

# **MAYBANK MALAYSIA INCOME FUND**

**Unaudited interim report**

**For the financial period from 1 July 2021 to 31**

**December 2021**

## **CORPORATE INFORMATION**

### **MANAGER**

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### **TRUSTEE**

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## **MAYBANK MALAYSIA INCOME FUND**

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## **MAYBANK MALAYSIA INCOME FUND**

### **Manager's report**

**For the financial period from 1 July 2021 to 31 December 2021**

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

**1. Name of the Fund**

Maybank Malaysia Income Fund ("Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Bond

**4. Duration of the Fund**

The Fund is an open-ended Fund.

**5. Launch date / Commencement date**

15 May 1996 / 18 July 1996

**6. Fund's investment objective**

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

**7. Fund distribution policy**

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

**8. Fund's performance benchmark**

Maybank 12-month fixed deposit rate

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

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

**10. Net income distribution for the financial period from 1 July 2021 to 31 December 2021**

There was no distribution declared by the Fund for the financial period from 1 July 2021 to 31 December 2021.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2021 to 31 December 2021 (cont'd)

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

##### 11. Breakdown of unitholdings as at 31 December 2021

###### Fund Size

As at 31 December 2021, the size of the Fund was 57,094,123 units.

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	965	43.08	1,897	3.31
5,001 to 10,000 units	419	18.71	2,960	5.19
10,001 to 50,000 units	707	31.56	15,300	26.80
50,001 to 500,000 units	143	6.38	14,072	24.65
500,001 units and above	6	0.27	* 22,864	40.05
<b>Total</b>	<b>2,240</b>	<b>100.00</b>	<b>57,094</b>	<b>100.00</b>

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

#### B. Performance Review

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

Category	31.12.2021	30.06.2021	30.06.2020
<b>Portfolio</b>			
Unquoted fixed income securities (%)			
- Construction	13.16	7.42	4.46
- Financial Services	7.29	8.43	8.24
- Government Agency	0.87	0.71	0.87
- Government Development	-	5.81	6.86
- Healthcare	-	-	4.01
- Industrial Product	1.26	4.51	-
- Plantation	3.17	2.60	-
- Power Generation	-	10.74	23.01
- Public Finance	-	2.29	-
- Real Estate	18.65	14.88	10.77
- Sovereign	-	-	3.14
- Toll roads highways	-	-	5.51
- Trading & Services	5.18	4.26	-
- Transportation & Logistics	6.09	7.47	11.07
- Utilities	38.16	25.13	13.51
Cash and other net assets (%)	6.17	8.55	8.55
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2021 to 31 December 2021 (cont'd)

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

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

Category	31.12.2021	30.06.2021	30.06.2020
NAV (RM)	61,952,524	76,384,713	66,066,186
Units in circulation (units)	57,094,123	70,643,722	60,847,477
NAV per unit (RM)	1.0851	1.0813	1.0858
Highest NAV per unit (RM)	1.0929	1.1171	1.1154
Lowest NAV per unit (RM)	1.0718	1.0800	1.0515
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	0.35	(0.41)	0.43
- Income distribution (%)	-	2.07	5.69
Total return (%)	0.35	1.65	6.15
Benchmark (%)	0.93	1.85	2.84
Net income distributed (RM)	-	1,550,719	1,841,098
Distribution date	-	28/06/2021	30/06/2019
Gross/net distribution per unit (sen)	-	2.24	3.00
Management Expense Ratio ("MER") (%) <sup>(2)</sup>	0.56	1.12	1.11
Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup>	0.20	0.51	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 period is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's MER reduced to 0.56% due to lower expenses during the current financial period.
- (3) The Fund's PTR decreased to 0.20 times due to decreased investing activities during the current financial period.

