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MAYBANK MALAYSIA BALANCED-I FUND

(Formerly known as MAYBANK DANA IKHLAS)

Annual report
For the financial year ended 30 November 2020

CORPORATE INFORMATION

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MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

CONTENTS **PAGE**

Manager's report	1 - 11
Trustee's report	12
Statement by Manager	13
Report of the Shariah Adviser	14
Independent auditors' report	15 - 18
Statement of comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Statement of cash flows	22
Notes to the financial statements	23 - 59

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

Manager's report
For the financial year ended 30 November 2020

A. Fund Information

1. **Name of the Fund**
   Maybank Malaysia Balanced-I Fund (formerly known as Maybank Dana Ikhlas) ("the Fund")

2. **Type of Fund**
   Income and Growth Fund (Shariah)

3. **Category of Fund**
   Balanced Fund

4. **Duration of the Fund**
   The Fund is an open-ended Fund.

5. **Fund launch date / commencement date**
   17 September 2002 / 8 October 2002

6. **Fund's investment objective**
   The investment objective of the Fund is to attain a mix of regular income stream and possible capital growth via investments in Shariah-compliant listed equities, sukuk and other assets that are permissible under the Shariah Principles.

7. **Fund distribution policy**
   Income distribution, if any, is declared at the end of the financial year of the Fund or for any specified period, as may be determined by the Manager subject to the approval from the trustee. Distribution declared, if any, will be reinvested as additional units without sales charge.

8. **Fund's performance benchmark**
   A combination of:
   - 50% of the FTSE Bursa Malaysia EMAS Shariah Index ("FBMS Index") and
   - 50% of the Maybank 12 months General Investment Account-i ("GIA-i") tier 1 rate

   Note:
   Prior to 17 September 2017, the benchmark was a combination of 50% of the FBMS Index and 50% of the 12-month GIA rates of commercial banks.

9. **The Fund's investment policy and principal investment strategy**
   The Fund invests in an optimal mix of assets comprising of Shariah-compliant equities, sukuk and Islamic money market instruments.

   The principal activity of the Fund is to invest between 40% to 58% of the Fund's assets in Shariah-compliant equities, between 40% to 58% in sukuk and Shariah-compliant money market instruments and minimum of 2% in Shariah-compliant liquid assets.

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

A. Fund Information (cont'd)

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

The Fund distributed a total net income of RM713,870 to unitholders for the financial year ended 30 November 2020.

Below are the details of distribution declared during the financial year:

Distribution date	Gross distribution per unit (sen)	Net distribution per unit (sen)
23 November 2020	1.00	1.00

Below is the impact of the distribution to the Fund's NAV:

Distribution date	Before distribution RM	After distribution RM	Changes %
23 November 2020	0.5843	0.5743	(1.71)

11. Breakdown of unitholdings by size

Fund size

As at 30 November 2020, the size of the Fund was 50,492,714 units.

Breakdown of unitholdings as at 30 November 2020

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	652	49.54	1,660	3.29
5,001 to 10,000 units	196	14.89	1,485	2.94
10,001 to 50,000 units	372	28.27	8,913	17.65
50,001 to 500,000 units	91	6.91	9,775	19.36
500,001 units and above	5	0.39	28,659	56.76
Total	**1,316**	**100.00**	***50,492**	**100.00**

* Included units held under an Institutional Unit Trust Scheme Advisers

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

B. Performance Review

1. Key performance data of the Fund

Category	FY2020	FY2019	FY2018
Portfolio	**%**	**%**	**%**
Quoted equities - local			
Construction	2.31	2.58	2.67
Consumer Products	3.22	8.37	8.10
Energy	1.87	2.77	
Financial Services	0.85	1.85	2.07
Healthcare	4.63	2.84	-
Industrial Products & Services	2.78	0.69	7.23
Infrastructure	-	-	1.03
Plantation	3.27	4.70	4.30
Properties	-	0.51	2.06
Real Estate Investment Trust ("REITs")	2.89	4.72	-
Technology	5.51	2.44	-
Trading/Services	-	-	14.08
Telecommunication	2.59	-	1.02
Transportation & Logistics	2.46	3.08	-
Utilities	2.17	3.43	-
Total quoted equities - local	**34.55**	**37.98**	**42.56**

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

B. Performance Review (cont'd)

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

Category	FY2020	FY2019	FY2018
Sukuk - local			
Construction	3.18	3.72	-
Consumer Products	3.16	-	-
Energy	2.11	3.55	-
Financial Services	3.05	16.55	-
Conglomerate	-	-	14.39
Plantation	2.78	-	4.82
Properties	3.86	3.83	-
Power	-	-	10.91
Real Estate	4.46	4.27	13.74
Transportation & Logistics	7.87	3.50	-
Utilities	11.73	10.73	-
Total sukuk - local	**42.20**	**46.15**	**43.86**
Cash and other net assets	23.25	15.87	13.58
Total	**100.00**	**100.00**	**100.00**
NAV (RM'000)	28,817	24,849	22,886
Units in circulation (units'000)	50,493	47,051	44,679
NAV per unit (RM)	0.5707	0.5281	0.5122
Highest NAV per unit (RM)	0.5882	0.5491	0.5651
Lowest NAV per unit (RM)	0.4676	0.5042	0.5111
Net income distributed (RM)	713,870	461,956	-
Distribution date	23/11/2020	28/11/2019	-
Gross distribution per unit (sen)	1.00	1.00	-
Net distribution per unit (sen)	1.00	1.00	-
Annual total return (%) (1)			
- Capital growth (%)	8.01	3.24	(5.69)
- Income distribution (%)	2.56	1.89	-
Total return (%)	10.77	5.20	(5.69)
Benchmark (%)	7.52	1.70	(3.19)
Management Expense Ratio ("MER") (%) (2)	1.47	1.53	1.58
Portfolio Turnover Ratio ("PTR") (times) (3)	0.76	0.82	0.57

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

B. Performance Review (cont'd)

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

Notes:

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

(2) The Fund's MER decreased due to lower administrative expenses in the current financial year under review.

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

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

2. Performance of the Fund up to 30 November 2020

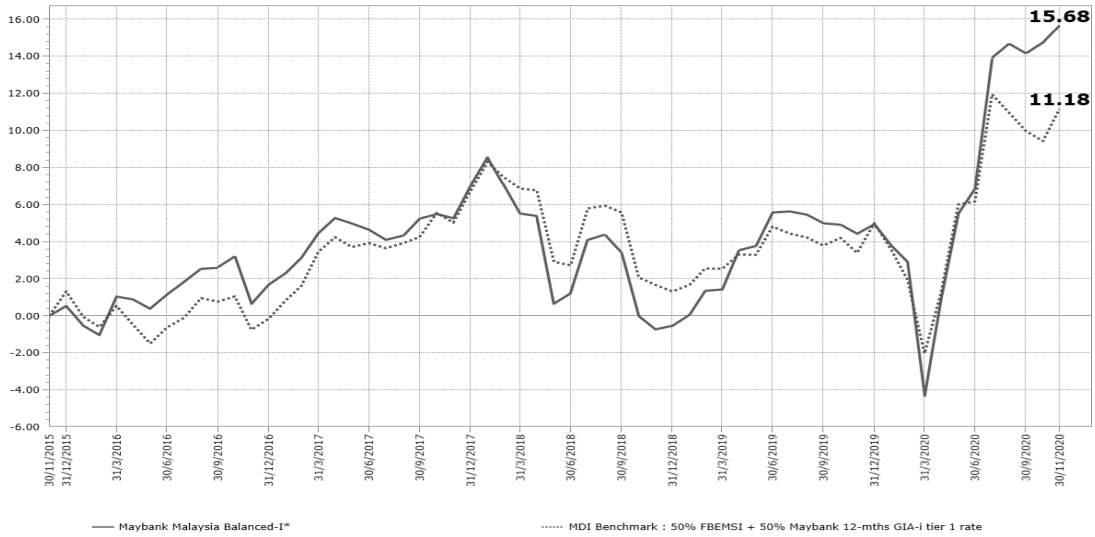
Category	1 year to 30.11.2020 %	3 years to 30.11.2020 %	5 years to 30.11.2020 %
Capital growth	8.01	3.26	4.50
Income distribution	2.56	6.43	10.69
Total return of the Fund	10.77	9.90	15.68
Benchmark	7.52	5.85	11.18
Average total return	10.77	3.19	2.95

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 November 2020 (cont'd)



Source : Lipper, as at 30 November 2020

Has the Fund met its objective?

