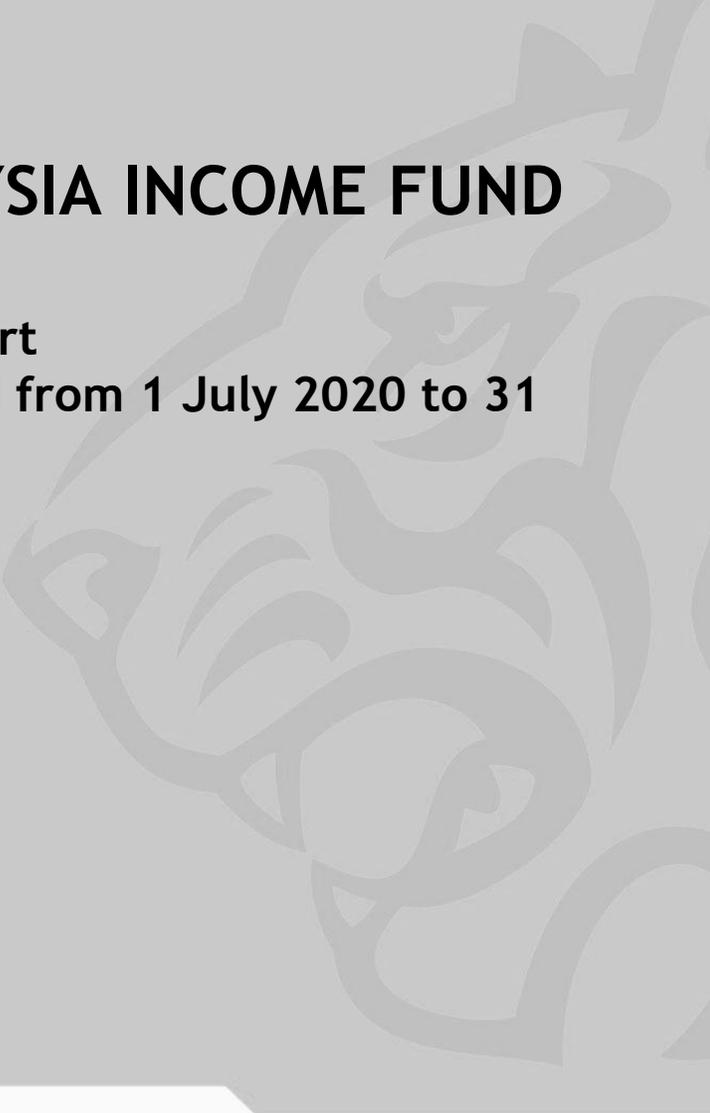


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# MAYBANK MALAYSIA INCOME FUND

**Unaudited interim report  
For the financial period from 1 July 2020 to 31  
December 2020**



## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
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### **TRUSTEE**

Universal Trustee (Malaysia) Berhad (197401000629) (17540-D)  
No. 1, 3rd Floor  
Jalan Ampang  
50450 Kuala Lumpur  
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## **MAYBANK MALAYSIA INCOME FUND**

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## **MAYBANK MALAYSIA INCOME FUND**

### **Manager's report**

**For the financial period from 1 July 2020 to 31 December 2020**

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

**1. Name of the Fund**

Maybank Malaysia Income Fund ("Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Bond

**4. Duration of the Fund**

The Fund is an open-ended Fund.

**5. Launch date / Commencement date**

15 May 1996 / 18 July 1996

**6. Fund's investment objective**

The Fund aims to maximise returns over the medium term, and while at the same time offering stability of capital and regular consistent income.

**7. Fund distribution policy**

Income distribution (if any) is declared at the end of the financial year of the Fund or for any specified period at the Manager's discretion, subject to Trustee's approval.

**8. Fund's performance benchmark**

Maybank 12-month fixed deposit rate

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

The Fund will invest a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.

**10. Net income distribution for the financial period from 1 July 2020 to 31 December 2020**

There was no distribution declared by the Fund for the financial period from 1 July 2020 to 31 December 2020.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2020 to 31 December 2020 (cont'd)

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

##### 11. Breakdown of unitholdings as at 31 December 2020

###### Fund Size

As at 31 December 2020, the size of the Fund was 72,590,073 units.

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1,050	43.01	2,057	2.84
5,001 to 10,000 units	449	18.39	3,134	4.32
10,001 to 50,000 units	785	32.16	16,742	23.06
50,001 to 500,000 units	150	6.15	14,722	20.28
500,001 units and above	7	0.29	* 35,935	49.50
<b>Total</b>	<b>2,441</b>	<b>100.00</b>	<b>72,590</b>	<b>100.00</b>

\* Includes units held under Institutional Unit Trust Scheme Advisers ("IUTAs").

#### B. Performance Review

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

Category	31.12.2020	30.06.2020	30.06.2019
<b>Portfolio</b>			
Unquoted fixed income securities (%)			
- Construction	-	4.46	3.96
- Consumer Products	2.61	-	-
- Financial Services	5.95	8.24	26.14
- Government Agency	0.71	0.87	0.84
- Government Development	8.08	6.86	6.87
- Healthcare	3.33	4.01	-
- Industrial Product	2.72	-	-
- Power Generation	12.53	23.01	31.68
- Real Estate	14.02	10.77	5.83
- Sovereign	-	3.14	1.04
- Toll roads highways	-	5.51	5.52
- Transportation & Logistics	11.12	11.07	4.83
- Utilities	32.11	13.51	4.93
Cash and other net assets (%)	6.82	8.55	8.36
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2020 to 31 December 2020 (cont'd)