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

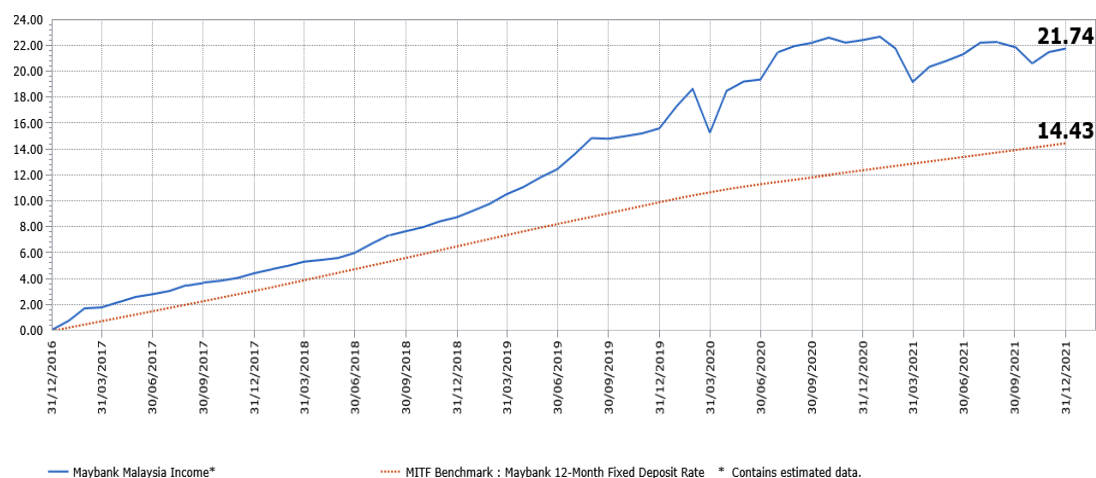
For the financial period from 1 July 2021 to 31 December 2021 (cont'd)

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

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

Category	6 months to 31.12.2021 %	1 year to 31.12.2021 %	3 years to 31.12.2021 %	5 year to 31.12.2021 %
Capital growth	0.35	(2.55)	3.79	5.74
Income distribution	-	2.07	7.89	15.14
Total return of the Fund	0.35	(0.53)	11.97	21.74
Benchmark	0.93	1.85	7.42	14.43
Average total return	-	(0.53)	3.84	4.01

#### Performance of the Fund for the 5 years to 31 December 2021



Source Lipper

Source: Lipper

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

## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2021 to 31 December 2021 (cont'd)

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

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

For the financial period/year ended	31.12.2021 %	30.06.2021 %	30.06.2020 %	30.06.2019 %	30.06.2018 %
Capital growth	0.35	-0.41	0.43	3.15	0.18
Income distribution	-	2.07	5.69	2.85	2.94
Total return	0.35	1.65	6.15	6.09	6.09
Benchmark	0.93	1.85	2.84	3.32	3.2

#### 4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

### C. Market Review

The 10 year US Treasury ("UST") yield dropped lower from 1.47% to 1.23% in July 2021 at the back on concerns over the Coronavirus Disease 2019 ("COVID-19") Delta variant along with signs that global growth moderating caused investors to shift towards risk-off mode. In the July 2021 Federal Reserve ("Fed") meeting, the Fed acknowledge that the economy was making progress in line with its mandate but highlighted that tapering would require additional improvements especially in the labor market. They also acknowledge that there was upside risk to the inflation outlook but retained the view that this would be transitory. The 10 year Malaysia Government Securities ("MGS") yield seen to dropped as well from 3.281% to 3.174% as players seek safety on investments while Fitch affirms Malaysia rating at BBB+ with stable outlook help to seal foreign investor confidence in the MGS market.

In August 2021 saw Jerome Powell struck a cautious note in his statement at the Jackson Home symposium, stating that while the United States ("US") economy had made progress on some important targets – specifically on inflation - tapering too aggressively could derail progress at a sensitive time, reiterating a desire to see further progress in the labor market. The comments were consistent with expectations that tapering could begin this year but were broadly perceived as dovish. The 10 year UST was eight basis points ("bps") higher at 1.31%, having twice come close to 1.38% during the month. Data showed still healthy levels of expansion, but with momentum moderating. US consumer price inflation remained elevated in July 2021, but rose more slowly. The 10 year MGS benchmark yield rose 1 bps during this month despite the change to a new prime minister. The venue could be seen as nonevent given that the Pakatan Nasional remain as the government in rule with minor changes on the cabinet lineup as well.



## MAYBANK MALAYSIA INCOME FUND

### Manager's report

For the financial period from 1 July 2021 to 31 December 2021 (cont'd)

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

In September 2021 The Fed stated that bond tapering will be announced at the November 2021 meeting, as expected, and will finish by mid-2022. Meanwhile, the Fed funds rate projections now show a faster rate hiking schedule than they did in June 2021. The 10 year UST rose significantly from 1.31% to 1.48% (+17 bps) during this month. The 10 year MGS benchmark followed the rising yield momentum from 3.18% to 3.37% (+19 bps) align with UST yield upwards movement. Moreover the Malaysian government announced its plan to raise its debt ceiling to 65% from 60% sparking concern that more of MGS supply will come into the primary market, the first raised of debt ceiling was done from 55% to 60% back in 2021.

