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MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Semi-annual report
For the financial period from 1 June 2022 to 30
November 2022

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)
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MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Manager's report

For the financial period from 1 June 2022 to 30 November 2022

A. Fund Information

1. Name of the Fund

Maybank Financial Institutions Income Asia Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Fixed income (open-ended)

4. Duration of the Fund

The Fund is an open-ended fund.

5. Fund launch date

26 August 2014

6. Fund's investment objective

The Fund aims to provide unitholders income through investing in a portfolio of fixed income securities issued by financial institutions.

7. Fund distribution policy

Subject to availability of income, distribution shall be at least on a semi-annual basis. Income distribution will be made from the realised income of the Fund.

8. Fund's performance benchmark

The benchmark of the Fund is the 12-month Maybank fixed deposit rate + 1.50% per annum.

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

To achieve the Fund's objective, the Fund will invest between 70% to 98% of its Net Asset Value ("NAV") in Ringgit Malaysia ("RM") denominated and/ or non-RM denominated fixed income securities issued by financial institutions which are domiciled and/ or located in the Asian region whilst the balance of between 2% to 30% of its NAV will be invested in liquid assets and any other RM denominated and/ or non-RM denominated fixed income securities.

10. Net income distribution for the financial period from 1 June 2022 to 30 November 2022

The Fund has not made distribution for the financial period from 1 June 2022 to 30 November 2022.

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Manager's report

For the financial period from 1 June 2022 to 30 November 2022 (cont'd)

A. Fund Information

11. Breakdown of unitholdings by size

Fund size

As at 30 November 2022, the size of the Fund was 40,172,801 units.

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	2	33.33	*3	0.01
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	1	16.67	19	0.05
50,001 to 500,000 units	1	16.67	493	1.23
500,001 units and above	2	33.33	39,658	98.71
Total	6	100.00	**40,173	100.00

* Comprise of 1,390 units held under Manager

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

B. Performance Review

1. Key performance data of the Fund

Category	30.11.2022	31.05.2022	31.05.2021
Portfolio Composition			
Fixed income securities - foreign (%)	76.62	92.82	91.03
- Australia	7.63	-	-
- British Virgin Islands	5.49	9.20	10.58
- Canada	-	-	3.99
- Cayman Islands	-	4.71	7.61
- France	5.33	5.02	4.13
- Hong Kong	9.75	14.42	23.33
- India	-	7.15	3.89
- Japan	3.31	-	-
- Philippines	-	2.43	2.00
- Singapore	7.34	10.10	5.33
- South Korea	8.28	9.39	11.30
- Switzerland	-	3.67	-
- Thailand	9.58	12.77	10.82
- United Kingdom	15.08	9.23	8.05
- United States	4.83	4.73	-
Cash and other net assets	23.38	7.18	8.97
Total (%)	100.00	100.00	100.00

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Manager's report

For the financial period from 1 June 2022 to 30 November 2022 (cont'd)

B. Performance Review (cont'd)

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

Category	30.11.2022	31.05.2022	31.05.2021
NAV (RM'000)	39,993	44,058	54,719
Units in circulation (units'000)	40,173	42,412	50,446
NAV per unit (RM)	0.9955	1.0388	1.0847
Highest NAV per unit (RM)	1.0403	1.1113	1.1294
Lowest NAV per unit (RM)	0.9664	1.0230	1.0378
Annual return (%) ⁽¹⁾			
- Capital growth (%)	(4.17)	(4.23)	4.74
- Income distribution (%)	-	0.92	4.63
Total return	(4.17)	(3.35)	9.59
Benchmark (%)	1.96	3.38	3.38
Distribution date (ex-date)	-	26/11/2021	27/11/2020 and 25/5/2021
Gross distribution per unit (sen)	-	1.00	5.00
Net distribution per unit (sen)	-	1.00	5.00
Total Expense Ratio ("TER") (%) ⁽²⁾	0.55	1.11	1.10
Portfolio Turnover Ratio (times) ⁽³⁾	0.41	0.23	0.64

Note:

- (1) Actual return of the Fund for the financial period is computed on daily average NAV per unit, net of Manager's and Trustee's fee.
- (2) The Fund's TER decreased to 0.55 due to lower expenses for the current financial period.
- (3) The Fund's PTR increased to 0.41 due to the increased trading activities in the current financial period.

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

2. Performance of the Fund up to 30 November 2022

Category	6 months to 30.11.2022 %	1 year to 30.11.2022 %	3 years to 30.11.2022 %	5 years to 30.11.2022 %
Capital growth	(4.17)	(8.15)	(9.39)	(10.28)
Income distribution	-	-	10.13	21.60
Total return of the Fund	(4.17)	(8.15)	(0.21)	9.10
Benchmark	1.96	3.68	11.27	22.11
Average total return	-	(8.15)	(0.07)	1.76

