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# MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

Annual Report  
For the financial year ended 31 August 2021

## **CORPORATE INFORMATION**

### **MANAGER**

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

HSBC (Malaysia) Trustee Berhad (193701000084) (001281T)  
13th Floor, HSBC South Tower  
No. 2, Leboh Ampang  
Kuala Lumpur  
50100 Kuala Lumpur

## **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### Manager's report

For the financial year ended 31 August 2021

#### A. Fund Information

**1. Name of the Fund**

Maybank Malaysia Ethical Dividend Fund ("the Fund")

**2. Type of Fund**

Income and growth

**3. Category of Fund**

Equity

**4. Duration of the Fund**

The Fund is an open-ended Fund.

**5. Fund launch date / commencement date**

7 January 2003 / 28 January 2003

**6. Fund's investment objective**

The Fund seeks to provide investors with income and capital growth for Medium to Long Term through investments that comply with ethical principles.

**7. Fund distribution policy**

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

**8. Ethical Principles**

The Fund will screen its investments and remove companies whose principal business involves the promotion of gambling, tobacco and alcohol. This screen is known as the *negative filter*. The Fund will also abstain from investing in companies that have violated ethical principles. The remaining securities after the negative filters are deemed as ethical. The Fund also has *positive filters* as follows:

	<b>Positive Filters</b>	<b>Examples</b>
i.	Environmentally friendly	- Provides eco-friendly products and services - Prevention of pollution - Recycling
ii.	Promotes healthy social values	- Promotes sports, community projects - Fulfils social obligations - Charitable - Good community relations
iii.	Maintain good corporate governance	- Ensures compliance to regulations and proper dissemination of information to stakeholders and employees - Steering management to enhance well-being of employees and customers

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### Manager's report

For the financial year ended 31 August 2021 (cont'd)

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

##### 9. Fund's performance benchmark

FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBM KLCI")

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

The principal activity of the Fund is to invest between 70% to 98% of the Fund's net asset value ("NAV") in shares, and between 2% to 30% of the Fund's NAV in cash or fixed income securities (or a combination of both).

##### 11. Net income distribution for the financial year ended 31 August 2021

The Fund declared an income distribution of RM 2,722,001 for the financial year ended 31 August 2021.

Below are details of distributions made during the financial year:

Distribution date	Gross/Net distribution per unit (sen)
26 August 2021	0.83

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

Distribution date	After distribution (RM)	After distribution (RM)	Changes (%)
26 August 2021	0.3410	0.3327	2.43

##### 12. Breakdown of unitholdings by size

###### Fund size

As at 31 August 2021, the size of the Fund was 335,960,173 units.

###### Breakdown of unitholdings as at 31 August 2021

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	175	14.94	424	0.13
5,001 to 10,000 units	131	11.19	966	0.29
10,001 to 50,000 units	442	37.74	11,516	3.43
50,001 to 500,000 units	383	32.71	49,267	14.66
500,001 units and above	40	3.42	273,787	81.49
<b>Total</b>	<b>1,171</b>	<b>100.00</b>	<b>*335,960</b>	<b>100.00</b>

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

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### Manager's report

For the financial year ended 31 August 2021 (cont'd)

### B. Performance Review

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

Category	2021	2020	2019
<b>Portfolio</b>			
<b>Quoted equities - Local</b>			
Construction	3.49	3.77	5.81
Consumer Products & Services	1.77	7.58	9.10
Energy	3.56	3.25	-
Financial Services	21.39	15.15	24.68
Healthcare	-	9.13	0.83
Industrial Products	11.31	8.97	4.97
Plantations	3.66	5.55	1.01
Properties	-	0.92	4.35
Real Estate Investment Trusts ("REITs")	4.44	6.17	6.31
Technology	14.19	13.67	1.05
Telecommunications & Media	7.70	2.34	4.24
Transportation & Logistics	3.54	3.97	11.59
Utilities	3.85	5.75	6.78
<b>Quoted equities - Foreign</b>			
Hong Kong	-	-	3.05
Singapore	4.21	4.05	1.54
<b>Cash and other net assets (%)</b>	16.89	100.00	14.69
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
NAV (RM'000)	112,073	100,021	115,055
Units in circulation (units'000)	335,960	323,861	364,352
NAV per unit (RM)	0.3336	0.3088	0.3158
Highest NAV per unit (RM)	0.3441	0.3178	0.3639
Lowest NAV per unit (RM)	0.2953	0.2344	0.3072
Net income distributed (RM'000)	2,722,001	-	9,062
Distribution date	26/08/2021	-	30/09/2018
Gross distribution per unit (sen)	0.83	-	2.50
Net distribution per unit (sen)	0.83	-	2.49
Annual total return (%) <sup>(1)</sup>			
- Capital growth (%)	8.00	(2.15)	(12.74)
- Income distribution (%)	2.49	-	7.40
Total return (%)	10.69	(2.15)	(5.34)
Benchmark (%)	4.99	(5.39)	(11.40)
Management Expense Ratio ("MER") (%) <sup>(2)</sup>	1.70	1.68	1.62
Portfolio Turnover Ration ("PTR") (times) <sup>(3)</sup>	0.43	0.57	0.43

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### Manager's report

For the financial year ended 31 August 2021 (cont'd)

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

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

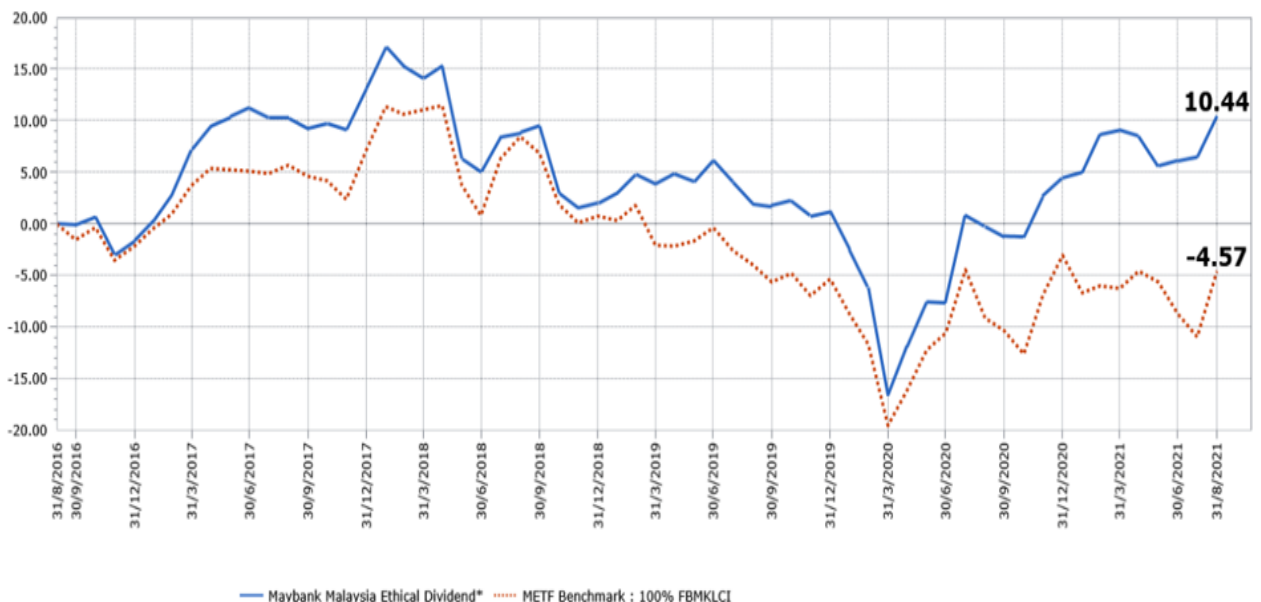
##### Notes:

