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MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Unaudited quarter report
For the financial period from 1 February 2024 to 30 April 2024

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 2024 to 30 April 2024

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's 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's 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

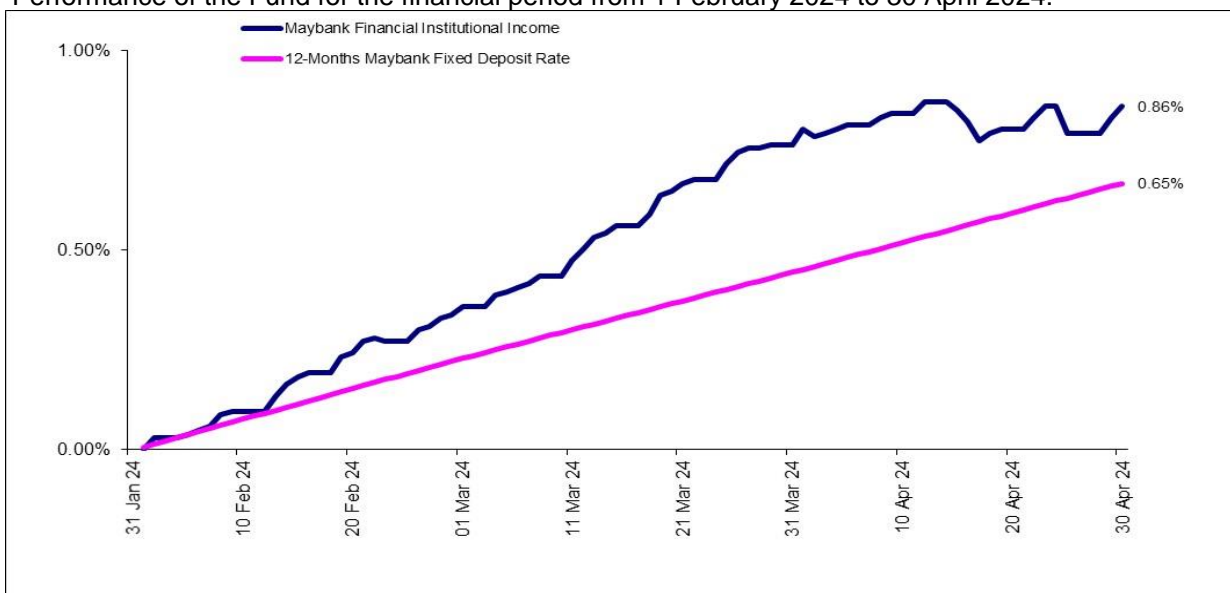
For the financial period from 1 February 2024 to 30 April 2024 (cont'd)

B. Performance Review

Returns of the Fund and its benchmark for the financial period ended from 1 February 2024 to 30 April 2024 are as follows:

Period	The Fund %	Benchmark %
1 February 2024 to 30 April 2024	0.86	0.65

Performance of the Fund for the financial period from 1 February 2024 to 30 April 2024:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 April 2024

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.

The Fund generated a total return of 0.86% for the period under review, outperformed the benchmark's 0.65% over the corresponding period. The outperformance was attributed to the tightening of credit spread and better demand in local new corporate supply but offset by higher yield amid the United States Treasury ("UST") selloff and local bids turned more defensive.

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Manager's report

For the financial period from 1 February 2024 to 30 April 2024 (cont'd)

C. Market Review

For the new year of 2024, the United States ("US") Federal Reserve ("Fed") pushed back against early rate cuts. UST traded higher, and the probability of a Fed rate cut in March 2024 has been reduced to below 50.00%, compared to over 80.00% seen at the end of the previous year. UST yields surged 31 - 37 basis points ("bps") across the curve in the first quarter of 2024. This shift was influenced by stronger-than-expected economic data, leading to a reduction in market pricing for the total rate cut in 2024 to about 75 bps or 3 cuts, compared with the previously expected 150 bps or 6 cuts.