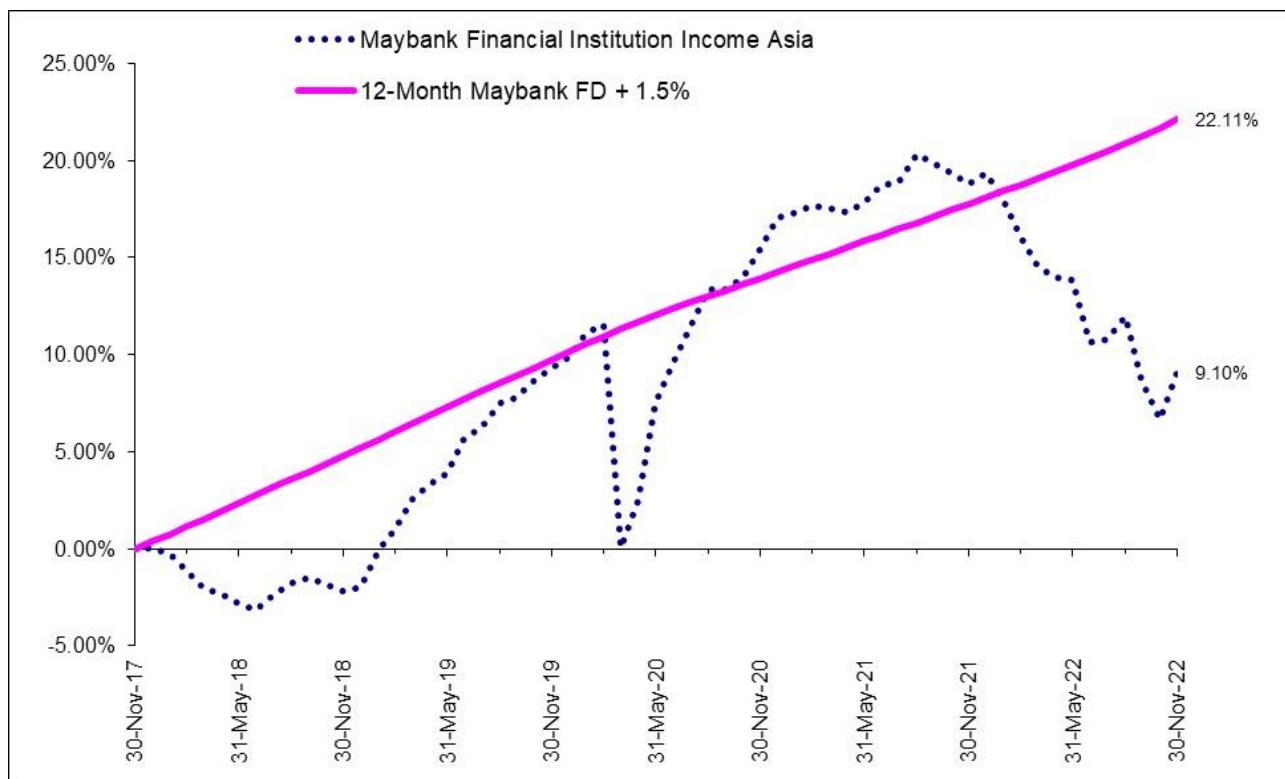
MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Manager's report

For the financial period from 1 June 2022 to 30 November 2022 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 November 2022 (cont'd)



Source: Lipper, as at 30 November 2022

The Fund generated return of -4.17% for the financial period under review, underperforming its benchmark by 613 basis points (“bps”). The underperformance was due to surging inflationary pressure and quicker-than-expected pace of monetary tightening by the Federal Reserve (“Fed”). The weaker performance was also due to widening of Asian credit spreads, particularly economic slowing down in China due to zero-Coronavirus Disease 2019 (“Covid-19) policy as well as contagious risk from China Evergrande’s bond default on China property sector.

3. Annual total return of the Fund

Category	01.06.2022 to 30.11.2022 %	01.06.2021 to 31.05.2022 %	01.06.2020 to 31.05.2021 %	01.06.2019 to 31.05.2020 %	01.06.2018 to 31.05.2019 %
Annual total return	(4.17)	(3.35)	9.59	1.09	6.89
Benchmark	1.96	3.38	3.38	4.47	4.73

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Manager's report

For the financial period from 1 June 2022 to 30 November 2022 (cont'd)

B. Performance Review (cont'd)

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

Recessionary fears underscoring central banks aggressive monetary policy to temper persistently hot inflation data weighed on the capital markets. Consequently, Standard and Poor's ("S&P") 500 posted its worst first half in 50 years (-21% as of end June) as volatility gripped markets on concerns that a hawkish Fed may tip the economy into a recession. 10-year United State Treasury ("UST") yields surged towards 3.47% as Fed raised rates by 75 bps at June's Federal Open Market Committee ("FOMC") following June 2022 Consumer Price Index ("CPI") data rising at a faster rate. However, UST saw a rally towards end of June 2022 as potential economic slowdown drove risk aversion sentiment, 10-Year yield curve ("10Y") UST yields closed the month at 3.01%. Overall, UST index saw dismal performance in first half with 6-month performance at -9.14%. Traditional havens such as United States Dollar index ("DXY") climbed 2.88% month over month ("MoM") as overall surge in UST yields and volatile Russia-Ukraine conflict continue to boost United States Dollar ("USD") strength.

Optimistic tone returned to markets with both equities and fixed income space edged higher towards end of July 2022. Both Morgan Stanley Capital International ("MSCI") World Index and S&P 500 showed positive MoM returns of 7.86% and 9.11%, respectively. Central banks aggressive tightening of monetary policy has led to recessionary fears; this is in tandem with recent moderating United States ("US") economic data seen in July 2022. 10Y UST yields steadied downward at 2.65% towards end July 2022 (-36 bps MoM). The UST rally was partly attributed to markets dialling down expectations that the Fed will tone down its hawkishness, and safe haven play due to geopolitical risk. Meanwhile, UST curve (as measured by 2 year to 10 year ("2Y10Y") spread) continued its flattening trend and subsequently inverted as the bond market factored in a more downbeat economic outlook. Consequently, Emerging Market ("EM") currencies such as Thailand Baht ("THB") and Indonesian rupiah ("IDR") saw small gains towards end of July 2022 as market expects their respective central banks to take a gradual interest rate normalisation path, thus narrowing the interest rate differential. Meanwhile, Singapore Dollar ("SGD") outperformed its Asian peer in line with Monetary Authority of Singapore ("MAS") surprise July 2022 tightening move.

