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MAYBANK ASIAN CREDIT INCOME FUND

Unaudited interim report
For the financial period from 7 July 2020 (date of launch)
to 31 October 2020

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)
Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
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TRUSTEE

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MAYBANK ASIAN CREDIT INCOME FUND

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MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 31 October 2020

A. Fund Information

1. Name of the Fund

Maybank Asian Credit Income Fund (the "Fund")

2. Type of Fund

Fixed Income

3. Category of Fund

Feeder Fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

7 July 2020 / 7 August 2020

6. Fund's investment objective

The Fund aims to maximise investment returns by investing in the Target Fund, the Maybank Asian Income Fund.

7. Fund distribution policy

Income (if any) shall be distributed bi-monthly basis at the discretion of the Manager, subject to Trustee's approval. Distribution will be made from realised income and realised gains of the Fund.

8. Fund's performance benchmark

70% of FTSE Bursa Malaysia KLCI ("FBM KLCI") and 30% of MSCI Asia Pacific ex-Japan Index

9. The Fund's asset allocation policy

The principal activity of the Fund is to investing a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets.

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

The Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in MYR Class (Dist) - SGD of the Target Fund. The Target Fund is a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds. The Fund will use derivatives such as currency forwards for hedging purposes to manage the currency risk of the Fund's investments and the Classes not denominated in MYR. Although the Fund is passively managed by us, we will ensure proper and efficient management of the Fund so that the Fund is able to meet redemption requests by Unit Holders.

11. Net income distribution for the financial period from 7 July 2020 (date of launch) to 31 October 2020

The Fund did not declare any income distribution for the financial period from 7 July 2020 (date of launch) to 31 October 2020.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 31 October 2020 (cont'd)

A. Fund Information (cont'd)

11. Breakdown of unitholdings by size

Fund size

As at 31 October 2020, the size of the Fund was 129,257,720 units

Units in Circulation by Class	No. of units
MYR Class	128,367,088
SGD (Hedged) Class	890,632
Total	129,257,720

Breakdown of unitholdings by Class of Units as at 31 October 2020

MYR Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	25.00	1	-
10,001 to 50,000 units	1	25.00	20	0.02
500,001 units and above	2	50.00	128,346	99.98
Total	*	4	128,367	100.00

SGD (Hedged) Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	1	0.11
500,001 units and above	1	50.00	890	99.89
Total	2	100.00	891	100.00

B. Performance Review

1. Key performance data of the Fund

Category	31.10.2020
Portfolio	
Collective investment scheme (%)	96.53
Cash and other net assets (%)	3.47
Total (%)	<u>100.00</u>
MYR Class	
NAV (RM'000)	129,064
Units in circulation (units'000)	128,367
NAV per unit (RM)	1.0054
Highest NAV per unit (RM)	1.0090
Lowest NAV per unit (RM)	0.9965

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 31 October 2020 (cont'd)

B. Performance Review (cont'd)

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

Category	31.10.2020
MYR Class (cont'd)	
Annual total return (%) ⁽¹⁾	
- Capital growth (%)	0.54
- Income distribution (%)	-
Total return (%)	0.54
Benchmark (%)	1.89
SGD (Hedged) Class	
NAV (RM'000)	2,705
Units in circulation (units'000)	891
NAV per unit (SGD)	0.9989
Highest NAV per unit (SGD)	1.0040
Lowest NAV per unit (SGD)	0.9930
Annual total return (%) ⁽¹⁾	
- Capital growth (%)	(0.11)
- Income distribution (%)	-
Total return (%)	(0.11)
Benchmark (%)	1.89

Notes:

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

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

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 31 October 2020 (cont'd)

