

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Quarterly report

For the financial period from 1 February 2023 to 30 April 2023

CORPORATE INFORMATION

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MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

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MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Manager's report

For the financial period from 1 February 2023 to 30 April 2023

A. Fund Information

1. Name of Fund

Maybank Financial Institutions Income Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Wholesale fixed income fund

4. Duration of Fund

The Fund is an open-ended fund

5. Fund launch date

17 December 2009

6. Fund's investment objective

The objective of the Fund is to achieve regular income stream which is deriving from the portfolio.

7. Fund distribution policy

The Fund intends to distribute income, if any, at least half-yearly on best effort basis. However, the Manager reserves the right not to distribute income, at its absolute discretion.

8. Fund's performance benchmark

12-month Maybank fixed deposit rate.

9. Fund's investment policy and principal investment strategy

The Fund seeks to achieve its objective by investing up to 95% of its Net Asset Value ("NAV") in bonds issued by financial institutions and/ or bank guaranteed bonds. The Manager will also invest between 5% to 100% of the Fund's NAV in fixed deposits and/ or money market instruments.

The Fund will be actively managed by investing in a diversified portfolio of bonds issued by financial institutions and/ or bank guaranteed bonds and/ or money market instruments and fixed deposits. The active management of the Fund aims to provide steady returns.

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Manager's report

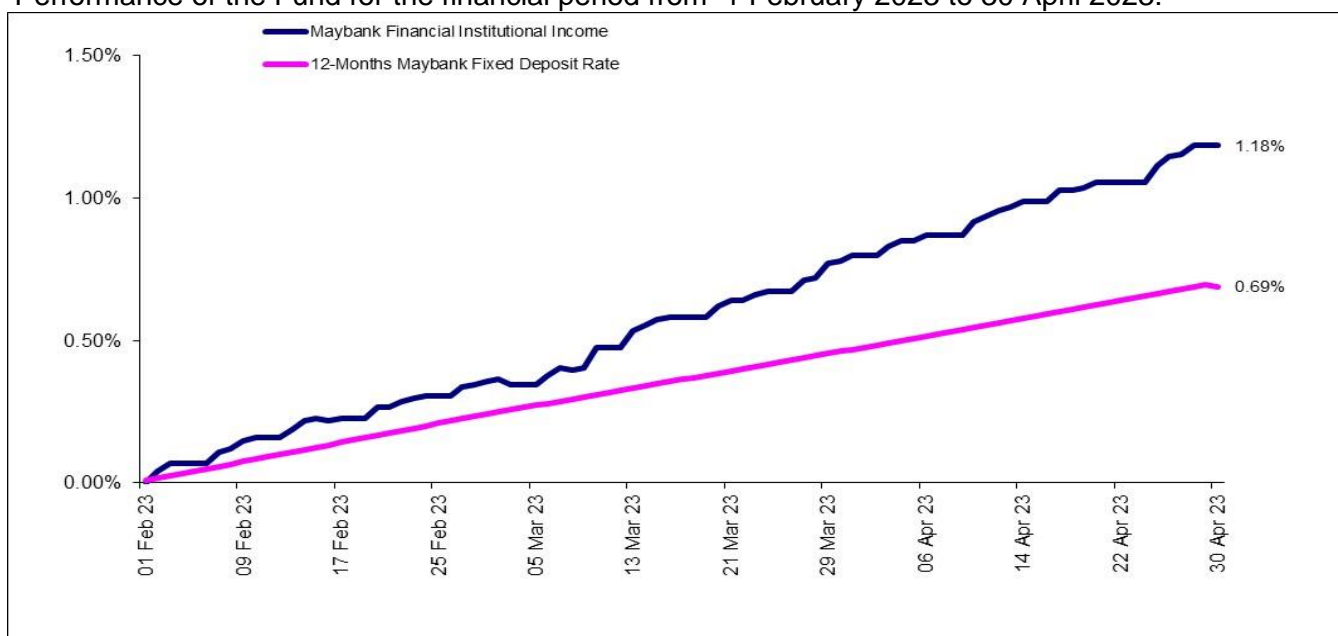
For the financial period from 1 February 2023 to 30 April 2023 (cont'd)

B. Performance Review

Returns of the Fund and its benchmark for the financial period ended from 1 February 2023 to 30 April 2023 are as follows:

Period	The Fund %	Benchmark %
1 February 2023 to 30 April 2023	1.18	0.69

Performance of the Fund for the financial period from 1 February 2023 to 30 April 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 April 2023

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.