- (1) Actual return of the Fund for the financial year is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The MER of the Fund increased to 1.70% due to higher expenses during the current financial year under review.
- (3) The PTR of the Fund decreased to 0.43 times due to lower investing activities during the current financial year under review.

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

#### 2. Performance of the Fund up to 31 August 2021

Category	1 year to 31.08.2021 %	3 years to 31.08.2021 %	5 years to 31.08.2021 %
Capital growth	8.00	(7.79)	(16.37)
Income distribution	2.49	10.07	32.06
Total return of the Fund	10.69	1.49	10.44
Benchmark	4.99	(12.00)	(4.57)
Average total return	10.69	0.49	2.00



Source: Lipper

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### Manager's report

For the financial year ended 31 August 2021 (cont'd)

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

For the twelve-month period under review, the fund registered a total return of 10.69%, outperforming its benchmark which gain of 4.99%. The outperformance was mainly due to strategy of overweighting of the fund in the technology sector and the better selection of names in the consumer staples (plantation) sector. We are still quite positive on the longer-term outlook of these technology companies backed by new product launches including electric and autonomous vehicles, internet of things, artificial intelligence as well as the play on 5G. Besides that, the move to underweight the healthcare (gloves) sector also helped contribute to the outperformance.

#### Has the Fund met its objective?

The Fund seeks to provide investors with income and capital growth for medium to long term through investments that comply with ethical principles.

The Fund posted a gain of 10.4% through investments that comply with ethical principles over a 5-year period compared to its benchmark, which posted a loss of 4.6%. Distribution was made for the period. Therefore, the fund has met its objective of achieving medium to long term capital growth and income through investments that comply with ethical principles.

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

For the financial year ended	2021 %	2020 %	2019 %	2018 %	2017 %
Capital growth	8.00	(2.15)	(12.74)	(1.34)	2.17
Income distribution	2.49	-	7.40	-	8.02
Total return	10.69	(2.15)	(6.29)	(1.34)	10.20
Benchmark	4.99	(5.39)	(11.40)	2.62	5.67

#### 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



## **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

### **Manager's report**

**For the financial year ended 31 August 2021 (cont'd)**

#### **C. Market Review**

During the period under review, equity markets posted remarkable performances. With the United States ("US") markets hitting new highs, the Dow Jones and Standard & Poor's 500 ("S&P 500") registered stellar returns of 24.4% and 29.2% respectively for the period. Euro Stoxx 50 also did well, registering a gain of 28.2% for the period. Regionally, North Asian markets were also up, with South Korea, Taiwan, Japan, Hong Kong and China (Shanghai) markets registering returns of 37.5%, 38.9%, 21.4%, 2.8% and 4.4% respectively. Association of Southeast Asian Nations ("ASEAN") markets also recorded positive returns with Thailand, Singapore and Indonesia being the biggest gainer, up 25.0%, 20.6%, and 17.4% respectively while Malaysia gained 5.0% and Philippines gained 16.5%.

Markets saw a strong gain in 2H2020 despite a slight pullback in the month of September 2020 and October 2020. Massive fiscal stimulus by Governments around the world and the monetary measures by the US Federal Reserve ("Feds") continue to lift markets, coupled with the positive development on the Coronavirus Disease 2019 ("COVID-19") vaccines. With a number of vaccines posting positive trial results and high efficacy, the prospect of activities returning more rapidly to pre-pandemic level boosted investors sentiment, making November 2020 the best month for the year 2020 in most markets.

Going in 2021, January 2021 started a softer note with some developed markets closing lower for the month, but this was short-lived as most market started strong in the early weeks of February 2021. Value sectors, such as the financials, energy and travel related names outperformed, with the rapid vaccine rollouts boosting hopes on the reopening of economies and return to normalcy. Markets were mixed in March 2021, but most markets continue to post positive returns in April 2021 and May 2021. In June 2021 and July 2021, Asian markets took a turn and gave up some of their gains. This was mainly due to rising global bond yields on higher inflation expectations, concerns over the surge in COVID-19 cases and increasing policy risk/uncertainty in China after a series of regulatory tightening measures (targeting the Internet, healthcare, property and education sectors) were announced. In addition, the continued spread of the more infectious Delta variant remained a concern, especially in countries with slower vaccination rollout. However, most markets managed to close positively in August 2021.

Domestically, Malaysia underperformed the other markets, with FBM ("FTSE Bursa Malaysia") KLCI ("Kuala Lumpur Composite Index") and the broader market FBM Emas Index posting gains of 5.0% and 4.9% for the one-year period ending 31 August 2021. Meanwhile, the FBM SmallCap Index managed to register a stellar gain of 16.4% for the period as retail participation continue to be high amidst the low interest rate environment, supporting the performance for smaller cap companies. Year to date, foreign funds have taken out RM4.5 billion ("bln") net worth of equities despite a massive outflow of RM24.6bln for the year 2020.

2Q21 earnings were largely within expectations. Not surprising, weak earnings were from the gaming (interstate travel ban), construction (low work progress), Real Estate Investment Trusts ("REITs") (lower traffic in malls/hotels), consumer (lower demand) and transportation (lower traffic) given that the country is still battling the COVID-19 pandemic and lockdown measures were imposed in June 2021. Positively, financials (earnings recovered on lower provisions and strong net interest margins ("NIM")), plantation (higher Crude Palm Oil ("CPO") prices) and petrochemicals (higher prices) reported better if not within expectations.

## **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

### **Manager's report**

**For the financial year ended 31 August 2021 (cont'd)**

#### **D. Market Outlook & Strategy**

In the medium term, we remain positive on Asian equities. We expect inflationary pressures to ease and the interest rate environment to remain relatively benign. We also expect the COVID-19 situation to improve as vaccination levels rise. The ongoing rollout of COVID-19 vaccinations worldwide, albeit patchy, will also allow further economic reopening. That said, we may still see bouts of volatility on tapering fears or surging COVID-19 cases (given more virulent variants) continue to undermine the speed of the recovery and investor sentiment.

