



Asset Management

Maybank Asset Management Sdn Bhd
199701006283

Level 12, Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

Telephone +603 2297 7888

Facsimile +603 2715 0071

www.maybank-am.com.my

MAYBANK MALAYSIA SMALLCAP FUND

Annual report

For the financial year ended 31 July 2022

CORPORATE INFORMATION

MANAGER

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

BUSINESS OFFICE

Level 12 Tower C
Dataran Maybank
No 1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
Facsimile +603 2715 0071
www.maybank-am.com.my

TRUSTEE

CIMB Commerce Trustee Berhad (199401027349) (313031-A)
Level 21 Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50100 Kuala Lumpur
Telephone +603 2261 8888
Facsimile +603 2261 9894

MAYBANK MALAYSIA SMALLCAP FUND

CONTENTS	PAGE
Manager's report	1 - 7
Trustee's report	8
Statement by Manager	9
Independent auditor's report	10 - 13
Statement of comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the financial statements	18 - 44

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2022

A. Fund Information

1. Name of the Fund

Maybank Malaysia SmallCap Fund ("Fund")

2. Type of Fund

Growth Fund

3. Category of Fund

Equity Fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date/ commencement date

3 March 2004/ 24 March 2004

6. Fund's investment objective

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

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

7. Fund distribution policy

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

8. Fund's performance benchmark

FBM SmallCap Index.

9. The Fund's asset allocation policy

The Fund will be investing a minimum of 70% of the Fund's assets in stocks and shares of small and medium cap companies, and a minimum of 2% of the Fund's NAV will be invested in liquid assets and money market instruments.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2022 (cont'd)

A. Fund Information (cont'd)

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

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

11. Net income distribution for the financial year ended 31 July 2022

The Fund has no distribution for the financial year ended 31 July 2022.

12. Breakdown of unitholdings by size

Fund size

As at 31 July 2022, the size of the Fund was 47,104,046 units.

Breakdown of unitholdings as at 31 July 2022

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	382	39.80	874	1.86
5,001 to 10,000 units	151	15.73	1,017	2.16
10,001 to 50,000 units	291	30.31	6,004	12.75
50,001 to 500,000 units	130	13.54	13,741	29.17
500,001 units and above	6	0.62	* 25,468	54.06
Total	960	100.00	** 47,104	100.00

* Includes 9,835,056 units held by Malayan Banking Berhad

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

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2022 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	FY2022	FY2021	FY2020
Portfolio composition (%)			
Quoted equities - local			
Construction	-	4.77	2.34
Consumer Products	22.50	12.03	6.46
Energy	8.28	4.42	-
Finance	7.03	2.00	2.05
Healthcare	22.03	1.09	13.93
Industrial Products	-	23.16	20.83
Plantations	6.89	2.64	2.20
Properties	-	0.20	0.75
Real Estate Investment Trust ("REIT")	6.79	1.85	4.06
Technology	19.00	30.54	24.98
Telecommunication	-	-	0.63
Utilities	-	1.63	2.62
Cash and other net assets	7.48	15.67	19.15
Total	100.00	100.00	100.00
NAV (RM'000)	28,914	135,546	162,579
Units in circulation (units'000)	47,104	180,131	234,993
NAV per unit (RM)	0.6138	0.7525	0.6918
Highest NAV per unit (RM)	0.7794	0.9049	0.6972
Lowest NAV per unit (RM)	0.5552	0.6691	0.3401
Net income distributed (RM'000)	-	4,318	3,449
Distribution date	-	28 July 2021	28 July 2020
Gross/ net distribution per unit (sen)	-	2.50	1.50
Annual total return (%) ⁽¹⁾	(18.42)	12.34	43.59
Benchmark (%)	(7.22)	18.16	(3.59)
Total Expense Ratio ("TER") (%) ⁽²⁾	1.89	1.64	1.62
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	1.43	0.53	0.82

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2022 (cont'd)

B. Performance Review (cont'd)

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

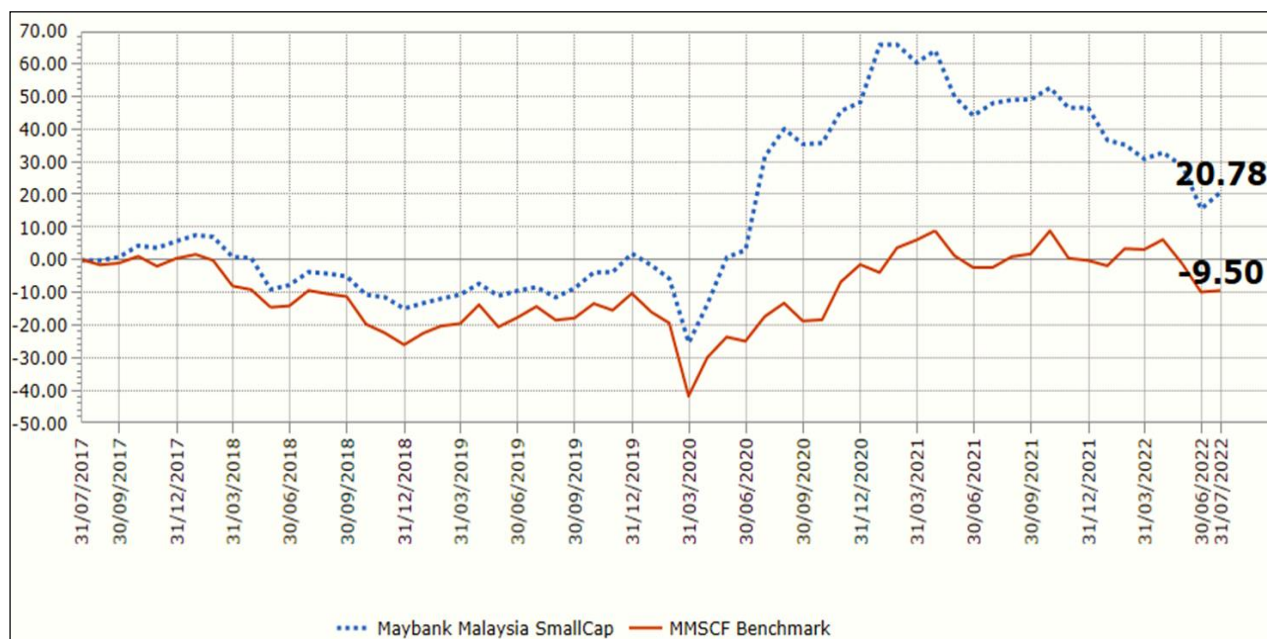
Notes:

- (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 Fund's TER increased to 1.89 due to lower daily NAV during the current financial year.
- (3) The Fund's PTR increased to 1.43 times due to higher investing activities during the current financial year.

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 July 2022

Category	1 year to 31.07.2022 %	3 years to 31.07.2022 %	5 years to 31.07.2022 %
Capital growth	(18.42)	24.70	6.51
Income distribution	-	5.53	13.40
Total return of the Fund	(18.42)	31.60	20.78
Benchmark	(7.22)	5.69	(9.50)
Average total return	(18.42)	9.58	3.85



Source: Lipper, as at 31 July 2022

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2022 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 31 July 2022 (cont'd)

Has the Fund met its objective?

During the 1 year period under review, the Fund's performance declined by -18.4%, underperforming the benchmark's losses of -7.2%. The negative performance was mainly due to Fund's higher exposure to the technology sector, which was negatively impacted by the market expectation of faster United States Federal Reserve ("FED") tapering activities and more hawkish views on interest rate hikes.

For a 3 years and 5 years, the Fund's performance saw positive total returns of +31.6% and +20.8% respectively, outpacing the FTSE Bursa Malaysia Smallcap Index ("FBMSC") which saw returns of +5.7% and -9.5% respectively over the same period. Overall the fund achieved its medium-long term growth.

The biggest detractor to the Fund over period under review was technology sector which a sharp decline due to the overall market sentiments and reduction of risk exposure from the overall market which kept high levels of cash.

3. Annual total return of the Fund

For the financial year ended	31.07.2022 %	31.07.2021 %	31.07.2020 %	31.07.2019 %	31.07.2018 %
Capital growth	(18.42)	8.74	40.56	(4.80)	(3.60)
Income distribution	-	3.31	2.15	-	-
Total return	(18.42)	12.34	43.59	(4.80)	(3.60)
Benchmark	(7.22)	18.16	(3.59)	(5.41)	(9.47)

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:

$$\begin{aligned}\text{Capital return} &= (\text{NAV per unit end} / \text{NAV per unit begin}) - 1 \\ \text{Income return} &= \text{Income distribution per unit} / \text{NAV per unit ex-date} \\ \text{Total return} &= (1 + \text{Capital return}) \times (1 + \text{Income return}) - 1\end{aligned}$$

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2022 (cont'd)

C. Market Review

During the period under review, equity market posted negative numbers. With the USA markets hitting new lows, The Dow Jones and Standard and Poor's ("S&P 500") registered negative returns of -0.7% & -0.8% respectively for the period. Euro Stoxx index 50 saw a bigger negative at -18.5%.

For the regional markets, only the Jakarta Composite Index ("JCI") & The Straits Time Index ("STI") posted positive figures at +16.2% & +2.7% respectively. Hang Seng Index ("HSI"), Taiwan Stock Exchange ("TWSE") & Philippines Stock Exchange Index ("PCOMP") saw negative numbers at -19.8%, -15.8% & -8.6% respectively.

Domestically, Malaysia underperformed the other markets, with FTSE Bursa Malaysia KLCI ("FBMKLCI") saw a slight negative at -0.2% and the broader market FTSE Bursa Malaysia Emas Index ("FBM Emas Index") posting negative returns of -3.4% for the one-year period ending 31 July 2022. Meanwhile, the FBM SmallCap Index saw lower returns of -7.2% as the market risk off.

Despite the strong recovery of the overall domestic market with reopening theme and entering the pandemic phase towards the end of 2021, the beginning 2022 saw supply chain disruptions impacting the recovery. The hardest hit during the period under review was the technology sector (-24.8%) as the combination of hawkish Fed Fund Rate ("FFR") with supply chain disruption saw a de-rating and sell-down of the sector.

For the January 2022 to July 2022 period, market saw a risk-off mode globally with rapid pullback of the equity market. The Russia invasion into Ukraine in February 2022 further adds to the confluence of negative events. The market remained volatile as inflationary concerns cast a shadow over recovery optimism in 1H22. Domestically, the Malaysian corporates faced additional challenges of delays of arrivals of foreign workers, higher minimum wages, higher utility cost as well as regulatory risk related to Environment, Social and Governance ("ESG") concerns.