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Manager's report

For the financial period from 1 February 2023 to 30 April 2023 (cont'd)

C. Market Review

The Malaysian sovereign bond market started the quarter on a stronger note after Bank Negara Malaysia ("BNM") surprised the market with Overnight Policy Rate ("OPR") unchanged in January and March 2023 monetary policy meetings. The local bond market continued its rally into end March, as market slowly priced out OPR rate-hike expectations for the rest of 2023, following the second OPR pause in March 2023. The OPR hike on 3 May 2023 Monetary Policy Committee ("MPC") took market by surprise, however, the market has looked beyond the hikes and assumed 3.0% will be the OPR's terminal rate for 2023 and continued to buy into longer duration bonds. Locally, the bond market was also supported weakening United State Dollar ("USD") in 1Q23, as well as lumpy foreign inflows of Malaysian Ringgit ("MYR") 11.4 billion (2022: -9.8 billion) in 1Q23. The govies' yields fell between 34 to 36 basis points ("bps") up to end April 2023, led by the short-ends, as market repriced OPR terminal rate in 2023. Meanwhile, corporate bonds underperformed the govies as corporate bond yields fell by a smaller quantum.

As a recap for year-to-date 2023, BNM raised OPR only once to 3.00% as compared to 3 times 25bps Fed Fund Rate hiked to 5.00% to 5.25%. As a result of slower monetary policy tightening and peaking policy rates, bond markets performed way better than 2022, where Fed hiked its target rates by 425bps in 2022, as compared to 75bps year to date ("YTD").

D. Market Outlook and Investment Strategy

Following the sharp sell-off of bond market in 2022, local bond yields and valuation have become more attractive as compared to the rock-bottom yield levels during the Coronavirus disease 2019 ("COVID-19") pandemic. As OPR is looking to peak in the 1H2023 and rising global growth headwinds, bonds have become a lot more attractive at current levels. Domestically, growth and inflation are likely to ease off in 2023, providing the much needed breathing space to Bank Negara to pause and to gauge the lagged policy impact.

Given our view the market has fully priced in OPR hikes and government yields already moved to pre-COVID level, hence, strategy wise, we will maintain our neutral to long duration stance as we find current bond yields to be attractive. We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income as corporate bonds are less volatile and provide higher yields to buffer against potential mark-to-market losses. We prefer strong AA-rated and A-rated papers for yield pickup and potential credit rating upgrade as economic activities normalise. We will continue to trade opportunistically and will also look into new primary issuances that offer higher yields to deliver the required performance.

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Manager's report

For the financial period from 1 February 2023 to 30 April 2023 (cont'd)

F. Asset Allocation

The comparison of the Fund's asset allocation as at 30 April 2023 and 31 January 2023 are as follows:

Asset allocation	30.04.2023		31.01.2023	
	RM	%	RM	%
Unquoted fixed income securities - local	145,668,784	85.79	123,598,140	89.30
Cash, deposits with a licensed financial institution and other net assets	24,118,759	14.21	14,805,718	10.70
Total	169,787,543	100.00	138,403,858	100.00

G. Soft Commissions and Rebates

The Manager and its delegates will not retain any form of soft commissions or rebates from or otherwise share in any commission with any broker in consideration for directing dealings in the investments of the Fund unless the 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 period from 1 February 2023 to 30 April 2023, 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.

