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MAYBANK MALAYSIA SMALLCAP FUND

Unaudited interim report

For the financial period from 1 August 2020 to 31 January 2021

CORPORATE INFORMATION

MANAGER

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

BUSINESS OFFICE

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Dataran Maybank
No 1 Jalan Maarof
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TRUSTEE

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Level 21 Menara CIMB
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MAYBANK MALAYSIA SMALLCAP FUND

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MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial period from 1 August 2020 to 31 January 2021

A. Fund Information

1. Name of the Fund

Maybank Malaysia SmallCap Fund ("Fund")

2. Type of Fund

Growth Fund

3. Category of Fund

Equity Fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

3 March 2004 / 24 March 2004

6. Fund's investment objective

The Fund aims to achieve Medium to Long Term capital growth by primarily investing into securities of small and medium sized companies:

- (i) listed on the Bursa Malaysia's Main Market, ACE Market and/or any other boards approved by the Securities Commission Malaysia ("SC");
- (ii) with market capitalisation of not more than the limit considered by the SC to be appropriate for fund similar to this Fund; and
- (iii) which have the potential for capital appreciation over the Medium to Long Term.

7. Fund distribution policy

It is not the main objective of the Fund to distribute income as the main focus of the Fund is to secure capital growth in line with the performance of the Fund's benchmark. Any distribution is at the Manager's discretion, subject to Trustee's approval.

8. Fund's performance benchmark

The Fund's benchmark is 100% of the performance of the FBM SmallCap Index.

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

The Fund invests in securities of companies which have obtained approval from the relevant authorities for listing on the Main Market or ACE Market of Bursa Malaysia. The Fund invests primarily in selected small and medium sized companies with market capitalisation of not more than Ringgit Malaysia ("RM") 3 billion at the point of purchase of stocks which have the potential for capital appreciation over the Medium to Long Term. The Fund may also invest in companies with market capitalisation exceeding RM3 billion in order to increase the benefit of diversification and enhance the stability of the Fund. The Fund may consider investment in unlisted equities. However, investment in unlisted equities is limited to a maximum of 10% of the NAV of the Fund.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial period from 1 August 2020 to 31 January 2021 (cont'd)

A. Fund Information (cont'd)

10. Breakdown of unitholdings by size

Fund size

As at 31 January 2021, the size of the Fund was 159,264,008 units.

Breakdown of unitholdings as at 31 January 2021

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	406	39.84	896	0.28
5,001 to 10,000 units	165	16.19	1,086	0.34
10,001 to 50,000 units	315	30.91	6,313	1.98
50,001 to 500,000 units	130	12.76	12,873	4.04
500,001 units and above	3	0.30	* 297,362	93.36
Total	1,019	100.00	** 318,530	100.00

* Represent 137,185,503 units held by Malayan Banking Berhad

** Included units held under Institutional Unit Trust Scheme Advisers ("IUTA")

B. Performance Review

1. Key performance data of the Fund

Category	01.08.2020 to 31.01.2021	01.08.2019 to 31.07.2020	01.08.2018 to 31.07.2019
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Portfolio composition (%)

Quoted equities - local

Construction	2.37	2.34	6.18
Consumer Products	12.94	6.46	9.48
Energy	0.78	-	5
Finance	1.89	2.05	9.19
Healthcare	12.52	13.93	7
Industrial Products	22.89	20.83	17.92
Plantations	2.72	2.20	0.75
Properties	0.44	0.75	3.57
Real Estate Investment Trust ("REIT")	1.85	4.06	1.12
Technology	30.91	24.98	18.68
Telecommunication	-	0.63	5.35
Transportation	-	-	1.06
Utilities	1.76	2.62	4
Cash and other net assets	8.93	19.15	10.43
Total	100.00	100.00	100.00

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial period from 1 August 2020 to 31 January 2021 (cont'd)

B. Performance Review (cont'd)

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

Category	01.08.2020 to 31.01.2021	01.08.2019 to 31.07.2020	01.08.2018 to 31.07.2019
NAV (RM'000)	138,740	162,579	114,307
Units in circulation (units'000)	159,264	234,993	232,216
NAV per unit (RM)	0.8711	0.6918	0.4922
Highest NAV per unit (RM)	0.5615	0.6972	0.5233
Lowest NAV per unit (RM)	0.4721	0.3401	0.4461
Net income distributed (RM'000)	-	3,449	-
Distribution date	-	28 July 2020	-
Gross/net distribution per unit (sen)	-	1.50	-
Annual total return (%) ⁽¹⁾	7.29	43.59	(4.80)
Benchmark (%)	(1.94)	(3.59)	(5.41)
Management Expense Ratio ("MER") (%) ⁽²⁾	0.81	1.62	1.57
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	0.32	0.82	0.59

Notes:

- (1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's MER decreased to 0.81% due to lower administrative expenses in the current financial year under review.
- (3) The Fund's PTR decreased to 0.32 times due to lower trading activities in the current financial year ended 31 January 2021.