D. Market Outlook and Strategy

Strategy employed for the period under review, the fund started with a preference for technology and industrial sector which proved to do well towards the end of 2021. The fund reduced the cash holdings by end of the period to add some beaten down technology counters as well as adding some newly listed companies related to the medical services as well as technology related counter. Additionally, the fund added into some beaten down consumer counters which was impacted by the lockdown which now is seeing improved performance with the reopening.

Going forward, the fund remains cautious as the volatility of the market with inflation fears plaguing the sentiments impacting the overall sentiments of the market. The technology sector has been de-rating since early 2022 but have since seen less negative view with positive growth financially. Despite the US/ China trade tension and lacklustre smartphone demands, the sustained demands for Electric Vehicle ("EV") related demands, 5G infrastructure and with a weaker Ringgit Malaysia ("RM") against the United States Dollar ("USD"), we expect the market to appreciate good longer term fundamentally solid companies.

We also continue to keep steady in reopening of the economy theme and its related sectors. We pick selective consumer/ retail play related as well for the said sectors.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2022 (cont'd)

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 soft commissions received are retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

During the financial year ended 31 July 2022, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK MALAYSIA SMALLCAP FUND FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

We, CIMB Commerce Trustee Berhad being the trustee of Maybank Malaysia SmallCap Fund (“the Fund”) are of the opinion that Maybank Asset Management Sdn Bhd (“the Manager”), acting in the capacity as Manager of the Fund, has fulfilled its duties in the following manner for the financial year ended 31 July 2022.

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

For and on behalf of
CIMB Commerce Trustee Berhad

Ng Lai Peng
Authorised Signatory

Kuala Lumpur, Malaysia
20 September 2022

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK MALAYSIA SMALLCAP FUND
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022**

We, Dr Hasnita Binti Dato' Hashim and Ahmed Muzni Bin Mohamed, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Malaysia SmallCap Fund as at 31 July 2022 and of its results, changes in equity and cash flows for the financial year ended 31 July 2022 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Chairman

Ahmed Muzni Bin Mohamed
Director

Kuala Lumpur, Malaysia
20 September 2022

Independent auditors' report to the Unitholders of Maybank Malaysia Smallcap Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia SmallCap Fund (the "Fund"), which comprise the statement of financial position as at 31 July 2022 of the Fund, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 2022 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

The Manager of the Fund ("the Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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

Independent auditors' report to the Unitholders of Maybank Malaysia Smallcap Fund

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

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the Unitholders of Maybank Malaysia Smallcap Fund

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

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

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

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

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

Other matters

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

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

Yeo Beng Yean
03103/10/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
20 September 2022

MAYBANK MALAYSIA SMALLCAP FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

	Note	2022 RM	2021 RM
INCOME			
Dividend income		790,676	2,468,551
Profit/ Interest income		115,642	307,641
Net (loss)/ gain from financial assets at fair value through profit or loss ("FVTPL"):			
- Realised gain		14,024,619	33,357,954
- Unrealised loss		(18,877,961)	(15,042,931)
		<u>(3,947,024)</u>	<u>21,091,215</u>
EXPENSES			
Manager's fee	3	609,414	2,159,023
Trustee's fee	4	28,439	100,754
Auditors' remuneration		11,400	10,650
Tax agent's fee		4,210	4,210
Brokerage and other transaction fees		225,661	240,860
Administrative expenses		114,484	80,576
		<u>993,608</u>	<u>2,596,073</u>
Net result before taxation		(4,940,632)	18,495,142
Taxation	5	(7,451)	(14,549)
Net result after taxation, which is the total comprehensive (loss)/ income for the financial year		<u>(4,948,083)</u>	<u>18,480,593</u>
Total comprehensive results for the financial year is made up of the following:			
Realised income		13,929,878	33,523,524
Unrealised loss		(18,877,961)	(15,042,931)
		<u>(4,948,083)</u>	<u>18,480,593</u>
Distributions for the financial year:			
	12		
Net distribution for the financial year		-	4,338,086
Gross/ net distribution for per unit (sen)		-	2.50
Distribution date (ex-date)		-	28 July 2021

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

MAYBANK MALAYSIA SMALLCAP FUND**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2022**

	Note	2022 RM	2021 RM
ASSETS			
Investments at FVTPL	6	26,749,804	114,310,851
Deposit with a licensed financial institution	7	1,724,492	18,672,904
Dividend receivable		-	19,000
Profit/ Interest receivable		319	1,688
Amount due from Manager	8	19,564	560,752
Amount due from brokers	9	445,194	1,977,358
Cash at bank		48,610	208,515
TOTAL ASSETS		28,987,983	135,751,068
LIABILITIES			
Amount due to Manager	8	45,252	169,781
Amount due to Trustee	10	5,081	7,849
Other payables and accruals		23,222	27,794
TOTAL LIABILITIES		73,555	205,424
NET ASSET VALUE ("NAV") OF THE FUND		28,914,428	135,545,644
EQUITY			
Unitholders' capital	11(a)	(5,994,035)	95,689,098
Retained earnings	11(b)&(c)	34,908,463	39,856,546
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS		28,914,428	135,545,644
NUMBER OF UNITS IN CIRCULATION	11(a)	47,104,046	180,131,020
NAV PER UNIT		0.6138	0.7525

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

MAYBANK MALAYSIA SMALLCAP FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022**