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

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

Category	31.12.2020	30.06.2020	30.06.2019
NAV (RM)	80,826,307	66,066,186	64,521,521
Units in circulation (units)	72,590,073	60,847,477	61,369,922
NAV per unit (RM)	1.1135	1.0858	1.0514
Highest NAV per unit (RM)	1.1157	1.1154	1.0811
Lowest NAV per unit (RM)	1.0858	1.0515	1.0194
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	2.55	0.43	3.15
- Income distribution (%)	-	5.69	2.85
Total return (%)	2.55	6.15	6.09
Benchmark (%)	0.93	2.84	3.32
Net income distributed (RM)	-	1,841,098	1,928,705
Distribution date	-	30/06/2019	30/06/2018
Gross/net distribution per unit (sen)	-	3.00	3.00
Management Expense Ratio ("MER") (%) <sup>(2)</sup>	0.57	1.11	1.17
Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup>	0.28	0.37	0.57

*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.*

#### Note:

- (1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's MER reduced to 0.57% due to lower expenses during the current financial period.
- (3) The Fund's PTR decreased to 0.28 times due to decreased investing activities during the current financial period.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

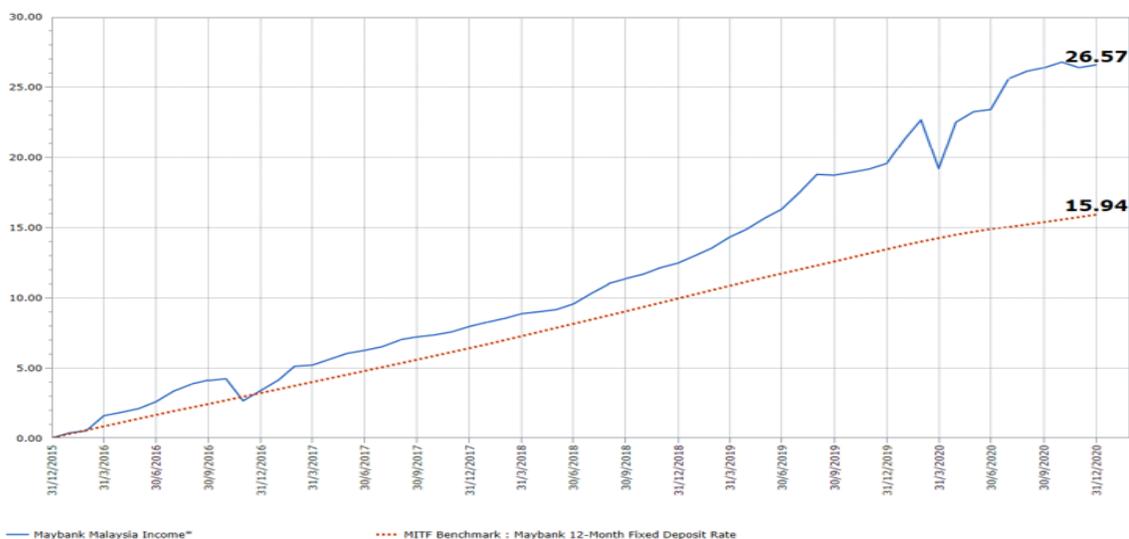
For the financial period from 1 July 2020 to 31 December 2020 (cont'd)

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

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

Category	6 months to 31.12.2020 %	1 year to 31.12.2020 %	3 years to 31.12.2020 %	5 year to 31.12.2020 %
Capital growth	2.55	3.04	7.75	8.46
Income distribution	-	2.76	8.81	16.7
Total return of the Fund	2.55	5.89	17.24	26.57
Benchmark	0.93	2.21	8.98	15.94
Average total return	-	5.89	5.44	4.82

#### Performance of the Fund for the 5 years to 31 December 2020



Source: Lipper

The Fund generated a return of 2.55% for the period under review, compared to the benchmark of 0.93% over the corresponding period. The performance of the Fund was due to a combination of stronger returns benefitting from the bond market rally and income derived from the bond held in the Fund during the period under review.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2020 to 31 December 2020 (cont'd)

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

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

For the financial period/year ended	31.12.2020 %	30.06.2020 %	30.06.2019 %	30.06.2018 %	30.06.2017 %
Capital growth	2.55	0.43	3.15	0.18	-0.07
Income distribution	-	5.69	2.85	2.94	3.66
Total return	2.55	6.15	6.09	6.09	3.59
Benchmark	0.93	2.84	3.32	3.2	3.09

##### 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

The Malaysian bond market rallied over the period under review, dominated by risk-off mode amidst Coronavirus Disease ("Covid-19") fears globally. Prior to the period under review, central banks and governments globally introduced various unprecedented monetary, financial and economic stimulus package to support the economy from the impact of Covid-19 pandemic, as well as implementing containment measures; or Movement Control Order ("MCO") in Malaysia; that temporarily halted economic activities. Bank Negara Malaysia ("BNM") initially forecasted Malaysia Gross Domestic Product ("GDP") to drop lower in 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 contraction of -17.1% year-on-year. Meanwhile, 3Q 2020 GDP showed a slower decrease of -2.7% following the reopening of the economy after the relaxation of MCO. BNM also cut Overnight Policy Rate ("OPR") by 100 basis points ("bps") in total in meetings prior to period under review (January 2020: -25bps, March 2020: -25bps, May 2020: 50bps), and further cut another 25bps in its July 2020 meeting, bringing total OPR cut of 125bps in year 2020 and the OPR level to 1.75%. In addition, the statutory reserve requirement ("SRR") was lowered to 2% (from 3% previously) effective 20 March 2020 and banks are now allowed to use Malaysian Government Securities ("MGS") and Government Investment Issues ("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.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2020 to 31 December 2020 (cont'd)