In terms of policy risk, the Chinese government has historically been pragmatic about balancing the interests of society and business, and we remain hopeful that they will continue as such. Strategy wise, The Fund will continue to screen its investments and remove companies whose principal business involves the promotion of gambling, tobacco and alcohol. As we expect the market to be trending higher towards year end, we are looking to deploy our cash holding. However, we may hold higher cash from time to time and will have some trading positions to take opportunity of the market volatility. In terms of positioning, we will continue to have exposure in high yielding companies to anchor the portfolio to weather market volatility while building positions in sectors that we are interested in. We favour banks, technology, electronic manufacturing services and selected recovery plays for a longer-term view.

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

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

We have acted as Trustee of Maybank Malaysia Ethical Dividend Fund ("the Fund") for the financial year ended 31 August 2021. To the best of our knowledge, Maybank Asset Management Sdn Bhd ("the Management Company"), has operated and managed the Fund in accordance with the following:-

- a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements;
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements; and

During this financial year, the distribution of 0.83 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat  
Manager, Investment Compliance Monitoring  
Kuala Lumpur  
20 October 2021

## **REPORT OF THE INVESTMENT COMMITTEE**

### **TO THE UNITHOLDERS OF MAYBANK MALAYSIA ETHICAL DIVIDEND FUND FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

We have acted as the Investment Committee of Maybank Malaysia Ethical Dividend Fund ("the Fund"). Our responsibility is to ensure that the procedures and processes employed by Maybank Asset Management Sdn Bhd ("the Manager") and that the provisions of the Deeds dated 4 December 2002, 12 March 2012, 20 June 2012, 27 January 2016, 4 September 2018 and 11 July 2019 are in accordance with the Ethical Principles set out for the Fund.

The Portfolio Management Committee of the Manager deliberates and approves on the composition of the ethical stock selection list at least twice a year, in accordance to the investment policy and strategy set out in the latest Master Prospectus, the Deeds and fund management policies.

In our opinion, the Manager has managed and administered the Fund in accordance with Ethical Principles and complied with applicable guidelines, ruling or decision issued by any relevant laws pertaining to ethical matters.

For and on behalf of the Investment Committee of Maybank Malaysia Ethical Dividend Fund.

**Roni Lihawa Abdul Wahab**  
Chairman

Kuala Lumpur, Malaysia  
20 October 2021

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK MALAYSIA ETHICAL DIVIDEND FUND  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 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 Malaysia Ethical Dividend Fund as at 31 August 2021 and of its results, changes in equity and cash flows for the financial year then ended 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  
20 October 2021

## **Independent auditors' report to the unit holders of Maybank Malaysia Ethical Dividend Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Maybank Malaysia Ethical Dividend Fund ("the Fund"), which comprise the statement of financial position as at 31 August 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 15 to 50.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2021, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *Basis for opinion*

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

#### *Independence and other ethical responsibilities*

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

#### *Information other than the financial statements and auditors' report thereon*

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

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

## **Independent auditors' report to the unitholders of Maybank Malaysia Ethical Dividend Fund (cont'd)**

### *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 Ethical Dividend Fund (cont'd)**

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

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

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

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



**Independent auditors' report to the unitholders of  
Maybank Malaysia Ethical Dividend Fund (cont'd)**

**Other matters**

This report is made solely to the unit holders 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  
20 October 2021

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

	Note	2021 RM	2020 RM
<b>INVESTMENT INCOME/(LOSS)</b>			
Dividend income		2,480,201	3,123,754
Interest income		154,590	253,980
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")			
- Unrealised gain		8,250,862	2,819,991
- Realised gain/(loss)		1,792,360	(6,864,760)
Net loss on foreign exchange	3	(105,541)	(24,627)
		<u>12,572,472</u>	<u>(691,662)</u>
<b>EXPENSES</b>			
Manager's fee	4	1,615,953	1,529,135
Trustee's fee	5	86,184	81,554
Auditors' remuneration		9,000	9,000
Tax agent's fee		3,860	4,300
Brokerage and other transaction fees		135,684	247,334
Administrative expenses		119,053	93,055
		<u>1,969,734</u>	<u>1,964,378</u>
<b>Net income/(loss) before taxation</b>		10,602,738	(2,656,040)
Taxation	6	(30,008)	(44,590)
<b>Net income/(loss) after taxation, and total comprehensive income/(loss) for the financial year</b>		<u>10,572,730</u>	<u>(2,700,630)</u>
<b>Net income/(loss) after taxation is made up of the following:</b>			
Net realised income/(loss)		2,273,587	(5,237,342)
Net unrealised income		8,299,143	2,536,712
		<u>10,572,730</u>	<u>(2,700,630)</u>
<b>Distributions for the financial year:</b>			
Net distributions	13	2,722,001	-
Gross/Net distribution per unit (sen)	13	0.83	-
Distribution date	13	26 August 2021	-

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

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

**STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

	Note	2021 RM	2020 RM
<b>ASSETS</b>			
Financial assets at FVTPL	7	93,168,256	90,290,960
Deposit with a licensed financial institution	8	13,834,277	5,759,261
Dividend receivable		64,643	90,763
Interest receivable		1,213	1,041
Amount due from Manager	9	94	-
Cash at bank	10	5,295,411	4,645,057
<b>TOTAL ASSETS</b>		<u>112,363,894</u>	<u>100,787,082</u>
<b>LIABILITIES</b>			
Amount due to Manager	9	229,128	724,062
Amount due to Trustee	11	7,449	6,827
Other payables and accruals		53,919	35,000
<b>TOTAL LIABILITIES</b>		<u>290,496</u>	<u>765,889</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>112,073,398</u>	<u>100,021,193</u>
<b>EQUITY</b>			
Unitholders' capital	12 (a)	104,749,344	100,547,868
Retained earnings/(Accumulated loss)	12(b) & 12(c)	7,324,054	(526,675)
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>		<u>112,073,398</u>	<u>100,021,193</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	12 (a)	<u>335,960,173</u>	<u>323,861,090</u>
<b>NAV PER UNIT</b>		<u>0.3336</u>	<u>0.3088</u>