The 10 year UST continue to rise higher in October 2021 from 1.49% to 1.56% as Fed bond tapering draws near admit rising inflationary pressure. The Malaysian sovereign bond yields were seen to tick higher too on yield with 5y and 10y MGS yield rose 25bps to 32bps to 3.24% and 3.58% align with the UST movement. The growth agenda is expected to take priority over inflationary outlook in Malaysia and therefore market have strong believed that Overnight Price Rate ("OPR") will remain low for now. The local market players seen to remain bearish ahead of the National budget 2022 that due to be presented at the end of the month.

In the month of November 2021 saw investors grappled with both a hawkish tilt on commentary from the Fed and the emergence of a new coronavirus variant. The reappointed Fed chairman Jerome Powell pointed out the positive momentum growth of US economy along with threat from high inflation no and he will be looking at swifter tapering of asset purchases. The US unemployment data was also seen to have been on fallen trend from 4.8% in September to 4.6% in October 2021. The US Government yields fell and the US dollar rallied, while stocks and high yield credit sold off. The oil price fell sharply due to concern over global demand after the emergence of new COVID-19 variant named Omicron. The Malaysian sovereign bond yields were also moved lower with 5y and 10y on MGS yields fell 2bps to 11 bps to 3.13% and 3.56% as local players buy bond to hedge against volatility admit concern on the new omicron variant and slower 3Q Malaysia Growth Domestic Product ("GDP") growth number at -4.5% vs expectation at -2.6%.

Moving into December 2021, Market players remain cautious while weighing risk in between the new COVID-19 variant, Omicron and decidedly more hawkish monetary policies from Fed. The US treasuries was seen to be in volatile state across this month but ended higher with 10 years UST yield closed at 1.50% from 1.44% in November 2021. The 10 year MGS bond yield was also seen to tick higher from 3.56% to 3.60% (+ 4 bps) despite MYR 6 billion of foreign inflows in the same month.

## **MAYBANK MALAYSIA INCOME FUND**

### **Manager's report**

**For the financial period from 1 July 2021 to 31 December 2021 (cont'd)**

#### **D. Market Outlook & Strategies**

The Malaysian sovereign bond yields were higher in December, with 5Y and 10Y MGS yields rose 3bps to 4bps to 3.16% and 3.60% respectively in December 2021 as compared to the previous month. Price adjustment and discovery typically happened during government bond auctions, which saw yields generally higher on large auction size without private placement. Market was generally quieter with thin liquidity, exacerbating price adjustment in some instances. However, we also noticed pocket of buying interest for corporate bonds for selected names. Fast forward into 2022, as economies are poised for more openings despite the emergence of omicron variant, talks of monetary tapering and rate hikes are gaining more tractions, which saw both equity and fixed income were under pressure on the pretext of tighter liquidity and higher rates environment in early January 2022. Malaysia Ringgit ("MYR") was stronger in December 21, on the back of good risk appetite for risk assets. Meanwhile, investors' preference for corporate bonds continued to be healthy, with local PDS bond yields generally falling less than government bonds in a volatile market. Nonetheless, we remain favorable to keep higher holding of cash (16.23% in cash) while keeping its portfolio duration at medium 4.87 in line with our concern about the potential spike up of US treasury yields due to tighter monetary policy and sustained global economic growth outlook. There are also external headwinds from geo-political concerns, and this may potentially dampen risk appetite in emerging markets. Therefore, given the above reasons, we will add bond holdings prudently and at the right time. Going into 2022, we will closely monitor the future direction of Federal Open Market Committee ("FOMC")/Monetary Policy Committee ("MPC") monetary policy, US-China trade tensions and the developments of coronavirus as these will likely be a strong catalyst in the current MGS and Global Innovation Index ("GIIs") levels for trading opportunities.

We will continue to improve the portfolio yield and total return by switching out of the lower yielding papers and reinvesting into higher yielding medium to long tenured PDS in the near term to position the portfolio more defensively and at the same time generating more income. Meanwhile, our on-going profit-realization trades will be also targeted towards maintaining the current portfolio duration in the face of improving global economic growth and signs of inflationary pressure from both domestic and global.