The Fund met its objective of providing an income stream and capital growth to the unitholders. The Fund declared a net distribution of 1.00 sen, and generated 8.01% capital growth during the period under review.

3. Annual total return of the Fund

For the financial year ended	30.11.2020 %	30.11.2019 %	30.11.2018 %	30.11.2017 %	30.11.2016 %
Capital growth	8.01	3.24	(5.69)	2.71	(1.23)
Income distribution	2.56	1.89	-	1.89	1.87
Total return	10.77	5.20	(5.69)	4.60	0.64
Benchmark	7.52	1.70	(3.19)	5.94	(1.85)

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

Fixed Income market review

The Malaysian bond/sukuk market rallied over the period under review, dominated by risk-off mode amidst Covid-19 fears globally. The New Year saw the Malaysian bond/sukuk 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/sukuk prices further rallied on safe haven demand and concerns on impact of the Covid-19 scare on global growth. However, the Malaysian bond/sukuk market was sold off in March 2020, with yields for government bond/sukuk were higher by up to 55 basis points 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, as well as implementing containment measures; or Movement Control Order ("MCO") in Malaysia; that temporarily halted economic activities. The bond/sukuk market subsequently recovered on dovish interest/profit rate outlook, reversing the losses in March 2020.

Bank Negara Malaysia ("BNM") initially forecasted Malaysia Gross Domestic Product ("GDP") to drop between 0.5% to -2% for the year 2020 but revised it lower to between -3.5% to -5.5%, following a very weak 2Q 2020 GDP number of -17.1% year-on-year. BNM also cut OPR by another 100bps in total in subsequent meetings (March 2020: 25bps, May 2020: 50bps, and July 2020: 25bps), bringing the OPR to 1.75% (a total of 125bps cut in 2020).

C. Market Review (cont'd)

Fixed Income market review (cont'd)

In addition, the statutory reserve requirement ("SRR") was lowered to 2% (from 3% previously) effective 20th March 2020 and banks are now allowed to use Malaysia 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 released approximately RM16 billion in liquidity into the banking system. A total stimulus package of RM295 billion was announced to help individuals and small medium enterprise ("SME") during this hardship period. The government also implemented moratorium on bank loans/financings for up to 6 months to ease people's financial commitment.

As economies started to gradually reopen in May 2020, optimism on economic recovery increased and global sentiment on bond/sukuk market turned softer. Investors were also wary of increasing bond/sukuk supply to fund the expected increase in fiscal deficit from the economic stimulus package announced by the government. In addition, 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. Other headwinds include FTSE Russell's decision on Malaysia bond/sukuk weightage in the World Global bond/sukuk Index; in which it announced it retained Malaysia under its Watch List for possible reclassification from Market Accessibility Level 2 to 1; as well as Budget 2021 and political noises. However, the re-emergence of concerns of another wave of Covid-19 globally has prompted the implementation of Targeted Enhanced Movement Control Order ("TEMCO") and Conditional Movement Control Order ("CMCO") in red zone areas in Malaysia in October 2020, and thus, increased concerns on downside risk to growth. In November 2020, however, the Malaysian bond/sukuk market went through a period of consolidation following rising global bond/sukuk yields amidst positive vaccine developments that saw heightened profit taking during the month.

Meanwhile, foreign holdings have recorded inflows for 7 consecutive months after the sell-off in February 2020 to April 2020 amounting to –RM22.4 billion. The cumulative inflows from May 2020 to November 2020 has offset the outflows and resulted in a year to date inflow of RM14.8 billion as at November 2020 and foreign share in MGS and MGS+GII at 40.1% and 24.6% respectively from a low of 35.8% and 21.7% respectively in April 2020. This is on the back of improved global risk sentiment as emerging market debts look more attractive amidst low yield environment and extended United States Dollar ("USD") weakness.

Equity market review

For the one year period under review, performance of global equity markets were quite mixed. With United States ("US") hitting new highs in year 2020, the Dow Jones Industrial Average ("Dow Jones") and S&P 500 Index registered positive returns of +5.6% and +15.3% respectively for the period, while Nasdaq Composite ("NASDAQ") was the leading outperformer, gaining +40.7%. While the German stock index ("Dax") was marginally up by +0.41%, Euro Stoxx 50 index and FTSE 100 Index both registered losses of 5.70% and 14.71% respectively for the period.

C. Market Review (cont'd)

Equity market review (cont'd)

Regionally, North Asian markets were broadly up as well, with South Korea, Taiwan, Shanghai, Japan and India markets up by +24.1%, +19.4%, +18.1%, +13.4% and +7.5% respectively whilst Hong Kong reported a marginal decline of 0.02%. Asean markets underperformed, with Philippines being the biggest loser, falling 12.2%, followed by Singapore (-12.1%) and Thailand (-11.4%). Meanwhile Indonesia market returned -6.6%.

Malaysia bucked the trend in Asean, being the only country in the region closing positive at +0.06%. The FBM Emas Shariah Index, the barometer of Malaysian shariah equities, posted stellar gains of +13.4%, thanks to gains in gloves, technology, manufacturing as well other small to midcap components. In addition to the COVID-19 pandemic, the local market's sell down was exacerbated by a change in government at the end of February 2020 without going through an election, causing political uncertainties. This was achieved when several political parties joined forces to form a new government called Perikatan Nasional by claiming majority seats in the Dewan Rakyat, the lower chamber of the Parliament of Malaysia. For the period, foreign funds have taken out RM24.8 billion net worth of equities with a massive outflow in the month of March 2020 amounting to RM5.5 billion.

Third quarter of year 2020 corporate results season in November 2020 saw more companies exceeded expectations compared to second quarter of year 2020. Correspondingly, fewer companies disappointed, although most of the larger cap companies remained disappointing. The corporate results season also saw improved earnings before interest/profit, taxation, depreciation and amortisation ("EBITDA") margins across most companies despite revenue being still in a recovery phase post the MCO, mainly due to increased automation as well as reduced overheads. Earnings beat mainly came from plantations, gloves, electronics manufacturing services ("EMS") and technology companies. Meanwhile, transportation including automotive are still seeing lacklustre set of results.

