

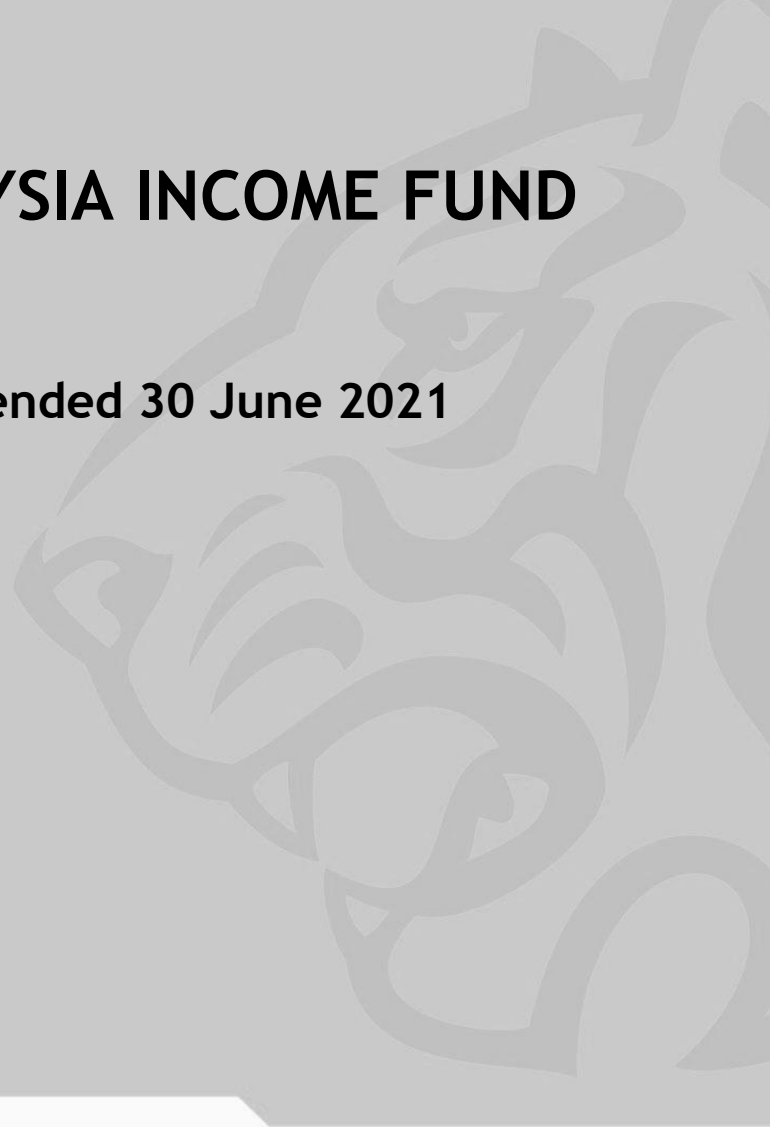


Maybank
Asset Management

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 2715 0071
www.maybank-am.com

MAYBANK MALAYSIA INCOME FUND

Annual report
For the financial year ended 30 June 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 2715 0071
www.maybank-am.com

TRUSTEE

Universal Trustee (Malaysia) Berhad (197401000629) (17540-D)
No. 1, 3rd Floor
Jalan Ampang
50450 Kuala Lumpur
Telephone +603 2070 8050
Facsimile +603 2031 8715 / +603 2032 3194

MAYBANK MALAYSIA INCOME FUND

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MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2021

A. Fund Information

1. Name of the Fund

Maybank Malaysia Income Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Bond

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Launch date / Commencement date

19 June 1996 / 18 July 1996

6. Fund's investment objective

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

7. Fund distribution policy

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

8. Fund's performance benchmark

Maybank 12-month fixed deposit rate

9. The Fund's asset allocation policy

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

10. Net income distribution for the financial year ended 30 June 2021

The Fund distributed a total net income of RM 1,550,719 to unitholders for the financial year ended 30 June 2021.

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

Distribution date	Gross/net distribution per unit sen	Before distribution RM	After distribution RM	Changes %
28 June 2021	2.24	1.1037	1.0813	(2.03)

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2021 (cont'd)

A. Fund Information (cont'd)

11. Breakdown of unitholdings as at 30 June 2021

Fund Size

As at 30 June 2021, the size of the Fund was 70,643,722 units.

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	989	42.46	1,951	2.76
5,001 to 10,000 units	433	18.59	3,049	4.32
10,001 to 50,000 units	745	31.99	16,061	22.74
50,001 to 500,000 units	155	6.66	15,077	21.34
500,001 units and above	7	0.30	* 34,506	48.84
Total	2,329	100.00	70,644	100.00

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

B. Performance Review

1. Key performance data of the Fund

Category	FY2021	FY2020	FY2019
Portfolio			
Unquoted fixed income securities (%)			
- Construction	7.42	4.46	3.96
- Financial Services	8.43	8.24	26.14
- Government Agency	0.71	0.87	0.84
- Government Development	5.81	6.86	6.87
- Industrial Product	4.51	4.01	-
- Plantation	2.60	-	-
- Power Generation	10.74	23.01	31.68
- Public Finance	2.29	-	-
- Real Estate	14.88	10.77	5.83
- Sovereign	-	3.14	1.04
- Toll roads highways	-	5.51	5.52
- Trading & Services	4.26	-	-
- Transportation & Logistics	7.47	11.07	4.83
- Utilities	25.13	13.51	4.93
Cash and other net assets (%)	5.75	8.55	8.36
Total (%)	100.00	100.00	100.00

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2021 (cont'd)

B. Performance Review (cont'd)

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

Category	FY2021	FY2020	FY2019
NAV (RM)	76,384,713	66,066,186	64,521,521
Units in circulation (units)	70,643,722	60,847,477	61,369,922
NAV per unit (RM)	1.0813	1.0858	1.0514
Highest NAV per unit (RM)	1.1171	1.1154	1.0811
Lowest NAV per unit (RM)	1.0800	1.0515	1.0194
Annual return (%) ⁽¹⁾			
- Capital growth (%)	(0.41)	0.43	3.15
- Income distribution (%)	2.07	5.69	2.85
Total return (%)	1.65	6.15	6.09
Benchmark (%)	1.85	2.84	3.32
Net income distributed (RM)	1,550,719	1,776,211	1,841,098
Distribution date	28/06/2021	29/06/2020	30/06/2019
Gross/net distribution per unit (sen)	2.24	3.00	3.00
Management Expense Ratio ("MER") (%) ⁽²⁾	1.12	1.15	1.11
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	0.51	0.68	0.37

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

Note:

- (1) Actual return of the Fund for the financial year is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's MER decreased to 1.12 due to lower administrative expenses incurred during the current financial year.
- (3) The Fund's PTR decreased to 0.51 times due to decrease in investing activities during the current financial year.