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

2. Performance of the Fund up to 31 January 2021

Category	6 months to 31.01.2021 %	1 year to 31.01.2021 %	3 years to 31.01.2021 %	5 years to 31.01.2021 %
Capital growth	25.90	64.94	50.86	85.84
Income distribution	-	2.15	2.15	9.77
Total return of the Fund	25.90	68.49	54.11	104.00
Benchmark	16.31	14.35	(5.45)	7.59
Average total return	-	68.49	15.49	15.31

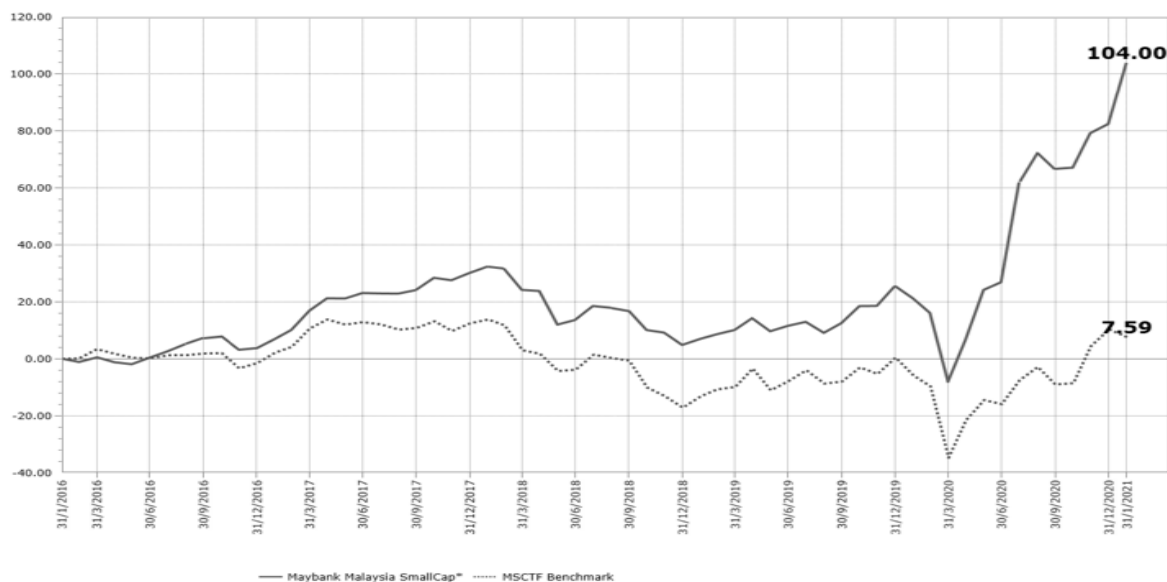
MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial period from 1 August 2020 to 31 January 2021 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 31 January 2021 (cont'd)



Source: Lipper

For the period under review from 1 August 2020 till 31 January 2021, the total return of the Fund was up 25.90% outperforming the benchmark of 16.30%. For a longer period of 5 years, the Fund's total return is at 104.00% vs the benchmark which recorded a return of 7.60%.

The Fund outperformed the benchmark index for the period under review.

3. Annual total return of the Fund

For the financial period ended	31.01.2021 %	31.01.2020 %	31.07.2019 %	31.07.2018 %	31.07.2017 %
Capital growth	25.90	7.29	(4.80)	(3.60)	11.56
Income distribution	-	-	-	-	8.32
Total return	25.90	7.29	(4.80)	(3.60)	19.88
Benchmark	16.31	(1.94)	(5.41)	(9.47)	10.69

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial period from 1 August 2020 to 31 January 2021 (cont'd)

B. Performance Review (cont'd)

4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

C. Market Review

For the period under review, in August & September 2020, we saw the peak of the rubber glove sector and towards the end of 2020, a shift of focus went into the recovery stocks as successful development of vaccine of Coronavirus disease ("COVID-19") began to surface.

In December 2020 and into January 2021, the technology sector saw increasing momentum as global demands for semiconductor related products and services increased.

D. Market Outlook

We expect business activities to slowly normalize on the back of the vaccine rollout. We expect to see choppy markets as the political instability is still present and the strong retail investor participation will see volatility remaining.

Strategy employed for the period under review, we shifted our focus from the healthcare sector to technology and cyclical sectors. We still see upside on the technology sector going ahead.