## **MAYBANK MALAYSIA INCOME FUND**

### **Manager's report**

**For the financial period from 1 July 2021 to 31 December 2021 (cont'd)**

#### **D. Market Outlook & Strategies (cont'd)**

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

#### **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 period from 1 July 2021 to 31 December 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  
FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2021**

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

We have acted as Trustee for Maybank Malaysia Income Fund (the "Fund") for the financial period from 1 July 2021 to 31 December 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; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of the Trustee

**UNIVERSAL TRUSTEE (MALAYSIA) BERHAD (197401000629) (17540-D)**

**ONG TEE VANN**

Chief Executive Officer

Kuala Lumpur, Malaysia

11 February 2022

## **STATEMENT BY MANAGER**

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

I, Ahmad Najib Bin Nazlan, being Director 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 134 Interim Financial Reporting and International Accounting Standards 34 Interim Financial Reporting so as to give a true and fair view of the financial position of Maybank Malaysia Income Fund as at 31 December 2021 and of its results, changes in net assets attributable to unitholders and cash flows for the financial period then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

**Ahmad Najib Bin Nazlan**  
Director

Kuala Lumpur, Malaysia  
11 February 2022

# MAYBANK MALAYSIA INCOME FUND

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2021

		01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
	Note		
<b>INCOME</b>			
Interest income	3	1,508,801	1,472,934
Net (loss)/gain on fair value changes of fair value through profit or loss ("FVTPL") investments	7 (a)		
- Realised gain		35,633	371,358
- Unrealised (loss)/gain		(919,780)	268,443
		<u>624,654</u>	<u>2,112,735</u>
<b>EXPENSES</b>			
Manager's fee	4	365,363	347,714
Trustee's fee	5	12,788	12,170
Auditors' remuneration		5,042	5,042
Tax agent's fee		2,269	2,269
Administrative expenses		18,344	23,060
		<u>403,806</u>	<u>390,255</u>
<b>Net income before tax</b>		220,848	1,722,480
Taxation	6	-	-
<b>Net income after tax, which is the total comprehensive income for the financial period</b>		<u>220,848</u>	<u>1,722,480</u>
<b>Net income after tax is made up of the following:</b>			
Net realised income		1,140,628	1,454,037
Net unrealised (loss)/income		(919,780)	268,443
		<u>220,848</u>	<u>1,722,480</u>

**MAYBANK MALAYSIA INCOME FUND**

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

	<b>Note</b>	<b>31.12.2021 RM</b>	<b>30.06.2021 RM</b>
<b>ASSETS</b>			
Financial assets at FVTPL	7	58,118,930	72,013,621
Deposit with licensed financial institution	8	3,355,000	3,654,000
Interest receivables		597,975	733,221
Amount due from Manager	9	250	250
Cash at bank		1,895	108,710
<b>TOTAL ASSETS</b>		<b>62,074,050</b>	<b>76,509,802</b>
<b>LIABILITIES</b>			
Amount due to Manager	9	90,822	83,120
Amount due to Trustee	10	1,851	2,186
Other payables and accruals		28,853	39,783
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>121,526</b>	<b>125,089</b>
<b>NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS</b>		<b>61,952,524</b>	<b>76,384,713</b>
Unitholders' capital	11(a)	75,250,752	89,903,789
Accumulated losses	11(b) & (c)	(13,298,228)	(13,519,076)
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>		<b>61,952,524</b>	<b>76,384,713</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>	11(a)	<b>57,094,123</b>	<b>70,643,722</b>
<b>NAV PER UNIT (RM)</b>		<b>1.0851</b>	<b>1.0813</b>

# **MAYBANK MALAYSIA INCOME FUND**

## **UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2021**

	<b>Unitholders' capital Note 11(a) RM</b>	<b>Accumulated losses Note 11(b) &amp; (c) RM</b>	<b>Total equity RM</b>
At 1 July 2021	89,903,789	(13,519,076)	76,384,713
Total comprehensive income for the financial period	-	220,848	220,848
Creation of units	181,527	-	181,527
Cancellation of units	(14,834,564)	-	(14,834,564)
At 31 December 2021	<u>75,250,752</u>	<u>(13,298,228)</u>	<u>61,952,524</u>
At 1 July 2020	79,044,719	(12,978,533)	66,066,186
Total comprehensive income for the financial period	-	1,722,480	1,722,480
Creation of units	18,273,861	-	18,273,861
Cancellation of units	(5,236,220)	-	(5,236,220)
At 31 December 2020	<u>92,082,360</u>	<u>(11,256,053)</u>	<u>80,826,307</u>