MAYBANK MALAYSIA INCOME FUND

Manager's report

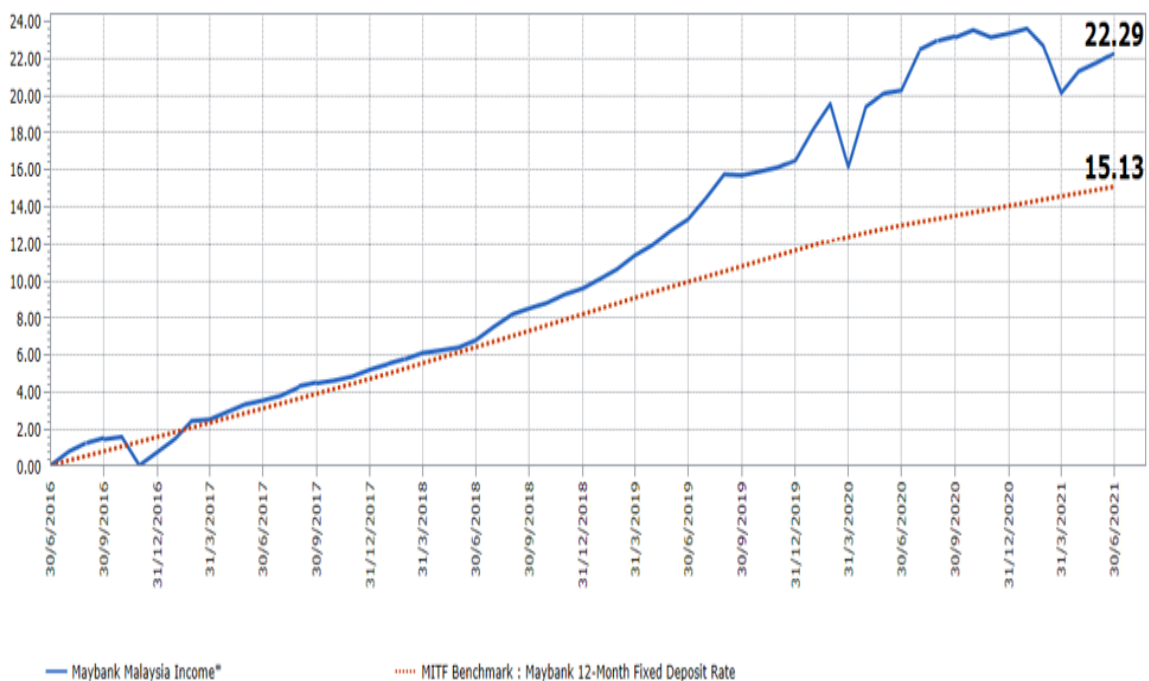
For the financial year ended 30 June 2021 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 June 2021

Category	1 year to 30.06.2021 %	3 years to 30.06.2021 %	5 years to 30.06.2021 %
Capital growth	(0.41)	3.09	2.67
Income distribution	2.07	11.06	19.11
Total return of the Fund	1.65	14.49	22.29
Benchmark	1.85	8.22	15.13
Average total return	1.65	4.61	4.10

Performance of the Fund for the 5 years to 30 June 2021



Source : Lipper

Has the Fund met its objective?

For the period under review, the Fund generated a return of 1.65% compared to the benchmark which returned 1.85%. The underperformance of the Fund was due to sell-off in 2021 following a global rout in fixed income markets caused by rising United States ("US") Treasury yields on the back of economic recovery optimism and inflation concerns. As the Fund able to provide a total return of 14.49% over the last 3 years and 22.29% over the last 5 years, the Fund has achieved its objective of maximising returns over the medium term and stability of capital and regular consistent income.

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2021 (cont'd)

B. Performance Review (cont'd)

3. Annual total return of the Fund

For the financial year ended	30.06.2021 %	30.06.2020 %	30.06.2019 %	30.06.2018 %	30.06.2017 %
Capital growth	(0.41)	0.43	3.15	0.18	(0.07)
Income distribution	2.07	5.69	2.85	2.94	3.66
Total return	1.65	6.15	6.09	3.12	3.59
Benchmark	1.85	2.84	3.32	3.20	3.09

4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

C. Market Review

After four Overnight Policy Rate ("OPR") cuts by Bank Negara Malaysia ("BNM") between January 2020 and July 2020, the market saw a pause in the country's monetary policy as BNM maintained its OPR at 1.75% throughout the period. This saw some unwinding of dovish positioning and profit taking in the market leading to some consolidation in the local bond market. After the early scare of FTSE Russell's decision on Malaysia bond weightage in the World Global Bond Index in September 2020, the local bond market saw Fitch downgrading Malaysia rating to 'BBB+' from 'A-' on 4 December 2020 citing Malaysia's weakened key credit metrics due to Coronavirus Disease 2019 ("COVID-19") crisis, as well as political uncertainties. After the initial reaction from the market, local bonds saw some support to recover as S&P and Moody's still retained their 'A3' rating for Malaysia.

These factors provided some volatilities in the local bond market. However, the main driver for the volatilities during the period was the rising US Treasury ("UST") yields. The global market saw the UST yields rose 9 basis points ("bps") to 84 bps between the 2 year and 30 year maturities during the period which drove a sell-off in the emerging market bonds (including Malaysia) as profit taking took hold. The rise in UST yields gathered momentum on positive news on the roll-out of COVID-19 vaccinations worldwide that raised expectations of a start in global economic recovery. This peaked in mid-March 2021 for the Malaysian bond market, with 10-year Malaysian Government Securities ("MGS") reaching a high of 3.485% before recovering to 3.29% at end-June as UST yield stabilizes. At the beginning of the period under review, it was at 2.81%. Buying interest was seen in early April 2021 following FTSE Russell's surprise decision to retain Malaysia in the World Government Bond Index ("WGBI") while removing Malaysia from the watch list for possible exclusion.