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

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

	<b>Unitholders' capital Note 12(a) RM</b>	<b>Retained earnings/ (Accumulated loss) Note 12(b) &amp; 12(c) RM</b>	<b>Total equity RM</b>
<b>At 1 September 2020</b>	100,547,868	(526,675)	100,021,193
Total comprehensive income for the financial year	-	10,572,730	10,572,730
Creation of units	20,041,622	-	20,041,622
Reinvestment of units	2,722,001	-	2,722,001
Cancellation of units	(18,562,147)	-	(18,562,147)
Distribution (Note 13)	-	(2,722,001)	(2,722,001)
<b>At 31 August 2021</b>	<b>104,749,344</b>	<b>7,324,054</b>	<b>112,073,398</b>
<b>At 1 September 2019</b>	112,881,399	2,173,955	115,055,354
Total comprehensive loss for the financial year	-	(2,700,630)	(2,700,630)
Creation of units	253,862	-	253,862
Cancellation of units	(12,587,393)	-	(12,587,393)
<b>At 31 August 2020</b>	<b>100,547,868</b>	<b>(526,675)</b>	<b>100,021,193</b>

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

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale of investments	49,803,309	60,432,880
Net purchase of investments	(42,888,325)	(55,996,647)
Dividend received	2,475,803	3,124,499
Interest received	152,355	255,330
Manager's fee paid	(1,604,293)	(1,549,202)
Trustee's fee paid	(85,562)	(82,625)
Payment of other fees and expenses	(61,277)	(4,477)
Net cash generated from operating and investing activities	<u>7,792,010</u>	<u>6,179,758</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	20,041,528	256,316
Payments for cancellation of units	(19,068,737)	(12,175,492)
Net cash generated from/(used in) financing activities	<u>972,791</u>	<u>(11,919,176)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR</b>	8,764,801	(5,739,418)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	10,404,318	16,147,335
Effect on foreign exchange	(39,431)	(3,599)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<u>19,129,688</u>	<u>10,404,318</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash at bank (Note 10)	5,295,411	4,645,057
Deposits with licensed financial institutions (Note 8)	13,834,277	5,759,261
	<u>19,129,688</u>	<u>10,404,318</u>

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

## **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 AUGUST 2021**

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

Maybank Malaysia Ethical Dividend Fund ("the Fund") was constituted pursuant to the executed Deed dated 4 December 2002 between Amanah Mutual Berhad as the Manager, and HSBC (Malaysia) Trustee Berhad as the Trustee and the Registered Holders of the Fund. Subsequently, Supplemental Deeds dated 12 March 2012, 20 June 2012 and 27 January 2016 made between Amanah Mutual Berhad and HSBC (Malaysia) Trustee Berhad have been issued. The Fund commenced operations on 7 January 2003 and will continue to be in operations until terminated by the Trustee as provided under the Deed.

The principal activity of the Fund is to invest in a selected portfolio of investments that comply with Ethical Principles. The investments mainly include equities quoted on Bursa Malaysia, fixed income securities and short term deposits. The Fund may also invest in stocks that derive the majority of their revenue from the Asia Pacific markets.

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

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

MAM and HSBC (Malaysia) Trustee Bhd as the Trustee had entered into a Fourth Supplemental Deed dated 4 September 2018 to change the name of the Fund and to appoint MAM as the replacement Manager of the Fund effective 1 November 2018.

Subsequently, MAM and HSBC (Malaysia) Trustee Bhd as the Trustee had entered into a Fifth Supplemental Deed dated 11 July 2019 to change the name of the Fund effective 17 January 2020.

MAM is a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence ("CMSL") 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 statement were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 20 October 2021.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION**

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

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

#### 2.1 BASIS OF PREPARATION (CONT'D)

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

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

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

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

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

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

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

#### 2.3 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL are recognised immediately in profit or loss.

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

#### 2.4 Financial assets

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

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

##### (i) Financial assets at amortised cost

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

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

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, dividend receivables, interest receivables and amount due from Manager as financial assets at amortised cost and subsequently measured 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 asset and of allocating and recognising the interest income in profit or loss over the relevant period.

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

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

A financial asset is recognised at FVTPL if:

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

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



## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

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

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

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.

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

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
- 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

- 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.

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

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

##### (iv) Derecognition (cont'd)

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 gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### 2.5 Financial liabilities

##### (i) Classification

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

##### (iii) Derecognition

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

#### 2.6 Unitholders' capital

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

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder 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.

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 ETHICAL DIVIDEND 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.

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

Interest income from deposits with a licensed financial institution is recognised on the accruals basis using the EIR method.

Realised gain and loss on disposal of investments is accounted for as the difference between net disposal proceeds and the carrying amounts of the investments and recognised in profit or loss.

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 comprise cash at bank and deposit with licensed financial institution with original maturity of three 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 rate based upon the taxable income earned during the financial year.

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.

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

## **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

#### **2.10 Fair value measurement**

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

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

The principal or the most advantageous market must be accessible 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 assets takes into account a market participants' ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the assets 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.

#### **2.11 Functional and foreign currency**

##### **(a) 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.

##### **(b) 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 denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

#### 2.12 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved.

#### 2.13 Segment reporting

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

#### 2.14 Critical accounting estimates and judgements

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

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

### 3. NET LOSS ON FOREIGN EXCHANGE

	2021 RM	2020 RM
Net unrealised gain/(loss) on foreign exchange	48,281	(283,279)
Net realised (loss)/gain on foreign exchange	(153,822)	258,652
	<u>(105,541)</u>	<u>(24,627)</u>

### 4. MANAGER'S FEE

The Manager's fee is computed daily. The fee is based on 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.

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 5. TRUSTEE'S FEE

The Trustee's fee is computed based on 0.08% (2020: 0.08%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM18,000 p.a. The Trustee fee is calculated and accrued daily.

### 6. TAXATION

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Tax expense for the financial year:		
Current income tax expense		
- Local	19,898	21,831
- Foreign	10,110	22,759
	<u>30,008</u>	<u>44,590</u>

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 and dividend income earned by the Fund is exempted from tax. Dividend income derived from sources outside Malaysia are exempted from Malaysia income tax. However, such income may be subject to tax in the country from which it is derived.