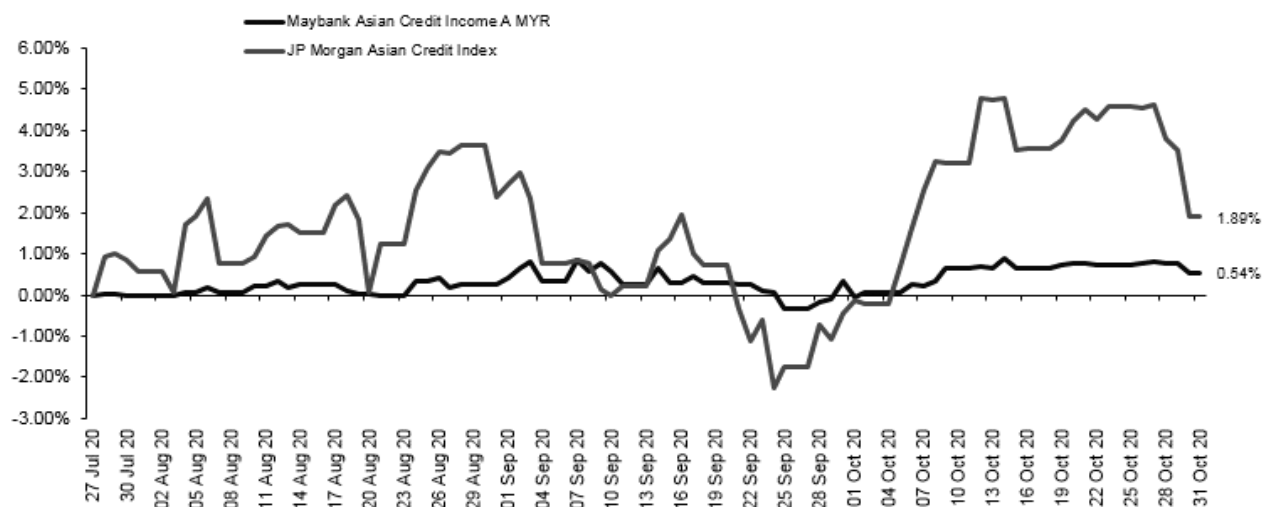
B. Performance Review (cont'd)

2. Performance of the Fund up to 31 October 2020

Returns of the different classes and its benchmark for the financial period ended 31 October 2020 are as follows:

(a) MYR Class

Category	07.07.2020 (date of launch) to 31.10.2020 %
Capital growth	0.54
Income distribution	-
Total return of the Fund	0.54
Benchmark	1.89
Average total return	-



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 October 2020

(b) SGD (Hedged) Class

Category	07.07.2020 (date of launch) to 31.10.2020 %
Capital growth	(0.11)
Income distribution	-
Total return of the Fund	(0.11)
Benchmark	1.89
Average total return	-

MAYBANK ASIAN CREDIT INCOME FUND

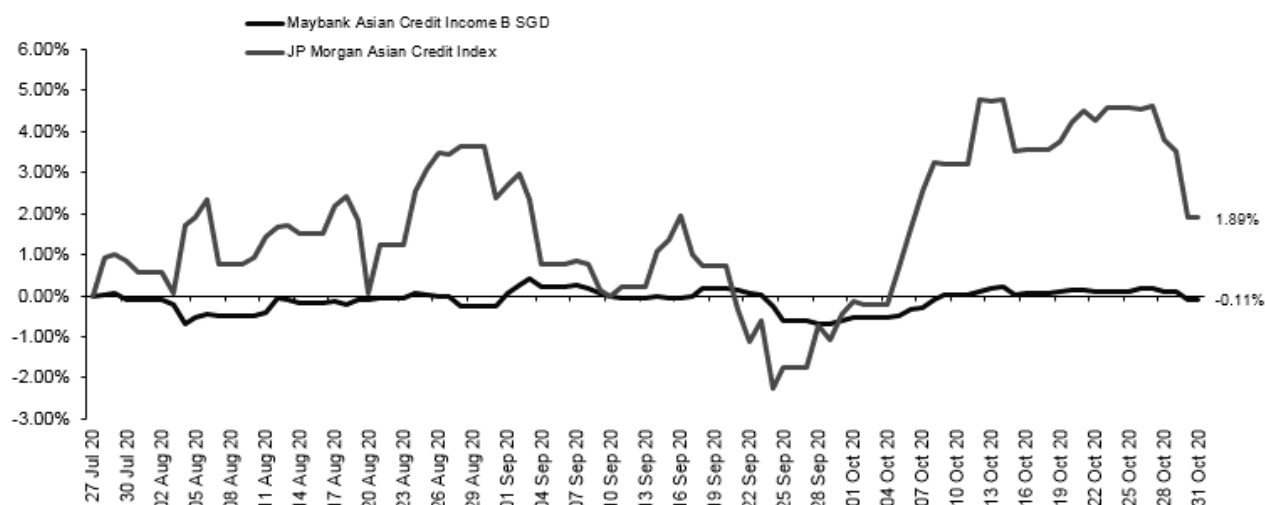
Manager's report

For the financial period from 7 July 2020 (date of launch) to 31 October 2020 (cont'd)