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2021 (cont'd)

C. Market Review (cont'd)

Support continued to be seen as elevated COVID-19 cases prompted a full national lockdown starting 1 June 2021, which has lowered Gross Domestic Product ("GDP") growth expectations. However, the support was capped as economic optimism and inflation concerns continue to play out in other foreign markets. Market turned bearish in mid-June 2021 onwards following US Federal Reserve's hawkish shift in its interest rate outlook, with the emergence of a minority view that US rates could start to tighten as early as in 2022. Domestically, market reacted to potential higher supply of govies following confirmation of an announcement of another stimulus package, which would pressure on govies' yields. Meanwhile, month of June 2021 also saw Moody's reaffirming Malaysia's credit profile at A3 with a stable outlook which was positive for the market while Standard & Poor's ("S&P") has reaffirmed Malaysia's sovereign credit rating of A- with a negative outlook.

D. Market Outlook and Strategy

Despite the high COVID-19 cases locally, most other countries have managed to contain the virus and saw their economies reopening or relaxing the restrictions. Again, there is a marked disparity between the developed and emerging countries in terms of the pace of mass vaccination, hence the speed of recovery could vary among countries. With stronger external demand and increasing investors' confidence, global economic activities are expected to pick up steam with less lockdowns and disruptions. As a result, risky assets and commodities are expected to do well in 2H2021.

With that being said, given the flush liquidity in the banking system, this will continue to lend support to the local bond market as yield pickup remains decent as compared to the low yielding fixed deposits and money market funds. With tax-exemption status on the money market funds for corporates to end in December 2021, more liquidity could find its way into the local bond markets in the second half of 2021. On the supply side, slower economic growth and potential fiscal slippage could widen the budget deficit in 2021 to more than initial targeted 6%, hence raising concerns about government bond supply. On the other hand, supply for corporate bonds will likely be within expectations and close to 2020 issuances.

According to Securities Commission ("SC") Malaysia's projection, the issuances of corporate bonds and sukuk will be in the range of RM100 billion ("bn") to RM110 bn in 2021, supported by the economic recovery and increased private investments. Given the abundant liquidity in the system as well as investors' preference to buy corporate bonds for yield pickup, we expect the corporate bonds' supply will be well absorbed by the market.

Improved growth and higher inflation prospects will likely to steepen the yield curve, rendering longer-end bonds less attractive. Typically, investors will require higher term premium to compensate the potential capital loss.

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2021 (cont'd)

D. Market Outlook and Strategy (cont'd)

We maintain our neutral to underweight duration bias as we assume a more defensive stance given our expectation of a steepening yield curve on the back of improvement in economic activities. Nevertheless, we expect the uneven global economic recoveries will provide support to the bond market where low interest rates will be maintained for longer by central banks to ensure an accommodative economic environment. We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields as economy starts to recover. We prefer strong AA-rated and A-rated papers; for yield pickup and potential long term upgrade as economic activities accelerate. We will continue to trade opportunistically will also look into new primary issuances that offer higher yields to deliver the required performance.

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

Subsequent to the issuance of the First Master Prospectus dated 22 February 2021, the following changes were updated in the Master Prospectus dated 17 January 2020:

No.	Items	Previous Prospectus	Latest Prospectus
1.	EPF Disclosures	- Disclosed under Chapters 1, 4 and 5 (Investments via EPF MIS)	Removed
2.	Manager's discretion to lower the minimum investment amounts and the minimum holdings	- Nil	Included
3.	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)

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2021 (cont'd)

E. Significant Changes in The State of Affairs of the Fund (cont'd)

No.	Items	Previous Prospectus	Latest Prospectus
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.

F. Soft Commissions and Rebates

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

During the financial year ended 30 June 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 MALAYSIA INCOME FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

We have acted as Trustee for Maybank Malaysia Income Fund (the "Fund") for the financial year ended 30 June 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 Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/pricing has been carried out in accordance with the Deeds and any regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns for the year were tied to and reflect the objectives of the Fund.

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

ONG TEE VANN
Chief Executive Officer

Kuala Lumpur, Malaysia
11 August 2021

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK MALAYSIA INCOME FUND
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 Maybank Malaysia Income Fund as at 30 June 2021 and of its results, changes in equity and cash flows for the financial year ended 30 June 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
11 August 2021

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia Income Fund (the "Fund"), which comprise the statement of financial position as at 30 June 2021 of the Fund, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2021, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund ("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.

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

**Independent auditors' report to the Unitholders of
Maybank Malaysia 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 Malaysia 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,

- 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 Malaysia 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
11 August 2021

MAYBANK MALAYSIA INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	2021 RM	2020 RM
INCOME			
Interest income	3	3,055,951	2,949,898
Net (loss)/gain from financial assets at fair value through profit or loss ("FVTPL") investments			
- Realised (loss)/gain		(493,498)	1,249,716
- Unrealised (loss)/gain		(734,481)	461,611
Other Income		-	6,500
		<u>1,827,972</u>	<u>4,667,725</u>
EXPENSES			
Manager's fee	4	732,294	658,869
Trustee's fee	5	25,630	23,060
Auditors' remuneration		10,000	10,000
Tax agent's fee		4,900	8,100
Administrative expenses		44,972	56,395
		<u>817,796</u>	<u>756,424</u>
Net income before taxation		1,010,176	3,911,301
Taxation	6	-	-
Net income after taxation, which is the total comprehensive income for the financial year		<u>1,010,176</u>	<u>3,911,301</u>
Net income after taxation is made up of the following:			
Net realised income		1,744,657	3,449,690
Net unrealised (loss)/income		(734,481)	461,611
		<u>1,010,176</u>	<u>3,911,301</u>
Distribution for the financial year			
Net distribution	11	1,550,719	1,776,211
Gross/net distribution per unit (sen)		<u>2.24</u>	<u>3.00</u>
Distribution date (ex-date)		<u>28 June 2021</u>	<u>29 June 2020</u>