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before taxation	<u>10,602,738</u>	<u>(2,656,040)</u>
Taxation at Malaysian statutory rate of 24% (2020: 24%)	2,544,657	(637,450)
Income not subject to tax	(3,042,723)	(1,487,454)
Loss not deductible for tax purposes	25,330	1,653,453
Income tax at source	30,008	44,590
Expenses not deductible for tax purposes	472,736	471,451
Tax expense for the financial year	<u>30,008</u>	<u>44,590</u>

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 7. FINANCIAL ASSETS AT FVTPL

		2021 RM	2020 RM
Quoted equities - local	(a)	88,445,489	86,236,724
Quoted equities - foreign	(b)	4,722,767	4,054,236
		93,168,256	90,290,960

2021	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local</b>				
<b>Construction</b>				
Gamuda Bhd	599,580	1,873,101	1,804,736	1.61
Econpile Holdings Bhd	5,076,400	2,784,558	2,106,706	1.88
	5,675,980	4,657,659	3,911,442	3.49
<b>Consumer Products &amp; Services</b>				
Fraser & Neave Holdings Bhd	57,600	1,795,777	1,605,888	1.43
Nestle (Malaysia) Bhd	2,800	384,402	377,160	0.34
	60,400	2,180,179	1,983,048	1.77
<b>Energy</b>				
Dialog Group Bhd	982,900	3,444,789	2,614,514	2.33
Dayang Enterprise Holdings Bhd	1,245,500	1,733,835	1,382,505	1.23
	2,228,400	5,178,624	3,997,019	3.56
<b>Financial Services</b>				
CIMB Group Holdings Bhd	1,051,091	5,240,110	5,160,857	4.60
Hong Leong Bank Bhd	236,300	4,552,627	4,532,234	4.04
Hong Leong Financial Group Bhd	95,000	1,776,978	1,732,800	1.55

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Financial Services (cont'd)</b>				
Malayan Banking Bhd *	516,458	4,547,935	4,338,247	3.87
Public Bank Bhd	934,300	4,018,263	3,905,374	3.48
RHB Bank Bhd	771,391	4,196,404	4,312,076	3.85
	3,604,540	24,332,317	23,981,588	21.39
<b>Industrial Products</b>				
ATA IMS Bhd	644,100	1,194,809	1,739,070	1.55
Dufu Technology Corp. Bhd	638,900	2,075,722	2,702,547	2.41
Press Metal Aluminium Holdings Bhd	267,700	681,854	1,445,580	1.29
Sam Engineering & Equipment (M) Bhd	27,100	192,645	403,790	0.36
Scientex Bhd	193,800	803,956	868,224	0.77
SKP Resources Bhd	583,000	1,079,436	1,072,720	0.96
SKP Resources Bhd - Warrant	93,280	-	17,723	0.02
Sunway Bhd	1,014,000	1,673,907	1,804,920	1.61
Sunway Bhd - Preference Shares	202,800	202,800	290,004	0.26
Thong Guan Industries Bhd	119,300	268,452	325,689	0.29
V.S. Industry Bhd	1,312,400	815,184	1,889,856	1.69
V.S. Industry Bhd - Warrant	262,480	-	115,491	0.10
	5,358,860	8,988,765	12,675,614	11.31



**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Plantations</b>				
Kuala Lumpur Kepong Bhd	63,968	1,499,105	1,366,356	1.22
Sarawak Oil Palms Bhd	346,300	1,310,289	1,295,162	1.16
Sime Darby Plantation Bhd	100,318	527,661	404,282	0.36
TSH Resources Bhd	950,400	1,002,747	1,035,936	0.92
	1,460,986	4,339,802	4,101,736	3.66
<b>Real Estate Investment Trusts ("REITs")</b>				
Axis REIT	1,340,447	2,445,743	2,667,490	2.38
IGB REIT	1,359,400	2,456,967	2,310,980	2.06
	2,699,847	4,902,710	4,978,470	4.44
<b>Technology</b>				
Frontken Corp Bhd	418,950	544,971	1,420,241	1.27
Frontken Corp Bhd - Warrant	139,650	-	54,464	0.05
Globetronics Technology Bhd	691,900	1,621,622	1,439,152	1.28
Inari Amerton Bhd	1,001,600	1,785,932	3,445,504	3.07
Malaysian Pacific Industries Bhd	62,900	705,530	2,768,858	2.47
Pentamaster Corporation Bhd	287,400	852,510	1,520,346	1.36
Unisem (M) Bhd	263,600	1,634,603	2,264,324	2.02
Vitrox Corp Bhd	159,700	1,484,188	2,992,778	2.67
	3,025,700	8,629,356	15,905,667	14.19

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Telecommunications &amp; Media</b>				
Axiata Group Bhd	587,000	2,235,589	2,430,180	2.17
Digi.Com Bhd	315,000	1,453,726	1,386,000	1.24
Telekom Malaysia Bhd	409,300	2,201,299	2,500,823	2.23
Time Dotcom Bhd	502,200	2,249,422	2,310,120	2.06
	<u>1,813,500</u>	<u>8,140,036</u>	<u>8,627,123</u>	<u>7.70</u>
<b>Transportation &amp; Logistics</b>				
Lingkaran Trans Kota Holdings Bhd	742,000	3,212,583	2,856,700	2.55
MISC Bhd	154,200	1,028,805	1,110,240	0.99
	<u>896,200</u>	<u>4,241,388</u>	<u>3,966,940</u>	<u>3.54</u>
<b>Utilities</b>				
Tenaga Nasional Bhd	412,700	5,347,548	4,316,842	3.85
Total quoted equities - local	<u>27,237,113</u>	<u>80,938,384</u>	<u>88,445,489</u>	<u>78.90</u>
<b>(b) Quoted equities - foreign</b>				
<b>Singapore</b>				
AEM Holdings Ltd	156,100	1,684,633	1,928,959	1.72
Ascendas REIT	292,670	2,666,505	2,793,808	2.49
Total quoted equities - foreign	<u>448,770</u>	<u>4,351,138</u>	<u>4,722,767</u>	<u>4.21</u>
<b>Total quoted equities</b>	<u>27,685,883</u>	<u>85,289,522</u>	<u>93,168,256</u>	<u>83.11</u>
<b>Unrealised gain on FVTPL investments **</b>			<u>7,878,734</u>	

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

2020	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local</b>				
<b>Construction</b>				
Gamuda Bhd	791,780	2,473,538	2,692,052	2.69
IJM Corporation Bhd	896,900	2,013,656	1,076,280	1.08
	1,688,680	4,487,194	3,768,332	3.77
<b>Consumer Products &amp; Services</b>				
Ajinomoto (Malaysia) Bhd	38,600	621,431	636,900	0.64
Berjaya Food Bhd	997,000	1,896,859	1,236,280	1.24
DRB - HICOM Bhd	388,900	807,001	793,356	0.79
Dutch Lady Milk Industries Bhd	16,600	878,085	660,680	0.66
Fraser & Neave Holdings Bhd	66,200	2,063,896	2,027,044	2.03
PETRONAS Dagangan Bhd	108,000	2,989,219	2,224,800	2.22
	1,615,300	9,256,491	7,579,060	7.58
<b>Energy</b>				
Dialog Group Bhd	552,800	1,946,720	1,984,552	1.98
Serba Dinamik Holdings Bhd	234,300	542,240	424,083	0.42
Wah Seong Corporation Bhd	1,610,713	1,893,761	845,624	0.85
	2,397,813	4,382,721	3,254,259	3.25