B. Performance Review (cont'd)

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

(b) SGD (Hedged) Class (cont'd)



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 October 2020

3. Annual total return of the Fund

MYR Class

For the financial period ended	31.10.2020 %
Capital growth	0.54
Income distribution	-
Total return	0.54
Benchmark	1.89

SGD (Hedged) Class

For the financial period ended	31.10.2020 %
Capital growth	(0.11)
Income distribution	-
Total return	(0.11)
Benchmark	1.89

4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 31 October 2020 (cont'd)

C. Market Review

United States ("US") Commerce Department's reported that their Gross Domestic Product ("GDP") shrank 9.5% in the second quarter from the first, casting doubt over its path to economic recovery. The US unemployment data also took a turn unexpectedly rose to 1.4 million ending the declining trend in the past week. However, US consumer spending continue to rise in June 2020 to 5.6% as more businesses reopened. The Eurozone GDP also contracted by 12.1% in the 2Q2020 but Project Management Institute ("PMI") (Flash composite purchasing manager) number showed an increase to 54.8 from 48.5 indicating that activities are in expansion mode given that it's above 50. The European Union ("EU") recovery fund which was mooted in June was also approved whereby it will be made up of EUR 390 billion ("b") of grants and EUR 360b of loans to be distributed among EU member states.

The global equity market rallied with Standard & Poor's ("S&P") reached new peak at the back of optimistic on the development of the vaccines along with signs of an economic turnaround in the 3Q2020. The US – China relationship however took a downturn as what began as the two nations exchanging trade blows has now developed into restriction on diplomats and military posturing. Positively, the ongoing standoff was overshadowed through the month by US economic data that suggest that the economic recovery is continuing. In Europe, the recovery momentum seen to slow down as PMI number for the month of August 2020 came out lower at 51.6 vs last month number. Nonetheless the number is still above 50 suggesting economy remain in expansion mode.

The US economy continues to recovery and Federal Reserve ("Fed") will now use average inflation targeting ("AIT") in setting the policy interest rate, allowing for temporary overshoots in inflation. The new policy means the Fed is willing to wait until inflation has gone above 2% until it responds. Furthermore, the latest dot plot – the Fed's own projection of the future path of interest rates - suggests that policymakers see rates at the zero lower bound through to and including 2023. However, US markets was seen jittery in the quarter amid a resurgence in European Coronavirus Disease 2019 ("COVID-19") cases, as well as questions over refreshed fiscal stimulus measures along with uncertainty over a smooth transition of power if President Trump loses his re-election bid.

US equities declined in October 2020, primarily due to the continued rise in COVID-19 cases in many states. Market optimism over additional fiscal stimulus also waxed and waned, contributing to stock market movements. As the deadline for stimulus negotiations drew near, the unpredictability of the 3 November 2020 presidential election added to the wider sense of uncertainty. President Trump hinted more than once that stimulus would be announced post the election, should he win a second term. From an economic perspective, data continued to indicate industrial activity was expanding in both the manufacturing and service sectors. Initial jobless claims also reached their lowest number since March 2020. Even so, the Fed maintained the message that it will keep rates unchanged until inflation stabilizes at 2%, and will tolerate a moderate overshoot. Further, the Fed reiterated that additional fiscal stimulus was required. In Europe, data showed that the eurozone economy expanded by 12.7% in the 3Q2020 as activity rebounded over the summer. However, this still leaves the economy 4.3% smaller than it was at the same time last year and expectations are that the new lockdowns will weigh on economic activity in the coming months. Indeed, business activity contracted in October 2020 according to the Markit composite PMI which fell to 49.4. from 50.4 in September 2020.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 31 October 2020 (cont'd)

D. Market Outlook & Strategy

October 2020 has been a month full of negative news: US stimulus package did not get negotiated on time and will likely only resume after the US Elections. COVID-19 cases is soaring again in Europe and US and peoples are worried that the second/third wave is going to be worse than the first wave. Hospitals are getting full. Europe has started to impose tighter lockdowns. In addition, we were in the last month before US elections and sentiment was jittery. In the midst of all these negative news and uncertainty, United States Treasury ("UST") 10 year sold off about 20 basis points ("bps") during the month. We also saw many new issues during this volatility which pushed spreads wider. During October 2020 we maintained duration around 4 years and did some switches between BBB bonds for A rated bonds. Cash level is at 10% and high yield maintained at 35%.