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Manager's report

For the financial period from 1 June 2022 to 30 November 2022 (cont'd)

C. Market Review (cont'd)

Market turned cautious in August's 2022 Jackson Hole symposium. S&P 500 fell 4.24% MoM whilst MSCI World Index trended downwards similarly (-4.33% MoM). UST and credit market corrected sharply towards end of August 2022 post Powell's hawkish tone in Jackson Hole. 10Y UST yields rose 54 bps to 3.19%, while the 2-year UST level trended toward 3.5%. Notably, market consensus had skewed towards pricing in 75 bps in the upcoming September 2022 FOMC with yearend implied Fed fund rate to be around 3.50% - 3.75% level. The 2Y10Y spread was negative 30 bps, further underscoring recession risk. USD continued to soar in August 2022 (DXY: +2.64% MoM) and EM currencies are on the cusp of reaching multi-year highs against the USD partly due to the Yuan weakness as well as diverging interest rates path with the US.

Fed remained in driver's seat in September, as it continued to spook the market. The sell-off in September intensified with S&P down 24% year to date ("YTD"), the lowest level since November 2020. Unsurprising, inflation remains the biggest concern in Fed's mind and US economy is going to tip into recession in 2023 given the peak fed fund futures' pricing of around 4.5% in mid-2023. Thus far, Fed has hiked rates by 300bps, tightening the market liquid and raising risk premium for asset prices. Both August's CPI and Personal Consumption Expenditures ("PCE") suggest that the inflation had not peaked, exerting more pressure on the global market. The surge in USD, as measured by DXY, up 15% YTD has been a headwind for most asset classes in 2022. Commodity, as measured by Bloomberg commodity index, has fallen 8.1% MoM due to recession worries.

US payroll employment remained relatively tight (September 2022: +263k) with unemployment dropping back to lows of 3.5%. US September 2022 inflation data also showed overall inflationary pressure, mainly driven by housing rents and core services. Furthermore, US 3Q annualised Gross Domestic Product ("GDP") came in at 2.6% quarter over quarter ("q/q") indicating that US growth was still intact. Notwithstanding the above, both equity and fixed income market saw modest rebound towards end of October 2022 as market participants forecasted that Fed will start to pivot towards a more dovish stance and slow the hiking pace in upcoming FOMC. Meanwhile, Dollar strength persisted given a resilient US growth and inflation mix. That said, DXY saw some slight weakness towards month end (-0.53% MoM) as market players started to pencil in a more dovish stance by Fed.

November 2022 was a strong month for both equity and fixed income as signs of inflation slowing buoyed the investors' sentiment. US CPI eased to 7.7% Year on year ("YoY") in October 2022, from 8.2% in previous month. US unemployment rate was unchanged at 3.7% in November 22. Fed delivered 75bps to 3.75%-4.00% as expected, hinting a smaller magnitude of rate hikes in the coming month. The People's Bank of China cut its reserve requirement ratio by 25bps, injecting Chinese Yuan ("CNY") 500 billion liquidity into system. News of China gradual reopening is gaining traction and more government support on property sector also welcomed saw some bond priced jumped more than 400% in November 2022. UST yield fell broadly, with 10Y UST fell 32bps to end the month at 3.70%. Meanwhile, Dollar Index dropped to USD 104.66, the lowest since August 2022.

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

Manager's report

For the financial period from 1 June 2022 to 30 November 2022 (cont'd)

D. Market Outlook & Strategy

Looking ahead, the macroeconomic conditions have deteriorated as global growth is clearly slowing down. The European Union ("EU") will struggle with stagflation in 4Q2022 given the surging energy prices and the weaker economy. For the US, economic growth is already slowing with the high inflation coupled with elevated interest rates dampening economic activity. Over in Asia, China's economy was hampered by the sporadic outbreaks of Covid-19. This inadvertently disrupted economic activity and as a result, growth has been subdued despite announcements of policy easing. Of late, more easing of Covid-19 control measures has been announced in China and the economic impact has yet to be visible.

With the Fed still hiking aggressively even as the economy slows, the probability that the US economy goes into a recession has increased. The US economy is still chugging along in 2022 with strong jobs numbers. At this point, jobs in the US are still growing at the rate of 250,000 jobs per month, a healthy amount for now but we still believe that the US may fall into recession in 2023.

We expect interest rates to peak mid financial year 2023 but to stay high while recession risks have increased. Therefore, we still prefer to overweight cash and underweight high yield. We are holding some short to medium maturity high quality investment grade bonds while waiting for interest rates to stabilize before adding long end papers. Current bond yields look very attractive but we need positive bond inflows before bond yields can stabilize. Risk is that US economy weakens very fast in the near future and markets start to price in a dovish Fed aggressively.

