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MAYBANK MALAYSIA BALANCED FUND

(Formerly known as MAYBANK BALANCED TRUST FUND)

Audited report
For the financial year ended 30 September 2020

CORPORATE INFORMATION

MANAGER

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

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Dataran Maybank

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TRUSTEE

Universal Trustee (M) Berhad (197401000629) (17540-D)

No 1, 3rd Floor

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50450 Kuala Lumpur

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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**MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)**

**Manager's report
For the financial year ended 30 September 2020**

A. Fund Information

1. Name of the Fund

Maybank Malaysia Balanced Fund (Formerly known as Maybank Balanced Trust Fund) ("Fund")

2. Type of Fund

Growth and income fund

3. Category of Fund

Balanced fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

19 September 1994 / 18 October 1994

6. Fund's investment objective

The Fund seeks to provide a balance between income and long term capital appreciation.

7. Fund distribution policy

Income distribution (if any) is declared at the end of the financial year of the Fund or for any specified period at the Manager's discretion, subject to Trustee's approval. Any distribution declared, will be reinvested as additional units. No sales charge is imposed on the reinvestment of income distribution.

8. Fund's performance benchmark

- 50% of the performance of the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI")
- 50% of Maybank 12 Months Fixed Deposit Rate

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

The principal activity of the Fund is to invest between 40% to 58% of the Fund's assets in equities, between 40% to 58% of the Fund's assets in fixed income securities and minimum of 2% of the Fund's assets in liquid assets.

10. Net income distribution for the financial year ended 30 September 2020

There was no distribution declared by the Fund during the financial year ended 30 September 2020.

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

Manager's report

For the financial year ended 30 September 2020 (cont'd)

A. Fund Information (cont'd)

11. Breakdown of unitholdings by size

Fund size

As at 30 September 2020, the size of the Fund was 76,343,650 units.

Breakdown of unitholdings as at 30 September 2020

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	3,835	51.62	7,973	10.44
5,001 to 10,000 units	1,533	20.64	9,662	12.66
10,001 to 50,000 units	1,810	24.37	33,596	44.01
50,001 to 500,000 units	248	3.34	22,781	29.84
500,001 units and above	2	0.03	2,332	3.05
Total	* 7,428	100.00	* 76,344	100.00

* Included units held under an Institutional Unit Trust Scheme Adviser

B. Performance Review

1. Key performance data of the Fund

Category	2020	2019	2018
Portfolio			
Quoted equities - local			
Construction	1.79	3.82	3.39
Consumer Products	3.13	4.99	8.60
Energy	1.66	2.58	5.30
Finance	6.91	9.33	10.52
Healthcare	5.35	0.96	2.06
Industrial Products	5.95	3.15	7.98
Plantation	2.91	1.34	3.34
Property	-	0.78	2.36
Real Estate Investment Trust ("REIT")	2.41	3.92	-
Technology	8.07	0.57	-
Telecommunications	1.50	2.81	2.76
Transportation	1.34	4.11	3.60
Utilities	2.61	3.29	2.76
Unquoted fixed income securities	50.40	47.43	43.68
Cash and other net assets	5.97	10.92	3.65
Total (%)	100.00	100.00	100.00

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

Manager's report

For the financial year ended 30 September 2020 (cont'd)

B. Performance Review (cont'd)

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

Category	2020	2019	2018
NAV (RM'000)	57,591	61,317	64,445
Units in circulation (units'000)	76,344	83,732	87,980
NAV per unit (RM)	0.7544	0.7323	0.7325
Highest NAV per unit (RM)	0.7644	0.7467	0.7948
Lowest NAV per unit (RM)	0.6256	0.6994	0.7367
Net income distributed (RM'000)	-	-	2,199
Distribution date	-	-	30/09/2018
Gross distribution per unit (sen)	-	-	2.50
Net distribution per unit (sen)	-	-	2.50
Annual total return (%) ⁽¹⁾			
- Capital growth (%)	3.02	(0.02)	(3.96)
- Income distribution (%)	-	-	3.28
Total return (%)	3.02	(0.02)	(0.68)
Benchmark (%)	(0.88)	(4.09)	2.71
Management Expense Ratio ("MER") (%) ⁽²⁾	1.95	1.76	1.91
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	0.59	0.48	0.73

Notes:

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

(2) The Fund's MER increased due to higher management expense in the current financial year under review.

(3) The Fund's PTR increased due to higher trading activities in the current financial year under review.

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

2. Performance of the Fund up to 30 September 2020

Category	1 year to 30.09.2020 %	3 years to 30.09.2020 %	5 years to 30.09.2020 %
Capital growth	3.02	(4.83)	5.30
Income distribution	-	7.49	9.57
Total return of the Fund	3.02	2.30	15.38
Benchmark	(0.88)	(2.36)	4.83
Average total return	3.02	0.76	2.90

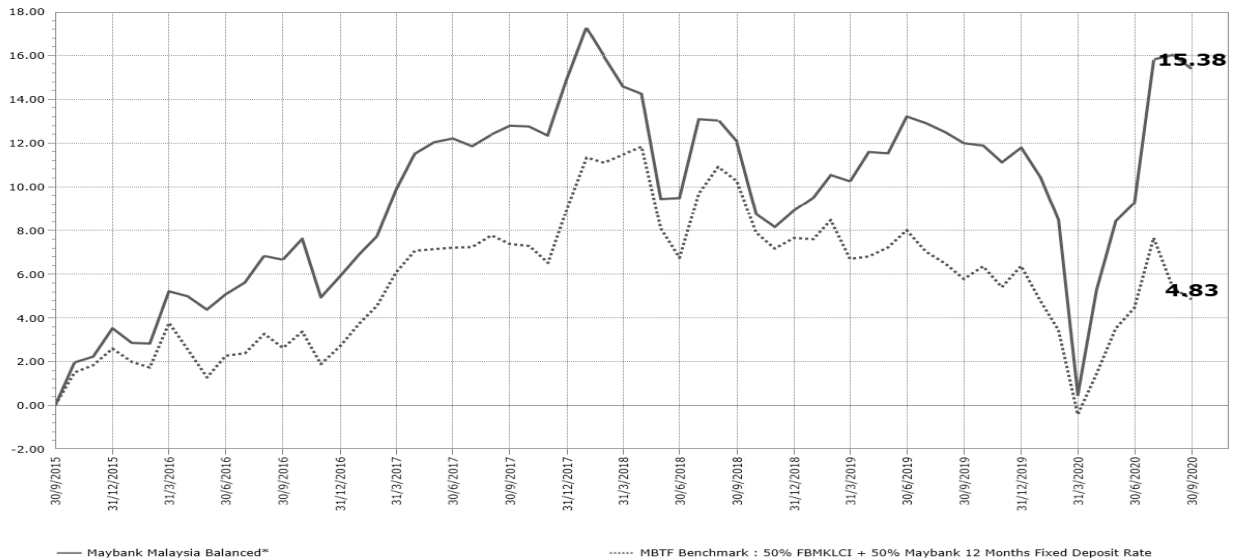
MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

Manager's report

For the financial year ended 30 September 2020 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund since inception to 30 September 2020 (cont'd)



Source : Lipper

Has the Fund met its objective?