D. Market Outlook and Strategy

Fixed income market outlook & strategy

Now as we are going into year 2021, with the vaccines to be made available to support the economic activities with less disruptions due to current lockdowns, economic recoveries are looking better and sentiments will improve accordingly. In absolute term, we may see risk assets like equities to perform better than the bond/sukuk in year 2021. Hence, we are neutral with defensive positioning for bond/sukuk funds. Nevertheless, we expect the uneven economic recoveries globally will provide support to the bond/sukuk market where low interest/profit rates will be maintained for longer by central bankers to ensure accommodative environment to their economies. Hence, the risk of higher interest/profit rate in year 2021 may not be significant for the bond/sukuk market and with abundant liquidity, both from the local and foreign investors, the bond/sukuk market will still be a good alternative for yield pickup from the low yielding fixed deposits and money market funds. With tax-exemption status on the money market funds for corporates to end in June 2021, more liquidity may end up in the bond/sukuk funds.

D. Market Outlook and Strategy (cont'd)

Fixed income market outlook & strategy (cont'd)

Ongoing quantitative easing by central banks has resulted yields in the developed markets like the US and Europe to be very low or even negative. Even yields for nations that were almost bankrupt nearly a decade ago are fast reaching 0%. As an example, Portugal's 10-year yield fell below 0% for the first time in December 2020, while Italy's 10-year yield is less than 0.6%. Considering higher economic growth in the emerging markets, investors may switch to emerging markets' bond/sukuk as local currency bond/sukuk are still providing good spread against the United State Treasuries (UST). Coupled this with expectation of weakening USD, local currency bond/sukuk like MGS will provide a good home for some of these liquidity.

After the two pauses of OPR in September 2020 and November 2020, we believe BNM is reserving the bullet for year 2021 if needed to ease further when economic recoveries are less than desired or current second wave of COVID-19 poses renewed concerns. The winter season in the West may heighten the spread of the virus and the vaccines availability may become too complicated to reach the masses, be it on logistic or supply issues. Hence, our base case is for the BNM to maintain OPR at this 1.75% for the whole of year 2021, and we think that government's expectation of 2.5% inflation is too bullish considering uneven recoveries in global economies and mild increase in oil prices. Meanwhile, Fitch Ratings downgraded Malaysia to BBB+, with a Stable outlook. The downgrade was primarily caused by weakened key credit metrics due to Covid-19 crisis, as well as political uncertainties. There were no major sell off in the bond/sukuk market, as S&P and Moody's still have A3 rating for Malaysia. Any volatilities present an opportunity for investors to utilize abundant liquidity to buy on weakness.

In summary, the strong economic recoveries may actually cause the yield curve to steepen with the expectation that the 10-year MGS could move to above 3.00% level in year 2021. Therefore, we are cautious to take on any more bond/sukuk duration risk and would favour to position ourselves defensively, preferring short term credit bond/sukuk for an affordable yield pickup. We believe the local bond/sukuk market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers. We continue to overweight corporate bond/sukuk over sovereign bond/sukuk to anchor the Fund's income in corporate bond/sukuk' 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/sukuk yields. We will continue to be more aggressive and overweight on corporate credits especially on strong A and AA, especially primary issuances for yield pickup and potential long term upgrade as economic activities accelerate. Furthermore, the relative valuation for AAA and government bond/sukuk (govvies) are no longer attractive with their low yields. We also expect more issuance of Private Debt Securities ("PDS") in 2021 as economic activities escalate and issuers need to lock in good long-term rates. We are looking to be neutral to underweight duration relative to The Refinitiv bond/sukuk Pricing Agency Malaysia ("TRBPAM") Sukuk Index given our expectation that yields will stay low for longer, as global growth outlook remains challenging. We will continue to trade opportunistically and look into new primary issuances that offer higher yields to deliver the required performance.

D. Market Outlook and Strategy (cont'd)

Equities Market Outlook and Strategy

Going into year 2021, we are more positive on Malaysian equities as the distribution of COVID-19 vaccines should herald some return to normalcy. Stocks that have been hard hit by the pandemic should continue to benefit from positive news flow on vaccines. A worse-than-expected 3rd wave of Covid-19 cases going into first quarter of year 2021 and vaccine development setback remains a risk. We are already seeing a surge in cases worldwide as the northern hemisphere enters the Fall/Winter season, where the risk of contagion increases due to the cold temperatures. Recent news on high efficacy data from several vaccine developments have provided optimism of a successful outcome, however, there are also potential side effects that may impede the success of these vaccines. Another risk to consider is the geopolitical risk following the conclusion of the US Presidential elections which may set the stance for US-China trade tensions moving forward. President-elect Biden has recently indicated that the US would continue a tough stance on China.

For the period under review, the Fund was high on gloves, manufacturing and technology stocks and these have been beneficial towards the performance of the Fund. We were also underweight in cyclical stocks such as oil and gas, property, automotive and plantation. Moving forward, we will continue to gradually reposition our portfolio into bashed down cyclical (financials, oil & gas, plantation, construction and transportation/logistics) as there could be a rotational out of Covid-19 beneficiaries. We continue to favour the IT/Technology sector as the long term prospects remain intact with the push for 5G infrastructure and the trend towards digitalisation.

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

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

F. Soft Commissions and Rebates

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

During the financial year ended 30 November 2020, the Manager and its delegates did not receive any soft commissions and 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 assists 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.

G. Other Matter

The Fund issued a new Master Prospectus dated 17 January 2020 during the financial year, which replaces and supersedes the previous Master and its Supplementary Master Prospectus dated 1 November 2018 and 18 October 2019 respectively.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF
MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

We, Amanahraya Trustees Berhad, have acted as Trustee of Maybank Malaysia Balanced-I Fund ("the Fund") for the financial year ended 30 November 2020. In our opinion, Maybank Asset Management Sdn Bhd, the Manager, has operated and managed the Fund in accordance with the limitations imposed on the investment powers of the management company under the Deeds, securities laws and the applicable Guidelines on Unit Trust Funds for the financial year ended 30 November 2020.

We are also of the opinion that:

(a) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirements

(b) Creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements; and

(c) The distribution to the unitholders during the financial year ended 30 November 2020 are consistent with the objectives of the Fund.

Yours faithfully
AMANAHRAYA TRUSTEES BERHAD

ZAINUDIN BIN SUHAIMI
Chief Executive Officer

Kuala Lumpur, Malaysia
11 January 2021

STATEMENT BY MANAGER

TO THE UNITHOLDERS OF MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 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-I Fund as at 30 November 2020 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year ended 30 November 2020 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dato' Idris Bin Kechot
Chairman

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
22 January 2021

REPORT OF THE SHARIAH ADVISER

TO THE UNITHOLDERS OF
MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

We hereby confirm the following: .

1. To the best of our knowledge, after having made all reasonable enquiries, Maybank Asset Management Sdn Bhd (the "Manager") has operated and managed Maybank Malaysia Balanced-I Fund ("the Fund") during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and

2. The asset of the Fund comprises instruments that have been classified as Shariah compliant.

For and on behalf of
Maybank Islamic Berhad

Dr Aznan Bin Hasan
Chairman of the Shariah Committee of Maybank Islamic Berhad

Kuala Lumpur, Malaysia
22 January 2021

Independent auditors' report to the Unitholders of
Maybank Malaysia Balanced-I Fund
(Formerly known as Maybank Dana Ikhlas)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia Balanced-I Fund ("the Fund"), which comprise the statement of financial position as at 30 November 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 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 19 to 59.

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

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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-I Fund
(Formerly known as Maybank Dana Ikhlas)

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.