E. Investment Strategy

Going forward, in terms of strategy, we maintain our preference for technology but we trim some position to be prudent. We also like recovery stories of industrial demands as well as some selective construction sectors.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial period from 1 August 2020 to 31 January 2021 (cont'd)

F. Significant Changes in the State of Affairs of the Fund

No.	Disclosure items	Prior to 22 February 2021	Effective 22 February 2021
1	EPF disclosures	- Disclosed under Chapters 1, 4 and 5 (Investments via EPF MIS)	Removed
2	Change of Board of Directors	- Dr Hasnita binti Dato' Hashim (chairman/ independent non-executive director) - Goh Ching Yin (independent non-executive director) - Badrul Hisyam bin Abu Bakar (non-independent non-executive director) - Ahmad Najib bin Nazlan (non-independent executive director / chief executive)	- Dato Idris Kechot (chairman / independent non-executive director) - Goh Ching Yin (independent non-executive director) - Loh Lee Soon (independent non-executive director) - Badrul Hisyam bin Abu Bakar (non-independent non-executive director) - Ahmad Najib bin Nazlan (non-independent executive director / chief executive)
3	Manager's discretion to lower the minimum investment amounts and the minimum	- Nil	Included
4	Different cut-off times between distributors for switching and dealing of units	- Nil	Included
5	Illustration for sales charge	- Disclosed under Chapter 5	- Amended as to be consistent with the standard disclosure adopted by MAM for all prospectuses and for clarity purpose.
6	Illustration for sale of units with sales charge	- Disclosed under Chapter 5	- Amended as to be consistent with the standard disclosure adopted by MAM for all prospectuses and for clarity purpose.
7	Information on switching	- Disclosed under Chapter 5	- Amended as to be consistent with the standard disclosure adopted by MAM for all prospectuses and for clarity purpose.
8	Illustration on computation for purchase of Units	- Disclosed under Chapter 5	- Amended as to be consistent with the standard disclosure adopted by MAM for all prospectuses and for clarity purpose.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial period from 1 August 2020 to 31 January 2021 (cont'd)

G. Soft Commissions and Rebates

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

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

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK MALAYSIA SMALLCAP FUND FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2020 TO 31 JANUARY 2021

We, CIMB Commerce Trustee Berhad being the Trustee of Maybank Malaysia SmallCap Fund (“the Fund”) are of the opinion that Maybank Asset Management Sdn Bhd (“the Manager”), acting in the capacity as Managers of the Fund, has fulfilled its duties in the following manner for the financial period from 1 August 2020 to 31 January 2021.

- (a) The Fund has been managed in accordance with the limitations imposed on the investment powers of the Managers under the Deeds, the Securities Commission Malaysia’s Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 (as amended from time to time) and other applicable laws;
- (b) Valuation and pricing for the Fund has been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of
CIMB Commerce Trustee Berhad

Lee Kooi Yoke
Chief Executive Officer

Kuala Lumpur, Malaysia
8 March 2021

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK MALAYSIA SMALLCAP FUND
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2020 TO 31 JANUARY 2021**

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 Maybank Malaysia SmallCap Fund as at 31 January 2021 and of its results, changes in equity and cash flows for the financial period from 1 August 2020 to 31 January 2021 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
8 March 2021

MAYBANK MALAYSIA SMALLCAP FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2020 TO 31 JANUARY 2021**

		01.08.2020	01.08.2019
		to	to
	Note	31.01.2021	31.01.2020
		RM	RM
INCOME			
Dividend income		1,302,241	1,135,955
Interest income		182,902	229,547
Net gain on fair value changes of fair value through profit or loss ("FVTPL") investments	6(b)		
- Unrealised gain		21,831,051	5,685,138
- Realised gain		11,465,300	2,471,403
		<u>34,781,494</u>	<u>9,522,043</u>
EXPENSES			
Manager's fee	3	1,154,252	895,958
Trustee's fee	4	53,865	41,811
Auditors' remuneration		5,042	5,279
Tax agent's fee		1,965	2,513
Brokerage and other transaction fees		193,020	234,558
Administrative expenses		20,182	17,735
		<u>1,428,326</u>	<u>1,197,854</u>
NET INCOME BEFORE TAXATION		33,353,168	8,324,189
TAXATION	5	(11,208)	(6,502)
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>33,341,960</u>	<u>8,317,687</u>
Total comprehensive income for the financial period is made up of the following:			
Realised income		11,510,909	2,632,549
Unrealised income		21,831,051	5,685,138
		<u>33,341,960</u>	<u>8,317,687</u>

MAYBANK MALAYSIA SMALLCAP FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2021**

	Note	31.01.2021 RM	31.07.2020 RM
ASSETS			
Investments at FVTPL	6	126,397,527	131,464,308
Deposits with licensed financial institutions	7	11,082,000	30,168,543
Dividend receivable		36,102	39,917
Interest receivable		1,612	2,728
Amount due from Manager		414,463	95,997
Amount due from brokers		1,040,255	758,585
Cash at bank		41,464	533,097
TOTAL ASSETS		<u>139,013,423</u>	<u>163,063,175</u>
LIABILITIES			
Amount due to Manager	8	247,579	249,888
Amount due to Trustee	9	7,749	8,820
Amount due to brokers	10	-	170,103
Other payables and accruals	11	18,572	54,967
TOTAL LIABILITIES		<u>273,900</u>	<u>483,778</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>138,739,523</u>	<u>162,579,397</u>
EQUITY			
Unitholders' capital	12(a)	79,683,524	136,865,358
Accumulated profit/(losses)	12(b)&(c)	59,055,999	25,714,039
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		<u>138,739,523</u>	<u>162,579,397</u>
NUMBER OF UNITS IN CIRCULATION	12(a)	<u>159,264,008</u>	<u>234,992,799</u>
NAV PER UNIT		<u>0.8711</u>	<u>0.6918</u>