For the period under review, the Fund managed to outperform its benchmark. Dividend was declared for financial year ending 2016, 2017, and 2018 but not in 2019 and 2020. In summary, the Fund did not meet its objective.

3. Annual total return of the Fund

For the financial period/year	2020 %	2019 %	2018 %	2017 %	2016 %
Capital growth	3.02	(0.02)	(3.96)	1.74	4.65
Income distribution	-	-	3.28	4.00	2.00
Total return	3.02	(0.02)	(0.68)	5.74	6.65
Benchmark	(0.88)	(4.09)	2.71	4.64	2.63

**MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)**

**Manager's report
For the financial year ended 30 September 2020 (cont'd)**

B. Performance Review (cont'd)

4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

C. Market Review

Equity Market Review

During the year under review, most equity markets posted mixed performances. With United States ("US") hitting new highs in year 2020, the Dow Jones and S&P500 registered positive returns of 3.2% and 13.0% respectively for the period. However, Euro Stoxx 50 registered a loss of 10.5% for the period. Regionally, markets were mixed as well, with China, Japan and Taiwan up at 10.8%, 6.6% and 15.6% respectively but the other markets were down with Philippines being the biggest loser, down 24.6%, followed by Thailand -24.4%, Indonesia -21.1%, Singapore -21.0% and Hong Kong -10.1%.

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

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

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

MAYBANK MALAYSIA BALANCED FUND
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Manager's report

For the financial year ended 30 September 2020 (cont'd)

C. Market Review (cont'd)

Equity Market Review (cont'd)

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

Domestically, the large cap FBM KLCI Index closed -5.0% for the year, while the broader market FBM Emas Index also posted a loss of 3.3%. Meanwhile, the FBM SmallCap Index managed to register a smaller loss of 1.1% for the period. Malaysia began the Movement Control Order ("MCO") in March 2020 to stem the rising COVID-19 cases and announced a stimulus package worth RM250 billion ("bln") (17% of Gross Domestic Product ("GDP")) to help cushion the blow from the pandemic. During the period under review, the Bank Negara Malaysia ("BNM") has cut the policy rate four times (January, March, May and July 2020) to 1.75% as well as other measures such as an automatic 6-month moratorium on loan repayments. In addition to the COVID-19 pandemic, the local market's sell down was exacerbated by a change in government at the end of February 2020 without going through an election, causing political uncertainties. This was achieved when several political parties joined forces to form a new government called Perikatan Nasional by claiming majority seats in the Dewan Rakyat, the lower chamber of the Parliament of Malaysia. For the period, foreign funds have taken out RM25.5bln net worth of equities with a massive outflow in the month of March 2020 amounting to RM5.5bln.

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

MAYBANK MALAYSIA BALANCED FUND
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Manager's report

For the financial year ended 30 September 2020 (cont'd)

C. Market Review (cont'd)

Fixed Income and Money Market Review (cont'd)

The Malaysian bond market rallied over the period under review, dominated by risk-off mode amidst COVID-19 fears globally. The New Year saw the Malaysian bond market supported by the surprise 25 basis point ("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 COVID-19 scare on global growth. The Malaysian bond market continued its rally in February 2020, despite the short sell-off in the final week of the month due to the domestic political drama that saw the resignation of the 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 MCO in March 2020 resulted in economic activities to temporarily halt while BNM forecasted Malaysia GDP to dropped 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 bln in liquidity into the banking system. A total stimulus package of RM295 bln was announced to help individuals and 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 yield curve steepened month-on-month in June 2020, as the shorter dated govies 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 surprise 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 2bps to 35bps. 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 2020 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%).

MAYBANK MALAYSIA BALANCED FUND
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Manager's report

For the financial year ended 30 September 2020 (cont'd)

C. Market Review (cont'd)

Fixed Income and Money Market Review (cont'd)

There were some buying activities post-GDP announcement but the buying activity was short-lived, as the local bond market tracked rising global bond yields amidst lack of fresh market catalysts. The Malaysian sovereign bond market sold off further in September, as BNM kept its OPR unchanged at 1.75%. In addition, market was cautious leading up to FTSE Russell's decision on Malaysia bond weightage in the World Global Bond Index ("WGBI"), in which it announced it retained Malaysia under its Watch List for possible reclassification from Market Accessibility Level 2 to 1.

Foreign inflow into Ringgit bonds continued to increase in September 2020 but at a much slower pace of RM0.5 billion ("bln") compared to August 2020 RM3.0 bln, July 2020 RM7.1 bln, and June 2020 RM11.6 bln. This brings YTD cumulative flows to +RM4.8 bln. This resulted in a slight drop in foreign share in MGS and MGS+GII at 38.8% and 23.8% respectively (August 2020: 39.2% and 24.0% respectively).

D. Market Outlook and Strategy

Equity outlook & strategy

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

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

**MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)**

Manager's report

For the financial year ended 30 September 2020 (cont'd)

D. Market Outlook and Strategy (cont'd)

Fixed income outlook & strategy

The current COVID-19 pandemic is negatively affecting the economic activities on the global scale resulting in central banks and governments resorting to monetary and fiscal approach to combat the slowdown effect. BNM had revised Malaysia 2020 growth expectation lower to between -3.5% to -5.5%, following a very weak second quarter 2020 GDP number of contraction of -17.1% year-on-year. BNM had also cut OPR by a total of 125 bps this year, as well as made changes to SRR to allow banks to use MGS and GII for SRR compliance. While most economies have started to reopen, growth outlook remains challenging. Rates are expected to stay lower for longer, with the US Fed indicating that it expects zero interest rate through to at least financial year 2022 and that a recovery of employment back to pre-COVID 19 is the key indicator. Meanwhile, BNM kept OPR at 1.75% in its latest meeting in September 2020, with the pause seen as a dovish pause, with policy bias tilted to easing rather tightening. 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.

Strategy wise, we believe the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers. We are looking to be neutral duration relative to the Thomson Reuters BPA Malaysia ("TRBPAM") Sukuk Index given our expectation that yields will stay low for longer, as global growth outlook remains challenging. We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' 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.

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

The name of the Fund has been changed to Maybank Malaysia Balanced Fund.