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-I Fund
(Formerly known as Maybank Dana Ikhlas)

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
22 January 2021

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

	Note	2020 RM	2019 RM
INVESTMENT INCOME			
Dividend income		312,344	324,595
Profit income	3	623,009	606,314
Net gain on financial assets at fair value through profit or loss ("FVTPL")			
- Unrealised gain		1,716,754	543,180
- Realised gain		615,456	123,575
Other income		-	2,250
		3,267,563	1,599,914
EXPENSES			
Manager's fee	4	315,872	292,959
Trustee's fee	5	21,058	19,330
Auditors' remuneration - current year		8,441	9,000
Auditors' remuneration - over provision in prior years		-	(9,000)
Tax agent's fee		3,847	3,900
Shariah advisory fee		8,500	9,750
Brokerage and other transaction fees		49,557	53,588
Administrative expenses		27,941	41,251
		435,216	420,778
Net income before taxation		2,832,347	1,179,136
Taxation	6	(2,652)	(12,042)
Net income after taxation, representing total comprehensive income for the financial year		2,829,695	1,167,094
Net income after taxation is made up of the following:			
Net realised income		1,112,941	623,914
Net unrealised income		1,716,754	543,180
		2,829,695	1,167,094
Distribution for the financial year:	14		
Net distribution		713,870	461,956
Gross distribution per unit (sen)		1.00	1.00
Net distribution per unit (sen)		1.00	1.00
Distribution date (ex-date)		23/11/2020	28/11/2019

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

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Financial assets at FVTPL	7	22,116,755	20,906,237
Shariah-compliant deposits with licensed Islamic financial institutions	8	6,254,016	3,900,392
Dividend receivable		16,247	13,000
Profit income receivable		130,536	96,048
Amount due from brokers	9	348,326	-
Cash at bank		35,076	15,436
TOTAL ASSETS		28,900,956	24,931,113
LIABILITIES			
Amount due to Manager	10	28,118	34,325
Amount due to Trustee	11	1,875	1,641
Other payables and accruals	12	54,082	45,840
TOTAL LIABILITIES		84,075	81,806
NET ASSET VALUE ("NAV") OF THE FUND		28,816,881	24,849,307
EQUITY			
Unitholders' capital	13(a)	26,776,499	24,915,913
Retained earnings/(Accumulated losses)	13(b)&(c)	2,040,382	(66,606)
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		28,816,881	24,849,307
NUMBER OF UNITS IN CIRCULATION (UNIT)	13	50,492,714	47,051,486
NAV PER UNIT (RM)		0.5707	0.5281

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

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

	Unitholders' capital Note 13(a) RM	Retained earnings/ (Accumulated losses) Note 13(b) & 13(c) RM	Total equity RM
At 1 December 2019	24,915,913	(66,606)	24,849,307
Total comprehensive income for the financial year	-	2,829,695	2,829,695
Creation of units	2,791,592	-	2,791,592
Reinvestment of units	713,870	-	713,870
Cancellation of units	(1,653,713)	-	(1,653,713)
Distribution (Note 14)	8,837	(722,707)	(713,870)
At 30 November 2020	26,776,499	2,040,382	28,816,881
At 1 December 2018	23,662,564	(776,432)	22,886,132
Total comprehensive income for the financial year	-	1,167,094	1,167,094
Creation of units	2,225,695	-	2,225,695
Reinvestment of units	461,956	-	461,956
Cancellation of units	(1,429,614)	-	(1,429,614)
Distribution (Note 14)	(4,688)	(457,268)	(461,956)
At 30 November 2019	24,915,913	(66,606)	24,849,307

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

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

	2020 RM	2019 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of financial assets at FVTPL	20,242,184	18,188,845
Net payment for purchase of financial assets at FVTPL	(19,514,786)	(20,061,180)
Net proceeds from redemption of financial assets at FVTPL	-	1,250,839
Profit income received	583,172	612,339
Net dividend received	306,451	318,249
Manager's fee paid	(312,375)	(291,359)
Trustee's fee paid	(20,825)	(19,212)
Other expenses paid	(38,726)	(47,506)
Net cash generated from/(used in) operating and investing activities	1,245,095	(48,985)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	2,791,589	2,225,695
Payments for cancellation of units	(1,663,420)	(1,425,028)
Net cash generated from financing activities	1,128,169	800,667
NET CHANGES IN CASH AND CASH EQUIVALENTS OF THE FINANCIAL PERIOD	2,373,264	751,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	3,915,828	3,164,146
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	6,289,092	3,915,828
Cash and cash equivalents comprise:		
Cash at bank	35,076	15,436
Shariah-compliant deposits with licensed Islamic financial institutions (Note 8)	6,254,016	3,900,392
	6,289,092	3,915,828

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

MAYBANK MALAYSIA BALANCED-I FUND
(Formerly known as MAYBANK DANA IKHLAS)

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Malaysia Balanced-I Fund (formerly known as Maybank Dana Ikhlas) (the "Fund") was constituted pursuant to the execution of a Deed dated 4 September 2002 ("Principal Deed") between Amanah Mutual Berhad as the previous Manager and AmanahRaya Trustees Berhad as the Trustee. The following Supplemental Deeds have been issued between AMB and the Trustee:

- First Supplemental deed dated 13 August 2008
- Second Supplemental deed dated 17 October 2014
- Third Supplemental deed dated 13 January 2017
- Fourth Supplemental deed dated 12 December 2017

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

Subsequently, MAM, as the Manager, and the Trustee has entered into the Fifth supplemental deed dated 4 September 2018 and Sixth supplemental deed dated 11 July 2019 to changed the name of the fund effective 17 January 2020 respectively. The Deed and Supplemental Deeds are subsequently referred to

The principal activity of the Fund is to invest in a portfolio of investments that are permissible under Shariah principles with the objective to attain a mix of regular income stream and possible capital growth. The investments include shares of companies quoted on Bursa Malaysia Securities Berhad, Sukuk and short term deposits.

MAM has appointed Maybank Islamic Asset Management Sdn Bhd (“MIAM”) as the External Investment Manager for the Fund. MIAM is a wholly-owned subsidiary of Maybank Asset Management Group Berhad and is a holder of Capital Markets Services Licence ("CMSL") to carry out Islamic fund management business pursuant to Section 61 of the Capital Markets and Services Act 2007 ("CMSA").

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

The financial statements were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 22 January 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

2.1 Basis of preparation (cont'd)

The Fund had adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial period from 1 December 2019 to 30 November 2020. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to 2.15 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: *Definition of a Business*	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 101 and MFRS 108: *Definition of Material*	1 January 2020
Amendment to MFRS 16: *Covid-19-Related Rent Concessions*	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: *Interest Rate Benchmark Reform Phase 2*	1 January 2021
Amendments to MFRS 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116: *Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137: *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 17: *Insurance Contracts*	1 January 2023
Amendments to MFRS 101: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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.

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, profit income receivables, dividend receivable and amount due from brokers as financial assets at amortised cost.

These assets are subsequently measured using the effective profit rate ("EPR") method and are subject to impairment. The EPR is a method of calculating the amortised cost of the financial asset and of allocating and recognising the profit 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 profit on the principal amount outstanding.

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

(ii) Financial assets at FVTPL

Investments in equity and sukuk 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.

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

2.4 Financial assets (cont'd)

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

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.

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

Changes in fair value of FVTPL investments are recognised in 'unrealised gain on FVTPL investments' in profit and loss. Accumulated unrealised gains are reclassified to 'realised loss on FVTPL investments' in profit and loss when the associated assets are sold.