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

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 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 market turned softer. Investors were also wary of increasing bond supply to fund the expected increase in fiscal deficit from the economic stimulus package announced by the government. 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 weightage in the World Global Bond 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 market went through a period of consolidation following rising global bond yields amidst positive vaccine developments that saw heightened profit taking during the month. Profit taking continued in early December 2020 due to market's knee-jerk reaction to Fitch's downgrade of Malaysia's Long-Term Foreign-Currency Issuer Default Rating ("IDR") to 'BBB+' with a Stable outlook. Fitch cited weakened key credit metrics due to Covid-19 crisis, as well as political uncertainties, as basis for the downgrade. The other rating agencies, Standard & Poor's ("S&P") and Moody's, still have a A3 rating for Malaysia. However, soon after, bargain hunters emerged amidst strengthening Malaysia Ringgit ("MYR") and stronger investor appetite on emerging markets. The bond market seemed supported on the outlook of sustained low interest rates and abundant liquidity. As at year-end, the 10year MGS closed at 2.65%, which is a month-on-month decline of 10bps, and a decline of 66bps on a year-on-year basis.

Meanwhile, foreign holdings recorded inflows for 8 consecutive months after the sell-off in February 2020 to April 2020 amounting to –RM22.4 billion. The cumulative inflows from May 2020 to December 2020 has offset the outflows and resulted in a full year 2020 inflow of RM18.3 billion as at December 2020 and foreign share in MGS and MGS+GII at 40.6% and 24.9% 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.

## **MAYBANK MALAYSIA INCOME FUND**

### **Manager's report**

**For the financial period from 1 July 2020 to 31 December 2020 (cont'd)**

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

As we are going into year 2021, with the vaccines to be made available to support the economic activities, economic recoveries are looking better and sentiments will improve accordingly. Hence, in absolute term, we may see risk assets like equities to perform better than the bond in year 2021. Hence, we are neutral with defensive positioning for bond funds.

Nevertheless, we expect the uneven economic recoveries globally will provide support to the bond market where low interest rates will be maintained for longer by central bankers to ensure accommodative environment to their economies. Hence, the risk of higher interest rate in year 2021 may not be significant for the bond market and with abundant liquidity, both from the local and foreign investors, the bond 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 funds.

Ongoing quantitative easing by central banks has resulted yields in the developed markets like the United States ("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' bonds as local currency bonds are still providing good spread against the United State Treasuries ("UST"). Coupled this with expectation of weakening USD, local currency bonds like MGS will provide a good home for some of these liquidity.

After the two pauses of OPR in September and November 2020, we believe BNM is reserving the bullet for year 2021 if needed to ease further. Hence, our base case is for the BNM to maintain OPR at 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.

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 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 duration risk and would favour to position ourselves defensively, preferring short term credit bonds for an affordable yield pickup.

## **MAYBANK MALAYSIA INCOME FUND**

### **Manager's report**

**For the financial period from 1 July 2020 to 31 December 2020 (cont'd)**

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

We believe the local bond market will remain supported by demand from local and foreign investors as liquidity is abundant and bond market will still be a good alternative for a yield pickup as compared to the low yielding fixed deposits and money market funds. We will maintain our underweight duration relative to the Refinitiv BPAM Bond Index as we assume a more defensive stance given our expectation of a steepening yield curve on the back of improvement in economic activities as vaccines are made available globally. Nevertheless, we expect the uneven global economic recoveries will provide support to the bond market where low interest rates will be maintained for longer by central banks to ensure an accommodative economic environment. We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields as economy starts to recover. We prefer strong AA- and A-rated papers; for yield pickup and potential long term upgrade as economic activities accelerate. We will continue to trade opportunistically will also look into new primary issuances that offer higher yields to deliver the required performance.

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

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

During the financial period from 1 July 2020 to 31 December 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

**TRUSTEE'S REPORT  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

**TO THE UNITHOLDERS OF MAYBANK MALAYSIA INCOME FUND**

We have acted as Trustee for Maybank Malaysia Income Fund (the "Fund") for the financial period from 1 July 2020 to 31 December 2020. In our opinion and to the best of our Knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For and on behalf of the Trustee  
**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (197401000629) (17540-D)**

**ONG TEE VANN**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
5 February 2021

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK MALAYSIA INCOME FUND  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

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

**Ahmad Najib Bin Nazlan**  
Director

Kuala Lumpur, Malaysia  
8 February 2021

## MAYBANK MALAYSIA INCOME FUND

### UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020

		01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
<b>INCOME</b>			
Interest income	3	1,472,934	1,523,056
Net gain on financial assets at fair value through profit or loss ("FVTPL")			
- Realised gain		371,358	377,825
- Unrealised gain		268,443	306,826
Other income		-	6,500
		<u>2,112,735</u>	<u>2,214,207</u>
<b>EXPENSES</b>			
Manager's fee	4	347,714	334,854
Trustee's fee	5	12,170	11,720
Auditors' remuneration		5,042	5,279
Tax agent's fee		2,269	5,563
Administrative expenses		23,060	28,761
		<u>390,255</u>	<u>386,177</u>
<b>Net income before taxation</b>		1,722,480	1,828,030
Taxation	6	-	-
<b>Net income after taxation, which is the total comprehensive income for the financial period</b>		<u>1,722,480</u>	<u>1,828,030</u>
<b>Net income after taxation is made up of the following:</b>			
Net realised income		1,454,037	1,521,204
Net unrealised income		268,443	306,826
		<u>1,722,480</u>	<u>1,828,030</u>