MAYBANK MALAYSIA SMALLCAP FUND**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2020 TO 31 JANUARY 2021**

	Unitholders' capital RM	Retained earnings RM	Total equity RM
At 1 August 2020	136,885,288	25,714,039	162,599,327
Total comprehensive income for the financial period	-	33,341,960	33,341,960
Creation of units	6,413,386	-	6,413,386
Cancellation of units	(63,615,150)	-	(63,615,150)
At 31 January 2021	<u>79,683,524</u>	<u>59,055,999</u>	<u>138,739,523</u>
At 1 August 2019	134,501,140	(20,194,053)	114,307,087
Total comprehensive income for the financial period	-	8,317,687	8,317,687
Creation of units	148,495	-	148,495
Cancellation of units	(1,028,352)	-	(1,028,352)
At 31 January 2020	<u>133,621,283</u>	<u>(11,876,366)</u>	<u>121,744,917</u>

MAYBANK MALAYSIA SMALLCAP FUND**UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2020 TO 31 JANUARY 2021**

	01.08.2020	01.08.2019
	to	to
	31.01.2021	31.01.2020
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from disposal of investments at FVTPL	67,084,795	60,981,841
Net payment for purchase of investments at FVTPL	(29,375,595)	(59,271,612)
Net dividend received	1,294,848	1,234,991
Interest received	184,018	229,503
Manager's fee paid	(1,186,020)	(881,053)
Trustee's fee paid	(46,116)	(41,116)
Other expenses paid	(34,516)	(32,852)
Net cash generated from operating and investing activities	<u>37,921,414</u>	<u>2,219,702</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	6,094,920	148,495
Payments for cancellation of units	(63,594,510)	(1,034,183)
Net cash used in financing activities	<u>(57,499,590)</u>	<u>(885,688)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	(19,578,176)	1,334,014
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		
	<u>30,701,640</u>	<u>13,336,958</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		
	<u>11,123,464</u>	<u>14,670,972</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	41,464	69,843
Deposits with licensed financial institutions with maturity of less than 3 months (Note 7)	11,082,000	14,601,129
	<u>11,123,464</u>	<u>14,670,972</u>

MAYBANK MALAYSIA SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2020 TO 31 JANUARY 2021

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Malaysia SmallCap Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 11 February 2004 between Amanah Mutual Berhad as the Manager, and Malaysian Trustee Berhad as the Trustee and the Registered Holders of the Fund. A First Supplemental Deed dated 26 May 2005 and a Second Supplemental Deed dated 28 January 2014, which was entered into between the Manager, Malaysian Trustee Berhad and the new Trustee, CIMB Commerce Trustee Berhad, was issued to amend the principal Deed. Also, Third Supplemental Deed was also issued on 27 January 2016. The Fund commenced operations on 24 March 2004 and will continue to be in operations until terminated by the Trustee as provided under the Deeds.

The Manager, a company incorporated in Malaysia, is principally engaged in the management of unit trust funds. Amanah Saham Nasional Berhad ("ASNB") and Permodalan Nasional Berhad, companies incorporated in Malaysia, were the holding and ultimate holding company of the Manager until 16 May 2018.

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

MAM and CIMB Commerce Trustee Berhad as the Trustee had entered into a Fourth Supplemental Deed dated 4 September 2018 and Fifth Supplemental Deed dated 11 July 2019. The Deed and Supplemental Deeds are hereinafter referred to as 'Deeds'.

The principal activity of the Fund is to invest in a selected portfolio of investments in small and medium size companies listed on the Main Market of Bursa Malaysia Securities Berhad and other approved investments.

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 Maybank AM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. Maybank AM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

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 134 *Interim Financial Reporting*.

The interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's annual financial statements as at 31 July 2020.

MAYBANK MALAYSIA SMALLCAP FUND

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

2.1 Basis of preparation (cont'd)

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

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to 2.14 to the financial statements. The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Standards, amendments to standards and interpretations issued but not yet effective

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

Description	Effective for annual periods beginning on or after
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 liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument.

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

(i) Financial assets at amortised cost

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

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

The Fund classifies cash and cash equivalents, interest receivable, dividend receivable and amount due from brokers and amount due from Manager as loan and receivables, and are subsequently measured at amortised cost. Quoted equities is classified as FVTPL.

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

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 year, 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.

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 or loss.

(iii) Impairment of financial assets

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL (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 (e.g. interest receivable), full impairment will be recognised on uncollected balances after the grace period.

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets (cont'd)

(iv) Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of financial assets 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 amount due to Manager, amount due to Trustee, amount due to brokers, 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 effective interest rate ("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 of financial liabilities

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 SMALLCAP FUND

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

2.6 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:

- 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:

- Dividend 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.
- Redemption fee income is charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units.
- 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

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.9 Distribution

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 to the unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved.

Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment is based on the NAV per unit on the income payment date, which is also the time of creation.

2.10 Income tax

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

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

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

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

2.11 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.

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:

MAYBANK MALAYSIA SMALLCAP FUND

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

2.11 Fair value measurement (cont'd)

- 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.

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 year.

2.12 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.

2.13 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for the 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 assumptions 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 judgements 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 within the next financial period.

3. MANAGER'S FEE

The Manager's fee is computed daily based on 1.50% (01.08.2019 to 31.01.2020: 1.50%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

MAYBANK MALAYSIA SMALLCAP FUND

4. TRUSTEE'S FEE

The Trustee fee is calculated and accrued daily. The Trustee fee is computed based on 0.07% (01.08.2019 to 31.01.2020: 0.07%) 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 RM 18,000 p.a.

5. TAXATION

	01.08.2020 to 31.01.2021 RM	01.08.2019 to 31.01.2020 RM
Tax charge for the financial period:		
Current income tax expense	<u>11,208</u>	<u>6,502</u>

Income tax is calculated at the Malaysian statutory rate of 24% (01.08.2019 to 31.01.2020: 24%) of the estimated assessable income for the financial period.

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

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

	01.08.2020 to 31.01.2021 RM	01.08.2019 to 31.01.2020 RM
Net income/(loss) before taxation	<u>33,353,168</u>	<u>8,324,189</u>
Taxation at Malaysian statutory rate of 24% (2020:24%)	8,004,760	1,997,805
Income not subject to tax	(8,347,559)	(2,285,290)
Income tax at source	11,208	6,502
Expenses not deductible for tax purposes	<u>342,798</u>	<u>287,485</u>
Tax expense for the financial period	<u>11,208</u>	<u>6,502</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL

(a) The equities held by the Fund are categorised based on their principal business activities according to Bursa Malaysia sector classification as at reporting dates.

			31.01.2021 RM	31.07.2020 RM
Investments at FVTPL			126,397,527	131,464,308
31.01.2021	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Construction				
Econpile Holdings Bhd	4,766,000	3,019,532	1,834,910	1.32
Gabungan AQRS Bhd	2,518,100	2,716,212	1,460,498	1.05
	<u>7,284,100</u>	<u>5,735,743</u>	<u>3,295,408</u>	<u>2.37</u>
Consumer Products				
Cocoaland Holdings Bhd	726,200	1,356,739	1,227,278	0.88
Kim Teck Cheong Consolidated Bhd	7,400,000	1,406,000	1,110,000	0.80
Kpower Bhd	2,666,666	951,133	5,589,999	4.03
Perak Transit Bhd	9,730,000	7,346,683	7,881,300	5.68
Power Root Bhd	1,200,000	2,520,000	2,148,000	1.55
	<u>21,722,866</u>	<u>13,580,555</u>	<u>17,956,577</u>	<u>12.94</u>
Energy				
Perdana Petroleum Bhd	8,000,000	1,445,600	1,080,000	0.78
Finance				
Malayan Banking Bhd **	203,515	1,622,964	1,589,452	1.15
RHB Bank Bhd	200,000	1,040,085	1,020,000	0.74
	<u>403,515</u>	<u>2,663,049</u>	<u>2,609,452</u>	<u>1.89</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

31.01.2021	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Healthcare				
Focus Point Holdings Bhd	6,160,900	3,630,442	8,193,997	5.91
Kossan Rubber Industries Bhd	500,000	947,967	2,225,000	1.60
Supermax Corporation Bhd	1,022,222	723,373	6,951,110	5.01
	<u>7,683,122</u>	<u>5,301,781</u>	<u>17,370,107</u>	<u>12.52</u>
Industrial Products				
Asia Poly Holdings Bhd	3,000,000	1,245,000	810,000	0.58
Comfort Gloves Bhd	1,000,000	3,619,800	3,140,000	2.26
Destini Berhad	10,200,000	2,205,000	2,346,000	1.69
Dufu Technology Corp Bhd	1,000,000	1,399,551	3,760,000	2.71
FoundPac Group Bhd	2,967,000	994,075	2,952,165	2.13
HPMT Holdings Bhd	2,000,000	1,120,000	960,000	0.69
HPP Holdings Bhd	1,400,000	504,000	1,001,000	0.72
KNM Group Bhd	4,000,000	909,200	720,000	0.52
Pestech International Bhd	1,300,000	1,864,363	1,137,500	0.82
RGT Bhd	2,000,000	908,550	1,140,000	0.82
Sam Engineering & Equipment Malaysia Bhd	181,200	1,294,939	1,250,280	0.90
Sarawak Consolidated Industries Bhd	2,000,000	910,000	5,340,000	3.85
SKP Resources Bhd	1,000,000	1,228,724	2,190,000	1.58
SLP Resources Bhd	1,062,300	1,367,659	924,201	0.67
Superlon Holdings Bhd	2,000,000	1,679,432	1,630,000	1.17
Thong Guan Industries Bhd	700,000	1,207,323	1,666,000	1.20
UCHI Technologies Bhd	300,000	911,744	807,000	0.58
	<u>36,110,500</u>	<u>23,369,360</u>	<u>31,774,146</u>	<u>22.89</u>
Property				
Malaysian Resources Corporation Bhd	1,000,000	890,664	385,000	0.28
SP Setia Bhd	320,000	320,000	240,000	0.16
	<u>1,320,000</u>	<u>1,210,664</u>	<u>625,000</u>	<u>0.44</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