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

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

(iii) Impairment of financial assets

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

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

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

- Financial assets that are credit-impaired at the reporting date:
  As the difference between the gross carrying amount and the present value of estimated future cash flows.

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

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

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

2.5 Financial liabilities

(ii) Recognition and measurement

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

(iii) Derecognition

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

2.6 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.

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

2.6 Fair value measurement (cont'd)

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

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

2.7 Functional and presentation currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia ("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 period 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distributions is sourced out of distribution equalisation which is accounted for as an adjustment to the unitholders' capital. 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.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and Shariah-compliant deposits with a licensed Islamic 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 vale of consideration received or receivable.

Profit income from sukuk includes amortisation of premium and accretion of discount, and is recognised using the effective profit method. Profit income from short-term deposits is recognised on the accruals basis using the effective profit rate method.

Dividend income is recognised as revenue 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 or loss on disposal of sukuk 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 of 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 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.

2.12 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.

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

2.12 Income tax (cont'd)

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 period.

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

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.

2.15 Purification of income

The Fund is required to cleanse or purify any income or gains generated by Shariah non-compliant activities or sources. Such Shariah non-compliant gain or income may arise as follows.

(i) Shariah non-compliant investment

Shariah non-compliant investment made by the Manager will be disposed of or withdrawn as soon as possible. In the event the investment results in gain (through capital gain and/or dividend), the gains is to be channelled to Baitulmal or any other charitable bodies as advised by the Shariah Adviser. If the disposal of the investment results in losses to the Fund, the losses are to be borne by the Manager.

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

2.15 Purification of income

(ii) Reclassification of Shariah Status of the Fund's investment

If a security is reclassified as Shariah non-compliant by the Shariah Adviser's advice, the said security shall be disposed of soonest practical, once the total amount of dividends received and the market value held equal the original investment costs.

Any capital gains arising from the disposal of the Shariah non-compliant security made at the time of the announcement can be kept by the Fund. However, any excess capital gains derived from the disposal after the announcement day at a market price that is higher than the closing price on the announcement day is to be channelled to Baitulmal or any charitable bodies.

The purification exercise is done by channelling the purification amount to charitable bodies as advised by the Shariah Adviser and this exercise is performed by the Manager when relevant information has been obtained. The calculation of the purification amount must further be endorsed by the Shariah Adviser for verification before the purification is done.

3. PROFIT INCOME

	2020 RM	2019 RM
Profit income from sukuk	585,996	538,912
Profit income from short-term deposits	75,754	88,071
Amortisation of premium, net of accretion of discount	(38,741)	(20,669)
	623,009	606,314

4. MANAGER'S FEE

The Manager's fee is computed daily. The fee is based on 1.00% (2019: 1.00%) per annum ("p.a.") on the sukuk and money market portion and 1.50% (2019: 1.50%) p.a. on the equity portion of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

5. TRUSTEE'S FEE

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

6. TAXATION

	2020 RM	2019 RM
Tax expense for the financial year:		
Current income tax expense	2,652	2,706
Under provision in prior financial years	-	9,336
	2,652	12,042

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

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

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

	2020 RM	2019 RM
Net income before taxation	2,832,347	1,179,136
Taxation at Malaysian statutory rate of 24% (2019: 24%)	679,763	282,993
Income not subject to tax	(784,215)	(383,979)
Income tax at source	2,652	2,706
Expenses not deductible for tax purposes	104,452	100,986
Under provision of income tax in prior year	-	9,336
Tax expense for the financial year	2,652	12,042

7. FINANCIAL ASSETS AT FVTPL

	Note	2020 RM	2019 RM
Quoted equities - Shariah-compliant	(a)	9,958,966	9,317,235
Quoted equities - Shariah non-compliant	(b)	-	120,960
Sukuk	(c)	12,157,789	11,468,042
		22,116,755	20,906,237

2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - Shariah-compliant				
Construction				
Gabungan AQRS Bhd	309,500	262,993	213,555	0.74
Gamuda Bhd	72,000	264,869	257,040	0.89
Sunway Construction Group Bhd	105,900	206,718	194,856	0.68
	487,400	734,580	665,451	2.31
Consumer Products & Services				
Dutch Lady Milk Industries Bhd	5,900	314,160	216,530	0.75
Fraser & Neave Holdings Bhd	13,700	473,809	444,702	1.54
Nestle (Malaysia) Bhd	2,000	273,850	268,000	0.93
	21,600	1,061,819	929,232	3.22
Energy				
Dialog Group Bhd	92,000	316,249	331,200	1.15
Yinson Holdings Bhd	40,000	253,810	208,800	0.72
	132,000	570,059	540,000	1.87
Financial Services				
BIMB Holdings Bhd	66,300	276,820	245,310	0.85

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - Shariah-compliant (cont'd)				
Healthcare				
Hartalega Holdings Bhd	17,500	301,270	252,000	0.87
Kossan Rubber Industries Bhd	47,600	100,736	296,548	1.03
Supermax Corporation Bhd	58,000	584,118	527,800	1.83
Top Glove Corporation Bhd	36,500	65,874	259,880	0.90
	159,600	1,051,998	1,336,228	4.63
Industrial Products & Services				
ATA IMS Bhd	62,000	105,822	137,020	0.48
Press Metal Aluminium Holdings Bhd	52,300	265,916	366,100	1.27
SKP Resources Bhd	106,500	112,752	217,260	0.75
Thong Guan Industries Bhd	31,100	52,316	81,793	0.28
	251,900	536,806	802,173	2.78
Plantation				
Kuala Lumpur Kepong Bhd	16,044	366,805	377,034	1.31
Sarawak Oil Palms Bhd	71,900	249,748	296,228	1.03
United Plantation Bhd	18,400	237,898	267,536	0.93
	106,344	854,451	940,798	3.27
REITs				
Axis REIT	199,044	359,776	425,954	1.48
KLCC Property Holdings Bhd	53,000	418,171	407,040	1.41
	252,044	777,947	832,994	2.89
Technology				
Globetronics Technology Bhd	99,800	265,860	297,404	1.03
Inari Amerton Bhd	100,000	167,933	268,000	0.93
Malaysian Pacific Industries Bhd	10,300	124,624	258,118	0.90
MY E.G Services Bhd	163,125	230,400	267,525	0.93
Pentamaster Corporation Bhd	60,000	270,330	297,000	1.03
Vitrox Corp Bhd	13,100	117,426	199,120	0.69
	446,325	1,176,573	1,587,167	5.51
Telecommunications & Media				
Axiata Group Bhd	40,000	133,600	142,000	0.49
Telekom Malaysia Bhd	60,000	257,526	302,400	1.05
Time Dotcom Bhd	22,000	234,861	301,400	1.05
	122,000	625,987	745,800	2.59

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - Shariah-compliant (cont'd)				
Transportation & Logistic				
Lingkaran Trans Kota Holdings Bhd	53,300	242,076	213,733	0.74
Westports Holdings Bhd	115,000	482,135	494,500	1.72
	168,300	724,211	708,233	2.46
Utilities				
Mega First Corporation Bhd	33,000	173,253	232,980	0.81
Ranhill Holdings Bhd	333,300	392,331	271,640	0.94
Tenaga Nasional Bhd	12,000	136,320	120,960	0.42
	378,300	701,904	625,580	2.17
Total quoted equities -Shariah-compliant	2,592,113	9,093,155	9,958,966	34.55
(b) Sukuk				
Construction				
IJM Land Bhd				
- 4.73% / 17.03.2119	500,000	500,927	497,950	1.73
- 5.65% / 17.03.2119	400,000	400,000	418,472	1.45
	900,000	900,927	916,422	3.18
Consumer Products				
DRB-HICOM Berhad				
- 4.85% / 11.12.2026	600,000	600,000	611,826	2.12
UMW Holdings Bhd				
- 3.03% / 05.11.2025	300,000	300,000	299,913	1.04
	900,000	900,000	911,739	3.16
Energy				
Sarawak Energy Bhd				
- 3.30% / 14.06.2030	600,000	600,000	607,800	2.11