**MAYBANK MALAYSIA INCOME FUND**

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

	Note	31.12.2020 RM	30.06.2020 RM
<b>ASSETS</b>			
Financial assets at FVTPL	7	75,318,980	60,410,069
Deposit with a licensed financial institution	8	4,881,000	4,647,000
Interest receivables		722,760	557,214
Amount due from Manager	9	-	262,892
Cash at bank		1,692	317,442
<b>TOTAL ASSETS</b>		<u>80,924,432</u>	<u>66,194,617</u>
<b>LIABILITIES</b>			
Amount due to Manager	9	67,415	64,822
Amount due to Trustee	10	2,360	1,876
Other payables and accruals	11	28,350	61,733
<b>TOTAL LIABILITIES</b>		<u>98,125</u>	<u>128,431</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS</b>		<u>80,826,307</u>	<u>66,066,186</u>
Unitholders' capital	12(a)	92,082,360	79,044,719
Accumulated losses	12(b) & (c)	<u>(11,256,053)</u>	<u>(12,978,533)</u>
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>		<u>80,826,307</u>	<u>66,066,186</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>	12(a)	<u>72,590,073</u>	<u>60,847,477</u>
<b>NAV PER UNIT (RM)</b>		<u>1.1135</u>	<u>1.0858</u>

**MAYBANK MALAYSIA INCOME FUND****UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

	<b>Unitholders' capital Note 14(a) RM</b>	<b>Accumulated losses Note 14(b) &amp; (c) RM</b>	<b>Total equity RM</b>
At 1 July 2020	79,044,719	(12,978,533)	66,066,186
Total comprehensive income for the financial period	-	1,722,480	1,722,480
Creation of units	18,273,861	-	18,273,861
Cancellation of units	(5,236,220)	-	(5,236,220)
At 31 December 2020	<u>92,082,360</u>	<u>(11,256,053)</u>	<u>80,826,307</u>
At 1 July 2019	79,635,144	(15,113,623)	64,521,521
Total comprehensive income for the financial period	-	1,828,030	1,828,030
Creation of units	1,469,121	-	1,469,121
Reinvestment of units	1,841,098	-	1,841,098
Cancellation of units	(4,485,708)	-	(4,485,708)
At 31 December 2019	<u>78,459,655</u>	<u>(13,285,593)</u>	<u>65,174,062</u>

**MAYBANK MALAYSIA INCOME FUND****UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020**

	<b>01.07.2020</b>	<b>01.07.2019</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale of financial assets at FVTPL	12,403,940	20,850,051
Net payments for purchase of financial assets at FVTPL	(26,654,514)	(21,235,575)
Interest received	1,288,853	1,390,025
Manager's fee paid	(333,884)	(333,772)
Trustee's fee paid	(11,686)	(11,682)
Other expenses paid	(63,754)	(47,362)
Other income	-	6,500
Net cash (used in)/generated from operating and investing activities	<u>(13,371,045)</u>	<u>618,185</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	18,536,753	1,463,656
Payments for cancellation of units	<u>(5,247,457)</u>	<u>(4,037,929)</u>
Net cash generated from/(used in) financing activities	<u>13,289,296</u>	<u>(2,574,273)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD</b>	<b>(81,750)</b>	<b>(1,956,088)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>4,964,442</b>	<b>4,134,989</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>4,882,692</u></b>	<b><u>2,178,901</u></b>
Cash and cash equivalents comprises:		
Cash at bank	1,692	28,901
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	<u>4,881,000</u>	<u>2,150,000</u>
	<u>4,882,692</u>	<u>2,178,901</u>

## MAYBANK MALAYSIA INCOME FUND

### NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2020

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

Maybank Malaysia Income Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 15 May 1996 ("Principal Deed") between Amanah Mutual Berhad ("AMB") as the previous Manager and Universal Trustee (Malaysia) Berhad as the Trustee. The Fund commenced operations on 19 June 1996 and will continue to be in operations until terminated by the Trustee as provided under the Deeds. The following supplemental deeds has been issued between AMB and the Trustee:

- First supplemental deed dated 16 April 1999
- Second supplemental deed dated 18 August 1999
- Third supplemental deed dated 23 March 2000
- Forth supplemental deed dated 13 February 2001
- Fifth supplemental deed dated 8 February 2002
- Sixth supplemental deed dated 12 September 2003
- Seventh supplemental deed dated 26 May 2005
- Eighth supplemental deed dated 26 July 2016

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

Subsequently MAM and Universal Trustee (Malaysia) Berhad as the Trustee had entered into a Ninth Supplemental Deed dated 4 September 2018, to appoint MAM as the replacement Manager of the Fund effective 1 November 2018 and Tenth Supplemental Deed dated 11 July 2019 to change the name of the Fund. The Principal Deed and Supplemental Deeds are collectively referred to as 'Deeds'.

The Fund commenced operations on 19 June 1996 and will continue to be in operations until terminated by the Trustee as provided under the Deeds. The principal activity of the Fund is to invest a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.

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

## MAYBANK MALAYSIA INCOME FUND

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards 134 Interim Financial Reporting ("MFRS 134") and International Accounting Standards 34 Interim Financial Reporting.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial period from 1 July 2020 to 31 December 2020. The adoption of the above did not result in material impact to the financial statements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.13 to the financial statements.

All amounts are stated in Ringgit Malaysia ("RM").

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

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform Phase 2</i>	1 January 2021
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

#### 2.3 Financial instruments

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

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.

## **MAYBANK MALAYSIA INCOME FUND**

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

#### **2.3 Financial instruments (cont'd)**

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**

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

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

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

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

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

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

A financial asset is recognised at FVTPL if:

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

## MAYBANK MALAYSIA INCOME FUND

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

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

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

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

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

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.

