



Maybank
Asset Management

Maybank Asset Management Sdn Bhd
199701006283 (421779-M)
Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur
Telephone +603 2297 7888
Facsimile +603 2297 7998
www.maybank-am.com

MAYBANK ASIAN CREDIT INCOME FUND

Annual report
For the financial period from 7 July 2020 (date of launch) to 30
April 2021

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)
Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
Facsimile +603 2297 7998
www.maybank-am.com

TRUSTEE

TMF Trustees Malaysia Berhad (200301008392) (610812-W)
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Telephone +603 2382 4288
Facsimile +603 2026 1451

INVESTMENT ADVISER

Maybank Asset Management Singapore Pte. Ltd. (200812589K)
2 Battery Road
#08-01 Maybank Tower
Singapore 049907
Telephone +65 6231 5080
Facsimile +65 6339 1003

MAYBANK ASIAN CREDIT INCOME FUND

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MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021

A. Fund Information

1. Name of the Fund

Maybank Asian Credit Income Fund (the "Fund")

2. Type of Fund

Fixed Income

3. Category of Fund

Feeder Fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

Class	Currency denomination	Launch date	Commencement date
MYR Class	Malaysian Ringgit ("MYR")	7 July 2020	7 August 2020
SGD (Hedged) Class	Singapore Dollar ("SGD")	7 July 2020	7 August 2020

6. Fund's investment objective

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

7. Fund distribution policy

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

8. Fund's performance benchmark

JP Morgan Asian Credit Index ("JACI")

9. The Fund's asset allocation policy

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

* Liquid assets include but are not limited to deposits and money market instruments.

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

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

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

A. Fund Information (cont'd)

11. Net income distribution for the financial period from 7 July 2020 (date of launch) to 30 April 2021

The Fund distributed a net income of RM2,078,587 from MYR Class and RM40,992 from SGD (Hedged) Class to unitholders for the financial period from 7 July 2020 (date of launch) to 30 April 2021.

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

Entitlement date	Payment date	NAV per unit (before distribution)	NAV per unit (after distribution)	Gross/Net distribution per unit	Changes %
MYR Class (MYR)					
26.11.2020	30.11.2020	1.0161	1.0121	0.4000	(0.39)
26.01.2021	29.01.2021	1.0245	1.0177	0.6800	(0.66)
26.03.2021	31.03.2021	1.0111	1.0043	0.6800	(0.67)
				<u>1.7600</u>	
SGD (Hedged) Class (SGD)					
26.11.2020	30.11.2020	1.0103	1.0063	0.4000	(0.40)
26.01.2021	29.01.2021	1.0166	1.0098	0.6800	(0.67)
26.03.2021	31.03.2021	1.0021	0.9953	0.6800	(0.68)
				<u>1.7600</u>	

12. Breakdown of unitholdings by size

Fund size

As at 30 April 2021, the size of the Fund was 104,603,200 units.

Units in Circulation by Class	No. of units
MYR Class	104,045,973
SGD (Hedged) Class	557,227
Total	104,603,200

Breakdown of unitholdings by Class of Units as at 30 April 2021

MYR Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	2	50.00	*2	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	1	25.00	271	0.26
500,001 units and above	1	25.00	**103,773	99.74
Total	4	100.00	104,046	100.00

* Includes 1,018 units held by the Manager

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

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

A. Fund Information (cont'd)

12. Breakdown of unitholdings by size (cont'd)

SGD (Hedged) Class

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	33.33	* 1	0.18
5,001 to 10,000 units	1	33.33	5	0.90
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	1	33.34	** 551	98.92
Total	3	100.00	557	100.00

* Includes 1,018 units held by the Manager

** Includes units held under an IUTA

B. Performance Review

1. Key performance data of the Fund

Category	30.04.2021
Portfolio	
Collective investment scheme (%)	98.98
Cash and other net assets (%)	1.02
Total (%)	<u>100.00</u>
MYR Class	
NAV (RM'000)	104,046
Units in circulation (units'000)	104,046
NAV per unit (RM)	1.0000
Highest NAV per unit (RM)	1.0306
Lowest NAV per unit (RM)	0.9937
Annual total return (%) ⁽¹⁾	
- Capital growth (%)	-
- Income distribution (%)	1.75
Total return (%)	1.75
Benchmark (%)	0.12
SGD (Hedged) Class	
NAV (RM'000)	1,696
Units in circulation (units'000)	557
NAV per unit (SGD)	0.9907
Highest NAV per unit (SGD)	1.0240
Lowest NAV per unit (SGD)	0.9849
Annual total return (%) ⁽¹⁾	
- Capital growth (%)	(0.93)
- Income distribution (%)	1.77
Total return (%)	0.82
Benchmark (%)	0.10

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

B. Performance Review (cont'd)

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

Category	30.04.2021
Management Expense Ratio ("MER") (%)	0.31
Portfolio Turnover Ratio ("PTR") (times)	0.82

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.