	Unitholders' capital Note 11(a) RM	Retained earnings Note 11(b) & 11(c) RM	Total equity RM
At 1 August 2021	95,689,098	39,856,546	135,545,644
Total comprehensive loss for the financial year	-	(4,948,083)	(4,948,083)
Creation of units	13,687,854	-	13,687,854
Cancellation of units	(115,370,987)	-	(115,370,987)
At 31 July 2022	<u>(5,994,035)</u>	<u>34,908,463</u>	<u>28,914,428</u>
At 1 August 2020	136,865,358	25,714,039	162,579,397
Total comprehensive income for the financial year	-	18,480,593	18,480,593
Creation of units	30,803,646	-	30,803,646
Reinvestments of units	4,338,086	-	4,338,086
Cancellation of units	(76,317,992)	-	(76,317,992)
Distribution (Note 12)	-	(4,338,086)	(4,338,086)
At 31 July 2021	<u>95,689,098</u>	<u>39,856,546</u>	<u>135,545,644</u>

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

MAYBANK MALAYSIA SMALLCAP FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022**

	2022	2021
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from disposal of investments at FVTPL	100,925,029	92,104,512
Net payment for purchase of investments at FVTPL	(17,009,749)	(58,337,689)
Net dividend received	809,676	2,474,918
Profit/ Interest received	117,011	308,681
Manager's fee paid	(742,103)	(2,179,835)
Trustee's fee paid	(31,207)	(101,726)
Other expenses paid	(43,189)	(50,686)
Net cash generated from operating and investing activities	<u>84,025,468</u>	<u>34,218,175</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	14,229,042	30,338,892
Payments for cancellation of units	(115,362,827)	(76,377,288)
Net cash used in financing activities	<u>(101,133,785)</u>	<u>(46,038,396)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(17,108,317)	(11,820,221)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	18,881,419	30,701,640
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>1,773,102</u>	<u>18,881,419</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	48,610	208,515
Deposit with a licensed financial institution with maturity of less than 3 months (Note 7)	1,724,492	18,672,904
	<u>1,773,102</u>	<u>18,881,419</u>

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

MAYBANK MALAYSIA SMALLCAP FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

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

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

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

The financial statements were authorised for issue by the Board of Directors of the Manager (the "Directors") in accordance with a resolution of the Directors on 20 September 2022.

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") Interpretations which have become effective for the financial year ended 31 July 2022. The adoption of the new pronouncements did not result in any material impact to the financial statements.

MAYBANK MALAYSIA SMALLCAP FUND

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

2.1 Basis of preparation (Cont'd)

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

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 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 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

2.3 Financial instruments

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

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets

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

(i) Classification

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 profit/ 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, profit/ interest receivable, dividend receivable and amount due from brokers and amount due from Manager as loan and receivables, and are subsequently measured at amortised cost. These assets are subsequently measured using the Effective Profit Rate ("EPR")/ Effective Interest Rate ("EIR") method and are subject to impairment. The EPR/ EIR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the profit/ 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;
- on initial recognition it is part of the portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL (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.

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

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

Dividend income on investments in equity instruments at FVTPL is recognised when the Fund's right to receive the dividends is established in accordance with MFRS 9 and is disclosed separately in the profit or loss.

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

(iii) Impairment

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. The impairment model does not apply to equity investments.

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 SMALLCAP FUND

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

2.4 Financial assets (cont'd)

(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 profit/ interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

2.5 Financial liabilities

(i) Classification

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

(ii) Recognition and measurement

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EPR/ EIR method. The EPR/ EIR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the profit expense in profit or loss over the relevant period.

(iii) Derecognition of financial liabilities

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.6 Unitholders' capital

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

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

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

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

2.7 Revenue/ Income

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

- Dividend income 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.
- Realised gain or loss on disposal of investments is accounted for as the difference between net disposal proceeds and the carrying amount of the investments.
- Other income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

2.8 Cash and cash equivalents

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

2.9 Distribution

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

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.10 Taxation

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

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

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

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

2.11 Fair value measurement

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

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

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

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

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 year.

2.12 Functional and foreign 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 RM, which is also the Fund's functional currency.

MAYBANK MALAYSIA SMALLCAP FUND

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

2.13 Segment reporting

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

2.14 Critical accounting estimates and judgements

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

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

3. MANAGER'S FEE

The Manager's fee is computed daily based on 1.50% (2021: 1.50%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

4. TRUSTEE'S FEE

The Trustee fee is calculated and accrued daily. The Trustee fee is computed based on 0.07% (2021: 0.07%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM 18,000 p.a.

5. TAXATION

	2022 RM	2021 RM
Tax charge for the financial year:		
Current income tax expense	7,451	14,549

Income tax is calculated at the Malaysian statutory rate of 24% (2021: 24%) of the estimated assessable income for the financial year.

The tax expense 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, profit/ interest income and dividend income earned by the Fund is exempted from tax.

MAYBANK MALAYSIA SMALLCAP FUND

5. TAXATION (CONT'D)

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

	2022 RM	2021 RM
Net results before taxation	(4,940,632)	18,495,142
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(1,185,752)	4,438,834
Income not subject to tax	(3,583,425)	(8,672,195)
Loss not deductible for tax purpose	4,530,711	3,610,303
Income tax at source	7,451	14,549
Expenses not deductible for tax purposes	238,466	623,058
Tax expense for the financial year	7,451	14,549

6. INVESTMENTS AT FVTPL

	2022 RM	2021 RM
Quoted equities	26,749,804	114,310,851

2022	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Consumer Products				
Berjaya Sports Toto Bhd	600,000	1,136,717	1,116,000	3.86
Focus Point Holdings Bhd	2,500,000	982,119	1,787,500	6.18
Salutica Bhd	1,000,000	558,275	370,000	1.28
Spring Art Holdings Bhd	4,780,000	1,461,800	1,027,700	3.55
Umedic Group Berhad	4,500,000	1,440,000	2,205,000	7.63
	13,380,000	5,578,911	6,506,200	22.50