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Financial Services</b>				
CIMB Group Holdings Bhd	636,064	3,467,397	2,099,011	2.10
Hong Leong Bank Bhd	196,500	3,802,982	2,751,000	2.75
Hong Leong Financial Group Bhd	95,000	1,776,978	1,172,300	1.17
Malayan Banking Bhd *	493,802	4,375,754	3,619,569	3.62
Public Bank Bhd	170,800	3,721,965	2,804,536	2.80
RHB Bank Bhd	591,000	3,143,540	2,706,780	2.71
	2,183,166	20,288,616	15,153,196	15.15
<b>Healthcare</b>				
Kossan Rubber Industries Bhd	571,500	3,785,325	9,132,570	9.13
<b>Industrial Products</b>				
Cahaya Mata Sarawak Bhd	507,000	1,725,329	760,500	0.76
Dufu Technology Corp. Bhd	167,000	292,342	561,120	0.56
Press Metal Aluminium Holdings Bhd	294,900	1,496,453	1,536,429	1.54
Sam Engineering & Equipment (M) Bhd	44,400	315,625	306,360	0.31
Sunway Bhd	1,014,000	1,673,907	1,419,600	1.42
Thong Guan Industries Bhd	441,000	1,984,696	2,376,990	2.38
V.S. Industry Bhd	1,061,400	1,318,555	1,995,432	2.00
	3,529,700	8,806,907	8,956,431	8.97

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Plantations</b>				
Kuala Lumpur Kepong Bhd	91,168	2,136,544	2,065,867	2.07
Sarawak Oil Palms Bhd	544,900	2,061,728	1,977,987	1.98
Sime Darby Plantation Bhd	99,800	525,537	508,980	0.51
TSH Resources Bhd	962,000	1,002,212	990,860	0.99
	1,697,868	5,726,021	5,543,694	5.55
<b>Properties</b>				
Malaysian Resources Corporation Bhd	1,828,400	1,542,305	923,342	0.92
<b>Real Estate Investment Trusts ("REITs")</b>				
Axis REIT	1,274,348	2,268,061	2,765,335	2.76
IGB REIT	978,700	1,817,924	1,810,595	1.81
KLCC Property Holdings Bhd	205,400	1,603,108	1,602,120	1.60
	2,458,448	5,689,093	6,178,050	6.17
<b>Technology</b>				
Frontken Corp Bhd	383,500	748,286	1,457,300	1.46
Globetronics Technology Bhd	856,900	2,008,337	2,356,475	2.36
Inari Amerton Bhd	1,340,200	2,389,682	3,015,450	3.01
Malaysian Pacific Industries Bhd	135,200	1,516,497	2,122,640	2.12
Pentamaster Corporation Bhd	287,400	852,510	1,370,898	1.37

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(a) Quoted equities - local (cont'd)</b>				
<b>Technology (cont'd)</b>				
Vitrox Corp Bhd	277,200	2,576,187	3,354,120	3.35
	<b>3,280,400</b>	<b>10,091,499</b>	<b>13,676,883</b>	<b>13.67</b>
<b>Telecommunications &amp; Media</b>				
Digi.Com Bhd	315,000	1,453,726	1,244,250	1.24
Telekom Malaysia Bhd	264,900	887,461	1,099,335	1.10
	<b>579,900</b>	<b>2,341,187</b>	<b>2,343,585</b>	<b>2.34</b>
<b>Transportation &amp; Logistics</b>				
Lingkar Trans Kota Holdings Bhd	742,000	3,212,583	3,108,980	3.11
MISC Bhd	113,800	704,748	866,018	0.86
	<b>855,800</b>	<b>3,917,331</b>	<b>3,974,998</b>	<b>3.97</b>
<b>Utilities</b>				
Taliworks Corporation Bhd	2,529,200	2,338,322	2,213,050	2.21
Tenaga Nasional Bhd	325,900	4,416,028	3,539,274	3.54
	<b>2,855,100</b>	<b>6,754,350</b>	<b>5,752,324</b>	<b>5.75</b>
Total quoted equities - local	<b>25,542,075</b>	<b>87,069,040</b>	<b>86,236,724</b>	<b>86.22</b>

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

2020 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>(b) Quoted equities - foreign</b>				
<b>Singapore</b>				
Ascendas REIT	282,228	2,572,566	2,861,657	2.86
Fraser Logistics & Industrial Trust	288,379	1,060,564	1,192,579	1.19
Total quoted equities - foreign	570,607	3,633,130	4,054,236	4.05
<b>Total quoted equities</b>	<b>26,112,682</b>	<b>90,702,170</b>	<b>90,290,960</b>	<b>90.27</b>
<b>Unrealised loss on FVTPL investments **</b>			<b>(411,210)</b>	

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

\*\* The unrealised gain/(loss) on FVTPL investments comprise the amounts arising from changes in fair values and effects from foreign exchange.

### 8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2021 RM	2020 RM
Short-term placement with a maturity of less than 3 months	13,834,277	5,759,261

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

	2021		2020	
	WAEIR % p.a.	Average maturity Days	WAEIR % p.a.	Average maturity Days
Deposit with a licensed financial institution	1.60	2	1.65	4

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 9. AMOUNT DUE FROM/TO MANAGER

		2021 RM	2020 RM
Amount due from Manager is in respect of:			
Creation of units	(i)	94	-
Amount due to Manager is in respect of:			
Management fee	(ii)	139,672	128,012
Cancellation of units	(iii)	89,456	596,050
		<u>229,128</u>	<u>724,062</u>

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

(ii) The amount represents 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 or cancelled.

### 10. CASH AT BANK

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

	2021 RM	2020 RM
US Dollar ("USD")	4,198,038	4,636,271
RM	1,097,373	8,786
	<u>5,295,411</u>	<u>4,645,057</u>

### 11. AMOUNT DUE TO TRUSTEE

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

### 12. TOTAL EQUITY

	Note	2021 RM	2020 RM
Unitholders' capital	(a)	104,749,344	100,547,868
Accumulated realised loss	(b)	(569,920)	(121,506)
Accumulated unrealised income/(loss)	(c)	7,893,974	(405,169)
		<u>112,073,398</u>	<u>100,021,193</u>



## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 12. TOTAL EQUITY (CONT'D)

#### (a) Unitholders' capital

	2021		2020	
	Units	RM	Units	RM
At the beginning of the financial year	323,861,090	100,547,868	364,352,464	112,881,399
Creation of units	61,439,516	20,041,622	822,609	253,862
Reinvestment of units	8,159,476	2,722,001	-	-
Cancellation of units	(57,499,909)	(18,562,147)	(41,313,983)	(12,587,393)
At the end of the financial year	335,960,173	104,749,344	323,861,090	100,547,868

	2021		2020	
	No. of units	Valued at NAV RM	No. of units	Valued at NAV RM
MBB, the ultimate holding of the Manager	62,837,529	20,962,600	-	-