Entering into US election week we wanted to position even more defensively against a Blue sweep outcome which would be negative for long end interest rates but still supportive for credit spreads. On 2 November 2020, we reduced some long end bonds but added to corporate perpetual and high yield bonds. Cash level maintained at 10%. On 5 November 2020 morning results began to indicate a Biden win but with Senate control remaining with Republicans (meaning no blue sweep). This could be the best outcome possible for Asian corporate bonds. With Biden as President, relationships with China should improve while without control of the Senate, Republicans will not be able to unilaterally pass through huge stimulus plans that will steepen bond yield curves. In this scenario, the US Fed will also have to do more to support the economy. We added to bonds after US elections and cash is currently under 5%.

Going into FY2021, we remain positive for bond investments. The macro fundamentals are supportive for bonds given that interest rates will stay low for longer. Credit stress have likely peaked and should trend lower even as we re-enter targeted partial lockdowns as most companies have adapted their business models in the new normal and central banks stand ready to continue supporting their economies through this crisis. In addition, we are getting closer to an efficacious and safe vaccine in FY2021. For FY2021, we expect 5% to 6% annualized returns on the JP Morgan Credit Index which is attractive for investors in the current low interest rate environment. The index yield is around 3% and we expect tightening of 30bps to 50bps, which will translate to potential price gain of 2%. Hence, we encourage Investors to add or remain invested in bonds.

E. Soft Commissions and Rebates

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

During the financial period ended 31 October 2020, the Manager and its delegates did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK ASIAN CREDIT INCOME FUND FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 31 OCTOBER 2020

We have acted as Trustee of Maybank Asian Credit Income Fund (the "Fund") for the financial period from 7 July 2020 (Date of Launch) to 31 October 2020. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For and on behalf of

TMF TRUSTEES MALAYSIA BERHAD

(Company No: 200301008392/ 610812-W)

NORHAYATI BINTI AZIT

DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia

4 December 2020

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK ASIAN CREDIT INCOME FUND
FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 31 OCTOBER 2020**

I, Ahmad Najib Bin Nazlan, being a Director of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134 Interim Financial Reporting and International Accounting Standards 34 Interim Financial Reporting so as to give a true and fair view of the financial position of the Maybank Asian Credit Income Fund as at 31 October 2020 and of its results, changes in equity and cash flows for the financial period from 7 July 2020 (date of launch) to 31 October 2020 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
4 December 2020

MAYBANK ASIAN CREDIT INCOME FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 31 OCTOBER 2020**

	Note	07.07.2020 (date of launch) to 31.10.2020 RM
INVESTMENT INCOME		
Dividend income		1,142,100
Interest income		29,286
Net loss on fair value through profit or loss ("FVTPL")	7(c)	
- Unrealised loss		(887,855)
Net gain on foreign exchange and forward currency contracts	3	<u>321,779</u>
		<u>605,310</u>
EXPENSES		
Manager's fee	4	68,090
Trustee's fee	5	16,341
Auditors' remuneration		3,246
Tax agent's fee		1,136
Administrative expenses		<u>2,248</u>
		<u>91,061</u>
Net income before taxation		514,249
Taxation	6	<u>-</u>
Net income after taxation, and total comprehensive income for the financial period		<u>514,249</u>
Net income after taxation is made up of the following:		
Net realised loss		(148,631)
Net unrealised income		<u>662,880</u>
		<u>514,249</u>

MAYBANK ASIAN CREDIT INCOME FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020**