31.01.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Plantation				
Hap Seng Plantations Bhd	1,000,000	1,802,571	1,730,000	1.25
Sarawak Oil Palms Bhd	500,000	1,572,538	2,040,000	1.47
	1,500,000	3,375,109	3,770,000	2.72
Real Estate Investment Trust ("REIT")				
AXIS REIT	1,300,000	2,330,936	2,561,000	1.85
Technology				
D&O Green Technologies Bhd	1,500,000	947,778	4,125,000	2.97
Datasonic Group Bhd	3,000,000	1,694,125	1,440,000	1.04
Elsoft Research Bhd	1,803,700	1,392,417	1,614,312	1.16
Frontken Corp Bhd	1,750,000	1,761,858	8,155,000	5.88
GHL Systems Bhd	750,000	774,934	1,282,500	0.92
Globetronics Technology Bhd	601,000	1,206,357	1,917,190	1.38
Malaysian Pacific Industries Bhd	200,000	2,471,127	6,600,000	4.76
Pentamaster Corporation Bhd	373,200	697,584	2,373,552	1.71
UWC Bhd	1,000,000	3,523,729	12,780,000	9.21
Visdynamics Holdings Bhd	2,212,200	2,689,420	2,610,397	1.88
	13,190,100	17,159,329	42,897,951	30.91
Utilities				
Ranhill Holdings Bhd	1,967,722	2,360,154	1,652,886	1.19
Taliworks Corporation Bhd	1,000,000	886,835	805,000	0.57
	2,967,722	3,246,989	2,457,886	1.76
Total FVTPL investments	101,481,925	79,419,116	126,397,527	91.07
Unrealised gain on FVTPL investments			46,978,411	

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

31.07.2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Construction				
Econpile Holdings Berhad	3,000,000	2,223,050	1,890,000	1.16
Gabungan AQRS Bhd	2,254,800	2,592,174	1,916,580	1.18
Mitrajaya Holdings Bhd				
- WD	7	-	-	-
	<u>5,254,807</u>	<u>4,815,224</u>	<u>3,806,580</u>	<u>2.34</u>
Consumer Products				
Cocoaland Holdings Bhd	1,188,000	2,219,507	2,043,360	1.26
Kim Teck Cheong Consolidated Bhd	10,000,000	1,900,000	1,650,000	1.01
Kumpulan Powernet Bhd	1,076,000	2,046,839	2,797,600	1.72
myNEWS Holdings Bhd	2,006,900	2,182,738	1,364,692	0.84
Perak Transit Bhd	10,000,000	2,050,000	2,650,000	1.63
	<u>24,270,900</u>	<u>10,399,084</u>	<u>10,505,652</u>	<u>6.46</u>
Finance				
Malayan Banking Bhd **	276,804	2,208,852	2,123,087	1.31
RHB Banking Bhd	240,000	1,248,103	1,204,800	0.74
	<u>516,804</u>	<u>3,456,955</u>	<u>3,327,887</u>	<u>2.05</u>
Healthcare				
Focus Point Holdings Bhd	5,390,000	3,146,709	2,263,800	1.39
Kossan Rubber Industries Bhd	300,000	1,137,560	5,280,000	3.25
Supermax Corporation Bhd	816,100	1,180,689	15,097,850	9.29
	<u>6,506,100</u>	<u>5,464,958</u>	<u>22,641,650</u>	<u>13.93</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

31.07.2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Industrial Products				
Destini Bhd	10,200,000	2,205,000	2,601,000	1.60
Dufu Technology Corporation Bhd	998,900	2,796,023	6,922,377	4.26
FoundPac Group Bhd	4,000,000	1,340,175	4,240,000	2.61
HPMT Holdings Bhd	3,590,000	2,010,400	1,202,650	0.74
Pestech International Bhd	2,000,000	2,868,250	1,700,000	1.05
Sam Engineering & Equipment (M) Bhd	249,900	1,787,836	1,804,278	1.11
Sarawak Consolidated Industries Bhd	605,000	1,101,100	1,712,150	1.05
SKP Resources Bhd	2,500,000	3,071,810	3,525,000	2.17
SLP Resources Bhd	2,211,300	2,846,939	2,144,961	1.32
Superlon Holdings Bhd	3,149,800	2,752,006	2,173,362	1.34
Thong Guan Industries Bhd	785,900	2,710,958	3,693,730	2.27
Uchi Technologies Bhd	830,000	2,522,492	2,124,800	1.31
	31,120,800	28,012,989	33,844,308	20.83
Plantation				
Hap Seng Plantations Holdings Bhd	1,026,300	1,849,979	1,662,606	1.02
Sarawak Oil Palms Bhd	537,100	1,689,220	1,922,818	1.18
	1,563,400	3,539,199	3,585,424	2.20
Property				
Malaysian Resources Corporation Bhd	1,812,500	1,614,329	1,015,000	0.62
S P Setia Bhd - PA	320,000	320,000	216,000	0.13
	2,132,500	1,934,329	1,231,000	0.75
Real Estate Investment Trust (REIT)				
Axis REIT	3,220,775	5,774,939	6,602,589	4.06