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

##### (iii) Impairment

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.

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

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

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

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

## **MAYBANK MALAYSIA INCOME FUND**

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

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

##### **(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 interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of financial asset at amortised cost, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

#### **2.5 Financial liabilities**

##### **(i) Classification**

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

##### **(ii) Recognition and measurement**

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

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

##### **(iii) Derecognition**

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

## MAYBANK MALAYSIA INCOME FUND

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

#### 2.6 Unitholders' contribution

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

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- 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. The amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

#### 2.7 Revenue / Income

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

- Interest income from unquoted fixed income securities and deposits with licensed financial institutions are recognised on the accruals basis using the effective interest rate method.
- Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.
- Other income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an Asset to a customer. an Asset is transferred when (or as) the customer obtains control of that asset.

#### 2.8 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and deposit with a licensed financial institution with maturities of 3 months or less , which have an insignificant risk of changes in value.

## MAYBANK MALAYSIA INCOME FUND

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

#### 2.9 Taxation

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

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial period.

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

#### 2.10 Fair value measurement

The Fund measures its investments at FVTPL at fair value at each reporting date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best 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 for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

## **MAYBANK MALAYSIA INCOME FUND**

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

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

For assets 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.

#### **2.11 Distributions**

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

#### **2.12 Segment reporting**

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

#### **2.13 Critical accounting estimates and judgments**

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

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

## MAYBANK MALAYSIA INCOME FUND

### 3. INTEREST INCOME

	<b>01.07.2020 to 31.12.2020 RM</b>	<b>01.07.2019 to 31.12.2019 RM</b>
Interest income from unquoted fixed income securities	1,494,434	1,500,558
Interest income from licensed financial institution	38,047	81,304
Amortisation of premium, net accretion of discount	(59,547)	(58,806)
	<u>1,472,934</u>	<u>1,523,056</u>

### 4. MANAGER'S FEE

The Manager's fee is computed daily based on 1.00% (01.07.2019 to 31.12.2019: 1.00%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

### 5. TRUSTEE'S FEE

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

NAV (RM)	Trustee fee rate (%) p.a.	
	01.07.2020 to 31.12.2020	01.07.2019 to 31.12.2019
Nil to 100 million	0.035	0.035
Above 100 million	0.010	0.010

## MAYBANK MALAYSIA INCOME FUND

### 6. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.07.2019 to 31.12.2019: 24%) of the estimated assessable income for the financial period.

The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, interest 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:

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
Net income before taxation	1,722,480	1,828,030
Taxation at Malaysian statutory rate of 24% (01.07.2019 to 31.12.2019: 24%)	413,395	438,727
Income not subject to tax	(507,056)	(531,410)
Expenses not deductible for tax purposes	93,661	92,682
Tax expense for the financial period	-	-

### 7. FINANCIAL ASSETS AT FVTPL

	31.12.2020 RM	30.06.2020 RM
Unquoted fixed income securities	75,318,980	60,410,069

31.12.2020	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>Consumer Products</b>				
Guan Chong Bhd - 3.84% / 03.12.2027	1,100,000	1,106,617	1,105,951	1.37
UMW Holdings Bhd - 3.03% / 05.11.2025	1,000,000	1,000,000	999,890	1.24
	<u>2,100,000</u>	<u>2,106,617</u>	<u>2,105,841</u>	<u>2.61</u>
<b>Financial Services</b>				
Affin Islamic Bank - 5.05% / 23.10.2028	700,000	708,386	726,250	0.90
Danum Capital Bhd - 4.68% / 14.02.2034	1,800,000	2,050,563	2,000,466	2.48

**MAYBANK MALAYSIA INCOME FUND**

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

<b>31.12.2020 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Financial Services (cont'd)</b>				
MNRB Holdings Bhd - 5.20% / 22.03.2029	1,000,000	1,000,000	1,038,800	1.29
Public Islamic Bank Bhd - 3.75% / 31.10.2029	1,000,000	1,000,000	1,030,890	1.28
	<u>4,500,000</u>	<u>4,758,949</u>	<u>4,796,406</u>	<u>5.95</u>
<b>Government Agency</b>				
Danga Capital Bhd - 5.02% / 21.09.2033	<u>500,000</u>	<u>503,261</u>	<u>573,650</u>	<u>0.71</u>
<b>Government Development</b>				
Sabah Development Bank - 5.30% / 27.04.2023	4,300,000	4,307,149	4,537,661	5.61
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11% / 30.10.2025	<u>2,000,000</u>	<u>2,003,522</u>	<u>1,999,820</u>	<u>2.47</u>
	<u>6,300,000</u>	<u>6,310,671</u>	<u>6,537,481</u>	<u>8.08</u>
<b>Healthcare</b>				
TG Excellence Bhd - 3.95% / 27.02.2120	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,688,608</u>	<u>3.33</u>
<b>Industrial Product</b>				
EVYAP Sabun Malaysia Sdn Bhd - 4.05% / 30.12.2025	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,199,978</u>	<u>2.72</u>
<b>Power Generation</b>				
Edra Energy Sdn Bhd - 6.51% / 05.07.2035	1,700,000	2,090,261	2,117,316	2.62
Quantum Solar Park (Semenanjung) Sdn Bhd - 5.16% / 06.10.2022	1,300,000	1,313,658	1,329,224	1.64