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 June 2022 to 30 November 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 UNIT HOLDERS OF MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND ("FUND")

We have acted as Trustee of the Fund for the financial period ended 30 November 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Maybank Asset Management Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

For TMF Trustees Malaysia Berhad
(Company No.: 200301008392/ 610812-W)

NORHAYATI BINTI AZIT
DIRECTOR – FUND SERVICES

Kuala Lumpur, Malaysia
19 January 2023

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2022 TO 30 NOVEMBER 2022**

I, Ahmed Muzni Bin Mohamed, 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 Financial Institutions Income Asia Fund as at 30 November 2022 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

Ahmed Muzni Bin Mohamed

Director

Kuala Lumpur, Malaysia

19 January 2023

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2022 TO 30 NOVEMBER 2022**

	Note	01.06.2022 to 30.11.2022 RM	01.06.2021 to 30.11.2021 RM
INVESTMENT INCOME			
Interest income	3	960,904	1,117,455
Net loss from financial assets at fair value through profit or loss ("FVTPL")			
- Realised (loss)/ gain		(2,528,506)	188,842
- Unrealised loss		(45,908)	(819,178)
Net (loss)/ gain on foreign exchange and derivatives	4	(6,243)	262,790
		<u>(1,619,753)</u>	<u>749,909</u>
EXPENSES			
Manager's fee	5	208,213	258,213
Trustee's fee	6	8,329	10,328
Auditors' remuneration		5,014	5,014
Tax agent's fee		1,755	1,755
Administrative expenses		6,625	10,425
		<u>229,936</u>	<u>285,735</u>
Net results before taxation		(1,849,689)	464,174
Taxation	7	-	-
Net results after taxation, and total comprehensive income for the financial period		<u>(1,849,689)</u>	<u>464,174</u>
Net results after taxation is made of the following:			
Realised (loss)/ income		(1,674,208)	553,927
Unrealised loss		(175,481)	(89,753)
		<u>(1,849,689)</u>	<u>464,174</u>
Distributions for the financial period			
Net distributions	16	-	450,591
Gross/ Net distribution per unit (sen)	16	-	1.00
Distribution dates (ex-date)	16	-	Refer to Note 16

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022**

	Note	30.11.2022 RM	31.05.2022 RM
ASSETS			
Financial assets at FVTPL	8	30,638,360	40,880,243
Derivative assets	9	1,356,889	105,425
Interest receivable		414,514	460,585
Deposit with a licensed financial institution	10	1,081,249	1,606,166
Cash at bank	13	7,533,654	1,169,021
TOTAL ASSETS		<u>41,024,666</u>	<u>44,221,440</u>
LIABILITIES			
Derivative liabilities	9	83,510	107,560
Amount due to Manager	12	35,381	37,392
Amount due to Trustee	14	1,298	1,496
Amount due to broker	11	888,340	-
Other payables and accruals		22,884	16,976
TOTAL LIABILITIES		<u>1,031,413</u>	<u>163,424</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>39,993,253</u>	<u>44,058,016</u>
EQUITY			
Unitholders' capital	15(a)	43,288,605	45,503,679
Accumulated losses	15(b) & 15(c)	<u>(3,295,352)</u>	<u>(1,445,663)</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>39,993,253</u>	<u>44,058,016</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	15(a)	<u>40,172,801</u>	<u>42,412,303</u>
NAV PER UNIT (RM)		<u>0.9955</u>	<u>1.0388</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2022 TO 30 NOVEMBER 2022**

	Unitholders' capital Note 15(a) RM	(Accumulated losses) & Retained earnings Notes 15(b) & 15(c) RM	Total equity RM
At 1 June 2022	45,503,679	(1,445,663)	44,058,016
Total comprehensive loss for the financial period	-	(1,849,689)	(1,849,689)
Creation of units	1,016,986	-	1,016,986
Cancellation of units	(3,232,060)	-	(3,232,060)
At 30 November 2022	<u>43,288,605</u>	<u>(3,295,352)</u>	<u>39,993,253</u>
At 1 June 2021	54,202,922	516,298	54,719,220
Total comprehensive income for the financial period	-	464,174	464,174
Creation of units	2,614,130	-	2,614,130
Reinvestment of units	450,591	-	450,591
Cancellation of units	(8,293,516)	-	(8,293,516)
Distributions (Note 16)	-	(450,591)	(450,591)
At 30 November 2021	<u>48,974,127</u>	<u>529,881</u>	<u>49,504,008</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JUNE 2022 TO 30 NOVEMBER 2022

	01.06.2022 to 30.11.2022 RM	01.06.2021 to 30.11.2021 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale and redemption of financial assets at FVTPL	22,053,699	10,221,389
Net payments for purchase of financial assets at FVTPL	(12,207,690)	(7,459,766)
Interest received	1,006,975	1,124,085
Net realised (loss)/ gain on derivatives	(2,061,968)	486
Manager's fee paid	(213,148)	(263,899)
Trustee's fee paid	(8,527)	(10,554)
Payment of other fees and expenses	(41,169)	(22,710)
Net cash generated from operating and investing activities	<u>8,528,172</u>	<u>3,589,031</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	1,016,986	2,394,341
Cash paid on units cancelled	(3,229,136)	(7,722,700)
Net cash used in financing activities	<u>(2,212,150)</u>	<u>(5,328,359)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	6,316,022	(1,739,328)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	2,775,187	4,642,869
Effects of foreign exchange	(476,306)	26,397
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>8,614,903</u>	<u>2,929,938</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 12)	7,533,654	2,765,980
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 10)	1,081,249	163,958
	<u>8,614,903</u>	<u>2,929,938</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2022 TO 30 NOVEMBER 2022

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Financial Institutions Income Asia Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 29 May 2014, First supplemental deed dated 30 March 2015 and a Second supplemental deed dated 10 August 2015 and a Third supplemental deed dated 21 August 2020 between the Manager, Maybank Asset Management Sdn Bhd ("MAM"), the Trustee, TMF Trustee Malaysia Berhad and the registered unitholders of the Fund. The Deed and Supplemental Deeds are collectively referred to as 'Deeds'. The Fund was launched on 26 August 2014. Effective 4 January 2021, the Fund has been converted to a Unit Trust Fund.