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

MAYBANK MALAYSIA INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 RM	2020 RM
ASSETS			
Financial assets at FVTPL	7	72,013,621	60,410,069
Deposit with a licensed financial institution	8	3,654,000	4,647,000
Interest receivables		733,221	557,214
Amount due from Manager	9	250	262,892
Cash at bank		108,710	317,442
TOTAL ASSETS		76,509,802	66,194,617
LIABILITIES			
Amount due to Manager	9	83,120	64,822
Amount due to Trustee	10	2,186	1,876
Other payables and accruals		39,783	61,733
TOTAL LIABILITIES		125,089	128,431
NET ASSET VALUE ("NAV") OF THE FUND		76,384,713	66,066,186
EQUITY			
Unitholders' capital	12(a)	89,903,789	79,044,719
Accumulated losses	12(b) & (c)	(13,519,076)	(12,978,533)
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		76,384,713	66,066,186
NUMBER OF UNITS IN CIRCULATION (UNIT)	12(a)	70,643,722	60,847,477
NAV PER UNIT (RM)		1.0813	1.0858

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

MAYBANK MALAYSIA INCOME FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Unitholders' capital Note 12(a) RM	Accumulated losses Note 12(b) & (c) RM	Total equity RM
At 1 July 2020	79,044,719	(12,978,533)	66,066,186
Total comprehensive income for the financial year	-	1,010,176	1,010,176
Creation of units	18,489,115	-	18,489,115
Reinvestment of units	1,550,719	-	1,550,719
Cancellation of units	(9,180,764)	-	(9,180,764)
Distribution (Note 11)	-	(1,550,719)	(1,550,719)
At 30 June 2021	<u>89,903,789</u>	<u>(13,519,076)</u>	<u>76,384,713</u>
At 1 July 2019	79,635,144	(15,113,623)	64,521,521
Total comprehensive income for the financial year	-	3,911,301	3,911,301
Creation of units	4,433,548	-	4,433,548
Reinvestment of units	3,617,309	-	3,617,309
Cancellation of units	(8,641,282)	-	(8,641,282)
Distribution (Note 11)	-	(1,776,211)	(1,776,211)
At 30 June 2020	<u>79,044,719</u>	<u>(12,978,533)</u>	<u>66,066,186</u>

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

MAYBANK MALAYSIA INCOME FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	2021	2020
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of financial assets at FVTPL	31,134,224	47,549,179
Net payments for purchases of financial assets at FVTPL	(43,927,131)	(44,212,575)
Interest received	2,060,837	2,684,651
Manager's fee paid	(732,139)	(659,735)
Trustee's fee paid	(16,590)	(23,090)
Other expenses paid	(81,829)	(52,682)
Other income	-	6,500
Net cash (used in)/generated from operating and investing activities	<u>(11,562,628)</u>	<u>5,292,248</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	19,532,247	4,171,698
Payments for cancellation of units	<u>(9,171,351)</u>	<u>(8,634,493)</u>
Net cash generated from / (used in) financing activities	<u>10,360,896</u>	<u>(4,462,795)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR		
	(1,201,732)	829,453
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		
	<u>4,964,442</u>	<u>4,134,989</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		
	<u>3,762,710</u>	<u>4,964,442</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	108,710	317,442
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	<u>3,654,000</u>	<u>4,647,000</u>
	<u>3,762,710</u>	<u>4,964,442</u>

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

MAYBANK MALAYSIA INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

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

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

The Manager of the Fund is MAM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services License with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of MAM is at Level 12, Tower C Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of 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 11 August 2021.

MAYBANK MALAYSIA INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial year ended 30 June 2021. The adoption of the above did not result in material impact to the financial statements.

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

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

2.2 Standards and amendments to standards issued but not yet effective

The following are Standards 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 and amendments to standards will not have any material impact on the financial statements in the period of initial application.

MAYBANK MALAYSIA INCOME FUND

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

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

Unless designated as at fair value through profit or loss ("FVTPL") on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

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

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

The Fund classifies cash and cash equivalents, amount due from Manager and interest receivables 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 profit income in profit or loss over the relevant period.

MAYBANK MALAYSIA INCOME FUND

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

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

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

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

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

(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.

MAYBANK MALAYSIA INCOME FUND

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

2.4 Financial assets (cont'd)

(iii) Impairment (cont'd)

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

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

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

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

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

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

(iv) Derecognition

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

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

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

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

(ii) Recognition and measurement

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

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

(iii) Derecognition

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

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.

MAYBANK MALAYSIA 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 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

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, deposit at call and highly liquid instruments with maturities of 3 months or less, which have an insignificant risk of changes in value.

2.9 Taxation

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

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

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

2.10 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.

MAYBANK MALAYSIA INCOME FUND

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

2.10 Fair value measurement (cont'd)

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

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

2.11 Distributions

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

2.12 Segment reporting

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

MAYBANK MALAYSIA INCOME FUND

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

2.13 Critical accounting estimates and judgments

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

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

3. INTEREST INCOME

	2021	2020
	RM	RM
Interest income from unquoted fixed income securities	3,160,971	2,932,449
Interest income from short-term deposits	74,218	130,229
Amortisation of premium, net of accretion of discount	(179,238)	(112,780)
	<u>3,055,951</u>	<u>2,949,898</u>

4. MANAGER'S FEE

The Manager's fee is computed daily up to 1.50% (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.

5. TRUSTEE'S FEE

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

NAV (RM)	Trustee fee rate (%) p.a.	
	2021	2020
Nil to 100 million	0.035	0.035
Above 100 million	0.010	0.010

MAYBANK MALAYSIA INCOME FUND

6. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable income for the financial year.