F. Soft Commissions and Rebates

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

During the financial year ended 30 September 2020, the Manager and its delegates did not receive any rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to unitholders.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK MALAYSIA BALANCED FUND (formerly known as MAYBANK BALANCED TRUST FUND) FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

We, Universal Trustee (M) Berhad ("the Trustee"), being the Trustee for Maybank Malaysia Balanced Fund (formerly known as Maybank Balanced Trust Fund) ("the Fund"), are of the opinion that Maybank Asset Management Sdn Bhd ("the Manager"), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 30 September 2020.

In our opinion:

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed, Supplemental Deeds, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws during the financial year ended 30 September 2020;
- (b) Valuation/pricing of units of the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee

UNIVERSAL TRUSTEE (M) BERHAD (197401000629) (17540-D)

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur, Malaysia
18 November 2020

STATEMENT BY MANAGER

TO THE UNITHOLDERS OF MAYBANK MALAYSIA BALANCED FUND (formerly known as MAYBANK BALANCED TRUST FUND) FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

We, Dato' Idris Bin Kechot 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 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 Malaysia Balanced Fund (formerly known as Maybank Balanced Trust Fund) as at 30 September 2020 and of its results, changes in equity and cash flows for the financial year ended 30 September 2020 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dato' Idris Bin Kechot
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
18 November 2020

**Independent auditors' report to the Unitholders of
Maybank Malaysia Balanced Fund
(Formerly known as Maybank Balanced Trust Fund)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia Balanced Fund (formerly known as Maybank Balanced Trust Fund) (the "Fund"), which comprise the statement of financial position as at 30 September 2020 of the Fund, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 54.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2020, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

Maybank Asset Management Sdn Bhd, (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon which is expected to be made available to us after the date of this auditors' report.

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

**Independent auditors' report to the Unitholders of
Maybank Malaysia Balanced Fund
(Formerly known as Maybank Balanced Trust 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 Malaysia Balanced Fund
(Formerly known as Maybank Balanced Trust 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.
- 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 Malaysia Balanced Fund
(Formerly known as Maybank Balanced Trust 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
18 November 2020

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 RM	2019 RM
INCOME			
Dividend income		800,199	944,804
Interest income	3	1,378,916	1,588,476
Net gain/(loss) on fair value changes of fair value through profit or loss ("FVTPL") investments			
- Unrealised gain/(loss)		3,085,078	(547,620)
- Realised loss		(2,386,611)	(854,171)
Other income		-	6,000
		<u>2,877,582</u>	<u>1,137,489</u>
EXPENSES			
Manager's fee	4	856,485	948,464
Trustee's fee	5	28,826	30,969
Auditors' remuneration		10,000	10,500
Tax agent's fee		4,800	4,795
Brokerage and other transaction fees		90,308	85,722
Administrative expenses		212,338	116,391
		<u>1,202,757</u>	<u>1,196,841</u>
NET INCOME/(LOSS) BEFORE TAXATION		1,674,825	(59,352)
TAXATION	6	(7,293)	(3,461)
NET INCOME/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>1,667,532</u>	<u>(62,813)</u>
Total comprehensive income/(loss) for the financial year is made up of the following:			
Realised (loss)/gain		(1,417,546)	484,807
Unrealised gain/(loss)		3,085,078	(547,620)
		<u>1,667,532</u>	<u>(62,813)</u>

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Financial assets at FVTPL	7	54,154,939	54,620,257
Deposit with a licensed financial institution	8	3,293,000	6,414,000
Interest receivable		336,747	275,059
Dividend receivable		43,449	127,762
Cash at bank		12,216	1,595
TOTAL ASSETS		<u>57,840,351</u>	<u>61,438,673</u>
LIABILITIES			
Amount due to Manager	9	86,667	97,952
Amount due to Trustee	10	2,381	2,508
Other payables and accruals	11	159,875	20,986
TOTAL LIABILITIES		<u>248,923</u>	<u>121,446</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>57,591,428</u>	<u>61,317,227</u>
EQUITY			
Unitholders' capital	12(a)	121,311,471	126,704,802
Accumulated losses	12(b)&(c)	<u>(63,720,043)</u>	<u>(65,387,575)</u>
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		<u>57,591,428</u>	<u>61,317,227</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	12(a)	<u>76,343,650</u>	<u>83,731,532</u>
NAV PER UNIT		<u>0.7544</u>	<u>0.7323</u>

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Unitholders' capital Note 12(a) RM	Accumulated losses Note 12(b) & 12(c) RM	Total equity RM
At 1 October 2019	126,704,802	(65,387,575)	61,317,227
Total comprehensive income for the financial year	-	1,667,532	1,667,532
Creation of units	44,295	-	44,295
Cancellation of units	(5,437,626)	-	(5,437,626)
At 30 September 2020	<u>121,311,471</u>	<u>(63,720,043)</u>	<u>57,591,428</u>
At 1 October 2018	129,769,708	(65,324,762)	64,444,946
Total comprehensive loss for the financial year	-	(62,813)	(62,813)
Creation of units	20,063	-	20,063
Reinvestment of units	2,199,497	-	2,199,497
Cancellation of units	(5,284,466)	-	(5,284,466)
At 30 September 2019	<u>126,704,802</u>	<u>(65,387,575)</u>	<u>61,317,227</u>

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from disposal of investments	34,464,439	33,465,202
Net payment for purchase of investments	(33,422,641)	(27,539,100)
Interest received	1,296,712	1,576,817
Net dividend received	877,217	1,088,817
Other income received	-	6,000
Manager's fee paid	(864,149)	(974,334)
Trustee's fee paid	(26,507)	(31,096)
Other expenses paid	(36,052)	(228,960)
Net cash generated from operating and investing activities	<u>2,289,019</u>	<u>7,363,346</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	44,295	20,063
Payments for cancellation of units	(5,443,693)	(5,338,378)
Net cash used in financing activities	<u>(5,399,398)</u>	<u>(5,318,315)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,110,379)	2,045,031
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	6,415,595	4,370,564
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>3,305,216</u>	<u>6,415,595</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	12,216	1,595
Deposits with a licensed financial institution (Note 8)	3,293,000	6,414,000
	<u>3,305,216</u>	<u>6,415,595</u>

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Malaysia Balanced Fund (formerly known as Maybank Balanced Trust Fund) ("Fund") was constituted pursuant to the execution of a Deed dated 14 September 1994 ("Principal Deed") between Amanah Mutual Berhad as the Manager and Universal Trustee (Malaysia) Berhad as the Trustee. The following Supplemental Deeds have been issued between Amanah Mutual Berhad ("AMB") and the Trustee:

- First Supplemental deed dated 16 April 1999
- Second Supplemental deed dated 23 March 2000
- Third Supplemental deed dated 28 May 2001
- Forth Supplemental deed dated 8 February 2002
- Fifth Supplemental deed dated 12 September 2003
- Sixth Supplemental deed dated 26 May 2005
- Seventh Supplemental deed dated 26 July 2016
- Eighth Supplemental Deed dated 4 September 2018

The Fund commenced operations on 19 September 1994 and will continue to be in operation until terminated by the Trustee as provided under the Deeds. The Fund's strategy provides a careful selection between listed equities and listed/unlisted fixed income securities carrying a minimum short term credit rating of P2 or long term credit rating of A3 by RAM or equivalent rating by any other rating agencies.