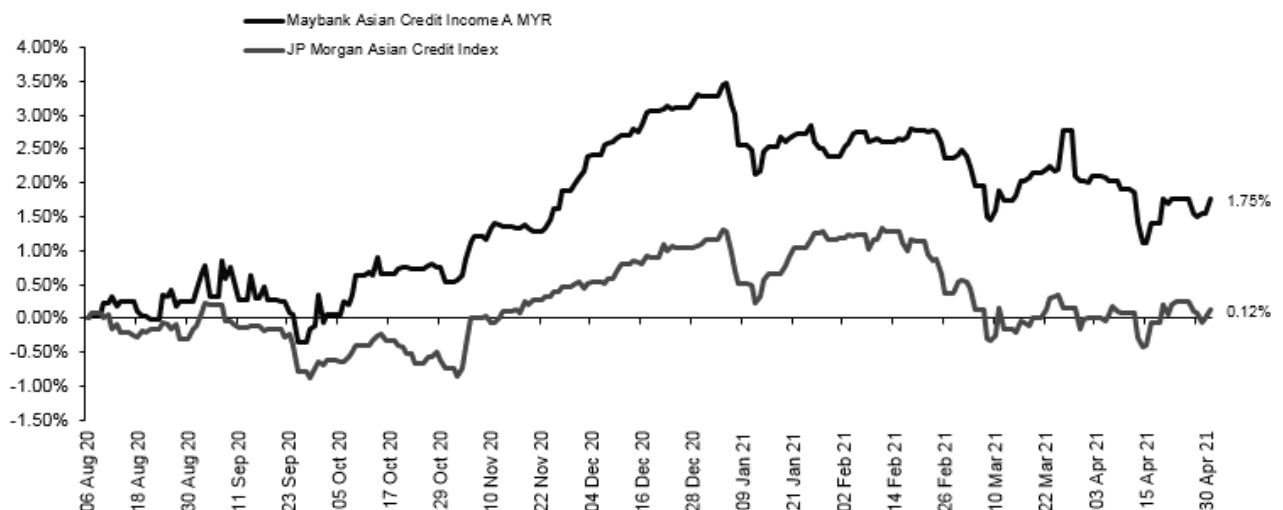
Investors are reminded that past performance of the Fund is not necessarily an indicative of its future performance and that unit prices and investment returns may fluctuate.

2. Performance of the Fund up to 30 April 2021

Returns of the different classes and its benchmark for the financial period ended 30 April 2021 are as follows:

(a) MYR Class

Category	07.07.2020 (date of launch) to 30.04.2021 %
Capital growth	-
Income distribution	1.75
Total return of the Fund	1.75
Benchmark	0.12
Average total return	-



Source: Novagmi Analytics and Advisory Sdn Bhd, as at 30 April 2021

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

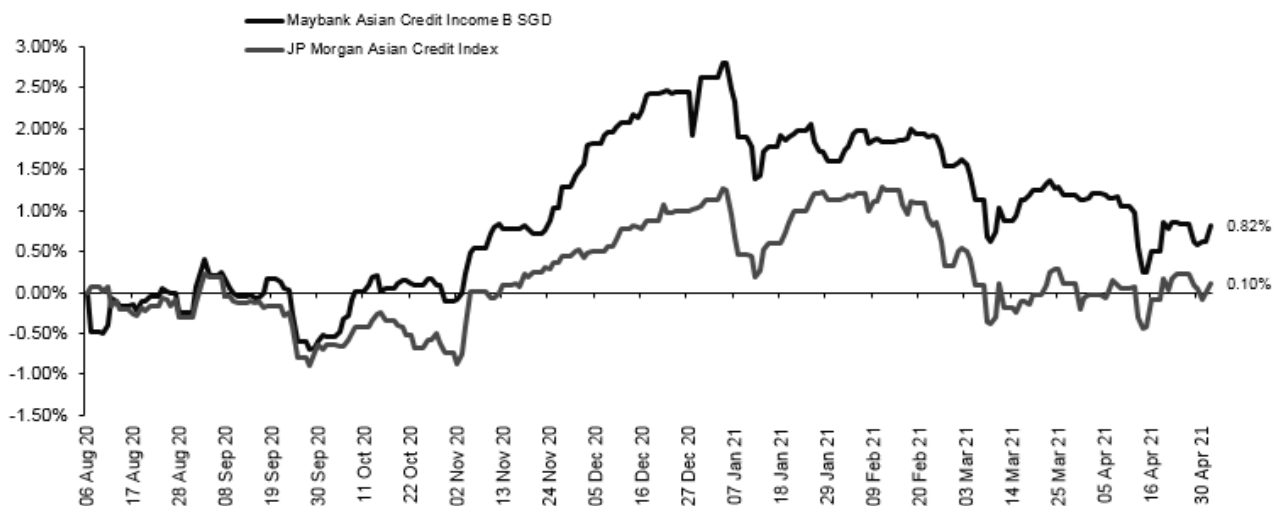
For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 April 2021 (cont'd)

(b) SGD (Hedged) Class

Category	07.07.2020 (date of launch) to 30.04.2021 %
Capital growth	(0.93)
Income distribution	1.77
Total return of the Fund	0.82
Benchmark	0.10
Average total return	-



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 April 2021

Has the Fund achieved its investment objective?

For the period since Fund's commencement under review, the Fund has generated a total return of 1.75%, as compared to the benchmark which registered a return of 0.12% over the same period. The Fund outperformed the benchmark by 163 basis points ("bps"). The portfolio's outperformance was due to its target fund composition to overweight in high yield and underweight in long end investment grade bonds. The investment objective of the Fund is to provide investors with capital growth and income primarily through investing in a portfolio of Asian fixed income securities and U.S. government debt. The Fund had achieved its objective and had delivered return of 0.68% on bi monthly basis in January 2021 and March 2021.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

B. Performance Review (cont'd)

3. Annual total return of the Fund

MYR Class

For the financial period ended	30.04.2021 %
Capital growth	-
Income distribution	1.75
Total return	1.75
Benchmark	0.12

SGD (Hedged) Class

For the financial period ended	30.04.2021 %
Capital growth	(0.93)
Income distribution	1.77
Total return	0.82
Benchmark	0.10

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

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

During August 2020, the global equity market rallied with Standard & Poor 500 ("S&P") reached new peak at the back of optimistic on the development of the vaccines along with signs of an economic turnaround in the 3Q 2020. The US – China relationship however took a downturn as what began as the two nations exchanging trade blows has now developed into restriction on diplomats and military posturing. Positively, the ongoing standoff was overshadowed through the month by US economic data that suggest that the economic recovery is continuing.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

C. Market Review (cont'd)

In Europe, the recovery momentum seen to slow down as PMI number for the month of August 2020 came out lower at 51.6 vs last month number. Nonetheless the number is still above 50 suggesting economy remain in expansion mode.