The Fund aims to provide unitholders income through investing in a portfolio of fixed income securities issued by financial institutions. The Fund will invest between 70% to 98% of its NAV in Ringgit Malaysia ("RM") denominated and/ or non-RM denominated fixed income securities issued by financial institutions which are domiciled and/ or located in the Asian region whilst the balance of between 2% to 30% of its NAV will be invested in liquid assets and RM denominated and/ or non-RM denominated fixed income securities issued by non-financial institutions which are domiciled and/ or located in the Asian region.

The Manager of the Fund is MAM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence 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 Malayan Banking Berhad ("MBB").

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 June 2022 to 30 November 2022. 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 2.14 to the financial statements.

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

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

2.2 Standards and amendments to standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137: 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 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

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.

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

2.4 Financial assets (cont'd)

(i) Financial assets at amortised cost

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

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and 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, interest receivable and amount due from brokers as financial assets at amortised cost. These assets are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. The EIR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the interest income in profit or loss over the relevant period.

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

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

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA 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 period, with any gains or losses arising on measurement recognised in profit or loss.

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

Changes in the fair value of FVTPL investments are recognised in 'unrealised loss/ (gain) on FVTPL investments' in profit or loss. Accumulated unrealised gains or losses are reclassified to 'realised gain/ (loss) 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 FINANCIAL INSTITUTIONS INCOME ASIA 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 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 brokers, amount due to Trustee, distribution payable, 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 interest expense in profit or loss over the relevant period.

(iii) Derecognition

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

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

2.6 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 the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible 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 and liabilities 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:

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

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

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

2.7 Functional and foreign currency

(a) Functional and presentation currency

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

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

2.7 Functional and foreign currency (cont'd)

(b) Transactions and balances

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

2.8 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:

- (i) the units entitle the holder to a proportionate share of the Fund's NAV;
- (ii) the units are the most subordinated class and class features are identical;
- (iii) there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- (iv) 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. This amount is either refunded to unitholders by way of distribution and/ or adjusted accordingly when units are cancelled.

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

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposit with a financial institution with original maturity of three (3) months or less which have an insignificant risk of changes in value.

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

2.11 Revenue

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

Interest income from unquoted fixed income securities and deposits with a licensed financial institution are recognised on the accruals basis using the effective interest rate method.

Realised gain or loss on disposal of unquoted fixed income securities are measured as the difference between the net proceeds and its carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.

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

2.12 Income tax

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 no temporary differences have been identified.

2.13 Segment information

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

2.14 Critical accounting estimates and 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 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 reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

3. INTEREST INCOME

	01.06.2022 to 30.11.2022 RM	01.06.2021 to 30.11.2021 RM
Interest income from unquoted fixed income securities	1,042,097	1,126,099
Interest income from short-term deposits	12,075	4,977
Amortisation of premium, net of accretion of discount	(93,268)	(13,621)
	<u>960,904</u>	<u>1,117,455</u>

4. NET (LOSS)/ GAIN ON FOREIGN EXCHANGE AND DERIVATIVES

	01.06.2022 to 30.11.2022 RM	01.06.2021 to 30.11.2021 RM
Net realised gain/ (loss) on foreign exchange	2,238,676	(541,112)
Net unrealised (loss)/ gain on foreign exchange	(1,405,087)	921,381
Net realised (loss)/ gain on derivatives	(2,115,345)	74,478
Net unrealised gain/ (loss) on derivatives	1,275,513	(191,957)
	<u>(6,243)</u>	<u>262,790</u>

5. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 1.00% (01.06.2021 to 30.11.2021: 1.00%) per annum ("p.a.") of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for that particular day.

6. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.04% (01.06.2021 to 30.11.2021: 0.04%) p.a. of the NAV of the Fund, subject to a minimum fee of RM15,000 per annum ("p.a.") and a maximum fee of RM 150,000 p.a.. The trustee fee is calculated and accrued daily and payable monthly to the Trustee.

7. TAXATION

	01.06.2022 to 30.11.2022 RM	01.06.2021 to 30.11.2021 RM
Tax expense for the financial period:		
Current income tax expense	<u>-</u>	<u>-</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

7. TAXATION (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.06.2021 to 30.11.2021: 24%) of the estimated assessable income for the financial period. Interest income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

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

	01.06.2022 to 30.11.2022 RM	01.06.2021 to 30.11.2021 RM
Net results before taxation	(1,849,689)	464,174
Tax at Malaysian statutory rate of 24% (01.06.2021 to 30.11.2022 : 24%)	(443,925)	111,402
Income not subject to tax	(230,617)	(376,581)
Loss not deductible for tax purposes	619,358	196,603
Expenses not deductible for tax purposes	55,184	68,576
Tax expense for the financial period	-	-

8. FINANCIAL ASSETS AT FVTPL

	30.11.2022 RM	30.11.2021 RM
Unquoted fixed income securities - foreign	30,638,360	44,809,207

30.11.2022	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Unquoted fixed income securities - foreign				
Australia				
Australia and New Zealand Banking Group Ltd				
- 2.70%/ 07.04.2026	200,000	901,900	893,510	2.23
Nanyang Commercial Bank Ltd				
- 6.74%/ 09.12.2032	500,000	2,196,418	2,159,266	5.40
Total Australia	700,000	3,098,318	3,052,776	7.63

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

British Virgin Island ("BVI")

Wanda Properties Overseas Ltd ** - 6.95%/ 05.12.2022	500,000	2,220,718	2,194,400	5.49
Total BVI	500,000	2,220,718	2,194,400	5.49

France

BNP Paribas S.A. - 6.625%/ 25.03.2024	500,000	2,233,133	2,132,460	5.33
Total France	500,000	2,233,133	2,132,460	5.33