	Note	31.10.2020 RM
ASSETS		
Financial assets at FVTPL	7	127,203,025
Deposits with a licensed financial institution	8	4,887,175
Dividend receivables		422,189
Interest receivables		469
Amount due from Manager	9	490,196
Derivative assets	10	1,251,498
Cash at bank	11	655,849
TOTAL ASSETS		<u>134,910,401</u>
LIABILITIES		
Amount due to Manager	9	32,313
Amount due to brokers	12	3,040,300
Amount due to Trustee	13	6,549
Derivative liabilities	10	57,616
Other payables and accruals	14	4,382
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>3,141,160</u>
NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS OF THE FUND		
		<u>131,769,241</u>
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' contribution	15(a)	131,254,992
Retained earnings	15(b) & (c)	514,249
		<u>131,769,241</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- MYR Class	15(a)	128,367,088
- SGD (Hedged) Class	15(a)	890,632
		<u>129,257,720</u>
NAV PER UNIT		
- MYR Class (MYR)	15(a)	1.0054
- SGD (Hedged) Class (SGD)	15(a)	<u>0.9989</u>

MAYBANK ASIAN CREDIT INCOME FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 31 OCTOBER 2020**

	Unitholders' contribution Note 15(a) RM	Retained earnings Note 15(b) & 15(c) RM	Net assets attributable to unitholders RM
At 7 July 2020 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	514,249	514,249
Creation of units	133,332,844	-	133,332,844
Cancellation of units	(2,077,852)	-	(2,077,852)
At 31 October 2020	<u>131,254,992</u>	<u>514,249</u>	<u>131,769,241</u>

MAYBANK ASIAN CREDIT INCOME FUND

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 31 OCTOBER 2020

	07.07.2020 (date of launch) to 31.10.2020 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES	
Net proceeds from disposal of financial assets at FVTPL	1,000
Net payments for purchase of financial assets at FVTPL	(125,530,132)
Net realised income on forward foreign exchange contract	1,040
Interest income received	28,817
Dividend income received	719,394
Manager's fee paid	(40,806)
Trustee's fee paid	(9,793)
Payment of other fees and expenses	(2,254)
Net cash used in operating and investing activities	<u>(124,832,734)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	132,834,521
Payments for cancellation of units	(2,072,833)
Net cash generated from financing activities	<u>130,761,688</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	5,928,954
CASH AND CASH EQUIVALENTS AT DATE OF LAUNCH	-
Effect of foreign exchange	<u>(385,930)</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>5,543,024</u>
Cash and cash equivalents comprise of:	
Cash at bank (Note 11)	655,849
Deposits with a licensed financial institution with maturity of less than 3 months (Note 8)	4,887,175
	<u>5,543,024</u>

MAYBANK ASIAN CREDIT INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 31 OCTOBER 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Asian Credit Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 22 May 2020 between the Manager, Maybank Asset Management Sdn Bhd ("MAM") and the Trustee, TMF Trustee Malaysia Bhd.

The Fund aims to achieve long-term consistent positive return by investing in the Maybank Asian Income Fund ("Target Fund") offered in Singapore.

The Target Fund is constituted as a unit trust in Singapore established on 24 November 2014. The investment manager of the Target Fund is Maybank Asset Management Singapore Pte. Ltd. ("MAMS") a fully owned subsidiary of Maybank Asset Management Group Berhad and is licensed and regulated by the Monetary Authority of Singapore. The investment objective of the Target Fund is to provide investors with capital growth and income primarily through investing in a portfolio of Asian fixed income securities and U.S. government debt.

The principal activity of the Fund is to investing a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets. The Target Fund is a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds.

The Fund launched 2 share classes of units as at the date of this report, which are MYR Class and SGD (Hedged) Class.

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").

MAYBANK ASIAN CREDIT INCOME FUND

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 Standard 134: Interim Financial Reporting ("MFRS 134") and International Accounting Standards 34 Interim Financial Reporting.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial period from 7 July 2020 (date of launch) to 31 October 2020. The adoption of the above did not result in material impact to the financial statements.

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 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 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 initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

MAYBANK ASIAN CREDIT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, interest receivables, dividend receivables, amount due from broker and amount due from Manager as financial assets 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 assets and of allocating and recognising the interest income in profit or 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 collective investment scheme are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is recognised at FVTPL if:

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.4 Financial assets (cont'd)

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

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

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

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

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

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

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

(iv) Derecognition of financial assets

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.4 Financial assets (cont'd)

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

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

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

2.5 Financial liabilities

Classification

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

Recognition and measurement

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

The EIR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the interest expense in profit or loss over the relevant period.