**MAYBANK MALAYSIA INCOME FUND****UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2021**

	<b>01.07.2021 to 31.12.2021 RM</b>	<b>01.07.2020 to 31.12.2020 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale of financial assets at FVTPL	21,014,026	12,346,863
Net payments for purchase of financial assets at FVTPL	(8,434,554)	(26,654,514)
Interest received	2,075,121	2,281,853
Manager's fee paid	(385,806)	(277,267)
Trustee's fee paid	(2,277)	(68,303)
Other expenses paid	(36,585)	(63,754)
Other income	-	57,077
Net cash generated from/(used in) operating and investing activities	<u>14,229,925</u>	<u>(12,378,046)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	181,527	18,536,753
Payments for cancellation of units	<u>(14,817,267)</u>	<u>(5,247,457)</u>
Net cash (used in)/generated from financing activities	<u>(14,635,740)</u>	<u>13,289,296</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD</b>	<b>(405,815)</b>	<b>(81,750)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b><u>3,762,710</u></b>	<b><u>4,964,442</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>3,356,895</u></b>	<b><u>4,882,692</u></b>
Cash and cash equivalents comprises:		
Cash at bank	1,895	1,692
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	<u>3,355,000</u>	<u>4,881,000</u>
	<u>3,356,895</u>	<u>4,882,692</u>

## **MAYBANK MALAYSIA INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE FINANCIAL PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2021**

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

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

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

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

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

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

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

## MAYBANK MALAYSIA INCOME FUND

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("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 period from 1 July 2021 to 31 December 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.

#### 2.3 Financial instruments

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

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

## **MAYBANK MALAYSIA INCOME FUND**

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

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

Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **2.4 Financial assets**

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

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

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

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

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

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

The Fund classifies cash and cash equivalents, amount due from brokers, amount due from Manager and interest receivables as financing and receivables, and are 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 assets and of allocating and recognising the profit income in profit or loss over the relevant period.

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

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

A financial asset is recognised at FVTPL if:

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

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

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

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

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

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

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

**(iii) Impairment of financial assets**

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. 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 receive);
- Financial assets that are credit-impaired at the reporting date:  
As the difference between the gross carrying amount and the present value of estimated future cash flows.

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

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

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

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

## **MAYBANK MALAYSIA INCOME FUND**

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

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

##### **(iv) Derecognition of financial assets**

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

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

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

#### **2.5 Financial liabilities**

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

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

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

## MAYBANK MALAYSIA INCOME FUND

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

#### 2.6 Unitholders' contribution

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

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unitholder exercises the right to put the unit back to the Fund. Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. The amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

#### 2.7 Revenue / Income

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

- Interest income from unquoted fixed income securities and deposits with licensed financial institutions are recognised on the accruals basis using the effective interest rate method.
- Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.
- 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.

## **MAYBANK MALAYSIA INCOME FUND**

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

#### **2.9 Taxation**

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

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

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

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

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

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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



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

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

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

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

### **2.11 Distributions**

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

### **2.12 Segment reporting**

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

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

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

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

## MAYBANK MALAYSIA INCOME FUND

### 3. INTEREST INCOME

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
Interest income from unquoted fixed income securities	1,595,400	1,494,434
Interest income from licensed financial institution	37,778	38,047
Amortisation of premium, net accretion of discount	(124,377)	(59,547)
	<u>1,508,801</u>	<u>1,472,934</u>

### 4. MANAGER'S FEE

The Manager's fee is computed daily based on 1.00% (01.07.2020 to 31.12.2020: 1.00%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

### 5. TRUSTEE'S FEE

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

NAV (RM)	Trustee fee rate (%) p.a.	
	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% (01.07.2020 to 31.12.2020: 24%) of the estimated assessable income for the financial period.