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

#### (b) Accumulated realised loss

	2021 RM	2020 RM
At the beginning of the financial year	(121,506)	5,115,836
Net realised income/(loss) for the financial year	2,273,587	(5,237,342)
Distribution out of retained earnings (Note 13)	(2,722,001)	-
At the end of the financial year	(569,920)	(121,506)

#### (c) Accumulated unrealised income/(loss)

	2021 RM	2020 RM
At the beginning of the financial year	(405,169)	(2,941,881)
Net unrealised income for the financial year	8,299,143	2,536,712
At the end of the financial year	7,893,974	(405,169)

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 13. DISTRIBUTION

The sources of distribution to the unitholders in the current financial year are as follows:

	<b>2021 RM</b>
Dividend income	2,461,126
Interest income	169,733
Net realised gain on sale of investments	1,697,328
Less : Expenses	<u>(1,606,186)</u>
Net distribution	<u>2,722,001</u>

The details of the distribution declared in the current financial year is as follows:

Gross/Net distribution per unit (sen)	<u>0.83</u>
Distribution date (ex-date)	<u>26 August 2021</u>

The distributions declared were settled in the form of units and presented as 'reinvestment of units' in Note 12(a) on payment date.

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

Details of transactions with brokers/dealers for the current financial year are as follows:

<b>2021</b>	<b>Value of trade RM</b>	<b>Percent of total trade %</b>	<b>Brokerage fees RM</b>	<b>Percent of brokerage fees %</b>
Alliance Investment Bank Bhd	27,989,079	30.80	28,030	21.43
United Overseas Bank (M) Bhd	8,559,880	9.42	17,102	13.08
Hong Leong Investment Bank Bhd	8,670,894	9.54	16,269	12.44
Affin Hwang Investment Bank Bhd	6,689,656	7.36	13,372	10.22
TA Securities Holdings Bhd	10,621,957	11.69	10,630	8.13
MIDF Amanah Investment Bank Bhd	10,611,615	11.68	10,619	8.12
Public Investment Bank Bhd	5,309,222	5.84	10,615	8.12
Maybank Investment Bank Bhd ("MIBB") *	6,445,568	7.09	10,533	8.05
Kenanga Investment Bank Bhd	2,641,256	2.91	6,949	5.31
CIMB Investment Bank Bhd	3,324,775	3.67	6,668	5.10
	<u>90,863,902</u>	<u>100.00</u>	<u>130,787</u>	<u>100.00</u>

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

Details of transactions with brokers/dealers for the previous financial year are as follows:

2020	Value of trade	Percent of total trade	Brokerage fees	Percent of brokerage fees
	RM	%	RM	%
TA Securities Bhd	18,740,421	16.64	18,771	10.07
Kenanga Investment Bank Bhd	13,781,115	12.24	27,550	14.78
Public Investment Bank Bhd	12,800,082	11.37	25,620	13.75
Maybank Investment Bank Bhd ("MIBB") *	9,211,259	8.18	14,457	7.76
Nomura Securities Malaysia Sdn Bhd	8,783,086	7.80	17,541	9.41
UOB Kay Hian Securities (M) Sdn Bhd	7,270,000	6.46	14,534	7.80
CIMB Investment Bank Berhad	6,860,555	6.09	13,732	7.37
Affin Investment Bank Berhad	6,818,276	6.05	13,639	7.32
MIDF Amanah Investment Bank Bhd	5,998,599	5.33	5,991	3.22
CLSA Securities (M) Sdn Bhd	5,233,921	4.65	10,456	5.61
Others	17,101,474	15.19	24,064	12.91
	<b>112,598,788</b>	<b>100.00</b>	<b>186,355</b>	<b>100.00</b>

\* MIBB is a subsidiary of Malayan Banking Bhd, the ultimate holding company of the Manager.

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

Financial institutions	2021		2020	
	Value of placements	Percentage of total placements	Value of placements	Percentage of total placements
	RM	%	RM	%
CIMB Bank Bhd	543,371,453	24.32	5,759,261	100.00
Malayan Banking Bhd	1,691,301,855	75.68	-	-
	<b>2,234,673,308</b>	<b>100.00</b>	<b>5,759,261</b>	<b>100.00</b>

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 15. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

	2021 RM	2020 RM
<b>(i) <u>Significant related party transaction</u></b>		
MBB:		
Dividend income	260,119	386,108
Interest Income	<u>116,277</u>	<u>-</u>
<b>(ii) <u>Significant related party balances</u></b>		
MBB:		
Investment in quoted equity	4,338,247	3,619,569
Deposit with a licensed financial institution	<u>13,834,277</u>	<u>-</u>

Other than those disclosed elsewhere in the financial statements, there were no significant related party transactions and balances as at the reporting date.

### 16. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 31 August 2021, the MER of the Fund stood at 1.70% (2020: 1.68%).

### 17. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial year to the daily average NAV of the Fund. For financial year ended 31 August 2021, the PTR of the Fund stood at 0.43 times (2020: 0.57 times).

### 18. SEGMENT INFORMATION

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on the resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieve its targeted return with an acceptable level of risk within the portfolio.

The PMC is responsible for the performance of the Fund by investing between 70% to 98% of the Fund's NAV in shares, and between 2% to 30% of the Fund's NAV in cash or fixed income securities (or a combination of both).

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

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

### 19. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to 2.14 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.

2021	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Assets</b>				
Financial assets at FVTPL	93,168,256	-	-	93,168,256
Deposit with a licensed financial institution	-	13,834,277	-	13,834,277
Dividend receivable	-	64,643	-	64,643
Interest receivable	-	1,213	-	1,213
Amount due from Manager	-	94	-	94
Cash at bank	-	5,295,411	-	5,295,411
<b>Total financial assets</b>	<b>93,168,256</b>	<b>19,195,638</b>	<b>-</b>	<b>112,363,894</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	229,128	229,128
Amount due to Trustee	-	-	7,449	7,449
Other payables and accruals	-	-	53,919	53,919
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>290,496</b>	<b>290,496</b>

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 19. FINANCIAL INSTRUMENTS (CONT'D)

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

2020	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Assets</b>				
Financial assets at FVTPL	90,290,960	-	-	90,290,960
Deposit with a licensed financial institution	-	5,759,261	-	5,759,261
Dividend receivable	-	90,763	-	90,763
Interest receivable	-	1,041	-	1,041
Cash at bank	-	4,645,057	-	4,645,057
<b>Total financial assets</b>	<b>90,290,960</b>	<b>10,496,122</b>	<b>-</b>	<b>100,787,082</b>
<b>Liabilities</b>				
Amount due to Manager	-	-	724,062	724,062
Amount due to Trustee	-	-	6,827.00	6,827
Other payables and accruals	-	-	35,000	35,000
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>765,889</b>	<b>765,889</b>

#### (b) Financial instruments that are carried at fair value

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

##### Quoted equities

The fair value of quoted investments in shares and REITs are determined by reference to the last bid price on the relevant stock exchanges (e.g. Bursa Malaysia, Singapore Exchange and Hong Kong Exchanges) as at the reporting date.