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

31.07.2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Technology				
D&O Green Technologies Bhd	4,966,100	3,137,841	4,270,846	2.63
Datasonic Group Bhd	3,000,000	3,388,250	4,200,000	2.58
Frontken Corp Bhd	2,312,500	2,328,169	8,093,750	4.98
Ghl Systems Bhd	864,800	1,340,325	1,746,896	1.07
Globetronics Technology Bhd	2,000,000	4,014,500	5,120,000	3.15
I-Stone Group Bhd	15,540,700	3,520,721	3,729,768	2.29
Malaysian Pacific Industries Bhd	141,000	1,418,453	1,861,200	1.14
Pentamaster Corporation Bhd	870,800	2,441,544	5,581,828	3.43
UWC Bhd	1,326,100	4,672,817	6,033,755	3.71
	<u>31,022,000</u>	<u>26,262,620</u>	<u>40,638,043</u>	<u>24.98</u>
Telecommunications				
OCK Group Bhd	2,000,000	1,200,000	1,030,000	0.63
Utilities				
Ranhill Holdings Bhd	2,882,200	3,491,580	2,709,268	1.67
Taliworks Corp Bhd	1,803,400	1,599,319	1,541,907	0.95
	<u>4,685,600</u>	<u>5,090,899</u>	<u>4,251,175</u>	<u>2.62</u>
Total FVTPL investments	<u>112,293,686</u>	<u>95,951,196</u>	<u>131,464,308</u>	<u>80.85</u>
Unrealised gain on FVTPL investments			<u>35,513,112</u>	

* As at the reporting date, the Fund holds shares in RHB Capital Bhd, which has been delisted to facilitate the transfer of shares and listing status to RHB Bank Bhd. Following the spin-off event on 2 June 2016, there is no cost and market value for the said security as all assets and liabilities have been vested to RHB Bank Bhd.

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

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

MAYBANK MALAYSIA SMALLCAP FUND

7. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	31.01.2021 RM	31.07.2020 RM
Licensed banks	11,082,000	30,168,543

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

	31.01.2021		31.07.2020	
	WAEIR % p.a.	Average maturity Days	WAEIR % p.a.	Average maturity Days
Licensed banks				
- less than 3 months	1.77	4	1.65	2

8. AMOUNT DUE TO MANAGER

		31.01.2021 RM	31.07.2020 RM
Amount due from Manager is in respect of:			
Creation of units	(i)	414,463	95,997
Amount due to Manager is in respect of:			
Manager's fee	(ii)	166,052	189,000
Cancellation of units	(iii)	81,527	60,888
		<u>247,579</u>	<u>249,888</u>

- (i) The amount represented 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. The normal credit term for Manager's fee is 15 days (31.07.2020: 15 days)
- (iii) The amount represented amount payable to the Manager for units cancelled.

9. AMOUNT DUE TO TRUSTEE

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

MAYBANK MALAYSIA SMALLCAP FUND

10. AMOUNT DUE TO BROKERS

Amount due to brokers relates to the amount payable to brokers arising from the purchase of investments. The settlement period for this payable is within 2 working days from the deal date.

11. OTHER PAYABLES AND ACCRUALS

	31.01.2021 RM	31.07.2020 RM
Due to external auditors	5,042	11,554
Due to tax agents	6,470	4,505
Other payables and accruals	7,060	38,908
	<u>18,572</u>	<u>54,967</u>

12. TOTAL EQUITY

		01.08.2020 to 31.01.2021 RM	01.08.2019 to 31.07.2020 RM
	Note		
Unitholders' capital	12 (a)	79,683,524	136,865,358
Accumulated realised loss	12 (b)	1,711,838	(9,799,071)
Accumulated unrealised income	12 (c)	57,344,161	35,513,110
		<u>138,739,523</u>	<u>162,579,397</u>

(a) Unitholder's capital

	01.08.2020 to 31.01.2021		01.08.2019 to 31.07.2020	
	Units	RM	Units	RM
As at beginning of the financial period/year	234,992,799	136,885,288	232,215,726	134,501,140
Creation of units	8,668,469	6,413,386	3,637,194	2,098,617
Reinvestment of units	-	-	4,984,756	3,469,381
Cancellation of units	(84,397,260)	(63,615,150)	(5,844,877)	(3,183,850)
As at end of the financial period/year	<u>159,264,008</u>	<u>79,683,524</u>	<u>234,992,799</u>	<u>136,885,288</u>

MAYBANK MALAYSIA SMALLCAP FUND

12. TOTAL EQUITY (CONT'D)

As at end of financial period, the total number and value of units held by the Manager are as follows:

	31.01.2021		31.07.2020	
	Units	RM	Units	RM
MBB, the ultimate holding of the Manager	137,185,503	119,506,293	210,181,510	145,413,746

The units are held beneficially by the Manager for booking purposes, and are within the prescribed limit allowed by the SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the directors or parties related to the Manager.