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

MAM, the replacement Manager, and Universal Trustee (Malaysia) Berhad as the Trustee had entered into a Ninth Supplemental Deed dated 11 July 2019 to change the name of the Fund. The Deed and Supplemental Deeds are hereinafter referred to as "Deeds".

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

The financial statements were authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the directors on 18 November 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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

2.1 Basis of preparation (cont'd)

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year.

The adoption of the new pronouncements did not result in any material impact to the financial statements.

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

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

2.2 Standards and amendments to standards issued but not yet effective

The following are Standards and 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 7, MFRS 9 and MFRS 139: <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendment to MFRS 16: <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform Phase 2</i>	1 January 2021
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
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.

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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

2.3 Financial instruments (cont'd)

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

2.4 Financial assets

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

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

(i) Financial assets at amortised cost

The Fund classifies cash and cash equivalents, dividend receivable and interest receivables 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 and loss over the relevant period.

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

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

(ii) Financial assets at FVTPL

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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

2.4 Financial assets (cont'd)

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

A financial asset is recognised at FVTPL if:

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

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. Accumulated unrealised gains or losses are reclassified to realised gains or losses when the associated assets are sold.

Interest income on debt instruments and dividend income on equity securities classified as FVTPL are disclosed separately in the profit or loss.

(iii) Impairment of financial assets

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. 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.

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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

2.4 Financial assets (cont'd)

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

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

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

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

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

(iv) Derecognition of financial assets

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

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

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

2.5 Financial liabilities

(i) Classification

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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

2.5 Financial liabilities (cont'd)

(ii) Recognition and measurement

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

(iii) Derecognition of financial liabilities

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

2.6 Fair value measurement

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

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

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

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

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

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

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

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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

2.6 Fair value measurement (cont'd)

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

2.7 Functional and presentation currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). The financial statements are presented in 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.

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 an adjustment to the unitholders’ capital. A proposed distribution is recognised as a liability in the 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.

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

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

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 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.

Interest income from unquoted fixed income securities includes amortisation of premium and accretion of discount, and is recognised using the effective interest method.

Interest income from short-term deposits is recognised on the accruals basis using the effective interest rate method.

Dividend income is recognised when the right to receive is established.

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

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

Other income (e.g. consent fee) is recognised on an accrual basis when the right to receive is established.

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. Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

In some jurisdictions, investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant to the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income.

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

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST 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.

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

3. INTEREST INCOME

	2020	2019
	RM	RM
Interest income from unquoted fixed income securities	1,359,623	1,438,650
Interest income from short-term deposits	105,287	219,492
Amortisation of premium, net of accretion of discount	(85,994)	(69,666)
	<u>1,378,916</u>	<u>1,588,476</u>

4. MANAGER'S FEE

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

5. TRUSTEE'S FEE

The Trustee's fee is computed daily based on the following table before deducting the Manager's fee and Trustee's fee for that particular day:

NAV of the Fund	Rate p.a. (%)	
	2020	2019
First RM20 million	0.06	0.06
Next RM20 million	0.05	0.05
Next RM20 million	0.04	0.04
Next RM20 million	0.03	0.03
Next RM20 million	0.02	0.02
Any amount in excess of RM100 million	0.01	0.01

6. TAXATION

	2020	2019
	RM	RM
Tax expense for the financial year:		
Current income tax expense	<u>7,293</u>	<u>3,461</u>

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

6. TAXATION (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable income for the financial period. The tax expense for the financial period is in relation to the taxable income earned by the Fund after deducting tax allowable expenses.

In accordance with Schedule 6 of the Income Tax Act 1967, interest income and dividend income earned by the Fund is exempted from tax.

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

	2020	2019
	RM	RM
Net income/(loss) before taxation	<u>1,674,825</u>	<u>(59,352)</u>
Taxation at Malaysian statutory rate of 24% (2019: 24%)	401,958	(14,244)
Income not subject to tax	(1,263,406)	(609,427)
Loss not deductible for tax purposes	572,787	336,430
Expenses not deductible for tax purposes	288,661	287,241
Income tax at source	<u>7,293</u>	<u>3,461</u>
Tax expense for the financial year	<u>7,293</u>	<u>3,461</u>

7. FINANCIAL ASSETS AT FVTPL

Designated at FVTPL at inception:

	Note	2020	2019
		RM	RM
Quoted equities	(a)	25,126,456	25,540,347
Unquoted fixed income securities	(b)	<u>29,028,483</u>	<u>29,079,910</u>
		<u>54,154,939</u>	<u>54,620,257</u>

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities				
Construction				
Gamuda Bhd	196,623	639,321	686,214	1.19
IJM Corporation Bhd	240,800	528,948	346,752	0.60
	437,423	1,168,269	1,032,966	1.79
Consumer Products				
Ajinomoto (Malaysia) Bhd	6,500	104,591	105,300	0.18
DRB-Hicom Bhd	112,600	214,400	235,334	0.41
Dutch Lady Milk Industries Bhd	9,800	620,340	381,416	0.66
Fraser & Neave Holdings Bhd	17,800	608,945	571,380	0.99
Genting Malaysia Bhd	188,900	668,307	392,912	0.68
Magnum Bhd	57,267	145,142	120,261	0.21
	392,867	2,361,725	1,806,603	3.13
Energy				
Dialog Group Bhd	171,900	513,831	654,939	1.14
Serba Dinamik Holdings Bhd	63,400	146,727	103,976	0.18
Wah Seong Corporation Bhd	441,597	519,207	196,511	0.34
	676,897	1,179,765	955,426	1.66
Finance				
CIMB Group Holdings Bhd	172,825	927,926	532,301	0.92
Hong Leong Bank Bhd	53,300	994,967	801,632	1.39
Hong Leong Financial Group Bhd	10,000	190,916	142,800	0.25
Malayan Banking Bhd *	135,407	1,265,695	977,639	1.70
Public Bank Bhd	46,983	1,067,726	737,633	1.28
RHB Bank Bhd	172,600	908,789	788,782	1.37
	591,115	5,356,019	3,980,787	6.91