During September 2020, the US economy continues to recover and the Federal Reserve ("Fed") will now use average inflation targeting ("AIT") in setting the policy interest rate, allowing for temporary overshoots in inflation. The new policy means the Fed is willing to wait until inflation has gone above 2% until it responds. Furthermore, the latest dot plot – the Fed's own projection of the future path of interest rates - suggests that policymakers see rates at the zero lower bound through to and including 2023. However, US markets was seen jittery in the quarter amid a resurgence in European Coronavirus Disease 2019 ("Covid-19") cases, as well as questions over refreshed fiscal stimulus measures along with uncertainty over a smooth transition of power if President Trump loses his re-election bid.

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

During November 2020, market players seen to take more risk as several vaccine breakthroughs sparked investor optimism that a return to economic normality is in sight. The optimism on vaccines development overshadow President-elect Joe Biden's victory in the US presidential election, and concerns over the smooth transition of power. The US stock market rose sharply with Energy, Financials, industrials and materials stocks seen to rise up. The United States Dollar ("USD") seen declined against major currencies as players seen to take on more risk due to vaccines optimism. In Europe, there were also encouraging signs that Covid-19 infection rates are slowing in several European countries, enabling governments to start easing lockdown restrictions.

During December 2020, the US announced USD 900 billion rescue package in late December 2020 and saw the Fed reinforced its supportive message and vouge to continue with its current levels of qualitative easing. In Europe, Covid-19 infections seen to bounce back higher leading to some of the European countries to tighten back its restrictions. EU leaders approved the landmark EUR 1.8 trillion budget package, including the EUR 750 billion recovery fund, after overcoming opposition from Hungary and Poland. The EU also agreed a Brexit trade deal with the United Kingdom. The US 10-year yield was 25 basis points ("bps") higher, finishing at 0.91%, while the German 10-year yield fell by 5bps to -0.57%.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

C. Market Review (cont'd)

During the month of January 2021, the yield curve steepened as reflation risks come back into play with Biden pushing for a substantially larger USD1.9 trillion Covid-19 relief package. Yellen has fully endorsed the large stimulus package, calling it the best way to get the US economy back to pre-pandemic levels. If the package is passed, she expects US to get back to full employment next year. Besides inflation risks, there are also risks of increased Treasury bond issuance to fund the relief package. This drove US Treasury 10 year yield up from 0.91% end December 2020 to 1.04% end January 2021.

During February 2021, the bond market continued to be plagued with volatility both from rising bond yields and negative credit headlines. On the back of continued inflation concerns, the United States Treasury ("UST") 10 year which started the year at 0.91% closed at 1.41% end February 2021. Even the 5-year UST yield doubled from 0.35% beginning of the year to over 0.70% end of February 2021. This all occurred even as US Fed Chairman reiterated to the congress on 24th February 2021 that the central bank would not start to trim its USD120 billion in monthly bond purchases, or hike the benchmark interest rate, until "substantial further progress" has been made toward the Fed's goals on inflation and employment. Specifically, that would mean US inflation reaching and running slightly above the 2% level, with employment falling to a level viewed as maximum employment. On the credit front, there continued to be some negative spillover effects from the China Fortune Land restructuring event. The financial markets turned more cautious on China property high yield as they worry about tightening policies and negative investor sentiment which will impact almost all major onshore and offshore funding channels, including bank loans, bonds issuance and trust loans. Concerns arose again on the government's Three Red Lines policy rollout implications on property developers. Weak local State-Owned Enterprise ("SOE") bonds and local government funding vehicles ("LGFV") also traded weaker in a market where there were no buyers. It did not help that liquidity was poor during the one-week Chinese New Year holiday mid-February 2021. China high yield shaded about 0.5% to 1% lower while Indonesia and India high yield outperformed. Overall, the JP Morgan Asia Credit Index fell 0.79% in February 2021, with the investment grade bonds down 1.17% and the high yield bonds up 0.46%. While Investment Grade ("IG") spreads tightened 8bps, it was not enough to offset the heavy sell-off in Treasury yields.

During March 2021, President Biden confirmed a fiscal stimulus package of USD1.9 trillion, which followed up with an additional promise of USD2 trillion in infrastructure spending. In Europe saw the flash manufacturing PMI for March 2021 reached record high of 62.4 signaling strong growth. Global bond yield was seen to rise higher as major countries continue to rollout Covid-19 vaccination along with expectation of large US economic stimulus. The 10-year yield was seen to rise to 1.74% yield resulting curve to steepen further. USD corporate bond continue to perform well against government bond while High-Yield space perform better to produce more moderate positive return.