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2023 TO 30 APRIL 2023

	01.02.2023 to 30.04.2023 RM	01.02.2022 to 30.04.2022 RM
INVESTMENT INCOME/ (LOSS)		
Interest income	1,546,910	2,242,499
Net realised gain/ (loss) on financial assets at fair value through profit and loss ("FVTPL")		
- Unrealised gain/ (loss)	539,837	(3,169,192)
	<u>2,086,747</u>	<u>(926,693)</u>
EXPENSES		
Manager's fee	137,464	184,425
Trustee's fee	19,638	26,346
Auditors' remuneration	2,146	2,146
Tax agent's fee	854	854
Administrative expenses	292	360
	<u>160,394</u>	<u>214,131</u>
Net results before taxation	1,926,353	(1,140,824)
Taxation	-	-
Net results after taxation, and total comprehensive income/ (loss) for the financial period	<u>1,926,353</u>	<u>(1,140,824)</u>
Net results after taxation is made up of the following:		
Net realised income	1,386,516	2,028,368
Net unrealised loss	539,837	(3,169,192)
	<u>1,926,353</u>	<u>(1,140,824)</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2023**

	30.04.2023	31.01.2023
	RM	RM
ASSETS		
Financial assets at FVTPL	145,668,784	123,598,140
Deposits with a licensed financial institution	22,524,000	8,708,000
Interest income receivable	1,669,407	1,193,177
Amount due from broker	-	4,820,514
Cash at bank	911	151,057
	<u>169,863,102</u>	<u>138,470,888</u>
LIABILITIES		
Amount due to Manager	50,918	46,216
Amount due to Trustee	7,274	6,602
Other payables and accruals	17,367	14,212
TOTAL LIABILITIES	<u>75,559</u>	<u>67,030</u>
NET ASSETS VALUE ("NAV") OF THE FUND	<u>169,787,543</u>	<u>138,403,858</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' capital	164,938,015	135,480,683
Retained earnings	4,849,528	2,923,175
	<u>169,787,543</u>	<u>138,403,858</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	<u>165,659,567</u>	<u>136,661,976</u>
NAV PER UNIT (RM)	<u>1.0249</u>	<u>1.0127</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2023 TO 30 APRIL 2023**

	Unitholders' capital RM	Retained earnings RM	Net assets attributable to unitholders RM
At 1 February 2023	135,480,683	2,923,175	138,403,858
Total comprehensive income for the financial period	-	1,926,353	1,926,353
Creation of units	44,848,843	-	44,848,843
Cancellation of units	(15,391,511)	-	(15,391,511)
At 30 April 2023	<u>164,938,015</u>	<u>4,849,528</u>	<u>169,787,543</u>
At 1 February 2022	210,807,452	5,087,116	215,894,568
Total comprehensive loss for the financial period	-	(1,140,824)	(1,140,824)
Creation of units	989,123	-	989,123
Cancellation of units	(1,040,000)	-	(1,040,000)
At 30 April 2022	<u>210,756,575</u>	<u>3,946,292</u>	<u>214,702,867</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2023 TO 30 APRIL 2023

	01.02.2023 to 30.04.2023 RM	01.02.2022 to 30.04.2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale and redemption of financial assets at FVTPL	11,820,514	14,500,000
Net payments for purchase of financial assets at FVTPL	(29,012,076)	(14,010,318)
Interest received	1,551,947	2,557,031
Manager's fee paid	(132,763)	(186,466)
Trustee's fee paid	(18,966)	(26,638)
Payment of other fees and expenses	(137)	(67)
Net cash (used in)/ generated from operating and investing activities	<u>(15,791,481)</u>	<u>2,833,542</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	44,848,846	494,073
Cash paid on units cancelled	(15,391,511)	(1,040,000)
Net cash generated from/ (used in) financing activities	<u>29,457,335</u>	<u>(545,927)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	13,665,854	2,287,615
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>8,859,057</u>	<u>20,668,629</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>22,524,911</u>	<u>22,956,244</u>
Cash and cash equivalents comprise of:		
Deposits with a licensed financial institution with maturity of less than 3 months	22,524,000	22,955,000
Cash at bank	911	1,244
	<u>22,524,911</u>	<u>22,956,244</u>