	01.08.2020	01.08.2019
	to	to
	31.01.2021	31.07.2020
	RM	RM
(b) Accumulated realised loss		
At the beginning of the financial period	(9,799,071)	(23,050,713)
Net realised income for the financial period	11,510,909	16,701,093
Distribution out of retained earnings	-	(3,449,451)
At the end of the financial period	<u>1,711,838</u>	<u>(9,799,071)</u>

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

(c) Accumulated unrealised income		
At the beginning of the financial period	35,513,110	2,856,660
Net unrealised loss for the financial period	21,831,051	32,656,450
At the end of the financial period	<u>57,344,161</u>	<u>35,513,110</u>

MAYBANK MALAYSIA SMALLCAP FUND

13. TRANSACTIONS WITH BROKERS/DEALERS

The transactions with top 10 brokers/dealers for the current and previous financial period are as follows:

	Value of trade RM	Percent of total trade %	Brokerage fees RM	Percent of brokerage fees %
01.08.2020 to 31.01.2021				
Nomura Holdings Inc	26,117,653	27.02	52,235	33.77
Kenanga Investment Bank Bhd	18,384,843	19.02	27,445	17.74
TA Securities Bhd	16,926,847	17.51	16,945	10.96
Hong Leong Investment Bank Bhd	13,444,372	13.91	20,285	13.11
CLSA Ltd	6,202,807	6.42	12,406	8.02
RHB Investment Bank Bhd	4,539,821	4.70	9,080	5.87
M&A Securities Bhd	2,751,174	2.85	2,906	1.88
JF Apex Securities Bhd	2,213,510	2.29	2,214	1.43
UOB Kay Hian Securities Sdn Bhd	1,894,926	1.96	3,790	2.45
Others	4,187,985	4.33	7,374	4.77
	<u>96,663,938</u>	<u>100.01</u>	<u>154,679</u>	<u>100.00</u>
01.08.2019 to 31.07.2020				
Hong Leong Investment Bank Bhd	50,466,061	27.42	86,372	30.18
Kenanga Investment Bank Bhd	40,992,247	22.27	76,116	26.60
TA Securities Bhd	28,667,049	15.57	28,959	10.12
JF Apex Securities Bhd	17,863,363	9.71	18,080	6.32
RHB Investment Bank Bhd	14,445,607	7.85	28,905	10.10
M&A Securities Sdn Bhd	7,897,836	4.29	7,929	2.77
CLSA Securities (M) Sdn Bhd	5,997,586	3.26	12,040	4.21
Maybank Investment Bank Bhd ("MIBB") *	5,868,205	3.19	10,411	3.64
MIDF Amanah Investment Bank Bhd	4,735,323	2.57	4,756	1.66
Nomura Securities Sdn Bhd	4,241,972	2.30	6,831	2.39
Others	2,885,010	1.57	5,799	2.01
	<u>184,060,259</u>	<u>100.00</u>	<u>286,198</u>	<u>100.00</u>

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

MAYBANK MALAYSIA SMALLCAP FUND

14. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

Other than those disclosed elsewhere in the financial statements, the significant related party transactions and balances as at the reporting date are as below.

	01.08.2020 to 31.01.2021 RM	01.08.2019 to 31.07.2020 RM
(a) Significant related party transactions		
MBB:		
Interest income from deposits	118,216	184,967
Dividend income	27,000	177,155
(b) Significant related party balances		
MBB:		
Deposit with a licensed financial institution	11,082,000	14,069,543
Interest income receivable	1,612	1,272

15. MANAGEMENT EXPENSE RATIO ("MER")

MER is calculated based on the ratio of the total fees and recovered expenses for the year, to the average daily NAV of the Fund. For the financial period ended 1 August 2020 to 31 January 2021, the MER of the Fund stood at 0.81% (01.08.2019 to 31.01.2020: 0.81%).

16. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial period to the daily average NAV of the Fund. For the financial period ended 1 August 2020 to 31 January 2021, the PTR of the Fund stood at 0.32 times (01.08.2019 to 31.01.2020: 0.50 times).

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17. 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
31.01.2021				
Investments at FVTPL	126,397,527	-	-	126,397,527
31.07.2020				
Investments at FVTPL	131,464,308	-	-	131,464,308

18. SEGMENTAL REPORTING

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker of the Manager 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 chief operating decision-maker is responsible for the performance of the Fund by investing a minimum of 70% of the Fund's assets in equities and equity-related securities, and a minimum of 2% of the Fund's NAV will be invested in liquid assets.

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

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

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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:

- (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 period.