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Healthcare				
Kossan Rubber Industries Bhd	110,200	803,052	1,507,536	2.62
Top Glove Corporation Bhd	189,300	929,428	1,571,190	2.73
	<u>299,500</u>	<u>1,732,480</u>	<u>3,078,726</u>	<u>5.35</u>
Industrial Products				
ATA IMS Bhd	193,500	296,829	338,625	0.59
Cahaya Mata Sarawak Bhd	141,300	480,720	173,799	0.30
Dufu Technology Corp. Bhd	121,600	183,477	397,632	0.69
Press Metal Aluminium Holdings Bhd	114,200	580,528	586,988	1.02
Sam Engineering and Equipment (M) Bhd	12,900	91,700	88,365	0.15
Sunway Bhd	295,200	484,929	404,424	0.70
Thong Guan Industries Bhd	139,900	538,940	723,283	1.26
V.S. Industry Bhd	315,200	381,573	715,504	1.24
	<u>1,333,800</u>	<u>3,038,696</u>	<u>3,428,620</u>	<u>5.95</u>
Plantation				
Kuala Lumpur Kepong Bhd	25,016	561,506	570,365	0.99
Sarawak Oil Palms Bhd	156,900	593,599	558,564	0.97
Sime Darby Plantation Bhd	59,400	303,778	299,970	0.52
TSH Resources Bhd	260,200	294,000	247,190	0.43
	<u>501,516</u>	<u>1,752,883</u>	<u>1,676,089</u>	<u>2.91</u>
Real Estate Investment Trust ("REIT")				
Axis REIT	402,885	717,218	870,232	1.51
IGB REIT	283,900	526,241	516,698	0.90
	<u>686,785</u>	<u>1,243,459</u>	<u>1,386,930</u>	<u>2.41</u>

MAYBANK MALAYSIA BALANCED FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Technology				
Frontken Corp Bhd	221,900	341,881	803,278	1.39
Globetronics Technology Bhd	235,600	552,257	624,340	1.08
Inari Amerton Bhd	382,900	685,070	873,012	1.52
Malaysian Pacific Industries Bhd	45,900	440,176	862,920	1.50
Pentamaster Corporation Bhd	78,600	233,124	377,280	0.66
Vitrox Corp Bhd	90,500	799,236	1,104,100	1.92
	<u>1,055,400</u>	<u>3,051,744</u>	<u>4,644,930</u>	<u>8.07</u>
Telecommunications				
Axiata Group Bhd	185,817	933,224	548,160	0.95
Telekom (M) Bhd	76,990	446,331	317,969	0.55
	<u>262,807</u>	<u>1,379,555</u>	<u>866,129</u>	<u>1.50</u>
Transportation				
Lingkar Trans Kota Holdings Bhd	193,200	818,374	768,936	1.34
Utilities				
Taliworks Corporation Bhd	678,900	627,496	570,276	0.99
Tenaga Nasional Bhd	88,575	1,256,760	930,038	1.62
	<u>767,475</u>	<u>1,884,256</u>	<u>1,500,314</u>	<u>2.61</u>
Total quoted equities	<u>7,198,785</u>	<u>24,967,225</u>	<u>25,126,456</u>	<u>43.63</u>

MAYBANK MALAYSIA BALANCED FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities				
Automotive				
DRB-Hicom - 4.85% / 11.12.2026	900,000	900,000	917,685	1.59
Bank				
Affin Islamic Bank Bhd - 5.05% / 23.10.2028	1,000,000	1,005,509	1,040,170	1.80
Sabah Development Bank - 5.30% / 27.04.2023	700,000	700,815	742,035	1.29
Public Islamic Bank Bhd - 3.75% / 31.10.2029	1,500,000	1,500,000	1,547,520	2.69
	<u>3,200,000</u>	<u>3,206,324</u>	<u>3,329,725</u>	<u>5.78</u>
Commodities				
Pengurusan Air SPV Bhd - 3.9% / 30.10.2029	1,700,000	1,700,000	1,821,329	3.16
Sarawak Energy Bhd - 3.30% / 14.06.2030	1,400,000	1,400,000	1,425,858	2.48
	<u>3,100,000</u>	<u>3,100,000</u>	<u>3,247,187</u>	<u>5.64</u>
Conglomerate				
MNRB Holdings Bhd - 5.20% / 22.03.2029	400,000	412,662	416,532	0.72
MMC Corporation Bhd - 5.70% / 24.03.2028	2,500,000	2,608,373	2,793,650	4.85
	<u>2,900,000</u>	<u>3,021,035</u>	<u>3,210,182</u>	<u>5.57</u>

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities (cont'd)				
Toll				
ANIH Bhd - 5.22% / 29.11.2022	5,000,000	5,095,668	5,257,900	9.13
PLUS Bhd - 5.00% / 11.01.2030	1,000,000	1,034,549	1,149,050	1.99
	<u>6,000,000</u>	<u>6,130,217</u>	<u>6,406,950</u>	<u>11.12</u>
Port				
Penang Port Bhd - 4.48% / 27.12.2029	700,000	742,422	765,975	1.33
Power				
Cypark Ref Sdn Bhd - 5.32% / 30.06.2031	2,300,000	2,346,277	2,508,794	4.36
Tanjung Bin Power Sdn Bhd - 5.28% / 16.08.2027	500,000	513,551	562,745	0.98
Quantum Solar Park Malaysia - 5.16% / 06.10.2022	1,100,000	1,121,230	1,127,940	1.96
	<u>3,900,000</u>	<u>3,981,058</u>	<u>4,199,479</u>	<u>7.30</u>
Property				
Gamuda Land Bhd - 3.75% / 12.08.2027	700,000	700,000	704,403	1.22
IJM Land Bhd - 4.73% / 17.03.2119	1,350,000	1,352,623	1,343,075	2.33
- 5.65% / 17.03.2119	1,100,000	1,100,000	1,151,194	2.00

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities (cont'd)				
Property (cont'd)				
UEM Sunrise Bhd - 4.00% / 09.06.2023	800,000	800,000	809,384	1.41
	<u>3,950,000</u>	<u>3,952,623</u>	<u>4,008,056</u>	<u>6.96</u>
Real Estate				
Country Garden Real Estate Bhd - 6.40% / 18.03.2022	1,300,000	1,300,000	1,360,099	2.36
- 6.40% / 06.05.2022	1,100,000	1,100,000	1,154,834	2.01
- 5.25% / 27.03.2025	400,000	400,000	428,311	0.74
	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,943,244</u>	<u>5.11</u>
Total unquoted fixed income securities	<u>27,450,000</u>	<u>27,833,679</u>	<u>29,028,483</u>	<u>50.40</u>
Total FVTPL investments	<u>34,648,785</u>	<u>52,800,904</u>	<u>54,154,939</u>	<u>94.03</u>
Unrealised gain on FVTPL investments			<u>1,354,035</u>	

MAYBANK MALAYSIA BALANCED FUND
(Formerly known as MAYBANK BALANCED TRUST FUND)