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

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

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

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

### 20. FAIR VALUE HIERARCHY

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

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

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

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

	<b>Level 1</b> <b>RM</b>	<b>Level 2</b> <b>RM</b>	<b>Level 3</b> <b>RM</b>
<b>2021</b>			
Financial assets at FVTPL	93,168,256	-	-
<b>2020</b>			
Financial assets at FVTPL	90,290,960	-	-

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

##### (i) Equity price risk

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

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

#### (b) Market risk (cont'd)

##### (i) Equity price risk (cont'd)

###### Equity price risk sensitivity

Management's best estimate of the effect on net loss for the year due to a reasonable change in equity index, with all other variables held constant is indicated in the table below. The impact to NAV and net loss after taxation is expected to be the same.

	Changes in equity price %	Effects on NAV Increase/ (decrease) RM
<b>2021</b>		
Quoted equities	+ 5	4,658,413
	- 5	(4,658,413)
<b>2020</b>		
Quoted equities	+ 5	4,514,548
	- 5	(4,514,548)

###### Equity price risk concentration

The Fund's exposure to equity price risk based on its portfolio of investments as at the reporting date is disclosed in Note 7 to the financial statements.

#### (c) 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 position of the Fund's financial assets and financial liability (excluding derivative assets/liabilities) which are exposed to foreign exchange risks as at the reporting date. As the Fund's functional currency is RM, the financial assets and financial liability (excluding derivative assets/liabilities) denominated 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 liability of the Fund that may affect the value of the NAV attributable to unitholders.



## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

#### (c) Foreign exchange risk (cont'd)

	SGD RM	USD RM	TOTAL RM
<b>2021</b>			
Financial assets at FVTPL	4,722,767	-	4,722,767
Cash at bank	-	4,198,038	4,198,038
<b>Total financial assets and net on balance-sheet position</b>	<b>4,722,767</b>	<b>4,198,038</b>	<b>8,920,805</b>
<b>2020</b>			
Financial assets at FVTPL	4,054,236	-	4,054,236
Cash at bank	-	4,636,271	4,636,271
<b>Total financial assets and net on balance-sheet position</b>	<b>4,054,236</b>	<b>4,636,271</b>	<b>8,690,507</b>

The Fund did not hedge its exposure to foreign currency in the current financial year.

The following table indicates the currencies to which the Fund had significant exposure at the reporting date on its financial assets. The analysis calculated the effect of a reasonably possible movement of the currency rate against RM on NAV and on profit/(loss) with all other variables held constant.

	2021		2020	
	Change in exchange rates %	Effects on NAV increase/ (decrease) RM	Change in exchange rates %	Effects on NAV increase/ (decrease) RM
SGD/RM	+5%	236,138	+5%	202,712
	-5%	(236,138)	-5%	(202,712)
USD/RM	+5%	209,902	+5%	231,814
	-5%	(209,902)	-5%	(231,814)

#### (d) Interest rate risk

Cash and money market placements are particularly sensitive to movements in interest rates. When interest rates rise, the return on cash and money market placements will rise, thus affecting the NAV of the Fund. The sensitivity to interest rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

#### (d) Interest rate risk (cont'd)

The Fund deposit with licensed financial institution carry a fixed rate and therefore is not affected by movements in market interest rates.

#### (e) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise of cash, deposits 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 liabilities. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

2021	Less than 1 month RM	More than 1 month RM	Total RM
<b>Financial assets</b>			
Financial assets at FVTPL	93,168,256	-	93,168,256
Deposits with licensed financial institutions	13,834,277	-	13,834,277
Dividend receivable	64,643	-	64,643
Interest receivable	1,213	-	1,213
Amount due from Manager	94	-	94
Cash at bank	5,295,411	-	5,295,411
Total undiscounted financial assets	<u>112,363,894</u>	-	<u>112,363,894</u>
<b>Financial liabilities and unitholders' capital</b>			
Amount due to Manager	229,128	-	229,128
Amount due to Trustee	7,449	-	7,449
Other payables and accruals	53,919	-	53,919
Unitholders' capital	<u>112,073,398</u>	-	<u>112,073,398</u>
Total undiscounted and unitholders' capital	<u>112,363,894</u>	-	<u>112,363,894</u>
Liquidity	<u>-</u>	<u>-</u>	<u>-</u>

**MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

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

**(e) Liquidity risk (cont'd)**

<b>2020</b>	<b>Less than 1 month RM</b>	<b>More than 1 month RM</b>	<b>Total RM</b>
<b>Financial assets</b>			
Financial assets at FVTPL	90,290,960	-	90,290,960
Deposits with licensed financial institutions	5,759,261	-	5,759,261
Dividend receivable	90,763	-	90,763
Interest receivable	1,041	-	1,041
Cash at bank	4,645,057	-	4,645,057
Total undiscounted financial assets	100,787,082	-	100,787,082
<b>Financial liabilities and unitholders' capital</b>			
Amount due to Manager	724,062	-	724,062
Amount due to Trustee	6,827	-	6,827
Other payables and accruals	35,000	-	35,000
Unitholders' capital	100,021,193	-	100,021,193
Total undiscounted and unitholders' capital	100,787,082	-	100,787,082
Liquidity	-	-	-

**Notes:**

**(i) Financial assets**

Analysis of financial assets at FVTPL and deposits into maturity groupings is based on the expected date on which these assets will be realised. The Fund's equities have been included in the "less than 1 month" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unitholders' equity be required to be redeemed. The other assets shall not comprise of tax recoverable in view that it is not a financial asset. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

**(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.

## MAYBANK MALAYSIA ETHICAL DIVIDEND FUND

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

#### (e) Liquidity risk (cont'd)

##### (iii) Unitholders' capital

The unitholders can request for redemption on their units by giving the Manager a T + 10 calendar day notice period, the unitholders' capital have been categorised as having a maturity of "less than 1 month".

#### (f) 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.

##### (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

##### (ii) Credit quality of financial assets

The following table analyses the Fund's deposits with licensed financial institutions, cash at bank and interest receivables from financial institutions by rating categories. The rating is obtained from RAM Holdings Bhd's official website.

Deposits with licensed financial institutions, cash at bank and interest receivable	2021		2020	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	19,130,901	17.07	10,405,359	10.40

## **MAYBANK MALAYSIA ETHICAL DIVIDEND FUND**

### **22. CAPITAL MANAGEMENT**

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's objectives for managing capital are:

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

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