**MAYBANK MALAYSIA INCOME FUND**

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

<b>31.12.2020 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Power Generation (cont'd)</b>				
YTL Power				
International Bhd				
- 5.05% / 03.05.2027	1,400,000	1,436,538	1,522,108	1.88
- 4.49% / 24.03.2023	5,000,000	4,996,891	5,164,150	6.39
	<u>9,400,000</u>	<u>9,837,348</u>	<u>10,132,798</u>	<u>12.53</u>
<b>Real Estate</b>				
Malaysian Resources				
Corporation Bhd				
- 4.45% / 14.08.2030	1,300,000	1,310,023	1,315,873	1.63
Sime Darby Property Bhd				
- 3.64% / 03.12.2030	900,000	900,000	902,061	1.12
Country Garden				
Real Estate Sdn Bhd				
- 6.40% / 18.03.2022	1,300,000	1,300,000	1,350,518	1.67
- 6.40% / 06.05.2022	1,300,000	1,300,000	1,355,510	1.68
- 5.25% / 27.03.2025	900,000	900,000	960,849	1.19
IJM Land Bhd				
- 5.65% / 17.03.2119	1,100,000	1,100,000	1,150,215	1.42
- 4.73% / 17.03.2119	1,300,000	1,302,731	1,294,800	1.60
UEM Sunrise Bhd				
- 4.00% / 09.06.2023	1,000,000	1,000,000	1,003,790	1.24
- 3.90% / 21.09.2023	600,000	601,504	600,552	0.74
Gamuda Land (T12) Sdn Bhd				
- 3.75% / 12.08.2027	1,400,000	1,400,000	1,401,260	1.73
	<u>11,100,000</u>	<u>11,114,258</u>	<u>11,335,428</u>	<u>14.02</u>
<b>Transportation &amp; Logistics</b>				
MMC Corp Bhd				
- 5.70% / 24.03.2028	3,200,000	3,269,084	3,547,328	4.39
Malaysia Airports				
Holdings Bhd				
- 3.30% / 05.11.2027	1,000,000	1,000,000	1,000,210	1.24

**MAYBANK MALAYSIA INCOME FUND**

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

	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>31.12.2020 (cont'd)</b>				
<b>Transportation &amp; Logistics (cont'd)</b>				
Penang Port Sdn Bhd - 4.48% / 27.12.2029	500,000	529,627	540,270	0.67
Pelabuhan Tanjung Pelepas Sdn Bhd - 3.95% / 18.06.2027	1,800,000	1,800,000	1,869,714	2.31
DRB-HICOM Bhd - 4.85% / 11.12.2026 - 5.08% / 30.08.2030	1,500,000 500,000	1,500,000 502,254	1,529,145 504,145	1.89 0.62
	<u>8,500,000</u>	<u>8,600,965</u>	<u>8,990,812</u>	<u>11.12</u>
<b>Utilities</b>				
Tenaga Nasional Bhd - 3.91% / 29.01.2021 - 5.18% / 03.08.2037	500,000 3,000,000	502,256 3,555,100	507,570 3,509,730	0.63 4.34
Pengurusan Air SPV Bhd - 3.90% / 30.10.2029 - 3.32% / 04.06.2027	5,800,000 1,000,000	6,044,755 1,000,000	6,160,064 1,029,140	7.62 1.27
Cypark Resources Bhd - 5.32% / 30.06.2031	2,400,000	2,447,280	2,644,800	3.27
Sarawak Energy Bhd - 3.30% / 14.06.2030	1,800,000	1,800,000	1,818,648	2.25
Tanjung Bin Energy Issuer Bhd - 6.20% / 16.03.2032	5,000,000	6,179,731	6,185,500	7.65
TNB Northern Energy Bhd - 4.62% / 30.05.2033	2,000,000	2,173,768	2,221,220	2.75
Ahmad Zaki Resources Bhd - 5.00% / 24.12.2026	1,800,000	1,800,000	1,881,306	2.33
	<u>23,300,000</u>	<u>25,502,890</u>	<u>25,957,978</u>	<u>32.11</u>
<b>Total unquoted fixed income securities</b>	<u>70,500,000</u>	<u>73,534,959</u>	<u>75,318,980</u>	<u>93.18</u>
Unrealised gain on unquoted fixed income securities			<u>1,784,021</u>	

**MAYBANK MALAYSIA INCOME FUND**

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

<b>30.06.2020</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Construction</b>				
AZRB Capital Sdn Bhd - 5.00% / 24.12.2026	1,800,000	1,800,000	1,844,496	2.79
Gamuda Bhd - 4.10% / 28.06.2030	1,100,000	1,104,484	1,104,477	1.67
	<u>2,900,000</u>	<u>2,904,484</u>	<u>2,948,973</u>	<u>4.46</u>
<b>Financial Services</b>				
Affin Islamic Bank - 5.05% / 23.10.2028	1,600,000	1,622,416	1,669,296	2.53
Public Islamic Bank Bhd - 3.75% / 31.10.2029	1,000,000	1,000,000	1,016,370	1.54
Fortune Premiere Sdn Bhd - 5.05% / 31.10.2025	1,600,000	1,641,399	1,716,880	2.60
MNRB Holdings Bhd - 5.20% / 22.03.2029	1,000,000	1,000,000	1,034,280	1.57
	<u>5,200,000</u>	<u>5,263,815</u>	<u>5,436,826</u>	<u>8.24</u>
<b>Government Agency</b>				
Danga Capital Bhd - 5.02% / 21.09.2023	500,000	503,355	573,005	0.87
<b>Government Development</b>				
Sabah Development Bank - 5.30% / 27.04.2023	4,300,000	4,308,659	4,532,329	6.86
<b>Healthcare</b>				
TG Excellence Bhd - 3.95% / 27.02.2120	2,600,000	2,600,000	2,649,452	4.01