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities				
Construction				
Gabungan AQRS Bhd	864,874	1,372,394	1,081,093	1.76
Gamuda Bhd	193,400	627,718	715,580	1.17
IJM Corporation Bhd	139,200	309,817	304,848	0.50
MGB Bhd	371,700	658,236	241,605	0.39
	<u>1,569,174</u>	<u>2,968,165</u>	<u>2,343,126</u>	<u>3.82</u>
Consumer Products				
DRB Hicom Bhd	265,900	506,297	630,183	1.03
Dutch Lady Milk Industries Bhd	9,800	620,340	588,000	0.96
Genting Malaysia Bhd	137,700	504,657	417,231	0.68
MBM Resources Bhd	74,100	242,110	292,695	0.48
UMW Holdings Bhd	231,700	1,451,180	1,130,696	1.84
	<u>719,200</u>	<u>3,324,584</u>	<u>3,058,805</u>	<u>4.99</u>
Energy				
Dialog Group Bhd	402,400	1,202,826	1,368,160	2.23
Velesto Energy Bhd	647,700	210,503	213,741	0.35
	<u>1,050,100</u>	<u>1,413,329</u>	<u>1,581,901</u>	<u>2.58</u>
Finance				
Aeon Credit Service (M) Bhd	42,000	629,429	612,360	1.00
CIMB Group Holdings Bhd	122,618	669,233	616,769	1.01
Hong Leong Bank Bhd	27,800	556,617	454,808	0.74
Hong Leong Financial Group Bhd	10,000	190,916	162,600	0.26
Malayan Banking Bhd *	209,607	1,959,267	1,783,756	2.91
Public Bank Bhd	55,583	1,278,716	1,116,107	1.82
RHB Bank Bhd	172,600	908,789	973,464	1.59
	<u>640,208</u>	<u>6,192,967</u>	<u>5,719,864</u>	<u>9.33</u>

MAYBANK MALAYSIA BALANCED FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Healthcare				
Kossan Rubber Industries Bhd	73,500	307,899	314,580	0.51
Supermax Corporation Bhd	172,900	265,279	276,640	0.45
	<u>246,400</u>	<u>573,178</u>	<u>591,220</u>	<u>0.96</u>
Industrial Products				
Cahaya Mata Sarawak Bhd	238,800	812,427	644,760	1.05
Petronas Chemicals Group Bhd	72,400	589,046	545,896	0.89
UEM Edgenta Bhd	2,800	8,260	9,856	0.02
V.S. Industry Bhd	540,400	624,106	729,540	1.19
	<u>854,400</u>	<u>2,033,839</u>	<u>1,930,052</u>	<u>3.15</u>
Plantation				
IOI Corporation Bhd	186,100	850,838	824,423	1.34
Property				
S P Setia Bhd	350,578	1,192,325	476,786	0.78
Real Estate Investment Trust ("REIT")				
Axis REIT	576,300	1,029,366	1,066,155	1.74
IGB REIT	234,000	417,232	477,360	0.78
KLCC Property Holdings Bhd	106,700	830,633	861,069	1.40
	<u>917,000</u>	<u>2,277,231</u>	<u>2,404,584</u>	<u>3.92</u>
Technology				
Inari Amerton Bhd	193,500	313,204	352,170	0.57

MAYBANK MALAYSIA BALANCED FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities (cont'd)				
Telecommunications				
Axiata Group Bhd	327,825	1,651,089	1,409,648	2.30
Telekom (M) Bhd	87,790	586,669	316,044	0.51
	<u>415,615</u>	<u>2,237,758</u>	<u>1,725,692</u>	<u>2.81</u>
Transportation				
Lingkaran Trans Kota Holdings Bhd	193,200	818,374	871,332	1.42
Malaysia Airports Holdings Bhd	114,000	996,854	986,100	1.61
MMC Corporation Bhd	623,600	638,013	661,016	1.08
	<u>930,800</u>	<u>2,453,241</u>	<u>2,518,448</u>	<u>4.11</u>
Utilities				
Ranhill Holdings Bhd	356,200	432,497	427,440	0.70
Taliworks Corporation Bhd	678,900	627,496	631,377	1.03
Tenaga Nasional Bhd	69,975	1,000,383	954,459	1.56
	<u>1,105,075</u>	<u>2,060,376</u>	<u>2,013,276</u>	<u>3.29</u>
Total quoted equities	<u>9,178,150</u>	<u>27,891,035</u>	<u>25,540,347</u>	<u>41.65</u>
(b) Unquoted fixed income securities				
Bank				
Affin Islamic Bank Bhd - 5.05% / 23.10.2028	1,000,000	1,007,022	1,037,940	1.69
Sabah Development Bank - 5.30% / 27.04.2023	700,000	701,113	733,579	1.20
	<u>1,700,000</u>	<u>1,708,135</u>	<u>1,771,519</u>	<u>2.89</u>

MAYBANK MALAYSIA BALANCED FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities (cont'd)				
Conglomerate				
UMW Holdings Bhd - 4.65% / 13.09.2023	3,000,000	3,066,444	3,101,010	5.06
Toll				
Anih Bhd - 6.00% / 29.11.2028	800,000	877,315	920,368	1.50
- 5.22% / 29.11.2022	5,000,000	5,137,286	5,223,050	8.52
PLUS Bhd - 5.00% / 11.01.2030	1,000,000	1,037,498	1,106,980	1.80
	<u>6,800,000</u>	<u>7,052,099</u>	<u>7,250,398</u>	<u>11.82</u>
Plantation				
Kuala Lumpur Kepong Bhd - 4.00% / 02.09.2022	5,000,000	4,980,267	5,063,700	8.26
- 3.75% / 27.09.2029	1,000,000	1,000,000	990,130	1.61
	<u>6,000,000</u>	<u>5,980,267</u>	<u>6,053,830</u>	<u>9.87</u>
Power				
Sarawak Energy Bhd - 4.50% / 19.01.2022	2,000,000	2,000,386	2,047,640	3.34
Tanjung Bin Power Sdn Bhd - 5.28% / 16.08.2027	500,000	515,184	540,280	0.88
	<u>2,500,000</u>	<u>2,515,570</u>	<u>2,587,920</u>	<u>4.22</u>