In Malaysia, the yield curve shifted upward amid weaker global bond sentiments. The 10 year yield crossed 4.00% for the first time since November 2023 before retreating back to 3.99% by the end of April 2024, compared to 3.74% at the end of the previous year. Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") at 3.00% in both the January 2024 and March 2024 Monetary Policy Committee ("MPC") meetings, marking the 4th and 5th straight times since the last 25 bps hike in May 2023. The monetary policy stance remains neutral, with no changes in language since September 2023.

Regarding growth assessment, the MPC expects improvement in 2024 due to exports recovery and resilient domestic spending. The balance of risks to growth appears roughly even, with both downside factors such as weaker external demand and declines in commodity production, and upside factors such as a tech upcycle, robust tourism activity and faster implementation of projects.

Regarding inflation assessment, the MPC expects the Consumer Price Index ("CPI") to remain moderate in 2024, subject to domestic subsidy and price control policies. In terms of currency, the US Dollar to Malaysian Ringgit ("USDMYR") spot briefly surged past 4.80 in February 2024 but rebounded strongly afterward, closing at 4.77 in April 2024. BNM has increased the frequency of verbal interventions in support of the Ringgit, as evidenced by news flow, and stepped up engagements with Government-Linked Investment Companies ("GLICs"), Government-Linked Companies ("GLCs"), corporates and investors to encourage inflows into the foreign exchange ("FX") market.

Fed Chair Jerome Powell signaled that the central bank may have to wait longer than earlier anticipated before cutting rates, pointing to a lack of recent progress in slowing inflation. Hawkish repricing continues, with Fed Fund futures now implying around a -40bps cut for this year, as markets further reduced rate cut bets. The Federal Open Market Committee ("FOMC") meeting, held from 30 April 2024 to 1 May 2024 is widely expected to hold the Fed funds rate unchanged at 5.25% - 5.50%.

D. Market Outlook and Investment Strategy

We expect the recovery in Malaysia's fixed income market to continue in 2024, as central banks around the world have peaked on interest rate hikes and are signaling a shift towards more accommodative monetary policy. The end of the central bank hiking cycle would present a more positive dynamic for yield movements globally, positively impacting Malaysia Government Securities ("MGS") yields to trend lower. Our view remains that BNM will maintain the OPR at 3.00% in 2024 in the absence of demand-pulled pressures.

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND

Manager's report

For the financial period from 1 February 2024 to 30 April 2024 (cont'd)

D. Market Outlook and Investment Strategy (cont'd)

In terms of growth prospects, Malaysia's Gross Domestic Product ("GDP") growth is projected to expand by 4.00% - 5.00% in 2024. This justifies a continuation of the current monetary policy stance. However, should there be any changes, the next move in the OPR is likely to be a cut rather than a hike. Additionally, MGS/Government Investment Issue ("GII") duration remains an important hedge in the MYR portfolio allocation, as global rates dynamics may shift unexpectedly from late-cycle to end-of-cycle pricing. As such, we maintain our positive outlook for Malaysia's fixed income market.

We believe that government bond yields are likely to decline in 2024, allowing for advantageous trading positions. Strategically, we will continue to trade opportunistically and realize profits, reinvesting into longer-duration and higher-yield accretive bonds, while also considering new primary issuances with higher yields to increase returns. We will maintain our neutral to long-duration stance as we find current bond yields attractive. Additionally, 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 will continue to trade opportunistically to realize profits.