**MAYBANK MALAYSIA INCOME FUND**

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

<b>30.06.2020 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Power Generation</b>				
Cypark Resources Bhd - 5.32% / 30.06.2031	2,400,000	2,448,986	2,503,416	3.79
Erda Energy Sdn Bhd - 6.51% / 05.07.2035	1,700,000	2,099,905	2,099,993	3.18
Sarawak Energy Bhd - 3.30% / 14.06.2030	1,800,000	1,800,000	1,799,982	2.72
Manjung Island Energy Bhd - 4.82% / 25.11.2030	700,000	755,311	785,260	1.19
YTL Power International Bhd - 5.05% / 03.05.2027 - 4.49% / 24.03.2023	1,400,000 5,000,000	1,439,025 4,996,282	1,521,310 5,161,200	2.30 7.81
Quantum Solar Park (Semenanjung) Sdn Bhd - 5.16% / 06.10.2022	1,300,000	1,317,397	1,331,694	2.02
	<b>14,300,000</b>	<b>14,856,906</b>	<b>15,202,855</b>	<b>23.01</b>
<b>Real Estate</b>				
Country Garden Real Estate Sdn Bhd - 6.40% / 06.05.2022 - 6.40% / 18.03.2022 - 5.25% / 27.03.2025	1,300,000 1,300,000 900,000	1,300,000 1,300,000 900,000	1,366,274 1,361,958 954,234	2.07 2.06 1.44
IJM Land Bhd - 5.65% / 17.03.2119 - 4.73% / 17.03.2119	1,100,000 1,300,000	1,100,000 1,302,889	1,146,442 1,283,906	1.74 1.94
UEM Sunrise Berhad - 4.00% / 09.06.2023	1,000,000	1,000,000	1,002,700	1.52
	<b>6,900,000</b>	<b>6,902,889</b>	<b>7,115,514</b>	<b>10.77</b>

**MAYBANK MALAYSIA INCOME FUND**

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

<b>30.06.2020 (cont'd)</b>	<b>Quantity Unit</b>	<b>Aggregate cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Sovereign</b>				
Government of Malaysia - 4.13% / 09.07.2029	1,900,000	2,083,728	2,073,850	3.14
<b>Toll roads highway</b>				
Konsortium Lebuhraya Utara-Timur - 4.25% / 01.12.2023	900,000	892,729	921,195	1.39
- 4.75% / 02.12.2024	2,600,000	2,623,888	2,720,354	4.12
	<u>3,500,000</u>	<u>3,516,617</u>	<u>3,641,549</u>	<u>5.51</u>
<b>Transportation &amp; Logistics</b>				
DRB-HICOM Bhd - 4.85% / 11.12.2026	1,500,000	1,500,000	1,503,585	2.28
MMC Corp Bhd - 5.70% / 24.03.2028	3,200,000	3,273,010	3,472,448	5.26
Penang Port Sdn Bhd - 4.48% / 27.12.2029	500,000	531,018	531,585	0.80
Pelabuhan Tanjung Pelepas Sdn Bhd - 3.95% / 18.06.2027	1,800,000	1,800,000	1,804,662	2.73
	<u>7,000,000</u>	<u>7,104,028</u>	<u>7,312,280</u>	<u>11.07</u>
<b>Utilities</b>				
Pengurusan Air SPV Bhd - 3.32% / 04.06.2027	1,000,000	1,000,000	1,004,730	1.52
- 3.90% / 30.10.2029	1,600,000	1,600,000	1,664,096	2.52
Tenaga Nasional Bhd - 5.18% / 03.08.2037	3,000,000	3,567,257	3,543,510	5.36
TNB Northern Energy Bhd - 3.91% / 29.11.2021	500,000	503,483	507,180	0.77
- 4.62% / 30.05.2033	2,000,000	2,179,270	2,203,920	3.34
	<u>8,100,000</u>	<u>8,850,010</u>	<u>8,923,436</u>	<u>13.51</u>

**MAYBANK MALAYSIA INCOME FUND**

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

<b>Total unquoted fixed income securities</b>	<u>57,200,000</u>	<u>58,894,491</u>	<u>60,410,069</u>	<u>91.45</u>
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Unrealised gain on unquoted fixed income securities *			<u>1,515,578</u>	
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\* The unrealised gain on unquoted fixed income securities comprise the amounts arising from changes in fair values.

**8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION**

	<b>31.12.2020</b>	<b>30.06.2020</b>
	<b>RM</b>	<b>RM</b>
Short-term placement with a maturity of less than 3 months	<u>4,881,000</u>	<u>4,647,000</u>

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

	<b>31.12.2020</b>		<b>30.06.2020</b>	
	<b>WAEIR</b>	<b>Average</b>	<b>WAEIR</b>	<b>Average</b>
	<b>% p.a.</b>	<b>maturity</b>	<b>% p.a.</b>	<b>maturity</b>
		<b>days</b>		<b>days</b>
Deposit with a licensed financial institution	<u>1.90</u>	<u>3</u>	<u>1.95</u>	<u>1</u>

## MAYBANK MALAYSIA INCOME FUND

### 9. AMOUNT DUE FROM/TO MANAGER

	Note	31.12.2020 RM	30.06.2020 RM
Amount due from Manager is in respect of:			
Creation of units	(i)	-	262,892
Amount due to Manager is in respect of:			
Management fee	(ii)	67,415	53,585
Cancellation of units	(iii)	-	11,237
		<u>67,415</u>	<u>64,822</u>

- (i) The amount represents amount receivable from the Manager for units created.
- (ii) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial period/year. The normal credit term for Manager's fee is 15 days.
- (iii) The amount represents amount payable to the Manager for units redeemed/cancelled.