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

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

	2021 RM	2020 RM
Net income before taxation	1,010,176	3,911,301
Taxation at Malaysian statutory rate of 24% (2020: 24%)	242,442	938,712
Income not subject to tax	(733,428)	(1,120,254)
Loss not deductible for tax purposes	294,715	-
Expenses not deductible for tax purposes	196,271	181,542
Tax expense for the financial year	-	-

7. FINANCIAL ASSETS AT FVTPL

	2021 RM	2020 RM
Unquoted fixed income securities	72,013,621	60,410,069

2021	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Construction				
AZRB Capital Sdn Bhd - 5.00% / 24.12.2026	1,800,000	1,800,109	1,848,546	2.42
Gamuda Land Sdn Bhd - 3.75% / 12.08.2027	1,400,000	1,399,988	1,375,822	1.80
Malaysian Resources Co. Bhd - 4.45% / 14.08.2030	1,300,000	1,309,594	1,246,674	1.63

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Construction (cont'd)				
SP Setia Bhd - 4.30% / 23.06.2028	1,200,000	1,199,994	1,199,988	1.57
	<u>5,700,000</u>	<u>5,709,685</u>	<u>5,671,030</u>	<u>7.42</u>
Financial Services				
Affin Islamic Bank Bhd - 5.05% / 23.10.2028	700,000	702,973	721,042	0.94
MNRB Holdings Bhd - 5.20% / 22.03.2029	1,000,000	999,922	1,030,510	1.35
Danum Capital Bhd - 4.68% / 14.02.2034	1,800,000	2,042,933	1,887,876	2.47
Krung Thai Bank - 4.10% / 19.03.2031	2,800,000	2,799,857	2,807,000	3.67
	<u>6,300,000</u>	<u>6,545,684</u>	<u>6,446,428</u>	<u>8.43</u>
Government Agency				
Danga Capital Bhd - 5.02% / 21.09.2033	500,000	503,167	542,385	0.71
Government Development				
Sabah Development Bank Bhd - 5.30% / 27.04.2023	4,300,000	4,305,638	4,435,149	5.81
Industrial Product				
OSK Rated Bond Sdn Bhd - 4.39% / 28.04.2028	800,000	799,990	810,416	1.06
TG Excellence Bhd - 3.95% / 27.02.2025	2,600,000	2,599,899	2,638,870	3.45
	<u>3,400,000</u>	<u>3,399,889</u>	<u>3,449,286</u>	<u>4.51</u>

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Plantation				
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11% / 30.10.2025	2,000,000	2,003,182	1,984,020	2.60
Power Generation				
Cypark Ref Sdn Bhd - 5.32% / 30.06.2031	2,400,000	2,445,547	2,530,992	3.31
Edra Energy Sdn Bhd - 6.51% / 05.07.2035	1,700,000	2,080,473	1,999,047	2.62
Sarawak Energy Bhd - 3.30% / 14.06.2030	900,000	900,019	866,106	1.13
YTL Power International Bhd - 5.05% / 03.05. 2027	1,400,000	1,434,014	1,485,288	1.94
Quantum Solar Park (Semenanjung) Sdn Bhd - 5.16% / 06.10.2022	1,300,000	1,309,880	1,329,965	1.74
	<u>7,700,000</u>	<u>8,169,931</u>	<u>8,211,398</u>	<u>10.74</u>
Public Finance				
Infracap Resources Sdn Bhd - 4.40% / 15.04.2031	1,700,000	1,699,901	1,747,736	2.29
Real Estate				
IJM Land Bhd - 4.73% / Perpetual	1,300,000	1,300,676	1,287,585	1.69
- 5.65% / Perpetual	1,100,000	1,099,894	1,142,614	1.50

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Real Estate				
Country Garden				
Real Estate Sdn Bhd				
- 4.90% / 04.05.2026	1,200,000	1,199,924	1,202,172	1.57
- 5.25% / 27.03.2025	900,000	899,937	918,414	1.20
- 6.40% / 06.05.2022	1,300,000	1,299,938	1,325,857	1.74
- 6.40% / 18.03.2022	1,300,000	1,299,839	1,322,360	1.73
Sime Darby Property Bhd				
- 3.64% / 03.12.2030	900,000	899,981	873,441	1.14
UEM Sunrise Berhad				
- 3.90% / 21.09.2023	600,000	601,237	600,618	0.79
- 4.00% / 09.06.2023	1,000,000	1,000,016	1,003,740	1.31
- 4.30% / 16.02.2026	1,700,000	1,709,325	1,691,041	2.21
	<u>11,300,000</u>	<u>11,310,767</u>	<u>11,367,842</u>	<u>14.88</u>
Trading & Services				
Evyap Sabun Malaysia Sdn Bhd				
- 4.05% / 30.12.2025	2,200,000	2,199,998	2,173,116	2.84
Guan Chong Bhd				
- 3.84% / 03.12.2027	1,100,000	1,106,195	1,082,136	1.42
	<u>3,300,000</u>	<u>3,306,193</u>	<u>3,255,252</u>	<u>4.26</u>
Transportation & Logistics				
DRB-HICOM Bhd				
- 4.85% / 11.12.2026	1,500,000	1,500,056	1,535,535	2.01
- 5.08% / 30.08.2030	500,000	502,181	505,700	0.66
MMC Corporation Bhd				
- 5.70% / 24.03.2028	3,400,000	3,538,585	3,669,756	4.80
	<u>5,400,000</u>	<u>5,540,822</u>	<u>5,710,991</u>	<u>7.47</u>
Utilities				
Malaysia Airport Holdings Bhd				
- 3.30% / 05.11.2027	1,000,000	999,972	976,430	1.28

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Utilities (cont'd)				
Pengurusan Air SPV Bhd				
- 3.32% / 04.06.2027	500,000	500,007	500,100	0.65
- 3.90% / 30.10.2029	5,800,000	6,030,656	5,903,124	7.73
Tanjung Bin Energy Sdn Bhd				
- 6.20% / 16.03.2032	5,000,000	6,157,320	5,888,550	7.71
Tenaga Nasional Bhd				
- 5.18% / 03.08.2037	3,000,000	3,542,825	3,312,000	4.34
TNB Northern Energy Bhd				
- 3.91% / 29.11.2021	500,000	501,019	503,520	0.66
- 4.62% / 30.05.2033	2,000,000	2,168,163	2,108,380	2.76
	<u>17,800,000</u>	<u>19,899,961</u>	<u>19,192,104</u>	<u>25.13</u>
Total unquoted fixed income securities	<u>69,400,000</u>	<u>72,394,820</u>	<u>72,013,621</u>	<u>94.25</u>

Unrealised loss on unquoted
fixed income securities *

(381,199)

* The unrealised loss on unquoted fixed income securities comprise the amounts arising from changes in fair values.