Energy

Dayang Enterprise Holdings Bhd	744,900	922,892	741,176	2.56
Hibiscus Petroleum Bhd	900,000	871,904	805,500	2.79

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Energy (cont'd)				
Yinson Holdings Bhd	393,600	870,184	826,560	2.86
Yinson Holdings Bhd (Warrants)	48,685	-	21,421	0.07
	<u>2,087,185</u>	<u>2,664,980</u>	<u>2,394,657</u>	<u>8.28</u>
Finance				
Malayan Banking Bhd *	104,693	833,373	927,580	3.21
RHB Bank Bhd	187,900	973,105	1,104,852	3.82
	<u>292,593</u>	<u>1,806,478</u>	<u>2,032,432</u>	<u>7.03</u>
Industrial Products				
Destini Bhd	5,000,000	1,080,882	550,000	1.90
Farm Fresh Bhd	700,000	945,000	1,176,000	4.07
HPMT Holdings Bhd	1,500,000	840,000	645,000	2.23
HPP Holdings Bhd	1,200,000	432,000	528,000	1.83
Press Metal Aluminium Holdings Bhd	150,000	758,715	729,000	2.52
RGT Bhd	2,000,000	900,000	670,000	2.32
SLP Resources Bhd	750,000	965,588	660,000	2.28
Superlon Holdings Bhd	500,000	426,577	335,000	1.16
TA Win Holdings Bhd	6,000,000	835,700	510,000	1.76
Texchem Resources Bhd	150,000	404,370	445,500	1.54
TA Win Holdings Bhd (Warrants)	4,000,000	-	120,000	0.42
	<u>21,950,000</u>	<u>7,588,832</u>	<u>6,368,500</u>	<u>22.03</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Plantation				
Hap Seng Plantations Holdings Bhd	300,000	831,090	705,000	2.44
Sarawak Oil Palms Bhd	300,000	629,015	828,000	2.86
TA Ann Holdings Bhd	120,000	622,506	460,800	1.59
	<u>720,000</u>	<u>2,082,611</u>	<u>1,993,800</u>	<u>6.89</u>
Real Estate Investment Trust ("REIT")				
Axis REIT	1,006,136	1,804,333	1,961,965	6.79
Technology				
Cnergenz Bhd	2,000,000	1,160,000	1,220,000	4.22
D&O Green Technologies Bhd	100,000	229,457	407,000	1.41
Elsoft Research Bhd	1,500,000	1,317,585	982,500	3.40
Frontken Corp Bhd	300,000	201,355	864,000	2.99
Malaysian Pacific Industries	30,000	370,669	969,000	3.35
UWC Bhd	200,000	352,373	796,000	2.75
Frontken Corp Bhd (Warrants)	875,000	-	253,750	0.88
	<u>5,005,000</u>	<u>3,631,439</u>	<u>5,492,250</u>	<u>19.00</u>
Total FVTPL investments	<u>44,440,914</u>	<u>25,157,584</u>	<u>26,749,804</u>	<u>92.52</u>
Unrealised gain on FVTPL investments			<u>1,592,220</u>	