Hong Kong

AIA Group Ltd - 2.70%/ 07.04.2026	500,000	2,220,808	1,825,894	4.57
Nanyang Commercial Bank Ltd - 3.80%/ 20.11.2024	500,000	2,219,414	2,072,297	5.18
Total Hong Kong	1,000,000	4,440,222	3,898,191	9.75

Japan

Mizuho Financial - 5.41%/ 13.09.2028	300,000	1,332,392	1,322,916	3.31
Total Japan	300,000	1,332,392	1,322,916	3.31

Singapore

Aviva Singlife Holdings Pte Ltd - 3.38%/ 24.02.2026	250,000	810,364	747,051	1.87
DBS Group Holdings Ltd - 4.52%/ 11.12.2028	500,000	2,226,187	2,186,782	5.47
Total Singapore	750,000	3,036,551	2,933,833	7.34

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Unquoted fixed income securities - foreign (cont'd)				
South Korea				
Shinhan Financial Group Co Ltd - 5.88%/ Perpetual	300,000	1,299,665	1,297,198	3.24
Woori Bank - 4.25%/ Perpetual	500,000	1,977,868	2,015,333	5.04
Total South Korea	800,000	3,277,533	3,312,531	8.28
Thailand				
Bangkok Bank Pcl - 3.47%/ 23.09.2036	300,000	1,332,463	1,046,287	2.62
Kasikorn Bank Pcl - 5.27%/ 14.10.2025	500,000	2,221,612	2,054,642	5.14
Muang Thai Life - 3.55%/ 27.01.2037	200,000	888,263	727,124	1.82
Total Thailand	1,000,000	4,442,338	3,828,053	9.58
United Kingdom				
HSBC Holdings Ltd - 4.75%/ 04.09.2031	500,000	1,620,733	1,639,650	4.10
Macquarie Bank Ltd - 5.375%/ 03.10.2024	800,000	3,564,305	2,999,533	7.50
Standard Chartered Plc - 7.76%/ 16.11.2028	300,000	1,332,435	1,393,632	3.48
Total United Kingdom	1,600,000	6,517,473	6,032,815	15.08

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
30.11.2022 (cont'd)				
Unquoted fixed income securities - foreign (cont'd)				
United States				
Bank of Motreal - 4.80%/ Perpetual	500,000	2,220,702	1,930,385	4.83
Total Switzerland	<u>500,000</u>	<u>2,220,702</u>	<u>1,930,385</u>	<u>4.83</u>
Total unquoted fixed income securities - foreign	<u>7,650,000</u>	<u>32,819,380</u>	<u>30,638,360</u>	<u>76.62</u>
Total unquoted fixed income securities	<u>7,650,000</u>	<u>32,819,380</u>	<u>30,638,360</u>	<u>76.62</u>
Unrealised loss on unquoted fixed income securities*			<u>(2,181,020)</u>	
31.05.2022				
Unquoted fixed income securities - foreign				
British Virgin Island ("BVI")				
Peak RE Bvi Holding Ltd - 5.35% / Perpetual	500,000	2,187,885	2,126,058	4.83
Wanda Properties Overseas Ltd - 6.95% / 05.12.2022	500,000	2,183,446	1,925,834	4.37
Total BVI	<u>1,000,000</u>	<u>4,371,331</u>	<u>4,051,892</u>	<u>9.20</u>
Cayman Islands				
TMB Bank Public Co Ltd - 4.90% / 02.12.2024	500,000	2,187,910	2,073,545	4.71
Total Cayman Islands	<u>500,000</u>	<u>2,187,910</u>	<u>2,073,545</u>	<u>4.71</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

31.05.2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Unquoted fixed income securities - foreign (cont'd)				
France				
BNP Paribas S.A. - 6.625% / 25.03.2024	500,000	2,204,540	2,211,739	5.02
Total France	<u>500,000</u>	<u>2,204,540</u>	<u>2,211,739</u>	<u>5.02</u>
Hong Kong				
AIA Group Ltd - 2.70% / Perpetual	500,000	2,187,958	2,002,830	4.55
Bank of East Asia Ltd - 5.825% / Perpetual	500,000	2,187,842	2,195,111	4.98
Nanyang Commercial Bank Ltd - 3.80% / 20.11.2024	500,000	2,186,248	2,152,773	4.89
Total Hong Kong	<u>1,500,000</u>	<u>6,562,048</u>	<u>6,350,714</u>	<u>14.42</u>
India				
HDFC Bank Ltd - 3.70% / Perpetual	250,000	1,093,954	963,420	2.19
Renew Power Ltd - 6.45% / 27.09.2022	500,000	2,188,383	2,186,337	4.96
Total India	<u>750,000</u>	<u>3,282,337</u>	<u>3,149,757</u>	<u>7.15</u>
Philippines				
SMC Global Power Holdings Corporation - 7.00% / Perpetual	250,000	1,099,416	1,069,866	2.43
Total Philippines	<u>250,000</u>	<u>1,099,416</u>	<u>1,069,866</u>	<u>2.43</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