2020

Construction

AZRB Capital Sdn Bhd				
- 5.00% / 24.12.2026	1,800,000	1,800,000	1,844,496	2.79
Gamuda Bhd				
- 4.10% / 28.06.2030	1,100,000	1,104,484	1,104,477	1.67
	<u>2,900,000</u>	<u>2,904,484</u>	<u>2,948,973</u>	<u>4.46</u>

Financial Services

Affin Islamic Bank Bhd				
- 5.05% / 23.10.2028	1,600,000	1,622,416	1,669,296	2.53

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Financial Services (cont'd)				
Public Islamic Bank Bhd - 3.75% / 31.10.2029	1,000,000	1,000,000	1,016,370	1.54
Fortune Premiere Sdn Bhd - 5.05% / 31.10.2025	1,600,000	1,641,399	1,716,880	2.60
MNRB Holdings Bhd - 5.20% / 22.03.2029	1,000,000	1,000,000	1,034,280	1.57
	<u>5,200,000</u>	<u>5,263,815</u>	<u>5,436,826</u>	<u>8.24</u>
Government Agency				
Danga Capital Bhd - 5.02% / 21.09.2023	500,000	503,355	573,005	0.87
Government Development				
Sabah Development Bank - 5.30% / 27.04.2023	4,300,000	4,308,659	4,532,329	6.86
Industrial Product				
TG Excellence Bhd - 3.95% / Perpetual	2,600,000	2,600,000	2,649,452	4.01
Power Generation				
Cypark Resources Bhd - 5.32% / 30.06.2031	2,400,000	2,448,986	2,503,416	3.79
Erda Energy Sdn Bhd - 6.51% / 05.07.2035	1,700,000	2,099,905	2,099,993	3.18
Sarawak Energy Bhd - 3.30% / 14.06.2030	1,800,000	1,800,000	1,799,982	2.72
Manjung Island Energy Bhd - 4.82% / 25.11.2030	700,000	755,311	785,260	1.19

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Power Generation (cont'd)				
YTL Power				
International Bhd				
- 5.05% / 03.05.2027	1,400,000	1,439,025	1,521,310	2.30
- 4.49% / 24.03.2023	5,000,000	4,996,282	5,161,200	7.81
Quantum Solar Park (Semenanjung) Sdn Bhd				
- 5.16% / 06.10.2022	1,300,000	1,317,397	1,331,694	2.02
	14,300,000	14,856,906	15,202,855	23.01
Real Estate				
Country Garden				
Real Estate Sdn Bhd				
- 6.40% / 06.05.2022	1,300,000	1,300,000	1,366,274	2.07
- 6.40% / 18.03.2022	1,300,000	1,300,000	1,361,958	2.06
- 5.25% / 27.03.2025	900,000	900,000	954,234	1.44
IJM Land Bhd				
- 5.65% / Perpetual	1,100,000	1,100,000	1,146,442	1.74
- 4.73% / Perpetual	1,300,000	1,302,889	1,283,906	1.94
UEM Sunrise Berhad				
- 4.00% / 09.06.2023	1,000,000	1,000,000	1,002,700	1.52
	6,900,000	6,902,889	7,115,514	10.77
Sovereign				
Government of Malaysia				
- 4.13% / 09.07.2029	1,900,000	2,083,728	2,073,850	3.14
Toll roads highway				
Konsortium Lebuhraya Utara-Timur				
- 4.25% / 01.12.2023	900,000	892,729	921,195	1.39
- 4.75% / 02.12.2024	2,600,000	2,623,888	2,720,354	4.12
	3,500,000	3,516,617	3,641,549	5.51

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Transportation & Logistics				
DRB-HICOM Bhd - 4.85% / 11.12.2026	1,500,000	1,500,000	1,503,585	2.28
MMC Corp Bhd - 5.70% / 24.03.2028	3,200,000	3,273,010	3,472,448	5.26
Penang Port Sdn Bhd - 4.48% / 27.12.2029	500,000	531,018	531,585	0.80
Pelabuhan Tanjung Pelepas Sdn Bhd - 3.95% / 18.06.2027	1,800,000	1,800,000	1,804,662	2.73
	<u>7,000,000</u>	<u>7,104,028</u>	<u>7,312,280</u>	<u>11.07</u>
Utilities				
Pengurusan Air SPV Bhd - 3.32% / 04.06.2027	1,000,000	1,000,000	1,004,730	1.52
- 3.90% / 30.10.2029	1,600,000	1,600,000	1,664,096	2.52
Tenaga Nasional Bhd - 5.18% / 03.08.2037	3,000,000	3,567,257	3,543,510	5.36
TNB Northern Energy Bhd - 3.91% / 29.11.2021	500,000	503,483	507,180	0.77
- 4.62% / 30.05.2033	2,000,000	2,179,270	2,203,920	3.34
	<u>8,100,000</u>	<u>8,850,010</u>	<u>8,923,436</u>	<u>13.51</u>
Total unquoted fixed income securities	<u>57,200,000</u>	<u>58,894,491</u>	<u>60,410,069</u>	<u>91.45</u>
Unrealised gain on unquoted fixed income securities *			<u>1,515,578</u>	

* The unrealised gain on unquoted fixed income securities comprise the amounts arising from changes in fair values.

MAYBANK MALAYSIA INCOME FUND

8. DEPOSIT WITH LICENSED FINANCIAL INSTITUTION

	2021	2020
	RM	RM
Short-term placement with a maturity of less than 3 months	<u>3,654,000</u>	<u>4,647,000</u>

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

	2021		2020	
	WAEIR	Average	WAEIR	Average
	% p.a.	maturity	% p.a.	maturity
		days		days
Deposit with a licensed financial institution	<u>1.65</u>	<u>1</u>	<u>1.95</u>	<u>1</u>

9. AMOUNT DUE FROM/(DUE TO) MANAGER

	Note	2021	2020
		RM	RM
Amount due from Manager is in respect of:			
Creation of units	(i)	<u>250</u>	<u>262,892</u>
Amount due to Manager is in respect of:			
Management fee	(ii)	62,470	53,585
Cancellation of units	(iii)	<u>20,650</u>	<u>11,237</u>
		<u>83,120</u>	<u>64,822</u>

- (i) The amount represents amount receivable from the Manager for units created.
- (ii) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial year. The normal credit term for Manager's fee is 15 days (2020: 15 days).
- (iii) The amount represents amount payable to the Manager for units redeemed/cancelled.