MAYBANK MALAYSIA BALANCED FUND
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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Unquoted fixed income securities (cont'd)				
Property				
IJM Land Bhd				
- 4.73% / 17.03.2119	1,350,000	1,352,688	1,354,346	2.21
- 5.65% / 17.03.2119	1,100,000	1,100,000	1,164,086	1.90
IOI Properties Group				
- 5.05% / 05.09.2025	1,200,000	1,273,221	1,273,884	2.08
	<u>3,650,000</u>	<u>3,725,909</u>	<u>3,792,316</u>	<u>6.19</u>
Real Estate				
Aman Sukuk Bhd				
- 4.25% / 20.10.2023	2,000,000	2,011,841	2,056,460	3.35
Country Garden Real Estate Bhd				
- 6.40% / 18.03.2022	1,300,000	1,300,000	1,335,437	2.18
- 6.40% / 06.05.2022	1,100,000	1,100,000	1,131,020	1.85
	<u>4,400,000</u>	<u>4,411,841</u>	<u>4,522,917</u>	<u>7.38</u>
Total unquoted fixed income securities	<u>28,050,000</u>	<u>28,460,265</u>	<u>29,079,910</u>	<u>47.43</u>
Total FVTPL investments	<u>37,228,150</u>	<u>56,351,300</u>	<u>54,620,257</u>	<u>89.08</u>
Unrealised loss on FVTPL investments			<u>(1,731,043)</u>	

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

MAYBANK MALAYSIA BALANCED FUND
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8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2020	2019
	RM	RM
Short-term placement with a licensed financial institution		
- less than 3 months	3,293,000	6,414,000

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

	2020		2019	
	WAEIR	Average	WAEIR	Average
	% p.a.	maturity	% p.a.	maturity
		Days		Days
Deposits with maturity of:				
- less than 3 months	1.75	1	3.05	1

9. AMOUNT DUE TO MANAGER

	Note	2020	2019
		RM	RM
Amount due to Manager is in respect of:			
Manager's fee	(i)	70,856	76,074
Cancellation of units	(ii)	15,811	21,878
		<u>86,667</u>	<u>97,952</u>

(i) Amount due to Manager relates to the amount payable to the Fund Manager arising from the accruals for Manager's fee at the end of the financial period. The normal credit term for Manager's fee is 15 days (2019: 15 days).

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

10. AMOUNT DUE TO TRUSTEE

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

11. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2020	2019
	RM	RM
Due to external auditors	11,554	11,554
Due to tax agent	5,247	4,500
Other payables	143,074	4,932
	<u>159,875</u>	<u>20,986</u>

MAYBANK MALAYSIA BALANCED FUND
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12. TOTAL EQUITY

	Note	2020 RM	2019 RM
Unitholders' capital	(a)	121,311,471	126,704,802
Accumulated realised loss	(b)	(54,693,272)	(53,275,726)
Accumulated unrealised loss	(c)	(9,026,771)	(12,111,849)
		<u>57,591,428</u>	<u>61,317,227</u>

(a) Unitholders' capital

	2020		2019	
	Units	RM	Units	RM
At the beginning of the financial year	83,731,532	126,704,802	87,979,885	129,769,708
Creation of units	59,097	44,295	27,249	20,063
Reinvestment of units	-	-	3,006,009	2,199,497
Cancellation of units	(7,446,979)	(5,437,626)	(7,281,611)	(5,284,466)
At the end of the financial year	<u>76,343,650</u>	<u>121,311,471</u>	<u>83,731,532</u>	<u>126,704,802</u>

(b) Accumulated realised losses

	2020 RM	2019 RM
At the beginning of the financial year	(53,275,726)	(53,760,533)
Net realised (loss)/income for the financial year	(1,417,546)	484,807
At the end of the financial year	<u>(54,693,272)</u>	<u>(53,275,726)</u>

(c) Accumulated unrealised losses

	2020 RM	2019 RM
At the beginning of the financial year	(12,111,849)	(11,564,229)
Net unrealised income/(loss) for the financial year	3,085,078	(547,620)
At the end of the financial year	<u>(9,026,771)</u>	<u>(12,111,849)</u>

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13. TRANSACTIONS WITH BROKERS / DEALERS

Transactions of brokers/dealers for the current and previous financial year are as follows:

	Value of Trade RM	Percentage of Total Trade %	Brokerage Fees RM	Percentage of Brokerage Fees %
2020				
RHB Investment Bank Bhd	16,400,000	24.55	-	-
MIBB*	7,700,000	11.53	-	-
UOB Kay Hian Securities (M) Sdn Bhd	4,339,797	6.50	8,707	14.22
TA Securities Bhd	4,274,385	6.40	4,324	7.06
Affin Hwang Investment Bank Bhd	4,090,697	6.12	8,214	13.41
Kenanga Investment Bank Bhd	3,760,428	5.63	7,562	12.35
Nomura Securities (M) Sdn Bhd	3,638,357	5.45	7,277	11.88
Public Investment Bank Bhd	3,023,080	4.53	6,046	9.87
Hong Leong Bank Bhd	2,500,000	3.74	-	-
CIMB Islamic Bank Bhd	2,000,000	2.99	-	-
Others	15,074,182	22.57	19,118	31.21
	<u>66,800,926</u>	<u>100.00</u>	<u>61,248</u>	<u>100.00</u>
2019				
TA Securities Bhd	8,656,850	14.85	8,669	15.27
Alliance Bank Malaysia Bhd	7,232,752	12.40	-	-
RHB Investment Bank Bhd	5,649,185	9.69	4,613	8.13
Nomura Securities (M) Sdn Bhd	4,158,825	7.13	8,337	14.69
Hong Leong Bank Bhd	3,373,068	5.78	-	-
CIMB Bank Bhd	3,345,684	5.74	-	-
MIBB*	3,154,462	5.41	6,382	11.24
Hong Leong Investment Bank Bhd	3,112,415	5.34	5,979	10.53
JF Apex Securities Bhd	2,458,893	4.22	2,552	4.50
Standard Chartered Bank (M) Bhd	2,400,000	4.12	-	-
Others	14,770,450	25.32	20,238	35.64
	<u>58,312,584</u>	<u>100.00</u>	<u>56,770</u>	<u>100.00</u>

* MIBB is a subsidiary of Malayan Banking Bhd ("MBB"), the ultimate holding company of the Manager.

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14. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

Other than those disclosed elsewhere in the financial statements, the following is the significant related party transaction and balances of the Fund during the financial year.

	2020	2019
	RM	RM
(i) Significant related party transaction		
<u>MBB</u>		
Interest income from deposits	103,873	205,561
Dividend income	<u>52,809</u>	<u>132,808</u>
(ii) Significant related party balances		
<u>MBB</u>		
Deposit with a licensed financial institution	<u>3,293,000</u>	<u>6,414,000</u>
Interest receivables	<u>158</u>	<u>536</u>
Dividend receivable	<u>-</u>	<u>52,402</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 with unrelated parties.

15. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 September 2020, the MER of the Fund stood at 1.95% (2019: 1.76%).

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16. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 September 2020, the PTR of the Fund stood at 0.59 times (2019: 0.48 times).

17. SEGMENT INFORMATION

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

The PMC is responsible for the performance of the Fund by investing between 40% to 58% of the Fund's assets in equities, 40% to 58% in fixed income securities and minimum of 2% of the Fund's assets in liquid assets.