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

2021	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Construction				
Econpile Holdings Berhad	4,450,800	2,819,834	1,735,812	1.28
Gabungan AQRS Bhd	2,490,100	2,686,009	1,294,852	0.96
JAKS Resources Bhd	7,000,000	3,325,000	3,430,000	2.53
	<u>13,940,900</u>	<u>8,830,843</u>	<u>6,460,664</u>	<u>4.77</u>
Consumer Products				
Cocoaland Holdings Bhd	704,200	1,315,637	1,302,770	0.95
Focus Point Holdings Bhd	9,241,350	3,630,442	6,838,599	5.04
Kim Teck Cheong Consolidated Bhd	7,078,300	1,344,877	1,132,528	0.84
Perak Transit Bhd	9,313,800	7,032,429	5,727,987	4.23
Perak Transit Bhd - Warrant	2,335,250	-	-	-
Power Root Bhd	1,000,000	2,100,000	1,310,000	0.97
	<u>29,672,900</u>	<u>15,423,385</u>	<u>16,311,884</u>	<u>12.03</u>
Energy				
Dayang Enterprise Holdings Bhd	1,986,300	2,803,609	2,125,341	1.57
KNM Group Bhd	16,000,000	3,186,600	2,800,000	2.06
Perdana Petroleum Bhd	7,900,000	1,427,530	1,066,500	0.79
	<u>25,886,300</u>	<u>7,417,739</u>	<u>5,991,841</u>	<u>4.42</u>
Finance				
Malayan Banking Bhd *	209,175	1,665,697	1,675,492	1.24
RHB Bank Bhd	203,318	1,055,381	1,038,955	0.76
	<u>412,493</u>	<u>2,721,078</u>	<u>2,714,447</u>	<u>2.00</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Healthcare				
Supermax Corporation Bhd	452,100	319,927	1,478,367	1.09
Industrial Products				
Asia Poly Holdings Bhd	3,000,000	1,245,000	705,000	0.52
Berjaya Corporation Bhd	11,000,000	4,774,900	3,025,000	2.23
Cahaya Mata Sarawak Bhd	1,500,000	3,189,150	1,680,000	1.24
Comfort Gloves Bhd	400,000	1,447,920	744,000	0.55
Destini Bhd	10,170,000	2,198,515	1,881,450	1.39
Dufu Technology Corporation Bhd	1,000,000	1,399,551	4,500,000	3.32
FoundPac Group Bhd	2,967,000	994,075	2,492,280	1.84
HPMT Holdings Bhd	2,000,000	1,120,000	1,020,000	0.75
HPP Holdings Bhd	1,400,000	504,000	700,000	0.52
Lion Industries Corp Bhd	5,285,500	4,170,004	2,854,170	2.10
Pestech International Bhd	1,300,000	1,864,363	1,150,500	0.85
RGT Bhd	2,000,000	908,550	700,000	0.52
SCGM Bhd	250,000	614,300	580,000	0.43
SLP Resources Bhd	1,062,300	1,367,659	1,014,496	0.75
Superlon Holdings Bhd	2,449,900	2,090,142	2,180,411	1.61
TA Win Holdings Bhd	24,000,000	3,342,800	3,480,000	2.57
Thong Guan Industries Bhd	700,000	1,207,323	1,750,000	1.29
Uchi Technologies Bhd	300,000	911,744	930,000	0.68
	<u>70,784,700</u>	<u>33,349,996</u>	<u>31,387,307</u>	<u>23.16</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Plantation				
Hap Seng Plantations Holdings Bhd	1,000,000	1,802,571	1,850,000	1.36
Sarawak Oil Palms Bhd	500,000	1,572,538	1,735,000	1.28
	1,500,000	3,375,109	3,585,000	2.64
Property				
S P Setia Bhd	320,000	320,000	268,800	0.20
Real Estate Investment Trust ("REIT")				
Axis REIT	1,307,606	2,345,235	2,510,604	1.85
Technology				
D&O Green Technologies Bhd	1,500,000	947,778	7,950,000	5.87
Datasonic Group Bhd	3,000,000	1,694,125	1,380,000	1.02
Elsoft Research Bhd	1,879,100	1,441,427	1,634,817	1.21
Frontken Corp Bhd	2,625,000	1,761,858	8,531,250	6.29
GHL Systems Bhd	750,000	774,933	1,387,500	1.02
Globetronics Technology Bhd	500,000	1,003,625	1,060,000	0.78
Inari Amerton Bhd	1,000,000	3,100,000	3,330,000	2.46
Malaysian Pacific Industries Bhd	200,000	2,471,127	8,900,000	6.57
UWC Bhd	1,000,000	1,761,864	5,740,000	4.23
Visdynamics Holdings Bhd	1,261,500	1,533,633	1,179,502	0.87
Frontken Corp Bhd - Warrants	875,000	-	297,500	0.22
	14,590,600	16,490,370	41,390,569	30.54

MAYBANK MALAYSIA SMALLCAP FUND

6. INVESTMENTS AT FVTPL (CONT'D)

2021 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Utilities				
Ranhill Utilities Bhd	1,987,399	2,360,153	1,361,368	1.00
Taliworks Corp Bhd	1,000,000	886,835	850,000	0.63
	2,987,399	3,246,988	2,211,368	1.63
Total FVTPL investments	161,854,998	93,840,670	114,310,851	84.33
Unrealised gain on FVTPL investments			20,470,181	

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

7. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2022 RM	2021 RM
Short term placement with a licensed financial institution with maturity of:		
- less than 3 months	1,724,492	18,672,904

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

	2022 WAEPR/ WAEIR % p.a.	Average maturity Days	2021 WAEPR/ WAEIR % p.a.	Average maturity Days
Deposit with a licensed financial institution	2.25	3	1.65	3

8. AMOUNT DUE FROM/ (TO) MANAGER

		2022 RM	2021 RM
Amount due from Manager is in respect of:			
Creation of units	(i)	19,564	560,752
Amount due to Manager is in respect of:			
Manager's fee	(ii)	35,500	168,189
Cancellation of units	(iii)	9,752	1,592
		45,252	169,781

MAYBANK MALAYSIA SMALLCAP FUND

8. AMOUNT DUE FROM/ (TO) MANAGER (CONT'D)

- (i) The amount represented amount receivable from the Manager for units created.
- (ii) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial year. The normal credit term for Manager's fee is 15 days (2021: 15 days).
- (iii) The amount represented amount payable to the Manager for units cancelled.

9. AMOUNT DUE FROM/ (TO) BROKERS

Amount due from/ (due to) brokers relates to the amount receivable/ (payable) from/ to brokers arising from the sales/ (purchase) of investments. The settlement period for this receivables/ (payables) is within 2 working days (2021: 2 working days) from the deal date.

10. 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 (2021: 15 days).