Derecognition

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.6 Unitholders' contribution

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.6 Unitholders' contribution (cont'd)

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

2.7 Revenue / Income

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

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 payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Realised gain on disposal of investments is measured as the difference between the net proceeds and its carrying amount.

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

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposits with licensed financial institution with maturities of 3 months or less, which have an insignificant risk of changes in value.

2.9 Distributions

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.10 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 rate based upon the taxable income 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.

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

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 for the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income.

2.11 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 or transfer the liability takes place either:

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

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

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

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

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.11 Fair value measurement (cont'd)

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

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

2.12 Functional and foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

2.13 Segment reporting

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

2.14 Significant accounting estimates and judgements

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

No major 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 ASIAN CREDIT INCOME FUND

3. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

	07.07.2020 (date of launch) to 31.10.2020 RM
Net unrealised gain on foreign exchange	356,853
Net realised loss on foreign exchange	(1,229,996)
Net unrealised gain on forward foreign exchange contracts	1,193,882
Net realised income on forward foreign exchange contracts	1,040
	<u>321,779</u>

4. MANAGER'S FEE

The Manager's fee is computed daily up to 1.25% 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

If the Fund is invested locally only, the Trustee's fee is computed up to 0.06% p.a. (including local custodian fee) of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, calculated on a daily basis.

6. TAXATION

	07.07.2020 (date of launch) to 31.10.2020 RM
Current income tax expense	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 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 earned by the Fund is exempted from tax. Dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

MAYBANK ASIAN CREDIT INCOME FUND

6. TAXATION (CONT'D)

	07.07.2020 (date of launch) to 31.10.2020 RM
Net income before taxation	<u>514,249</u>
Taxation at Malaysian statutory rate of 24%	123,420
Income not subject to tax	(145,274)
Expenses not deductible for tax purposes	<u>21,854</u>
Tax expense for the financial period	<u>-</u>

7. FINANCIAL ASSETS AT FVTPL

	07.07.2020 (date of launch) to 31.10.2020 RM
Collective investment scheme	<u>127,203,025</u>

	Quantity Unit	Note Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Financial assets at FVTPL				
Collective Investment Scheme				
31.10.2020				
Maybank Asian Income Fund	<u>40,842,416</u>	<u>128,567,251</u>	<u>127,203,025</u>	<u>96.53</u>
Unrealised loss on financial assets at FVTPL *			<u>(1,364,226)</u>	

* The unrealised loss on quoted equities comprise the amounts arising from changes in fair values and effects from foreign exchange.

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

MAYBANK ASIAN CREDIT INCOME FUND

8. DEPOSITS WITH A LICENSED FINANCIAL INSTITUTION

	31.10.2020
	RM
Deposits with a licensed financial institution with maturity of:	
- less than 3 months	<u>4,887,175</u>

The weighted average effective interest rates ("WAEIR") p.a. and average maturity of deposits with licensed financial institution as at the reporting date were as follows:

	31.10.2020	
	WAEIR	Average
	% p.a.	maturity
		Days
Deposits with maturity of		
less than 3 months	<u>1.75</u>	<u>1</u>

9. AMOUNT DUE FROM/(TO) MANAGER

		31.10.2020
		RM
Amount due from Manager is in respect of:		
Creation of units	(i)	<u>490,196</u>
Amount due to Manager is in respect of:		
Manager's fee	(ii)	27,286
Cancellation of units	(iii)	<u>5,027</u>
		<u>32,313</u>

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

(ii) The amount 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.

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

10. DERIVATIVE ASSETS/(LIABILITIES)

As at the reporting date, there were no outstanding forward currency contracts. The notional principal amount of the outstanding forward currency contracts as at 31 October 2020 amounted to RM134,876,520.

The details of the forward foreign exchange contracts as at 31 October 2020 is shown below:

	Notional	<-----Fair Value----->	
	principal		
<u>Forward currency contracts</u>	amount	Assets	Liabilities
	RM	RM	RM
31.10.2020			
- Less than 1 year	<u>134,876,520</u>	<u>1,251,499</u>	<u>57,616</u>

The Fund entered into forward currency contracts to hedge the Fund's exposure to foreign currencies, arising mainly from subscriptions in the SGD (hedged) Class. As the Fund did not adopt hedge accounting during the financial period, the change in the fair value of the forward currency contracts is recognised in the statement of comprehensive income.