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

The internal reporting for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. There were no changes in the reportable operating segments during the financial year.

18. 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.

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18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

2020	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Financial assets at FVTPL	54,154,939	-	-	54,154,939
Deposit with a licensed financial institution	-	3,293,000	-	3,293,000
Interest receivable	-	336,747	-	336,747
Dividend receivable	-	43,449	-	43,449
Cash at bank	-	12,216	-	12,216
Total financial assets	54,154,939	3,685,412	-	57,840,351
Liabilities				
Amount due to Manager	-	-	86,667	86,667
Amount due to Trustee	-	-	2,381	2,381
Other payables and accruals	-	-	159,875	159,875
Total financial liabilities	-	-	248,923	248,923
2019				
Assets				
Financial assets at FVTPL	54,620,257	-	-	54,620,257
Deposit with a licensed financial institution	-	6,414,000	-	6,414,000
Interest receivable	-	275,059	-	275,059
Dividend receivable	-	127,762	-	127,762
Cash at bank	-	1,595	-	1,595
Total financial assets	54,620,257	6,818,416	-	61,438,673
Liabilities				
Amount due to Manager	-	-	97,952	97,952
Amount due to Trustee	-	-	2,508	2,508
Other payables and accruals	-	-	20,986	20,986
Total financial liabilities	-	-	121,446	121,446

(b) Financial instruments that are carried at fair value

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

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18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

Quoted equities

The fair value of quoted investments in shares are determined by reference to the last bid price on Bursa Malaysia as at the statement of financial position date.

Unquoted fixed income equities

fair value prices quoted by Bond Pricing Agency ("BPA") as per SC's Guidelines on Unit Trust Funds.

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

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

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

(d) Fair value hierarchy

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Quoted equities	25,126,456	-	-	25,126,456
Unquoted fixed income securities	-	29,028,483	-	29,028,483
2019				
Quoted equities	25,540,347	-	-	25,540,347
Unquoted fixed income securities	-	29,079,910	-	29,079,910

MAYBANK MALAYSIA BALANCED FUND
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19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unit Trust Funds and CMSA.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is not exposed to foreign currency risk as it does not hold any financial assets denominated in foreign currency as at reporting date.

(i) Equity price risk

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

Equity price risk sensitivity

Management's best estimate of the effect on profit for the year and NAV due to a reasonable change in equity index, with all other variables held constant is indicated in the table below:

	2020		2019	
	Changes in equity price %	Effects on NAV Increase/ (Decrease) RM	Changes in equity price %	Effects on NAV Increase/ (Decrease) RM
Quoted equities	+ 5	1,256,323	+ 5	1,277,017
	- 5	(1,256,323)	- 5	(1,277,017)

The impact to the Fund's NAV and income/(loss) after taxation is expected to be the same.

Equity price risk concentration

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

MAYBANK MALAYSIA BALANCED FUND
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19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Market risk (cont'd)

(ii) Interest rate risk

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

Interest rate risk sensitivity

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

	2020		2019	
	Changes in	Effects on	Changes in	Effects on
	interest rates	NAV	interest rates	NAV
	%	Increase/ (Decrease) RM	%	Increase/ (Decrease) RM
Unquoted fixed	+1	(1,314,924)	+1	(2,026,447)
income securities	-1	1,412,230	-1	2,304,298

The impact to the Fund's NAV and income/(loss) after taxation is expected to be the same.

The Fund's deposits with licensed financial institutions carry a fixed rate and therefore is not affected by movements in market interest rates.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

MAYBANK MALAYSIA BALANCED FUND
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19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

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

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

2020	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	25,126,456	29,028,483	54,154,939
Deposit with a licensed financial institution	3,293,000	-	3,293,000
Interest receivable	27,838	308,909	336,747
Dividend receivable	43,449	-	43,449
Cash at bank	12,216	-	12,216
Total undiscounted financial assets	<u>28,502,959</u>	<u>29,337,392</u>	<u>57,840,351</u>
Financial liabilities:			
Amount due to Manager	86,667	-	86,667
Amount due to Trustee	2,381	-	2,381
Other payables and accruals	159,875	-	159,875
Unitholders' equity	57,591,428	-	57,591,428
Total undiscounted financial liabilities and unitholders' equity	<u>57,840,351</u>	<u>-</u>	<u>57,840,351</u>
Liquidity (gap)/surplus	<u>(29,337,392)</u>	<u>29,337,392</u>	<u>-</u>

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

(c) Liquidity risk (cont'd)

2019	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	25,540,347	29,079,910	54,620,257
Deposit with a licensed financial institution	6,414,000	-	6,414,000
Interest receivable	60,477	214,582	275,059
Dividend receivable	127,762	-	127,762
Cash at bank	1,595	-	1,595
Total undiscounted financial assets	32,144,181	29,294,492	61,438,673
Financial liabilities:			
Amount due to Manager	97,952	-	97,952
Amount due to Trustee	2,508	-	2,508
Other payables and accruals	20,986	-	20,986
Unitholders' equity	61,317,227	-	61,317,227
Total undiscounted financial liabilities and unitholders' equity	61,438,673	-	61,438,673
Liquidity (gap)/surplus	(29,294,492)	29,294,492	-

Notes:

(i) Financial assets

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

(ii) Financial liabilities

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

(iii) Unitholders' capital

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

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

(d) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. 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 payments of interest and dividends, 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 counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

(i) Credit risk exposure

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

(ii) Credit quality of financial assets

Besides investing in quoted equities, the Manager is also eligible to invest in liquid assets including money market instruments issued by Malaysian issuers and Malaysian financial institutions and placement in licensed financial institutions. There will be no minimum rating stipulated for the licensed financial institutions on the placement in deposits.

(iii) Credit risk concentration

The following table analyses the Fund's investment in unquoted fixed income securities, deposits with financial institutions, interest receivable and cash at bank by rating categories. The rating is obtained from RAM Holdings Bhd's official website.

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

(d) Credit risk (cont'd)

(iii) Credit risk concentration (cont'd)

	2020		2019	
	RM	Percentage of NAV %	RM	Percentage of NAV %
Financial assets				
AAA	7,754,213	12.65	9,628,393	15.70
AA1	2,329,246	3.80	8,884,804	14.49
AA2	5,913,283	9.64	11,178,107	18.23
AA3	10,610,675	17.30	2,497,581	4.07
A1	3,566,009	5.82	1,060,154	1.73
A2	2,497,021	4.07	2,521,526	4.11
	<u>32,670,447</u>	<u>53.28</u>	<u>35,770,565</u>	<u>58.33</u>

20. 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:

- To invest in investments meeting the description, risk exposure and expected returns as indicated in its prospectus;
- To achieve consistent returns while safeguarding capital by using various investment strategies;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- 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 and previous financial year.