During April 2021, almost 70% of the population in US has now had at least one shot of the vaccine. However, the sharp sell off in UST in March 2021 seen to halt due to Fed comment. The US 10-year Treasury yield declined by 11 bps to 1.63% for the month. Echoing the previous month's comments, the Fed acknowledged improvements in the economy and a better outlook, but clearly downplayed any prospect of removing policy support. The US economy grew at an annualized 6.4% in Q1, beating expectations. In credit space, market was seen to focus on sell off in Huarong's bond which was triggered by the group's failure to release its financial results at the end of March 2021.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

C. Market Review (cont'd)

There had been a debate among market players if Beijing will remain firm to back the state own companies that borrow on international market. The bond price had plunged since then but recovered slightly as regulators came forward to bring some assurance on the entity commitment to uphold its bond obligation. The situation however escalated to other Chinese SOE resulting volatile market within that space.

D. Market Outlook & Strategy

We expect volatility to continue in the second quarter due to volatile US rates, higher inflation and higher asset prices. The non-farm payroll for April 2021 (reported first week May) disappointed on the downside, registering less than 300k versus market expectations of 1m. This drove 10 year UST below 1.5% levels intra-day but recovered back to 1.6% unchanged end of day. However US April 2021 Consumer Price Index print came in much higher than expected at 4.6% YoY versus expectation of 3.6% and 2.6% for March 2021, driving yields higher again closer 1.7%. We continue to expect US 10year Treasury to range trade between 1.5% to 1.8% and tactically look to add some long end sovereigns quasi-sovereigns if the upper end range is pierced. Portfolio duration is at 3.5 years versus index at 4.7 years.

On credits, we prefer to stick to short dated high yield credits for carry as we ride through the more volatile period for interest rates. We also like selective subordinated financial paper in Europe, Thailand, Japan and Australia. We look to add to Middle East for diversification as their bonds still offer 20-30 bps pick up over Asia and will also benefit from higher oil prices. We have been trimming down China exposure due to the uncertainty from Huarong situation as well as an increased new issue supply from China in May 2021. China exposure at 38% is below China weight of 50% in the index.

The biggest risk for this quarter is 3rd and 4th wave of Covid-19 and more lockdowns in Asia. This may create short term inflation pressure and outflows from Asia. The other risk is that UST may sell-off again if US inflation shifts from being a transitional risk to a more permanent phenomenon. We continue to monitor the situation closely and try to position defensively. Cash is maintained between 5% to 8% of portfolio.

E. Significant financial risk of the Fund

As the base currency of the Fund ("Base Currency") is denominated in MYR and the investments of the Fund in the Target Fund is denominated in SGD, the Fund is exposed to currency risk. Any fluctuation in the exchange rates between MYR and SGD will affect the value of the Fund's investments.

As the Base Currency is denominated in MYR and the currency denomination of the classes may be denominated in other than MYR, the classes not denominated in MYR are also exposed to currency risk. Any fluctuation in the exchange rates between MYR and the currency denomination of the class (other than MYR Class) will affect the unit holder's investments in those classes (other than MYR Class). The impact of the exchange rate movement between the Base Currency and the currency denomination of the class (other than MYR Class) may result in a depreciation of the unit holder's holdings as expressed in the Base Currency.

In order to manage currency risk, the Manager may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Fund's investments and the classes not denominated in MYR. However, every hedge comes with a cost and will be borne by the respective class.

MAYBANK ASIAN CREDIT INCOME FUND

Manager's report

For the financial period from 7 July 2020 (date of launch) to 30 April 2021 (cont'd)

F. Soft Commissions and Rebates

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

During the financial period ended 30 April 2021, the Manager and its delegates did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK ASIAN CREDIT INCOME FUND FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 30 APRIL 2021

We have acted as Trustee of Maybank Asian Credit Income Fund (the "Fund") for the financial period from 7 July 2020 (date of launch) to 30 April 2021. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For and on behalf of

TMF TRUSTEES MALAYSIA BERHAD

(Company No: 200301008392/ 610812-W)

**NORHAYATI BINTI AZIT
DIRECTOR - FUND SERVICES**

Kuala Lumpur, Malaysia

XX June 2021

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK ASIAN CREDIT INCOME FUND
FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 30 APRIL 2021**

We, Dato' Idris Bin Kechot and Ahmad Najib Bin Nazlan, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Maybank Asian Credit Income Fund as at 30 April 2021 and of its results, changes in net assets attributable to unitholders and cash flows for the financial period from 7 July 2020 (date of launch) to 30 April 2021 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dato' Idris Bin Kechot
Chairman

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
XX June 2021

Independent auditors' report to the Unitholders of Maybank Asian Credit Income Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Asian Credit Income Fund ("the Fund"), which comprise the statement of financial position as at 30 April 2021 of the Fund, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the period from 7 July 2020 (date of launch) to 30 April 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 April 2021, and of its financial performance and cash flows for the period from 7 July 2020 (date of launch) to 30 April 2021 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

Independent auditors' report to the Unitholders of Maybank Asian Credit Income Fund

Information other than the financial statements and auditors' report thereon (cont'd)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the Unitholders of Maybank Asian Credit Income Fund

Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the Unitholders of
Maybank Asian Credit Income Fund**

Other matters

This report is made solely to the Unitholders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
03013/10/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
XX June 2021

MAYBANK ASIAN CREDIT INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 30 APRIL 2021