11. TOTAL EQUITY

	Note	2022 RM	2021 RM
Unitholders' capital	11 (a)	(5,994,035)	95,689,098
Accumulated realised income	11 (b)	33,316,245	19,386,367
Accumulated unrealised income	11 (c)	1,592,218	20,470,179
		<u>28,914,428</u>	<u>135,545,644</u>

(a) Unitholder's capital

	2022		2021	
	Units	RM	Units	RM
As at beginning of the financial year	180,131,020	95,689,098	234,992,799	136,865,358
Creation of units	20,085,544	13,687,854	39,649,304	30,803,646
Reinvestment of units	-	-	5,764,897	4,338,086
Cancellation of units	(153,112,518)	(115,370,987)	(100,275,980)	(76,317,992)
As at end of the financial year	<u>47,104,046</u>	<u>(5,994,035)</u>	<u>180,131,020</u>	<u>95,689,098</u>

MAYBANK MALAYSIA SMALLCAP FUND

11. TOTAL EQUITY (CONT'D)

(a) Unitholder's capital (cont'd)

As at the reporting date, the total number and value of units held legally or beneficially by the Manager are as follows:

	2022		2021	
	Units	RM	Units	RM
MBB, the ultimate holding of the Manager	9,835,056	6,037,741	141,743,161	106,659,408

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

(b) Accumulated realised income

	2022 RM	2021 RM
At the beginning of the financial year	19,386,367	(9,799,071)
Net realised income for the financial year	13,929,878	33,523,524
Distribution out of retained earnings (Note 12)	-	(4,338,086)
At the end of the financial year	33,316,245	19,386,367

(c) Accumulated unrealised income

	2022 RM	2021 RM
At the beginning of the financial year	20,470,179	35,513,110
Net unrealised loss for the financial year	(18,877,961)	(15,042,931)
At the end of the financial year	1,592,218	20,470,179

12. DISTRIBUTION

The sources of distribution to the unitholder are as follows:

	2022 RM	2021 RM
Dividend income	-	2,468,551
Profit/ Interest income	-	307,641
Other income	-	2,588,589
Less: Expenses	-	(1,026,695)
Distributions for the financial year	-	4,338,086

MAYBANK MALAYSIA SMALLCAP FUND

12. DISTRIBUTION (CONT'D)

The gross and net distribution per unit declared in the current and previous financial year are as follows:

Distribution date (ex-date)	Gross/ Net distribution per unit (sen)
2022	
There is no distribution declared during the current financial year.	
2021	
28 July 2021	<u>2.50</u>

The distribution declared are settled in the forms of units and presented as 'reinvestment of units' in Note 11(a) on payment date.

13. TRANSACTIONS WITH BROKERS/ DEALERS/ FINANCIAL INSTITUTIONS

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

	Value of trade RM	Percent of total trade %	Brokerage fees RM	Percent of brokerage fees %
2022				
Nomura Securities Sdn Bhd	28,857,247	25.02	57,868	27.13
TA Securities Bhd	24,083,218	20.88	24,272	11.38
Hong Leong Investment Bank Bhd	20,690,978	17.94	24,581	11.52
Kenanga Investment Bank Bhd	16,746,331	14.52	30,258	14.19
Affin Hwang Investment Bank Bhd	7,890,085	6.84	15,823	7.42
CLSA Securities (M) Sdn Bhd	3,318,061	2.88	6,657	3.12
RHB Investment Bank Bhd	3,009,233	2.61	6,080	2.85
JF Apex Securities Bhd	2,437,196	2.11	2,451	1.15
MIDF Amanah Investment Bank Bhd	2,176,865	1.90	2,182	1.02
Others	6,105,980	5.30	43,131	20.22
	<u>115,315,194</u>	<u>100.00</u>	<u>213,303</u>	<u>100.00</u>

MAYBANK MALAYSIA SMALLCAP FUND

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

2021	Value of trade RM	Percent of total trade %	Brokerage fees RM	Percent of brokerage fees %
Nomura Securities Sdn Bhd	36,882,134	25.82	73,857	32.74
TA Securities Bhd	34,587,288	24.22	34,730	15.40
Kenanga Investment Bank Bhd	23,875,786	16.72	42,064	18.65
Hong Leong Investment Bank Bhd	17,369,788	12.16	25,695	11.39
CLSA Securities (M) Sdn Bhd	7,697,176	5.39	15,400	6.83
M&A Securities Sdn Bhd	5,695,748	3.99	5,951	2.64
RHB Investment Bank Bhd	4,528,835	3.17	9,080	4.03
JF Apex Securities Bhd	7,182,570	5.03	7,257	3.22
Affin Hwang Investment Bank Bhd	1,890,340	1.32	3,790	1.67
CIMB Investment Bank Bhd	3,108,215	2.18	7,750	3.43
	142,817,880	100.00	225,574	100.00

14. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties 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 Other than those disclosed elsewhere in the financial statements, the significant related party transactions and balances as at the reporting date are as below:

	2022 RM	2021 RM
(a) Significant related party transactions		
<u>MBB:</u>		
Interest income from deposits	35,883	182,686
<u>MIB:</u>		
Profit income from deposits	39,359	57,309
<u>MBB:</u>		
Dividend income	89,695	27,000

MAYBANK MALAYSIA SMALLCAP FUND

14. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES (CONT'D)

	2022 RM	2021 RM
(b) Significant related party balances		
<u>MBB:</u>		
Deposit with a licensed financial institution	1,724,492	14,069,543
Interest income receivable	319	1,272
	<hr/>	<hr/>

15. TOTAL EXPENSE RATIO ("TER")

TER is calculated based on the ratio of the total fees and recovered expenses for the year, to the average daily NAV of the Fund. For the financial year ended 31 July 2022, the TER of the Fund stood at 1.89% (2021: 1.64%).

16. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial year to the daily average NAV of the Fund. For the financial year ended 31 July 2022, the PTR of the Fund stood at 1.43 times (2021: 0.53 times).

17. 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.