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

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

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
Net income before taxation	220,848	1,722,480
Taxation at Malaysian statutory rate of 24% (01.07.2020 to 31.12.2020: 24%)	53,004	413,395
Income not subject to tax	(370,664)	(507,056)
Loss not deductible for tax purpose	220,747	-
Expenses not deductible for tax purposes	96,913	93,661
Tax expense for the financial period	-	-

### 7. FINANCIAL ASSETS AT FVTPL

			31.12.2021 RM	30.06.2021 RM
Unquoted fixed income securities			58,118,930	72,013,621
31.12.2021	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Construction				
Gamuda Land Sdn Bhd - 4.20% / 11.10.2027	500,000	499,973	501,040	0.81
Gamuda Land Sdn Bhd - 3.75% / 12.08.2027	1,400,000	1,399,986	1,374,198	2.22
Malaysian Resources Co. Bhd - 4.45% / 14.08.2030	1,300,000	1,309,156	1,242,163	2.01
MMC Corporation Bhd - 5.95% / 12.11.2027	2,500,000	2,781,514	2,718,050	4.39

# MAYBANK MALAYSIA INCOME FUND

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

	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>31.12.2021 (cont'd)</b>				
<b>Construction (cont'd)</b>				
MMC Corporation Bhd - 5.70% / 24.03.2028	1,030,000	1,069,291	1,104,912	1.78
SP Setia Bhd - 4.30% / 23.06.2028	1,200,000	1,199,993	1,208,820	1.95
	<u>7,930,000</u>	<u>8,259,913</u>	<u>8,149,183</u>	<u>13.16</u>
<b>Financial Services</b>				
Affin Islamic Bank Bhd - 5.05% / 23.10.2028	700,000	702,342	716,219	1.16
MNRB Holdings Bhd - 5.20% / 22.03.2029	1,000,000	999,921	1,024,120	1.65
Krung Thai Bank - 4.10% / 19.03.2031	2,780,000	2,779,858	2,772,466	4.48
	<u>4,480,000</u>	<u>4,482,121</u>	<u>4,512,805</u>	<u>7.29</u>
<b>Government Agency</b>				
Danga Capital Bhd - 5.02% / 21.09.2023	500,000	503,069	541,115	0.87
<b>Industrial Product</b>				
OSK Rated Bond Sdn Bhd - 4.39% / 28.04.2028	780,000	779,958	781,108	1.26
<b>Plantation</b>				
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11% / 30.10.2025	2,000,000	2,002,829	1,961,160	3.17
<b>Real Estate</b>				
Country Garden Real Estate Sdn Bhd - 6.40% / 06.05.2022	1,300,000	1,299,898	1,312,376	2.12
- 5.25% / 27.03.2025	900,000	899,936	907,767	1.47
- 4.90% / 04.05.2026	1,200,000	1,199,924	1,186,428	1.92

# MAYBANK MALAYSIA INCOME FUND

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

31.12.2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>Real Estate (cont'd)</b>				
IJM Land Bhd				
- 4.73% / Perpetual	1,300,000	1,300,622	1,278,017	2.06
- 5.65% / Perpetual	1,080,000	1,079,897	1,112,335	1.80
Malaysian Resources Co. Bhd				
- 5.09% / 18.10.2028	800,000	802,201	803,536	1.30
Sime Darby Property Bhd				
- 3.64% / 03.12.2030	900,000	899,980	859,140	1.39
Sunway Treasury Sukuk Sdn Bhd				
- 3.55% / 10.09.2024	800,000	800,764	795,680	1.28
UEM Sunrise Berhad				
- 4.00% / 09.06.2023	1,000,000	1,000,006	1,005,860	1.62
- 3.90% / 21.09.2023	600,000	600,959	601,674	0.97
- 4.30% / 16.02.2026	1,700,000	1,706,974	1,685,074	2.72
	<u>11,580,000</u>	<u>11,591,161</u>	<u>11,547,887</u>	<u>18.65</u>
<b>Trading &amp; Services</b>				
Evyap Sabun Malaysia Sdn Bhd				
- 4.05% / 30.12.2025	2,200,000	2,199,995	2,145,704	3.46
Guan Chong Bhd				
- 3.84% / 03.12.2027	1,100,000	1,105,759	1,066,912	1.72
	<u>3,300,000</u>	<u>3,305,754</u>	<u>3,212,616</u>	<u>5.18</u>
<b>Transportation &amp; Logistics</b>				
DRB-HICOM Bhd				
- 5.08% / 30.08.2030	1,580,000	1,585,890	1,561,972	2.52
- 4.85% / 11.12.2026	1,500,000	1,500,047	1,511,535	2.44
PONSB Capital Bhd				
- 4.64% / 28.12.2026	700,000	699,996	699,993	1.13
	<u>3,780,000</u>	<u>3,785,933</u>	<u>3,773,500</u>	<u>6.09</u>
<b>Utilities</b>				
Cypark Ref Sdn Bhd				
- 5.32% / 30.06.2031	2,380,000	2,423,391	2,419,698	3.91