### 10. AMOUNT DUE TO TRUSTEE

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

### 11. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	31.12.2020 RM	30.06.2020 RM
Due to external auditors	5,042	11,554
Due to tax agent	7,516	5,247
Other payables	15,792	44,932
	<u>28,350</u>	<u>61,733</u>

**MAYBANK MALAYSIA INCOME FUND**

**12. NAV ATTRIBUTABLE TO UNITHOLDERS**

	Note	31.12.2020 RM	30.06.2020 RM
Unitholders' contribution	(a)	92,082,360	79,044,719
Accumulated realised loss	(b)	(13,040,074)	(14,494,111)
Accumulated unrealised income	(c)	1,784,021	1,515,578
		<u>80,826,307</u>	<u>66,066,186</u>

**(a) Unitholders' contribution**

	01.07.2020 to 31.12.2020		01.07.2019 to 30.06.2020	
	Units	RM	Units	RM
At the beginning of the financial period/year	60,847,477	79,044,719	61,369,922	79,635,144
Creation of units	16,459,523	18,273,861	4,050,186	4,433,548
Reinvestment of units	-	-	3,386,778	3,617,309
Cancellation of units	<u>(4,716,927)</u>	<u>(5,236,220)</u>	<u>(7,959,409)</u>	<u>(8,641,282)</u>
At the end of the financial period/year	<u>72,590,073</u>	<u>92,082,360</u>	<u>60,847,477</u>	<u>79,044,719</u>

There were no units held by the directors or parties related to the Manager during the current and previous financial period.

**(b) Accumulated realised loss**

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 30.06.2020 RM
At the beginning of the financial period/year	(14,494,111)	(16,167,590)
Net realised income for the financial period/year	1,454,037	3,449,690
Distribution out of retained earnings (Note 13)	-	(1,776,211)
At the end of the financial period/year	<u>(13,040,074)</u>	<u>(14,494,111)</u>

Disposal of certain underperforming investment prior to 1 July 2011 resulted in the significant accumulated realised losses brought forward.

**(c) Accumulated unrealised income**

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 30.06.2020 RM
At the beginning of the financial period/year	1,515,578	1,053,967
Net unrealised gain for the financial period/year	268,443	461,611
At the end of the financial period/year	<u>1,784,021</u>	<u>1,515,578</u>

## MAYBANK MALAYSIA INCOME FUND

### 13. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

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

	<b>01.07.2020 to 31.12.2020 RM</b>	<b>01.07.2019 to 31.12.2019 RM</b>
(i) <u>Significant related party transaction</u>		
MBB:		
Interest income from deposit placement	37,263	81,304
Maybank Islamic Bhd:		
Interest income from deposits	785	-
	<b>31.12.2020 RM</b>	<b>30.06.2020 RM</b>
(ii) <u>Significant related party balances</u>		
MBB:		
Deposits with financial institution	4,881,000	4,647,000

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

## MAYBANK MALAYSIA INCOME FUND

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

The transactions with brokers/dealers for the current and previous financial period are as follows:

<b>Brokers/dealers</b>	<b>01.07.2020 to 31.12.2020</b>		<b>01.07.2019 to 31.12.2019</b>	
	<b>Value of trade RM</b>	<b>Percent of total trade %</b>	<b>Value of trade RM</b>	<b>Percent of total trade %</b>
Affin Hwang Investment Bank Bhd	915,010	2.38	3,267,360	8.56
Alliance Bank Malaysia Bhd	-	-	2,843,600	7.45
AmBank Islamic Bhd	2,089,525	5.44	-	-
CIMB Bank Bhd	-	-	4,562,790	11.96
Hong Leong Bank Bhd	-	-	2,215,750	5.81
MBB *	9,824,860	25.6	9,447,960	24.76
RHB Investment Bank Bhd	25,554,407	66.58	14,823,043	38.84
Public Investment Bank Bhd	-	-	1,000,000	2.62
	<b>38,383,802</b>	<b>100.00</b>	<b>38,160,503</b>	<b>100.00</b>

Details of transactions, primarily cash placements with financial institutions are as follows:

<b>Financial institutions</b>	<b>01.07.2020 to 31.12.2020</b>		<b>01.07.2019 to 31.12.2019</b>	
	<b>Value of placements RM</b>	<b>Percentage of total placements %</b>	<b>Value of placements RM</b>	<b>Percentage of total placements %</b>
MBB *	539,486,000	97.22	694,746,000	100.00
Maybank Islamic Bhd ("MIB") **	15,433,000	2.78	-	-
	<b>554,919,000</b>	<b>100.00</b>	<b>694,746,000</b>	<b>100.00</b>

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

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

## **MAYBANK MALAYSIA INCOME FUND**

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

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund, and recovered expenses to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee and other administrative expenses. For the financial period from 1 July 2020 to 31 December 2020, the MER of the Fund stood at 0.57% (01.07.2019 to 31.12.2019: 0.58%).

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

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial period from 1 July 2020 to 31 December 2020, the PTR of the Fund stood at 0.28 times (01.07.2019 to 31.12.2019: 0.30 times).

### **17. SEGMENT INFORMATION**

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker of the Manager makes the strategic decisions on resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieves its targeted to maximise returns over the Medium Term and while at the same time offering stability of capital and regular consistent income.

The chief operating decision-maker is responsible for the performance of the Fund by investing a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.

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

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

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

## MAYBANK MALAYSIA INCOME FUND

### 18. FAIR VALUE HIERARCHY

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2020</b>				
Financial assets at FVTPL	-	75,318,980	-	75,318,980
<b>30.06.2020</b>				
Financial assets at FVTPL	-	60,410,069	-	60,410,069

### 19. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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