MAYBANK MALAYSIA SMALLCAP FUND

17. FINANCIAL INSTRUMENTS (CONT'D)

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

2022	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Investments at FVTPL	26,749,804	-	-	26,749,804
Deposit with a licensed financial institution	-	1,724,492	-	1,724,492
Profit/ Interest receivable	-	319	-	319
Amount due from Manager	-	19,564	-	19,564
Amount due from brokers	-	445,194	-	445,194
Cash at bank	-	48,610	-	48,610
Total financial assets	26,749,804	2,238,179	-	28,987,983
Liabilities				
Amount due to Manager	-	-	45,252	45,252
Amount due to Trustee	-	-	5,081	5,081
Other payables and accruals	-	-	23,222	23,222
Total financial liabilities	-	-	73,555	73,555
2021				
Assets				
Investments at FVTPL	114,310,851	-	-	114,310,851
Deposit with a licensed financial institution	-	18,672,904	-	18,672,904
Dividend receivable	-	19,000	-	19,000
Profit/ Interest receivable	-	1,688	-	1,688
Cash at bank	-	560,752	-	560,752
Amount due from Manager	-	1,977,358	-	1,977,358
Amount due from brokers	-	208,515	-	208,515
Total financial assets	114,310,851	21,440,217	-	135,751,068

MAYBANK MALAYSIA SMALLCAP FUND

17. FINANCIAL INSTRUMENTS (CONT'D)

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

2021 (cont'd)	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Liabilities				
Amount due to Manager	-	-	169,781	169,781
Amount due to Trustee	-	-	7,849	7,849
Other payables and accruals	-	-	27,794	27,794
Total financial liabilities	-	-	205,424	205,424

(b) Financial instruments that are carried at fair value

The fair value of quoted investments in shares, warrants and REITs are determined by reference to the last bid price on the Bursa Malaysia as at the statement of financial position date.

(c) Fair value hierarchy

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

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

Level 2: 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
2022				
Investments at FVTPL	26,749,804	-	-	26,749,804
2021				
Investments at FVTPL	114,310,851	-	-	114,310,851

(d) 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.

MAYBANK MALAYSIA SMALLCAP FUND

18. SEGMENTAL REPORTING

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

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

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

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

19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains investment portfolios in a variety of listed financial instruments as dictated by its Deeds and investment management strategy. The Fund is exposed to a variety of risks including market risk (which includes price risk) and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

(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.

19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(b) Market risk (cont'd)

(i) Equity price risk (cont'd)

Equity price risk sensitivity

Management's best estimate of the effect on profit for the year due to a reasonable change in equity index, with all other variables held constant is indicated in the table below:

	2022		2021	
	Changes in equity price %	Effects on profit for the year Increase/ (decrease) RM	Changes in equity price %	Effects on profit for the year Increase/ (decrease) RM
Quoted equities	+ 5	1,337,490	+ 5	5,715,543
	- 5	(1,337,490)	- 5	(5,715,543)

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 6 to the financial statements.

(c) 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, deposit with a licensed financial institution and other instruments which are capable of being converted into cash within 7 days.

MAYBANK MALAYSIA SMALLCAP FUND

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

(c) Liquidity risk (cont'd)

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.

2022	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Investments at FVTPL	26,749,804	-	26,749,804
Deposit with a licensed financial institution	1,724,492	-	1,724,492
Profit/ Interest receivable	319	-	319
Amount due from Manager	19,564	-	19,564
Amount due from brokers	445,194	-	445,194
Cash at bank	48,610	-	48,610
Total undiscounted financial assets	<u>28,987,983</u>	<u>-</u>	<u>28,987,983</u>
Financial liabilities:			
Amount due to Manager	45,252	-	45,252
Amount due to Trustee	5,081	-	5,081
Other payables and accruals	23,222	-	23,222
Unitholders' equity	28,914,428	-	28,914,428
Total undiscounted financial and unitholders' equity	<u>28,987,983</u>	<u>-</u>	<u>28,987,983</u>
Liquidity	<u>-</u>	<u>-</u>	<u>-</u>

2021

Financial assets:			
Investments at FVTPL	114,310,851	-	114,310,851
Deposit with a licensed financial institution	18,672,904	-	18,672,904
Dividend receivable	19,000	-	19,000
Profit/ Interest receivable	1,688	-	1,688
Cash at bank	560,752	-	560,752
Amount due from Manager	1,977,358	-	1,977,358
Amount due from brokers	208,515	-	208,515
Total undiscounted financial assets	<u>135,751,068</u>	<u>-</u>	<u>135,751,068</u>

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

(c) Liquidity risk (cont'd)

2021 (cont'd)	Less than 1 month RM	More than 1 month RM	Total RM
Financial liabilities:			
Amount due to Manager	169,781	-	169,781
Amount due to Trustee	7,849	-	7,849
Other payables and accruals	27,794	-	27,794
Unitholders' equity	135,545,644	-	135,545,644
Total undiscounted financial and unitholders' equity	<u>135,751,068</u>	-	<u>135,751,068</u>
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.

(iii) Unitholders' capital

The unitholders can request for redemption on their units by giving the Manager a T + 7 calendar day notice period, the unitholders' capital have been categorised as having a maturity of "less than 1 month".

(d) 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 profit/ interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

MAYBANK MALAYSIA SMALLCAP FUND

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

(d) Credit risk (cont'd)

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 date.

(ii) Credit quality of financial assets

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

Financial assets	2022		2021	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	1,773,421	6.13	18,883,107	13.93

20. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

- To invest in investments meeting the description, risk exposure and expected returns as indicated in its prospectus;
- To achieve consistent returns while safeguarding capital by using various investment strategies;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

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