		07.07.2020 (date of launch) to 30.04.2021 RM
INVESTMENT INCOME		
Dividend income		3,524,518
Interest income		38,528
Net loss from financial assets at fair value through profit or loss ("FVTPL")		
- Realised gain		48,829
- Unrealised loss		(1,746,536)
Net gain on foreign exchange and forward currency contracts	3	<u>670,877</u>
		<u>2,536,216</u>
EXPENSES		
Manager's fee	4	219,778
Trustee's fee	5	52,747
Auditors' remuneration		6,500
Tax agent's fee		3,900
Administrative expenses		<u>22,305</u>
		<u>305,230</u>
Net income before distribution and taxation		2,230,986
Distribution to unitholders		
MYR Class	14(a)	(2,034,869)
SGD (Hedged) Class	14(b)	<u>(49,590)</u>
		<u>(2,084,459)</u>
Net income before taxation		146,527
Taxation	6	<u>-</u>
Net income after taxation, and total comprehensive income for the financial period		<u>146,527</u>
Net income after taxation is made up of the following:		
Net realised income		2,645,283
Net unrealised loss		<u>(2,498,756)</u>
		<u>146,527</u>

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

MAYBANK ASIAN CREDIT INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 30 APRIL 2021 (CONT'D)

07.07.2020
(date of
launch)
to
30.04.2021

Note

Distributions for the financial period:

MYR Class

Net distributions (RM)	14	2,078,587
Gross/net distribution per unit (sen)	14	<u>1.76</u>
Distribution dates (ex-date)		<u>Refer to Note 14</u>

SGD (Hedged) Class

Net distributions (RM)	14	40,992
Gross/net distribution per unit (SGD cent)	14	<u>1.76</u>
Distribution dates (ex-date)		<u>Refer to Note 14</u>

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

MAYBANK ASIAN CREDIT INCOME FUND**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021**

	Note	30.04.2021 RM
ASSETS		
Financial assets at FVTPL	7	104,665,709
Deposit with a licensed financial institution	8	300,277
Dividend receivables		360,987
Interest receivables		15
Amount due from Manager	9	1,000
Derivative assets	10	118,348
Cash at bank	11	1,649,594
TOTAL ASSETS		107,095,930
LIABILITIES		
Amount due to Manager	9	525,114
Amount due to Trustee	12	5,375
Derivative liabilities	10	802,080
Other payables and accruals		21,418
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		1,353,987
NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS OF THE FUND		105,741,943
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' contribution	13(a)	105,595,416
Retained earnings	13(b) & 13(c)	146,527
		105,741,943
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- MYR Class	13(a)	104,045,973
- SGD (Hedged) Class	13(a)	557,227
		104,603,200
NAV PER UNIT		
- MYR Class (MYR)	13(a)	1.0000
- SGD (Hedged) Class (SGD)	13(a)	0.9907

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

MAYBANK ASIAN CREDIT INCOME FUND

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 30 APRIL 2021**

	Unitholders' contribution Note 13(a) RM	Retained earnings Note 13(b) & 13(c) RM	Net assets attributable to unitholders RM
At 7 July 2020 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	146,527	146,527
Creation of units	152,583,139	-	152,583,139
Reinvestment of units	2,119,579	-	2,119,579
Cancellation of units	(49,072,182)	-	(49,072,182)
Distribution (Note 14)	(35,120)	-	(35,120)
At 30 April 2021	<u>105,595,416</u>	<u>146,527</u>	<u>105,741,943</u>

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

MAYBANK ASIAN CREDIT INCOME FUND

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 30 APRIL 2021

	07.07.2020 (date of launch) to 30.04.2021 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES	
Net proceeds from disposal of financial assets at FVTPL	28,083,369
Net payments for purchase of financial assets at FVTPL	(131,626,432)
Net realised income on forward foreign exchange contracts	1,045,282
Dividend income received	3,168,918
Interest income received	38,513
Manager's fee paid	(197,382)
Trustee's fee paid	(47,372)
Payment of other fees and expenses	(11,306)
Net cash used in operating and investing activities	<u>(99,546,410)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from creation of units	150,451,729
Payments for cancellation of units	(48,577,215)
Net cash generated from financing activities	<u>101,874,514</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	2,328,104
CASH AND CASH EQUIVALENTS AT DATE OF LAUNCH	-
Effect of foreign exchange	(378,233)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>1,949,871</u>
Cash and cash equivalents comprise of:	
Cash at bank (Note 11)	1,649,594
Deposits with a licensed financial institution with maturity of less than 3 months (Note 8)	300,277
	<u>1,949,871</u>

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

MAYBANK ASIAN CREDIT INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 7 JULY 2020 (DATE OF LAUNCH) TO 30 APRIL 2021

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.2 Standards and amendments to standards issued but not yet effective

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

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

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

2.3 Financial instruments

Financial assets and financial liabilities are 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.

2.4 Financial assets

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

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

(i) Financial assets at amortised cost

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

MAYBANK ASIAN CREDIT INCOME FUND

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

(i) Financial assets at amortised cost (cont'd)

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

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

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

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

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

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

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.4 Financial assets (cont'd)

(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. The impairment model does not apply to equity investments.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

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

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

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

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

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

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.5 Financial liabilities

(i) Classification

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

(ii) Recognition and measurement

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

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

(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.

2.6 Unitholders' contribution

The unitholders' contributions to the Fund are classified as liabilities under *MFRS 132 Financial Instruments: Presentation*.

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.7 Revenue / Income

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

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

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

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

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

2.8 Cash and cash equivalents

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

2.9 Distributions

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

2.10 Taxation

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

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

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable income earned during the financial period. Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

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

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.11 Fair value measurement

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

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

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

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

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

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

2.12 Functional and foreign currency

(i) Functional and presentation currency

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

MAYBANK ASIAN CREDIT INCOME FUND

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

2.12 Functional and foreign currency (cont'd)

(ii) Transactions and balances

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

2.13 Segment reporting

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

2.14 Significant accounting estimates and judgements

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

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

3. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

	07.07.2020 (date of launch) to 30.04.2021 RM
Net realised loss on foreign exchange	412,904
Net unrealised gain on foreign exchange	(68,488)
Net realised gain on forward foreign exchange contracts	1,010,193
Net unrealised loss on forward foreign exchange contracts	(683,732)
	<u>670,877</u>

4. MANAGER'S FEE

The Manager's fee is computed daily up to 1.25% per annum ("p.a.") of the NAV of each share class, before deducting Manager's fee and Trustee's fee for the day.