MAYBANK MALAYSIA INCOME FUND

10. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable to the Trustee arising from the accruals for Trustee's fee at the end of the financial year. The normal credit term for Trustee fee is 15 days (2020: 15 days).

11. DISTRIBUTION

Sources of distributions declared to unitholders in the previous and current financial year are as follows:

	2021	2020
	RM	RM
Interest income	2,033,854	1,413,064
Realised gain on disposal	-	916,535
Less: Expenses	(483,135)	(553,388)
Net distribution	<u>1,550,719</u>	<u>1,776,211</u>
Gross/net distribution per unit (sen)	<u>2.24</u>	<u>3.00</u>
Distribution date (ex-date)	<u>28 June 2021</u>	<u>29 June 2020</u>

The distribution declared are settled in the form of units and presented as "reinvestment of units" in Note 12.

12. TOTAL EQUITY

	Note	2021	2020
		RM	RM
Unitholders' capital	(a)	89,903,789	79,044,719
Accumulated realised loss	(b)	(14,300,173)	(14,494,111)
Accumulated unrealised income	(c)	781,097	1,515,578
		<u>76,384,713</u>	<u>66,066,186</u>

(a) Unitholders' capital

	2021		2020	
	Units	RM	Units	RM
At the beginning of the financial year	60,847,477	79,044,719	61,369,922	79,635,144
Creation of units	16,654,252	18,489,115	4,050,186	4,433,548
Reinvestment of units	1,434,126	1,550,719	3,386,778	3,617,309
Cancellation of units	<u>(8,292,133)</u>	<u>(9,180,764)</u>	<u>(7,959,409)</u>	<u>(8,641,282)</u>
At the end of the financial year	<u>70,643,722</u>	<u>89,903,789</u>	<u>60,847,477</u>	<u>79,044,719</u>

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

MAYBANK MALAYSIA INCOME FUND

12. TOTAL EQUITY (CONT'D)

(b) Accumulated realised loss

	2021 RM	2020 RM
At the beginning of the financial year	(14,494,111)	(16,167,590)
Net realised income for the financial year	1,744,657	3,449,690
Distribution out of retained earnings (Note 11)	(1,550,719)	(1,776,211)
At the end of the financial year	<u>(14,300,173)</u>	<u>(14,494,111)</u>

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

(c) Accumulated unrealised income

	2021 RM	2020 RM
At the beginning of the financial year	1,515,578	1,053,967
Net unrealised (loss)/income for the financial year	(734,481)	461,611
At the end of the financial year	<u>781,097</u>	<u>1,515,578</u>

13. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

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

	2021 RM	2020 RM
(i) <u>Significant related party transaction</u>		
MBB:		
Interest income from deposit placement	<u>67,980</u>	<u>130,022</u>
Maybank Islamic Bhd:		
Interest income from deposits	<u>6,322</u>	<u>206</u>
(ii) <u>Significant related party balances</u>		
MBB:		
Deposits with financial institution	<u>3,654,000</u>	<u>4,647,000</u>
Cash at bank	<u>108,710</u>	<u>317,442</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 in transactions with unrelated parties.

MAYBANK MALAYSIA INCOME FUND

14. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

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

Brokers/dealers	2021		2020	
	Value of trade RM	Percent of total trade %	Value of trade RM	Percent of total trade %
Affin Hwang Investment Bank Bhd	900,000	1.72	7,100,000	8.57
Alliance Bank Malaysia Bhd	-	-	7,500,000	9.05
AmBank Bhd	-	-	1,100,000	1.33
AmBank Islamic Bhd	1,900,000	3.63	-	-
CIMB Bank Bhd	1,700,000	3.24	4,500,000	5.43
CIMB Islamic Bank Bhd	-	-	4,500,000	5.43
Hong Leong Bank Bhd	-	-	7,750,000	9.35
Hong Leong Investment Bank Bhd	-	-	2,600,000	3.14
MBB *	12,600,000	24.05	13,200,000	15.93
Public Investment Bank Bhd	-	-	1,000,000	1.21
RHB Investment Bank Bhd	35,300,000	67.36	32,700,000	39.47
Standard Chartered Bank (M) Bhd	-	-	900,000	1.09
	52,400,000	100.00	82,850,000	100.00

MAYBANK MALAYSIA INCOME FUND

14. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS (CONT'D)

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

Financial institutions	2021		2020	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
MBB *	960,216,000	90.55	1,188,094,000	99.68
Maybank Islamic Bhd **	100,168,000	9.45	3,860,000	0.32
	<u>1,060,384,000</u>	<u>100.00</u>	<u>1,191,954,000</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager.

** Maybank Islamic Bhd is a subsidiary of MBB, the ultimate holding company

15. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund, and recovered expenses to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee and other administrative expenses. For the financial year ended 30 June 2021, the MER of the Fund stood at 1.12% (2020: 1.15%).

16. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 June 2021, the PTR of the Fund stood at 0.51 times (2020: 0.68 times).