MAYBANK ASIAN CREDIT INCOME FUND

11. CASH AT BANK

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

	31.10.2020
	RM
Singapore dollar ("SGD")	577,496
RM	78,353
	<u>655,849</u>

12. AMOUNT DUE FROM/(DUE TO) BROKERS

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

13. AMOUNT DUE TO TRUSTEE

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

14. OTHER PAYABLES AND ACCRUALS

Includes in other payables and accruals are :

	31.10.2020
	RM
Due to external auditors	3,246
Due to tax agent	1,136
	<u>4,382</u>

MAYBANK ASIAN CREDIT INCOME FUND

15. NAV ATTRIBUTABLE TO UNITHOLDERS

	Note	07.07.2020 (date of launch) to 31.10.2020 RM
Unitholders' contribution	(a)	131,254,992
Accumulated realised loss	(b)	(148,631)
Accumulated unrealised income	(c)	662,880
		<u>131,769,241</u>

(a) Unitholders' contribution

The units are distributed based on the following share classes:

	07.07.2020 (date of launch) to 31.10.2020	
	Units	RM
(i) MYR Class	128,367,088	128,526,746
(ii) SGD (Hedged) Class	890,632	2,728,246
	<u>129,257,720</u>	<u>131,254,992</u>

(i) MYR Class

	07.07.2020 (date of launch) to 31.10.2020	
	Units	RM
As at beginning of the financial period	-	-
Creation of units	130,427,617	130,598,257
Cancellation of units	(2,060,529)	(2,071,511)
As at end of the financial period	<u>128,367,088</u>	<u>128,526,746</u>

(ii) SGD (Hedged) Class

	07.07.2020 (date of launch) to 31.10.2020	
	Units	RM
As at beginning of the financial period	-	-
Creation of units	892,708	2,734,587
Cancellation of units	(2,076)	(6,341)
As at end of the financial period	<u>890,632</u>	<u>2,728,246</u>

As at end of financial period, there were no units held by the Manager or parties related to the Manager.

MAYBANK ASIAN CREDIT INCOME FUND

15. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

(b) Accumulated realised loss

	07.07.2020 (date of launch)
	to
	31.10.2020
	RM
At the beginning of the financial period	-
Net realised loss for the financial period	(148,631)
At the end of the financial period	<u>(148,631)</u>

(c) Accumulated unrealised income

	07.07.2020 (date of launch)
	to
	31.10.2020
	RM
At the beginning of the financial period	-
Net unrealised loss for the financial period	662,880
At the end of the financial period	<u>662,880</u>

16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of transactions with broker/dealer for the current financial period are as follows:

07.07.2020 (date of launch) to 31.10.2020	Value of trade	Percent of total trade
	RM	%
BNP Paribas Hong Kong	<u>117,575,641</u>	<u>100.00</u>

17. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

In addition to the related party information disclosed elsewhere in the financial statements, there are no other significant related party transaction and balances of the Fund during the financial period.

MAYBANK ASIAN CREDIT INCOME FUND

17. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES (CONT'D)

	07.07.2020 (date of launch) to 31.10.2020 RM
(i) <u>Significant related party transaction</u>	
<u>MAMS:</u>	
Dividend income from investment in quoted equity	<u>1,142,100</u>
	31.10.2020
(ii) <u>Significant related party balances</u>	RM
<u>MAMS:</u>	
Investment in quoted equity	127,203,025
Dividend Receivables	422,189
	<u>127,625,214</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.

18. SEGMENT REPORTING

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

The PMC is responsible for the performance of the Fund by investing a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets.

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

19. FAIR VALUE HIERARCHY

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

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

	Level 1 RM	Level 2 RM	Level 3 RM
31.10.2020			
Financial assets at FVTPL	<u>127,203,025</u>	<u>-</u>	<u>-</u>

20. UNITHOLDERS' CONTRIBUTION MANAGEMENT

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

The Fund's objectives for managing capital are:

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