31.05.2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Unquoted fixed income securities - foreign (cont'd)				
Singapore				
Aviva Singlife Holdings Pte Ltd - 3.38% / 24.02.2026	250,000	797,914	784,648	1.78
Global Prime Capital Pte Ltd - 5.50% / 01.07.2021	500,000	2,188,053	2,148,441	4.88
United Overseas - 2.55% / Perpetual	500,000	1,595,887	1,513,472	3.44
Total Singapore	1,250,000	4,581,854	4,446,561	10.10
South Korea				
Heungkuk Life Insurance Co Ltd - 4.475% / 09.11.2022	500,000	2,187,453	2,171,809	4.93
Shinhan Financial Group Co Ltd - 2.88% / Perpetual	500,000	2,187,979	1,965,830	4.46
Total South Korea	1,000,000	4,375,432	4,137,639	9.39
Switzerland				
UBS Group AG Holdings Corporation - 4.85% / Perpetual	500,000	1,634,149	1,617,828	3.67
Total Switzerland	500,000	1,634,149	1,617,828	3.67
Thailand				
Bangkok Bank Plc - 3.47% / 23.09.2036	300,000	1,312,754	1,131,437	2.57
Kasikorn Bank Plc - 5.28% / Perpetual	500,000	2,188,893	2,108,926	4.79

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

31.05.2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
Unquoted fixed income securities - foreign (cont'd)				
Thailand (cont'd)				
Krung Thai Bank Plc - 4.40% / Perpetual	400,000	1,750,303	1,577,268	3.58
Muang Thai Life Assurance - 3.55% / 27.01.2037	200,000	875,072	806,287	1.83
Total Thailand	1,400,000	6,127,022	5,623,918	12.77
United Kingdom				
HSBC Holdings Ltd - 4.60% / Perpetual	200,000	875,181	734,092	1.67
Macquarie Bank Ltd - 6.13% / Perpetual	800,000	3,512,716	3,330,241	7.56
Total United Kingdom	1,000,000	4,387,897	4,064,333	9.23
United States				
Bank of Montreal - 4.80% / Perpetual	500,000	2,187,857	2,082,451	4.73
Total United States	500,000	2,187,857	2,082,451	4.73
Total unquoted fixed income securities - foreign	10,150,000	43,001,793	40,880,243	92.82
Total unquoted fixed income securities	10,150,000	43,001,793	40,880,243	92.82
Unrealised loss on unquoted fixed income securities*			(2,121,550)	

* The unrealised loss on quoted equities comprise the amounts arising from changes in fair values and effects from foreign exchange.

** The unquoted fixed income securities from Wanda Properties Overseas Ltd was fully redeemed on the maturity date, 5 December 2022

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

9. DERIVATIVE ASSETS/ LIABILITIES

30.11.2022	Notional principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
<u>Foreign exchange related contracts</u>			
Currency forwards:			
Less than 1 year	44,232,074	1,356,889	(83,510)

31.05.2022

Foreign exchange related contracts

Currency forwards:

Less than 1 year	41,575,038	105,425	(107,560)
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As at the reporting date, there were 5 (31.05.2022: 6) forward exchange contracts outstanding.

The forward currency contracts entered into during the financial year were for hedging against the currencies exposure arising mainly from investments in the foreign unquoted fixed income securities denominated in USD. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

10. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	30.11.2022 RM	31.05.2022 RM
Short-term placement with a maturity of less than 3 months	1,081,249	1,606,166

The weighted average effective interest rates ("WAEIR") p.a. and average maturity of deposit with a licensed financial institution with maturity of less than 3 months as at the reporting date were as follows:

	30.11.2022		31.05.2022	
	WAEIR % p.a.	Average maturity Days	WAEIR % p.a.	Average maturity Days
Deposit with a licensed financial institution	2.75	1	2.03	1

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

11. AMOUNT DUE TO BROKERS

The amount due to brokers relates to the amount payable to brokers arising from the purchase of investments. The settlement period for this payable is within 3 working days from the deal date.

12. AMOUNT DUE TO MANAGER

	Note	30.11.2022 RM	31.05.2022 RM
Manager's fee	(i)	32,457	37,392
Redemption of units	(ii)	2,924	-
		<u>35,381</u>	<u>37,392</u>

(i) The amount relates to the amount payable to the Manager arising from the accruals for Managers fee at the end of the financial period. The normal credit term for Manager's fee is 15 days (31.05.2022: 15 days).

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

13. CASH AT BANK

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

	30.11.2022 RM	31.05.2022 RM
United States Dollar ("USD")	7,483,899	1,124,137
Singapore Dollar ("SGD")	44,066	43,389
Malaysian Ringgit ("RM")	5,689	1,495
	<u>7,533,654</u>	<u>1,169,021</u>

14. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee's fee is 15 days (31.05.2021 : 15 days).

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

15. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

	Note	30.11.2022 RM	31.05.2022 RM
Unitholders' capital	(a)	43,288,605	45,503,679
Accumulated realised (loss)/ income	(b)	(1,379,003)	295,205
Accumulated unrealised loss	(c)	(1,916,349)	(1,740,868)
		<u>39,993,253</u>	<u>44,058,016</u>

(a) Unitholders' capital

	30.11.2022		31.05.2022	
	No. of units	RM	No. of units	RM
At the beginning of the financial period/ year	42,412,303	45,503,679	50,446,416	54,202,922
Creation of units	1,000,341	1,016,986	3,316,883	3,608,818
Reinvestment of units	-	-	415,751	450,591
Cancellation of units	(3,239,843)	(3,232,060)	(11,766,747)	(12,758,652)
At the end of the financial period/ year	<u>40,172,801</u>	<u>43,288,605</u>	<u>42,412,303</u>	<u>45,503,679</u>

As at the end of the financial period/ year, the total number and value of units held legally or beneficially by the Manager are as follows:

	30.11.2022		31.05.2022	
	No. of units	RM	No. of units	RM
The Manager	<u>1,390</u>	<u>1,384</u>	<u>1,390</u>	<u>1,444</u>

In the opinion of the Manager, the above units were transacted at the prevailing market price. Other than the above, there were no other units held by the Manager or parties related to the Manager.