# MAYBANK MALAYSIA INCOME FUND

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

31.12.2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>Utilities (cont'd)</b>				
Edra Energy Holdings Sdn Bhd - 6.51% / 05.07.2035	1,700,000	2,070,475	2,020,093	3.26
Malaysia Airport Holdings Bhd - 3.87% / 30.12.2026	700,000	699,999	700,000	1.13
- 3.30% / 05.11.2027	1,000,000	999,971	964,700	1.56
Pengurusan Air SPV Bhd - 3.90% / 30.10.2029	2,500,000	2,594,153	2,482,750	4.01
- 3.32% / 04.06.2027	500,000	500,005	491,030	0.79
Quantum Solar Park (Semenanjung Sdn Bhd) - 5.16% / 06.10.2022	1,300,000	1,305,973	1,321,489	2.13
Sarawak Energy Bhd - 3.30% / 14.06.2030	900,000	900,017	857,385	1.38
Tanjung Bin Energy Sdn Bhd - 6.20% / 16.03.2032	5,000,000	6,111,472	5,591,700	9.03
Tenaga Nasional Bhd - 5.18% / 03.08.2037	3,000,000	3,530,270	3,303,540	5.33
TNB Northern Energy Bhd - 4.62% / 30.05.2033	2,000,000	2,162,474	2,082,620	3.36
YTL Power International Bhd - 5.18% / 03.08.2037	1,380,000	1,410,970	1,404,551	2.27
	<u>22,360,000</u>	<u>24,709,170</u>	<u>23,639,556</u>	<u>38.16</u>
<b>Total unquoted fixed income securities</b>	<u>56,710,000</u>	<u>59,419,908</u>	<u>58,118,930</u>	<u>93.83</u>
Unrealised gain on unquoted fixed income securities		-	<u>1,300,978</u>	

# MAYBANK MALAYSIA INCOME FUND

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

30.06.2021	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>Construction</b>				
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
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>
<b>Financial Services</b>				
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>
<b>Government Agency</b>				
Danga Capital Bhd - 5.02% / 21.09.2023	<u>500,000</u>	<u>503,167</u>	<u>542,385</u>	<u>0.71</u>
<b>Government Development</b>				
<b>Sabah Development</b>				
Bank Bhd - 5.30% / 27.04.2023	<u>4,300,000</u>	<u>4,305,638</u>	<u>4,435,149</u>	<u>5.81</u>

# MAYBANK MALAYSIA INCOME FUND

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

30.06.2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>Industrial Product</b>				
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>
<b>Plantation</b>				
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11% / 30.10.2025	<u>2,000,000</u>	<u>2,003,182</u>	<u>1,984,020</u>	<u>2.60</u>
<b>Power Generation</b>				
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>
<b>Public Finance</b>				
Infracap Resources Sdn Bhd - 4.40% / 15.04.2031	<u>1,700,000</u>	<u>1,699,901</u>	<u>1,747,736</u>	<u>2.29</u>



# MAYBANK MALAYSIA INCOME FUND

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

30.06.2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>Real Estate</b>				
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
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>
<b>Trading &amp; Services</b>				
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>
<b>Transportation &amp; Logistics</b>				
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>

# MAYBANK MALAYSIA INCOME FUND

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

30.06.2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
<b>Utilities</b>				
Malaysia Airport Holdings Bhd - 3.30% / 05.11.2027	1,000,000	999,972	976,430	1.28
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>16,800,000</u>	<u>18,899,989</u>	<u>18,215,674</u>	<u>23.85</u>
<b>Total unquoted fixed income securities</b>	<u>69,400,000</u>	<u>72,394,820</u>	<u>72,013,621</u>	<u>94.25</u>
Unrealised gain on unquoted fixed income securities *			<u>(381,199)</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

	31.12.2021 RM	30.06.2021 RM
Short-term placement with a maturity of less than 3 months	3,355,000	3,654,000

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

	31.12.2021		30.06.2021	
	WAEIR % p.a.	Average maturity days	WAEIR % p.a.	Average maturity days
Deposit with a licensed financial institution	1.78	3	1.65	1

### 9. AMOUNT DUE FROM/TO MANAGER

	Note	31.12.2021 RM	30.06.2021 RM
Amount due from Manager is in respect of:			
Creation of units	(i)	250	250
Amount due to Manager is in respect of:			
Management fee	(ii)	52,873	62,470
Cancellation of units	(iii)	37,949	20,650
		90,822	83,120