17. SEGMENT INFORMATION

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

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

MAYBANK MALAYSIA INCOME FUND

17. SEGMENT INFORMATION (CONT'D)

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

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

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

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(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 2.13 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised. The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

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

2021	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	72,013,621	-	-	72,013,621
Deposit with a licensed financial institution	-	3,654,000	-	3,654,000
Interest receivables	-	733,221	-	733,221
Amount due from Manager	-	250	-	250
Cash at bank	-	108,710	-	108,710
Total financial assets	72,013,621	4,496,181	-	76,509,802
Financial liabilities				
Amount due to Manager	-	-	83,120	83,120
Amount due to Trustee	-	-	2,186	2,186
Other payables and accruals	-	-	39,783	39,783
Total financial liabilities	-	-	125,089	125,089

MAYBANK MALAYSIA INCOME FUND

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

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

	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2020				
Financial assets				
Financial assets at FVTPL	60,410,069	-	-	60,410,069
Deposit with licensed financial institutions	-	4,647,000	-	4,647,000
Interest receivables	-	557,214	-	557,214
Amount due from Manager	-	262,892	-	262,892
Cash at bank	-	317,442	-	317,442
Total financial assets	60,410,069	5,784,548	-	66,194,617
Financial liabilities				
Amount due to Manager	-	-	64,822	64,822
Amount due to Trustee	-	-	1,876	1,876
Other payables and accruals	-	-	61,733	61,733
Total financial liabilities	-	-	128,431	128,431

(b) Financial instruments that are carried at fair value

The fair value of unquoted fixed income securities are based on the fair value prices quoted by Bond Pricing Agency Sdn Bhd, a bond pricing agency registered with SC as at reporting date.

(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).

MAYBANK MALAYSIA INCOME FUND

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

(c) Fair value hierarchy (cont'd)

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	Total RM
2021				
Financial assets at FVTPL	-	72,013,621	-	72,013,621
2020				
Financial assets at FVTPL	-	60,410,069	-	60,410,069

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

Financial instruments with maturities of less than one year approximate their carrying values due to the relatively short-term maturity of these instruments.

19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' capital. Risks are 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 price risk arising from the Fund's financial assets at FVTPL. The Fund is also exposed to interest rate risk arising from deposit placed with a licensed financial institution. The Fund is not exposed to foreign currency risk as it does not hold any financial instruments denominated in foreign currency as at the reporting date. The Fund is also exposed to equity price risk as it does not hold any equity investments as at the reporting date.

MAYBANK MALAYSIA INCOME FUND

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

(b) Market risk (cont'd)

(i) Interest rate risk

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

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

	2021		2020	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
Unquoted fixed income securities	+1	(4,016,994)	+1	(3,405,629)
	-1	4,378,587	-1	3,804,349

The impact to the Fund's net income after tax and NAV is expected to be the same.

The Fund's deposit with licensed financial institutions carries interest rate and is short-term in nature, and therefore is not affected by movements in market interest rate.

(c) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will default on its contractual obligation resulting in a financial loss to the Fund. 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 other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

MAYBANK MALAYSIA INCOME FUND

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

(c) Credit risk (cont'd)

(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 assets 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 risk concentration

The following table analyses the Fund's investments in financial assets at FVTPL, cash at bank, deposit with licensed financial institutions, interest receivables on unquoted fixed income securities and interest receivables on deposit with licensed financial institutions by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and interest receivables on unquoted fixed income securities were obtained from RAM Holdings Bhd ("RAM") and Malaysian Rating Corporation Bhd ("MARC") while the ratings for cash at bank, deposit with licensed financial institutions and interest receivables on deposit with licensed financial institutions were obtained from RAM's official website.

	2021		2020	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
Financial Assets				
AAA	25,122,709	32.89	17,145,612	25.95
AA1	6,848,404	8.97	12,349,675	18.69
AA2	2,017,218	2.64	1,729,719	2.62
AA3	36,231,085	47.43	24,542,864	37.15
A1	3,825,719	5.01	5,587,927	8.46
A2	2,464,417	3.23	2,464,566	3.73
Government securities	-	-	2,111,361	3.20
	<u>76,509,552</u>	<u>100.17</u>	<u>65,931,725</u>	<u>99.80</u>

MAYBANK MALAYSIA INCOME FUND

19. FINANCIAL RISK AND 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 unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash at bank, deposit with licensed 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 financial assets, financial liabilities and unitholders' equity to provide a complete view of the Fund's contractual commitments and liquidity:

2021	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	-	72,013,621	72,013,621
Deposit with a licensed financial institution	3,654,000	-	3,654,000
Interest receivables	53,832	679,389	733,221
Amount due from Manager	250	-	250
Cash at bank	108,710	-	108,710
Total undiscounted financial assets	<u>3,816,792</u>	<u>72,693,010</u>	<u>76,509,802</u>
Financial liabilities and unitholders' equity:			
Amount due to Manager	83,120	-	83,120
Amount due to Trustee	2,186	-	2,186
Other payables and accruals	39,783	-	39,783
Unitholders' equity	76,384,713	-	76,384,713
Total undiscounted financial liabilities and unitholders' equity	<u>76,509,802</u>	<u>-</u>	<u>76,509,802</u>
Liquidity (gap)/surplus	<u>(72,693,010)</u>	<u>72,693,010</u>	<u>-</u>

MAYBANK MALAYSIA INCOME FUND

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

(d) Liquidity risk (cont'd)

2020	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	-	60,410,069	60,410,069
Deposit with a licensed financial institution	4,647,000	-	4,647,000
Interest receivables	91,426	465,788	557,214
Amount due from Manager	262,892	-	262,892
Cash at bank	317,442	-	317,442
Total undiscounted financial assets	<u>5,318,760</u>	<u>60,875,857</u>	<u>66,194,617</u>
Financial liabilities and unitholders' equity:			
Amount due to Manager	64,822	-	64,822
Amount due to Trustee	1,876	-	1,876
Other payables and accruals	61,733	-	61,733
Unitholders' equity	<u>66,066,186</u>	<u>-</u>	<u>66,066,186</u>
Total undiscounted financial liabilities and unitholders' equity	<u>66,194,617</u>	<u>-</u>	<u>66,194,617</u>
Liquidity (gap)/surplus	<u>(60,875,857)</u>	<u>60,875,857</u>	<u>-</u>

Notes:

(i) Financial assets

Deposits with licensed financial institutions are grouped based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting year to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting date 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 is required to settle its financial obligation.

MAYBANK MALAYSIA INCOME FUND

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

(d) Liquidity risk (cont'd)

Notes:

(iii) Unitholders' capital

As unitholders could request for redemption of their units within ten calendar days from transaction date, unitholders' equity has been categorised as having a maturity of "less than 1 month".

As a result, it appears that the Fund has a liquidity gap within "less than 1 month". However, the Fund believes that it would be able to liquidate its investments should the need arise to satisfy all the redemption requirements.

20. 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 generate higher returns than the prescribed benchmark 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 the current financial year.