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Sukuk				
Financial Services				
Affin Islamic Bank Bhd				
- 5.05% / 23.10.2028	450,000	452,334	466,916	1.62
SME Bank				
- 3.30% / 23.04.2027	400,000	400,000	413,144	1.43
	850,000	852,334	880,060	3.05
Plantation				
Perbadanan Kemajuan Pertanian Negeri Pahang				
- 4.11% / 30.10.2025	800,000	801,445	799,872	2.78
Property				
Fortune Premier Sdn Bhd				
- 5.05% / 05.09.2025	100,000	104,987	108,225	0.38
Gamuda Land (T12) Sdn Bhd				
- 3.75% / 12.08.2027	600,000	600,000	601,386	2.09
UEM Sunrise Bhd				
- 4.00% / 09.06.2023	400,000	400,000	401,272	1.39
	1,100,000	1,104,987	1,110,883	3.86
Real Estate				
Country Garden Real Estate Sdn Bhd				
- 5.25% / 27.03.2025	200,000	200,000	213,650	0.74
- 6.40% / 06.05.2022	400,000	400,000	418,148	1.45
- 6.40% / 18.03.2022	500,000	500,000	520,800	1.81
Talam Transform Bhd				
- 0.00% / 28.06.2021	132,222	-	131,663	0.46
	1,232,222	1,100,000	1,284,261	4.46

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(b) Sukuk				
Transportation & Logistic				
Malaysia Airport Holdings Bhd - 3.30% / 05.11.2027	200,000	200,000	199,114	0.69
MMC Corporation Bhd - 5.70% / 24.03.2028	1,000,000	1,025,714	1,112,240	3.86
Pelabuhan Tanjung Pelepas - 3.95% / 18.06.2027	400,000	400,000	416,096	1.44
Penang Port Sdn Bhd - 4.48% / 27.12.2029	500,000	529,852	542,400	1.88
	2,100,000	2,155,566	2,269,850	7.87
Utilities				
Quantum Solar Park (Semenanjung) Sdn Bhd - 5.16% / 06.10.2022	500,000	505,504	511,755	1.78
Edra Power Holdings Sdn Bhd - 6.51% / 05.07.2035	700,000	861,338	874,867	3.04
Cypark Resources Bhd - 5.18% / 29.06.2029	500,000	508,543	545,590	1.89
TNB Northern Energy Bhd - 4.62% / 30.05.2033	1,300,000	1,413,595	1,444,690	5.02
	3,000,000	3,288,980	3,376,902	11.73
Total Sukuk	11,482,222	11,704,239	12,157,789	42.20
Total FVTPL investments	**14,074,335**	**20,797,394**	**22,116,755**	**76.75**
Unrealised gain on FVTPL investments			**1,319,361**	

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7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - Shariah-compliant				
Construction				
Gabungan AQRS Bhd	172,000	248,832	208,120	0.84
IJM Corporation Bhd	112,100	248,952	234,289	0.94
Sunway Construction Group Bhd	109,700	227,936	199,654	0.80
	393,800	725,720	642,063	2.58
Consumer Products				
Ajinomoto (Malaysia) Bhd	17,600	352,037	268,928	1.08
Bermaz Auto Bhd	199,000	433,331	419,890	1.69
DRM-HICOM Bhd	90,000	253,917	207,900	0.84
Dutch Lady Milk Industries Bhd	3,800	243,180	212,040	0.85
Fraser & Neave Holdings Bhd	13,700	473,809	475,938	1.92
Power Root Bhd	122,000	256,250	295,240	1.19
UMW Holdings Bhd	45,300	279,200	197,961	0.80
	491,400	2,291,724	2,077,897	8.37
Energy				
Sapura Energy Bhd	1,528,600	473,866	420,365	1.69
Velesto Energy Bhd	700,000	240,835	269,500	1.08
	2,228,600	714,701	689,865	2.77
Financial Services				
Syarikat Takaful Malaysia Keluarga Bhd	40,000	262,250	231,600	0.93
BIMB Holdings Bhd	55,100	219,408	229,216	0.92
	95,100	481,658	460,816	1.85

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - Shariah-compliant (cont'd)				
Healthcare				
Kossan Rubber Industries Bhd	91,800	382,637	383,724	1.54
Top Glove Corporation Bhd	72,000	389,832	324,000	1.30
	163,800	772,469	707,724	2.84
Industrial Products & Services				
Cahya Mata Sarawak Bhd	71,000	238,588	170,400	0.69
Plantation				
Batu Kawan Bhd	21,000	364,245	328,440	1.32
Kuala Lumpur Kepong Bhd	15,800	361,279	368,772	1.48
Sime Darby Plantation Bhd	47,000	239,427	234,060	0.94
United Plantation Bhd	9,200	237,898	239,200	0.96
	93,000	1,202,849	1,170,472	4.70
Properties				
S P Setia Bhd	97,251	326,672	126,426	0.51
REITs				
Al-Aqar Healthcare REIT	132,200	197,011	193,012	0.78
Axis REIT	280,000	506,367	498,400	2.01
KLCC Property Holdings Bhd	60,000	473,402	480,000	1.93
	472,200	1,176,780	1,171,412	4.72
Technology				
Inari Amerton Bhd	150,000	253,950	273,000	1.10
MY E.G Services Bhd	180,000	250,200	212,400	0.85
	330,000	504,150	485,400	1.95
Transportation & Logistic				
MISC Bhd	35,000	283,574	285,250	1.15
Westports Holdings Bhd	115,000	482,135	479,550	1.93
	150,000	765,709	764,800	3.08

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(a) Quoted equities - Shariah-compliant (cont'd)				
Utilities				
Ranhill Holdings Bhd	330,000	392,331	376,200	1.51
Tenaga Nasional Bhd	36,000	530,089	473,760	1.92
	366,000	922,420	849,960	3.43
Total quoted equities -Shariah-compliant	4,952,151	10,123,440	9,317,235	37.49
(b) Quoted equities - Shariah non-compliant				
Technology				
Pentamaster Corporation Bhd *	27,000	126,465	120,960	0.49
Total quoted equities Shariah non-compliant	27,000	126,465	120,960	0.49
Total quoted equities	4,979,151	10,249,905	9,438,195	37.98

* Pentamaster Corporation Berhad was reclassified to Shariah non-compliant based on the Shariah Adviser's approved list effective 29 November 2019. The Manager disposed the shares on 10 January 2020 upon recovery of the investment cost less dividend income that is received from the Shariah non-compliant equities. There was no dividend income received for this security during the year.