As the Fund is investing in the Target Fund, the annual management fee is inclusive of the management fee

MAYBANK ASIAN CREDIT INCOME FUND

5. TRUSTEE'S FEE

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

6. TAXATION

07.07.2020
(date of
launch)
to
30.04.2021
RM

Current income tax expense

-

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

In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund is exempted from tax. Dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

07.07.2020
(date of
launch)
to
30.04.2021
RM

Net income before taxation

146,527

Taxation at Malaysian statutory rate of 24%

35,166

Income not subject to tax

(1,027,860)

Loss not deductible for tax purposes

419,169

Expenses not deductible for tax purposes

573,525

Tax expense for the financial period

-

MAYBANK ASIAN CREDIT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL

				30.04.2021
				RM
Collective investment scheme				<u>104,665,709</u>
	Quantity	Aggregate	Market	Percentage
	Unit	cost	value	of NAV
		RM	RM	%
30.04.2021				
Maybank Asian Income Fund				
Class A (Dist) - SGD	<u>33,581,626</u>	<u>105,728,419</u>	<u>104,665,709</u>	<u>98.98</u>
Unrealised loss on financial assets at FVTPL *			<u>(1,062,710)</u>	

* The unrealised loss on collective investment scheme comprise the amounts arising from changes in fair values and effects from foreign exchange.

8. DEPOSITS WITH A LICENSED FINANCIAL INSTITUTION

	30.04.2021
	RM
Deposit with a licensed financial institution with maturity of:	
- less than 3 months	<u>300,277</u>

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

	30.04.2021	
	WAEIR	Average
	% p.a.	maturity
		Days
Deposits with maturity of less than 3 months	<u>1.77</u>	<u>2</u>

9. AMOUNT DUE FROM/(TO) MANAGER

		30.04.2021
		RM
Amount due from Manager is in respect of:		
Creation of units	(i)	<u>1,000</u>
Amount due to Manager is in respect of:		
Manager's fee	(ii)	22,396
Cancellation of units	(iii)	<u>502,718</u>
		<u>525,114</u>

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

10. DERIVATIVE ASSETS/(LIABILITIES)

As at the reporting date, there were 40 forward currency contracts outstanding. The notional principal amount of the outstanding forward currency contracts as at 30 April 2021 amounted to RM103,724,501.

The details of the forward foreign exchange contracts as at 30 April 2021 is shown below:

<u>Forward currency contracts</u>	Notional principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
30.04.2021			
- Less than 1 year	103,724,501	118,348	802,080

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

11. CASH AT BANK

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

	30.04.2021 RM
Singapore dollar ("SGD")	94,745
RM	1,554,849
	<u>1,649,594</u>

12. AMOUNT DUE TO TRUSTEE

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

13. NAV ATTRIBUTABLE TO UNITHOLDERS

	Note	07.07.2020 (date of launch) to 30.04.2021 RM
Unitholders' contribution	(a)	105,595,416
Accumulated realised income	(b)	2,645,283
Accumulated unrealised loss	(c)	(2,498,756)
		<u>105,741,943</u>

MAYBANK ASIAN CREDIT INCOME FUND

13. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

(a) Unitholders' contribution

The units are distributed based on the following share classes:

	07.07.2020 (date of launch) to 30.04.2021	
	No. of units	RM
(i) MYR Class	104,045,973	103,880,165
(ii) SGD (Hedged) Class	557,227	1,715,251
	104,603,200	105,595,416

(a) Unitholders' contribution (cont'd)

(i) MYR Class

	07.07.2020 (date of launch) to 30.04.2021	
	No. of units	RM
At 7 July 2020 (date of launch)	-	-
Creation of units	148,402,461	148,925,155
Reinvestment of units	2,057,970	2,078,587
Cancellation of units	(46,414,458)	(47,079,859)
Distribution equalisation (Note 14)	-	(43,718)
At the end of the financial period	104,045,973	103,880,165

(ii) SGD (Hedged) Class

	07.07.2020 (date of launch) to 30.04.2021	
	No. of units	RM
At 7 July 2020 (date of launch)	-	-
Creation of units	1,194,640	3,657,983
Reinvestment of units	13,363	40,992
Cancellation of units	(650,776)	(1,992,322)
Distribution equalisation (Note 14)	-	8,598
At the end of the financial period	557,227	1,715,251

As of end of the financial period, the total number and value of units held legally or beneficially by the Manager and a related party are as follows:

	30.04.2021	
	No. of units	Valued at NAV
The Manager (MYR Class)	1,018	RM1,018
The Manager (SGD (Hedged) Class)	1,018	SGD1,008

MAYBANK ASIAN CREDIT INCOME FUND

13. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

(b) Accumulated realised income

	07.07.2020 (date of launch) to 30.04.2021 RM
At 7 July 2020 (date of launch)	-
Net realised income for the financial period	<u>2,645,283</u>
At the end of the financial period	<u>2,645,283</u>

(c) Accumulated unrealised loss

	07.07.2020 (date of launch) to 30.04.2021 RM
At 7 July 2020 (date of launch)	-
Net unrealised loss for the financial period	<u>(2,498,756)</u>
At the end of the financial period	<u>(2,498,756)</u>