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

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

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

### 10. AMOUNT DUE TO TRUSTEE

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

# MAYBANK MALAYSIA INCOME FUND

## 11. TOTAL EQUITY

	Note	31.12.2021 RM	30.06.2021 RM
Unitholders' contribution	(a)	75,250,752	79,044,719
Accumulated realised loss	(b)	(13,159,545)	(14,494,111)
Accumulated unrealised (loss)/income	(c)	(138,683)	1,515,578
		<u>61,952,524</u>	<u>66,066,186</u>

### (a) Unitholders' contribution

	01.07.2021 to 31.12.2021		01.07.2020 to 30.06.2021	
	Units	RM	Units	RM
At the beginning of the financial period/year	70,643,722	89,903,789	60,847,477	79,044,719
Creation of units	167,249	181,527	16,654,252	18,489,115
Reinvestment of units	-	-	1,434,126	1,550,719
Cancellation of units	(13,716,848)	(14,834,564)	(8,292,133)	(9,180,764)
At the end of the financial period/year	<u>57,094,123</u>	<u>75,250,752</u>	<u>70,643,722</u>	<u>89,903,789</u>

As at the end of the financial period, there were no units held by the directors or parties related to the Manager or parties related to the Manager (01.07.2020 to 30.06.2021: Nil units).

### (b) Accumulated realised loss

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 30.06.2021 RM
At the beginning of the financial period/year	(14,300,173)	(14,494,111)
Net realised income for the financial period/year	1,140,628	1,744,657
Distribution out of retained earnings	-	(1,550,719)
At the end of the financial period/year	<u>(13,159,545)</u>	<u>(14,300,173)</u>

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

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

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 30.06.2021 RM
At the beginning of the financial period/year	781,097	1,515,578
Net unrealised loss for the financial period/year	(919,780)	(734,481)
At the end of the financial period/year	<u>(138,683)</u>	<u>781,097</u>

## MAYBANK MALAYSIA INCOME FUND

### 12. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

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

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

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
(i) <u>Significant related party transaction</u>		
MBB:		
Interest income from deposit placement	19,526	37,263
Maybank Islamic Bhd:		
Interest income from deposits	18,254	785
	31.12.2021 RM	30.06.2021 RM
(ii) <u>Significant related party balances</u>		
MBB:		
Deposits with financial institution	3,355,000	3,654,000
Cash at bank	1,895	108,710

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

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

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

	01.07.2021 to 31.12.2021		01.07.2020 to 31.12.2020	
	Value of trade RM	Percent of total trade %	Value of trade RM	Percent of total trade %
<b>Brokers/dealers</b>				
RHB Investment Bank Bhd	19,441,601	66.69	25,554,407	66.58
Hong Leong Bank Bhd	1,320,020	4.53	-	-
Affin Hwang Investment Bank Bhd	4,405,608	15.11	915,010	2.38
Maybank Investment Bank Bhd	1,586,162	5.44	-	-
MBB *	1,700,000	5.83	9,824,860	25.60
CIMB Bank Bhd	700,000	2.40	-	-
AmBank Islamic Bhd	-	-	2,089,525	5.44
	<u>29,153,391</u>	<u>100.00</u>	<u>38,383,802</u>	<u>100.00</u>

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

	01.07.2021 to 31.12.2021		01.07.2020 to 31.12.2020	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
<b>Financial institutions</b>				
MBB *	305,117,000	52.28	540,479,000	97.22
Maybank Islamic Bhd **	278,548,000	47.72	15,433,000	2.78
	<u>583,665,000</u>	<u>100.00</u>	<u>555,912,000</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

## **MAYBANK MALAYSIA INCOME FUND**

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

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund, and recovered expenses to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee and other administrative expenses. For the financial period from 1 July 2021 to 31 December 2021, the MER of the Fund stood at 0.56% (01.07.2020 to 31.12.2020: 0.57%).

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

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial period from 1 July 2021 to 31 December 2021, the PTR of the Fund stood at 0.20 times (01.07.2020 to 31.12.2020: 0.28 times).

### **16. SEGMENT INFORMATION**

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

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

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

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

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

## MAYBANK MALAYSIA INCOME FUND

### 17. FAIR VALUE HIERARCHY

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2021</b>				
Financial assets at FVTPL	-	58,118,930	-	58,118,930
<b>30.06.2021</b>				
Financial assets at FVTPL	-	72,013,621	-	72,013,621

### 18. 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 period.