are:

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

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

### **24. COMPARATIVES**

There are no comparative figures presented as this is the Fund's first reporting period since the Fund was launched on 8 January 2020.