(d) Classes of shares

(i) Types of classes of units

Class	Currency
MYR Class	MYR
SGD (Hedged) Class	SGD

There are different charges and features for each class as follows:

- (a) Initial investment for each class
- (b) Different additional minimum investment

(ii) NAV computation

The computation of NAV of the Fund is based on the Fund's functional currency, RM, irrespective of the multiple classes of units (denominated in other currencies). Due to multiple classes in this Fund, the expenses of the Fund are apportioned based on the MCR, which is the size of the respective class relative to the whole Fund. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

MAYBANK ASIAN CREDIT INCOME FUND

13. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

(d) Classes of shares (cont'd)

(iii) Redemption/cancellation of units by Unitholders

These units are cancellable at the unitholder's option. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

There is no restriction on the putting of the units back to the Fund (i.e. redemption), subject to the minimum redemption amount of units of each class and the minimum unit holding for each class. If the unit holdings of a unitholder are, after a redemption request, falls below the minimum unit holdings for the Fund, a request for full redemption is deemed to have been made.

14. DISTRIBUTIONS

The sources of distribution and the gross/net distribution rates declared for the various classes of units are as follows:

(a) MYR Class	07.07.2020 (date of launch) to 30.04.2021 RM
Dividend income	2,140,234
Interest income	23,396
Less: Expenses	(128,761)
Distribution out of realised income	<u>2,034,869</u>
Effects of distribution equalisation (Note13(a)(i))	<u>43,718</u>
Distribution for the financial period	<u><u>2,078,587</u></u>

The distribution declared are settled in the form of units and presented as "reinvestment of units" in Note 13.

The gross/net distribution per unit and the distribution dates are as follows:

Distribution dates (ex-date)	Gross/net distribution per unit (RM sen)
27 November 2020	0.40
27 January 2021	0.68
29 March 2021	<u>0.68</u>
	<u><u>1.76</u></u>

MAYBANK ASIAN CREDIT INCOME FUND

14. DISTRIBUTIONS (CONT'D)

(b) SGD (Hedged) Class

07.07.2020
(date of
launch)
to
30.04.2021
RM

Dividend income	53,038
Interest income	580
Less: Expenses	(4,028)
Distribution out of realised income	<u>49,590</u>
Effects of distribution equalisation (Note13(a)(ii))	(8,598)
Distribution for the financial period	<u>40,992</u>

The distribution declared are settled in the form of units and presented as "reinvestment of units" in Note 13.

The gross/net distribution per unit and the distribution dates are as follows:

Distribution dates (ex-date)	Gross/net distribution per unit (SGD cent)
27 November 2020	0.40
27 January 2021	0.68
29 March 2021	0.68
	<u>1.76</u>

15. TRANSACTIONS WITH BROKER AND FINANCIAL INSTITUTION

The Manager subscribes and redeems the units in the Target Fund directly from the Manager of the Target Fund, which is also a related party of the Manager, in the current financial period.

Detail of transactions, primarily deposits with a financial institution is as follows:

07.07.2020 (date of launch) to 30.04.2021

Financial institution	Transaction value RM	Percentage of total placement %
Malayan Banking Bhd ("MBB")*	<u>551,537,042</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager

MAYBANK ASIAN CREDIT INCOME FUND

16. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

	07.07.2020 (date of launch) to 30.04.2021 RM
(i) <u>Significant related party transaction</u>	
MBB:	
Interest income from deposits	<u>26,351</u>
	30.04.2021 RM
(ii) <u>Significant related party balances</u>	
MBB:	
Deposit with a licensed financial institution	<u>300,321</u>
Derivative assets	<u>4,731</u>
Derivative liabilities	<u>(21,612)</u>

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

17. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Trustee's fee and other administrative expenses. For the financial period from 7 July 2020 (date of launch) to 30 April 2021, the MER of the Fund stood at 0.31%.

As the MER includes only the incremental fee charged by the Manager, the estimated MER inclusive of the fees charged by the Target Fund Manager as disclosed in Note 4 is 1.22%.

18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the daily average NAV of the Fund. For the financial period from 7 July 2020 (date of launch) to 30 April 2021, the PTR of the Fund stood at 0.82 times.

MAYBANK ASIAN CREDIT INCOME FUND

19. SEGMENT REPORTING

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieves its targeted return with an acceptable level of risk within the portfolio. The PMC is responsible for the performance of the Fund by investing a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets.

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

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

20. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.14 describe how the classes of financial instruments are measured and how income and expenses are recognised.

The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
30.04.2021				
Financial Assets				
Financial assets at FVTPL	104,665,709	-	-	104,665,709
Deposits with a licensed financial institution	-	300,277	-	300,277
Dividend receivables	-	360,987	-	360,987
Interest receivable	-	15	-	15
Derivative assets	118,348	-	-	118,348
Amount due from Manager	-	1,000	-	1,000
Cash at bank	-	1,649,594	-	1,649,594
Total financial assets	104,784,057	2,311,873	-	107,095,930
Financial Liabilities				
Amount due to Manager	-	-	525,114	525,114
Amount due to Trustee	-	-	5,375	5,375
Derivative liabilities	802,080	-	-	802,080
Other payables and accruals	-	-	21,418	21,418
Total financial liabilities	802,080	-	551,907	1,353,987

MAYBANK ASIAN CREDIT INCOME FUND

20. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL, derivative assets and derivative liabilities are carried at fair value.