(b) Accumulated realised (loss)/ income

	30.11.2022 RM	31.05.2022 RM
At the beginning of the financial period/ year	295,205	327,037
Net realised (loss)/ income for the financial year	(1,674,208)	418,759
Distributions out of retained earnings (Note 16)	-	(450,591)
At the end of the financial period/ year	<u>(1,379,003)</u>	<u>295,205</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

15. TOTAL EQUITY (CONT'D)

(c) Accumulated unrealised loss

	30.11.2022	31.05.2022
	RM	RM
At the beginning of financial period/ year	(1,740,868)	189,261
Net unrealised loss for the financial period/ year	(175,481)	(1,930,129)
At the end of the financial period/ year	<u>(1,916,349)</u>	<u>(1,740,868)</u>

16. DISTRIBUTIONS

There is no distribution made on the current financial period. Details of distributions declared to unitholders in the previous financial year are as follows:

	30.11.2022	31.05.2022
	RM	RM
Interest income	-	215,689
Prior year's net realised income*	-	327,037
Other income	-	116,811
Less:		
Expenses	-	(208,946)
Distributions for the financial period/ year.	<u>-</u>	<u>450,591</u>

The distributions declared are settled in the form of units and presented as 'reinvestment of units' in Note 15(a) on payment date.

* Part of the distributions in the current financial period/ year were made from prior year's net realised income.

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

Distribution dates (ex-date)	Gross/ net distribution per unit (sen)
31.05.2022	
26 November 2021	<u>1.00</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

17. TRANSACTIONS WITH BROKERS/ DEALERS/ FINANCIAL INSTITUTIONS

Details of transactions with brokers and dealers for the current financial period are as follows:

	01.06.2022 to 30.11.2022	
Brokers/ dealers	Value of trades RM	Percentage of total trades %
HSBC Bank Malaysia Bhd	9,271,296	32.95
CITI Bank Bhd	7,491,220	26.63
ANZ Banking Group Ltd	4,223,117	15.01
Malayan Banking Berhad	2,217,615	7.88
Standard Chartered Bank Malaysia Bhd	1,419,990	5.05
SC Lowy Primary Investment Ltd	1,369,920	4.87
Mizuho Securities Asia Ltd	1,350,330	4.80
DBS Securities	791,505	2.81
	28,134,993	100.00

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

	01.06.2021 to 31.05.2022	
Brokers/ dealers	Value of trades RM	Percentage of total trades %
HSBC Bank Malaysia Bhd	7,476,728	45.49
Morgan Stanley	2,488,785	15.14
Guotai Junan Securities (Hong Kong) Ltd	2,114,828	12.86
ANZ Banking Group Ltd	2,064,648	12.56
Merril Lynch United States	1,890,583	11.50
Nomura Securities Malaysia Sdn Bhd	403,488	2.45
	16,439,060	100.00

Details of transactions, primarily deposits with licensed financial institutions for the current and previous financial period/ year are as follows:

	30.11.2022		31.05.2022	
Financial institution	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Malayan Banking Bhd ("MBB")*	131,414,380	100.00	271,347,687	100.00

* MBB is the ultimate holding company of the Manager.

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

18. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions of the Fund during the financial period:

(a) Significant related party transactions

	30.11.2022 RM	31.05.2022 RM
MBB:		
Interest income from deposit placement	12,075	19,013

(b) Significant related party balances

MBB:		
Deposit with a financial institution	1,081,249	1,606,166

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.

19. TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial period from 1 June 2022 to 30 November 2022, the MER of the Fund stood at 0.55% (31.05.2022: 1.11%).

20. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the daily average NAV of the Fund. For the financial period from 1 June 2022 to 30 November 2022, the PTR of the Fund stood at 0.41 times (31.05.2022: 0.21 times).

21. SEGMENT INFORMATION

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

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

21. SEGMENT INFORMATION (CONT'D)

The chief operating decision-maker is responsible for the performance of the Fund by investing between 70% to 98% of its NAV in RM denominated and/ or non-RM denominated fixed income securities issued by financial institutions which are domiciled and/ or located in the Asian region whilst the balance of between 2% to 30% of its NAV will be invested in RM denominated and/ or non-RM denominated fixed income securities issued by non-financial institutions which are domiciled and/ or located in the Asian region.

The remaining balance of the Fund's NAV will be invested 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.

22. FAIR VALUE HIERARCHY

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

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

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

	Level 1	Level 2	Level 3
	RM	RM	RM
30.11.2022			
Financial assets			
Financial assets at FVTPL	-	30,638,360	-
Derivative assets	-	1,356,889	-
	<u>-</u>	<u>31,995,249</u>	<u>-</u>
Financial liabilities			
Derivative liabilities	-	83,510	-
	<u>-</u>	<u>83,510</u>	<u>-</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

22. FAIR VALUE HIERARCHY (CONT'D)

31.05.2022	Level 1	Level 2	Level 3
	RM	RM	RM
Financial assets			
Financial assets at FVTPL	-	40,880,243	-
Derivative assets	-	105,425	-
	<u>-</u>	<u>40,985,668</u>	<u>-</u>
Financial liabilities			
Derivative liabilities	-	107,560	-
	<u>-</u>	<u>107,560</u>	<u>-</u>

23. UNITHOLDERS' CONTRIBUTION MANAGEMENT

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

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

- (a) To invest in investments meeting the description, risk exposure and generate higher returns than the prescribed benchmark as indicated in its information memorandum;
- (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 in the current financial period.