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
(c) Sukuk				
Construction				
IJM Land Bhd				
- 4.73% / 17.03.2119	500,000	500,968	502,400	2.02
- 5.65% / 17.03.2119	400,000	400,000	423,648	1.70
	900,000	900,968	926,048	3.72
Energy				
Sarawak Energy Bhd				
- 4.95% / 21.11.2033	800,000	801,707	881,680	3.55
Financial Services				
Affin Islamic Bank Bhd				
- 5.05% / 23.10.2028	1,000,000	1,006,757	1,036,420	4.17
Aman Sukuk Berhad				
- 4.25% / 20.10.2023	3,000,000	3,017,033	3,075,870	12.38
	4,000,000	4,023,790	4,112,290	16.55
Property				
Fortune Premier Sdn Bhd				
- 5.05% / 05.09.2025	400,000	423,779	423,564	1.70
- 5.05% / 31.10.2025	500,000	501,907	529,895	2.13
	900,000	925,686	953,459	3.83
Real Estate				
Country Garden Real Estate Sdn Bhd				
- 6.40% / 06.05.2022	400,000	400,000	413,240	1.66
- 6.40% / 18.03.2022	500,000	500,000	515,805	2.08
Talam Transform Bhd				
- 0.00% / 28.06.2020	142,111	-	130,503	0.53
	1,042,111	900,000	1,059,548	4.27

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2019 (cont'd)

(c) Sukuk (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Transportation & Logistic				
Anih Bhd				
- 6.00% / 29.11.2028	300,000	328,588	343,260	1.38
MMC Corporation Bhd				
- 5.70% / 24.03.2028	500,000	504,955	526,370	2.12
	800,000	833,543	869,630	3.50
Utilities				
Quantum Solar Park (Semenanjung) Sdn Bhd				
- 5.16% / 06.10.2022	1,300,000	1,321,700	1,324,284	5.34
Edra Power Holdings Sdn Bhd				
- 6.39% / 05.01.2034	700,000	836,971	833,588	3.35
Cypark Resources Bhd				
- 5.18% / 29.06.2029	500,000	509,360	507,515	2.04
	2,500,000	2,668,031	2,665,387	10.73
Total Sukuk	10,942,111	11,053,725	11,468,042	46.15
Total FVTPL investments	**15,921,262**	**21,303,630**	**20,906,237**	**84.13**
Unrealised loss on FVTPL investments			**(397,393)**	

8. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED ISLAMIC FINANCIAL INSTITUTIONS

	2020 RM	2019 RM
Shariah-compliant short-term placements with licensed Islamic financial institutions with maturity of:		
- Less than 3 months	6,254,016	3,900,392

The weighted average effective profit rate ("WAEPR") of deposit and the average maturity of deposits as at the reporting date was as follows:

	2020		2019	
	WAEPR % p.a.	Average maturity days	WAEPR % p.a.	Average maturity days
Shariah-compliant short-term placements with licensed Islamic financial institutions	1.63	1	3.00	2

9. AMOUNT DUE FROM BROKERS

Amount due from brokers relates to the amount receivable from brokers arising from the sale of investments. The settlement period for these receivables are within 3 working days from the deal date.

10. AMOUNT DUE TO MANAGER

	Note	2020 RM	2019 RM
Amount due to Manager is in respect of:			
Manager's fee	(i)	28,118	24,621
Cancellation of units	(ii)	-	9,704
		28,118	34,325

(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 year. 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.

11. 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 year. The normal credit term for Trustee's fee is 15 days (2019: 15 days).

12. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2020 RM	2019 RM
Due to external auditors	10,494	11,000
Due to tax agent	4,505	4,505
Other payables	39,083	30,335
	54,082	45,840

13. TOTAL EQUITY

	Note	2020 RM	2019 RM
Unitholders' capital	(a)	26,776,499	24,915,913
Accumulated realised income	(b)	721,022	330,788
Accumulated unrealised income/(loss)	(c)	1,319,360	(397,394)
		28,816,881	24,849,307

(a) Unitholders' capital

	2020		2019	
	Units	RM	Units	RM
As at beginning of the financial year	47,051,486	24,915,913	44,679,095	23,662,564
Creation of units	5,148,381	2,791,592	4,179,591	2,225,695
Reinvestment of units	1,260,143	713,870	874,256	461,956
Cancellation of units	(2,967,296)	(1,653,713)	(2,681,456)	(1,429,614)
Distribution equalisation (Note 14)	-	8,837	-	(4,688)
As at end of the financial year	50,492,714	26,776,499	47,051,486	24,915,913

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

13. TOTAL EQUITY (CONT'D)

(b) Accumulated realised income

	2020 RM	2019 RM
As at beginning of the financial year	330,788	164,142
Net realised gain for the financial year	1,112,941	623,914
Distribution out of retained earnings (Note 14)	(722,707)	(457,268)
As at end of the financial year	721,022	330,788

(c) Accumulated unrealised income/(loss)

	2020 RM	2019 RM
As at beginning of the financial year	(397,394)	(940,574)
Net unrealised income for the financial year	1,716,754	543,180
As at end of the financial year	1,319,360	(397,394)

14. DISTRIBUTION

Details of distribution declared to unitholders in the current financial year is as follows:

	2020 RM	2019 RM
Gross dividend income	144,216	178,234
Profit from Sukuk	252,679	282,284
Profit on Shariah-compliant deposits placement	34,977	48,359
Net realised gain on sale of investments	284,169	67,854
Previous year's net realised income*	330,788	164,142
Less: Expenses	(324,122)	(283,606)
Distribution out of realised reserve (Note 13(b))	722,707	457,268
Distribution out of distribution equalisation (Note 13(a))	(8,837)	4,688
Distribution for the financial year	713,870	461,956
Gross distribution per unit (sen)	1.00	1.00
Net distribution per unit (sen)	1.00	1.00
Distribution date	23/11/2020	28/11/2019

* Part of the distribution were made from previous year's net realised income.

The distribution declared were settled in the forms of units and presented as 'reinvestment of units' in Note13 (a) on payment date

15. TRANSACTIONS WITH RELATED AND OTHER STOCKBROKING COMPANIES / BROKERS / DEALERS

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

2020	**Value of trade RM**	**Percent of total trade %**	**Brokerage fees RM**	**Percent of brokerage fees %**
TA Securities Bhd	7,095,151	18.30	7,225	24.70
JF Apex Securities Bhd	6,233,141	16.08	6,304	21.55
Affin Investment Bank Bhd	6,166,223	15.91	4,443	15.19
RHB Investment Bank Bhd	5,383,095	13.89	766	2.62
Malayan Banking Berhad ("MBB")*	3,900,000	10.06	-	-
CIMB Islamic Bank Bhd	3,000,000	7.74	-	-
Maybank Investment Bank Bhd ("MIBB")**	1,565,277	4.04	3,135	10.72
Alliance Investment Bank Bhd	1,100,000	2.84	-	-
UOB Kay Hian Securities (M) Sdn Bhd	1,096,268	2.83	2,208	7.55
Hong Leong Bank Berhad	1,000,000	2.58	-	-
Others	2,224,711	5.73	5,172	17.67
	38,763,867	100.00	29,252	100.00
2019				
Affin Investment Bank Bhd	5,379,747	13.89	2,794	7.94
TA Securities Bhd	5,082,923	13.13	5,083	14.45
CIMB Investment Bank Bhd	3,903,727	10.08	2,697	7.67
RHB Investment Bank Bhd	3,518,500	9.09	-	-
Alliance Investment Bank Bhd	3,129,360	8.08	-	-
Maybank Investment Bank Bhd ("MIBB")*	2,413,941	6.23	4,408	12.53
JP Apex Securities Bhd	2,227,897	5.75	3,406	9.68
Nomura Securities (M) Sdn Bhd	2,167,077	5.60	4,334	12.32
MIDF Amanah Investment Bank Bhd	2,100,916	5.43	2,101	5.97
Hong Leong Investment Bank Bhd	1,705,845	4.41	3,085	8.77
Others	7,095,106	18.31	7,265	20.67
	38,725,038	100.00	35,173	100.00

* MBB is the ultimate holding company of the Manager.
** MIBB is a subsidiary of Malayan Banking Berhad, the ultimate holding company of the Manager.

16. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

In addition to the related party information disclosed elsewhere in the financial statements, there are no other significant related party transactions of the Fund during the financial year.

	2020 RM	2019 RM
(i) Significant related party transaction		
Maybank Islamic Berhad ("MIB")		
Profit income from deposits	29,423	41,038
(ii) Significant related party balances		
MIB		
Cash at bank	35,076	15,436
Deposit with a licensed financial institution	994,000	-
	1,029,076	15,436

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.

17. 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 November 2020, the MER of the Fund stood at 1.47% (2019: 1.53%).

18. 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 Fund's daily average NAV. For the financial year ended 30 November 2020, the PTR of the Fund stood at 0.76 times (2019: 0.82 times).

19. 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 NAV in Shariah-compliant equities, 40% to 58% in sukuk and Shariah-compliant money market instruments and minimum of 2% in Shariah-compliant 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 year.

20. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to 2.15 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.

2020	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Financial assets at FVTPL	22,116,755	-	-	22,116,755
Shariah-compliant deposits with licensed Islamic financial institutions	-	6,254,016	-	6,254,016
Dividend receivable	-	16,247	-	16,247
Profit income receivable	-	130,536	-	130,536
Amount due from brokers	-	348,326	-	348,326
Cash at bank	-	35,076	-	35,076
Total financial assets	22,116,755	6,784,201	-	28,900,956
Liabilities				
Amount due to Manager	-	-	28,118	28,118
Amount due to Trustee	-	-	1,875	1,875
Other payables and accruals	-	-	54,082	54,082
Total financial liabilities	-	-	84,075	84,075

20. FINANCIAL INSTRUMENTS (CONT'D)

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

2019	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Financial assets at FVTPL	20,906,237	-	-	20,906,237
Shariah-compliant deposit with a licensed Islamic financial institution	-	3,900,392	-	3,900,392
Dividend receivable	-	13,000	-	13,000
Profit income receivable	-	96,048	-	96,048
Cash at bank	-	15,436	-	15,436
Total financial assets	20,906,237	4,024,876	-	24,931,113
Liabilities				
Amount due to Manager	-	-	34,325	34,325
Amount due to Trustee	-	-	1,641	1,641
Other payables and accruals	-	-	45,840	45,840
Total financial liabilities	-	-	81,806	81,806

(b) Financial instruments that are carried at fair value

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

Quoted equities

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

Sukuk

Local sukuk denominated in RM are revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency ("BPA") as per SC's Guidelines on Unit Trust Funds.

20. FINANCIAL INSTRUMENTS (CONT'D)

(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: 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	Total RM
2020				
Quoted equities	9,958,966	-	-	9,958,966
Sukuk	-	12,157,789	-	12,157,789
	9,958,966	12,157,789	-	22,116,755
2019				
Quoted equities	9,438,195	-	-	9,438,195
Sukuk	-	11,468,042	-	11,468,042
	9,438,195	11,468,042	-	20,906,237

21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains its investment portfolio in a variety of listed financial instruments as dictated by its Trust Deeds and investment management strategy. The Fund is exposed to a variety of risks including market risk (which includes price risk and foreign exchange risk) and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

(b) Market risk

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

(i) Equity price risk

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

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 profit and NAV Increase/ (Decrease) RM	Changes in equity price %	Effects on profit and NAV Increase/ (Decrease) RM
Quoted equities	+ 5	497,948	+ 5	471,910
	- 5	(497,948)	- 5	(471,910)

The impact to profit after taxation and NAV 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.

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

(b) Market risk (cont'd)

(ii) Profit rate risk

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

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

	2020		2019	
	Changes in profit rates %	Effects on profit and NAV Increase/ (Decrease) RM	Changes in profit rates %	Effects on profit and NAV Increase/ (Decrease) RM
	+1	(40,683)	+1	(608,644)
Sukuk	-1	40,888	-1	695,007

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

(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.

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, Shariah-compliant deposits with a licensed Islamic financial institutions and other instruments which are capable of being converted into cash within 7 days.

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

(c) Liquidity risk (cont'd)

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	9,958,966	12,157,789	22,116,755
Shariah-compliant deposits with a licensed Islamic financial institution	6,254,016	-	6,254,016
Dividend receivable	16,247	-	16,247
Profit income receivable	63,486	67,050	130,536
Amount due from brokers	348,326	-	348,326
Cash at bank	35,076	-	35,076
Total undiscounted financial assets	16,676,117	12,224,839	28,900,956
Financial liabilities:			
Amount due to Manager	28,118	-	28,118
Amount due to Trustee	1,875	-	1,875
Other payables and accruals	54,082	-	54,082
Unitholders' equity	28,816,881	-	28,816,881
Total undiscounted financial liabilities and unitholders' equity	28,900,956	-	28,900,956
Liquidity (gap)/surplus	(12,224,839)	12,224,839	-

21. 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	9,438,195	11,468,042	20,906,237
Shariah-compliant deposits with a licensed Islamic financial institution	3,900,392	-	3,900,392
Dividend receivable	13,000	-	13,000
Profit income receivable	96,048	-	96,048
Cash at bank	15,436	-	15,436
Total undiscounted financial assets	13,463,071	11,468,042	24,931,113
Financial liabilities:			
Amount due to Manager	34,325	-	34,325
Amount due to Trustee	1,641	-	1,641
Other payables and accruals	45,840	-	45,840
Unitholders' equity	24,849,307	-	24,849,307
Total undiscounted financial liabilities and unitholders' equity	24,931,113	-	24,931,113
Liquidity (gap)/surplus	(11,468,042)	11,468,042	-

Notes:

(i) Financial assets

Analysis of financial assets at FVTPL and Shariah-compliant 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.

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

(c) Liquidity risk (cont'd)

Notes: (cont'd)

(ii) Financial liabilities

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

(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 profit 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.

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.

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

(d) Credit risk (cont'd)

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 Shariah-compliant deposits.

Credit risk concentration

The following table analyses the Fund's investment in sukuk, Shariah-compliant deposits with financial institutions, cash at bank and profit receivable from financial institutions by rating categories. The ratings were obtained from RAM Holdings Bhd and Malaysian Rating Corporation Berhad.

	2020		2019	
	RM	Percentage of NAV %	RM	Percentage of NAV %
Financial assets				
AAA	8,550,760	29.67	7,006,661	28.20
AA1	-	-	882,222	3.55
AA3	4,023,315	13.96	2,376,193	9.56
AA	409,962	1.42	1,312,297	5.28
AA-	2,506,328	8.70	2,831,651	11.40
A1	1,610,603	5.59	-	-
A2	925,159	3.21	934,909	3.76
Not Rated	551,290	1.91	135,985	0.55
	18,577,417	64.46	15,479,918	62.30

22. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

(a) To invest in investments meeting the description, risk exposure and expected returns as indicated in its prospectus;

(b) To achieve consistent returns while safeguarding capital by using various investment strategies;

(c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and

(d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

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