Collective investment scheme

The Fund's investment in the collective investment scheme is carried at fair value. The fair value of the collective investment scheme is determined by reference to its last published NAV per unit at the reporting date.

Derivative assets and liabilities

The fair value of over-the-counter forward foreign exchange contracts are obtained by using valuation models which incorporate various observable market inputs such as changes in spot rate, and changes in the forward points. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

(c) Fair value hierarchy

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

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

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM
30.04.2021			
Financial assets at FVTPL	104,665,709	-	-
Derivative assets	-	118,348	-
	104,665,709	118,348	-
Derivative liabilities	-	802,080	-

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

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

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

MAYBANK ASIAN CREDIT INCOME FUND

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unit Trust Funds and CMSA.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's cash and bank investments in collective investment scheme denominated in foreign currency, derivative assets and derivative liabilities. The Fund is also exposed to interest rate risk arising from deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments other than investment in Target Fund as at the reporting date.

(i) Interest rate risk

Cash is sensitive to movement in interest rates. When interest rates rise, the return on cash will rise. The deposit with a licensed financial institution carries a fixed rate, and therefore, is not affected by the movements in market interest rates.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below analyses the net positions of the Fund's financial assets and financial liabilities (excluding derivative assets and liabilities) which are exposed to foreign exchange risk as at 30 April 2021. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and liabilities) in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liabilities of the Fund that may affect the value of the NAV attributable to unitholders.

MAYBANK ASIAN CREDIT INCOME FUND

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

(b) Market risk (cont'd)

(ii) Foreign exchange risk

	30.04.2021
	RM
SGD	
Assets	
Financial assets at FVTPL	104,665,709
Cash at bank	94,745
Total assets	<u>104,760,454</u>
Net on-balance sheet open position	<u>104,760,454</u>
Principal amount of forward exchange contracts (Note 10) *	<u>103,724,501</u>

* The Fund has entered into forward currency contracts to hedge its SGD exposure arising mainly from investment in the Target Fund which is denominated in SGD and subscriptions in the SGD (Hedged) Class.

The table below summarises the sensitivity of the Fund's net on-balance sheet open position (excluding derivative assets and derivative liabilities) to movements in exchange rates. The analysis is based on the assumptions that the exchange rates will increase or decrease by 5% with all other variables held constant.

	30.04.2021	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM
SGD	+5	5,238,023
	-5	<u>(5,238,023)</u>

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

(iii) Price risk

Price risk is the risk of unfavourable changes in the fair values of investments as the result of changes in market prices (other than those arising from interest rate risk and forward exchange currency risk). The price risk exposure arises from the Fund's investments in Target Fund.

MAYBANK ASIAN CREDIT INCOME FUND

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

(b) Market risk (cont'd)

(iii) Price risk (cont'd)

Management's best estimate of the effect on the income for the period due to a reasonably possible change in price, with all other variables held constant is indicated in the table below:

	30.04.2021	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM
Collective investment scheme	+5	5,233,285
	-5	(5,233,285)

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

(c) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties (e.g., brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

(i) Credit risk exposure

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

(ii) Credit quality of financial assets

The following table analyses the Fund's cash at bank, deposit with a licensed financial institution and interest receivable by rating categories. The rating is obtained from RAM Holdings Berhad.

	30.04.2021	
Financial assets	RM	As a percentage of NAV %
AAA	1,949,886	1.84

MAYBANK ASIAN CREDIT INCOME FUND

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

(d) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected.

The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholder's option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Trust Deeds.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

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

The following table summarises the maturity profile of the Fund's undiscounted financial assets, liabilities and unitholders' contribution to provide a complete view of the Fund's contractual commitments and liquidity. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

	Less than 1 month RM	More than 1 month RM	Total RM
30.04.2021			
Financial assets			
Financial assets at FVTPL	104,665,709	-	104,665,709
Deposit with a licensed financial institution	300,277	-	300,277
Dividend receivables	360,987	-	360,987
Interest receivables	15	-	15
Derivative assets	118,348	-	118,348
Amount due from Manager	1,000	-	1,000
Cash at bank	1,649,594	-	1,649,594
Total undiscounted financial assets	<u>107,095,930</u>	<u>-</u>	<u>107,095,930</u>

MAYBANK ASIAN CREDIT INCOME FUND

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

(d) Liquidity risk (cont'd)

30.04.2021 (cont'd)	Less than 1 month RM	More than 1 month RM	Total RM
Financial liabilities and net assets attributable to unitholders of the Fund			
Amount due to Manager	525,114	-	525,114
Amount due to Trustee	5,375	-	5,375
Derivative liabilities	802,080	-	802,080
Other payables and accruals	21,418	-	21,418
NAV attributable to unitholders	105,741,943	-	105,741,943
Total undiscounted financial liabilities and net assets attributable to unitholders	107,095,930	-	107,095,930
Liquidity (gap)/surplus	-	-	-

(i) Financial assets

The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

Financial assets exclude tax-related matters such as tax recoverable, if any.

(ii) Financial liabilities

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

Financial liabilities exclude tax-related matters such as tax payables, if any.

(iii) Unitholders' contribution

As unitholders can request for cancellation on their units by giving the Manager a 10-day notice period, the unitholders' contribution has been categorised as having a maturity of "less than 1 month".

MAYBANK ASIAN CREDIT INCOME FUND

22. UNITHOLDERS' CONTRIBUTION MANAGEMENT

The unitholders' contribution can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing the unitholders' contribution are:

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

23. COMPARATIVE

There are no comparative figures presented as this is the Fund's first reporting period since the Fund was launched on 7 July 2020.