F. Asset Allocation

The comparison of the Fund's asset allocation as at 30 April 2024 and 31 January 2024 are as follows:

Asset allocation	30.04.2024		31.01.2024	
	RM	%	RM	%
Unquoted fixed income securities - local	288,377,246	87.75	265,045,178	90.31
Cash, deposits with a licensed financial institution and other net assets	40,249,667	12.25	28,441,866	9.69
Total	328,626,913	100.00	293,487,044	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 2024 to 30 April 2024, 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 2024 TO 30 APRIL 2024**

	01.02.2024 to 30.04.2024 RM	01.02.2023 to 30.04.2023 RM
INVESTMENT INCOME		
Profit/ Interest income	3,181,482	1,546,910
Net realised (loss)/ gain on financial assets at fair value through profit and loss ("FVTPL")		
- Unrealised (loss)/ gain	(200,671)	539,837
	<u>2,980,811</u>	<u>2,086,747</u>
EXPENSES		
Manager's fee	270,021	137,464
Trustee's fee	38,574	19,638
Auditors' remuneration	2,286	2,146
Tax agent's fee	740	854
Administrative expenses	455	292
	<u>312,076</u>	<u>160,394</u>
Net income before taxation	2,668,735	1,926,353
Taxation	-	-
Net income after taxation, and total comprehensive income for the financial period	<u>2,668,735</u>	<u>1,926,353</u>
Net income after taxation is made up of the following:		
Net realised income	2,869,406	1,386,516
Net unrealised (loss)/ income	(200,671)	539,837
	<u>2,668,735</u>	<u>1,926,353</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2024**

	30.04.2024	31.01.2024
	RM	RM
ASSETS		
Financial assets at FVTPL	288,377,246	265,045,178
Deposits with a licensed financial institution	38,839,224	29,673,288
Profit/ Interest income receivable	3,062,536	2,444,016
Amount due from Manager	-	227,723
Cash at bank	559	2,113
	<u>330,279,565</u>	<u>297,392,318</u>
LIABILITIES		
Amount due to Manager	1,620,234	136,307
Amount due to Trustee	13,345	13,316
Distribution payable	-	3,739,643
Other payables and accruals	19,073	16,008
TOTAL LIABILITIES	<u>1,652,652</u>	<u>3,905,274</u>
NET ASSETS VALUE ("NAV") OF THE FUND	<u>328,626,913</u>	<u>293,487,044</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' capital	319,341,225	286,870,091
Retained earnings	9,285,688	6,616,953
	<u>328,626,913</u>	<u>293,487,044</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	<u>315,500,973</u>	<u>284,200,700</u>
NAV PER UNIT (RM)	<u>1.0416</u>	<u>1.0327</u>

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2024 TO 30 APRIL 2024**

	Unitholders' capital RM	Retained earnings RM	Net assets attributable to unitholders RM
At 1 February 2024	286,870,091	6,616,953	293,487,044
Total comprehensive income for the financial period	-	2,668,735	2,668,735
Creation of units	56,329,947	-	56,329,947
Reinvestment of units	3,739,643	-	3,739,643
Cancellation of units	(27,598,456)	-	(27,598,456)
At 30 April 2024	<u>319,341,225</u>	<u>9,285,688</u>	<u>328,626,913</u>
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>

MAYBANK FINANCIAL INSTITUTIONS INCOME FUND**UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2024 TO 30 APRIL 2024**

	01.02.2024 to 30.04.2024 RM	01.02.2023 to 30.04.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale and redemption of financial assets at FVTPL	1,400,000	11,820,514
Net payments for purchase of financial assets at FVTPL	(25,023,289)	(29,012,076)
Profit/ Interest income received	2,653,513	1,551,947
Manager's fee paid	(269,819)	(132,763)
Trustee's fee paid	(38,546)	(18,966)
Payment of other fees and expenses	(419)	(137)
Net cash used in operating and investing activities	<u>(21,278,560)</u>	<u>(15,791,481)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	56,557,673	44,848,846
Cash paid on units cancelled	<u>(26,114,731)</u>	<u>(15,391,511)</u>
Net cash generated from financing activities	<u>30,442,942</u>	<u>29,457,335</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	9,164,382	13,665,854
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>29,675,401</u>	<u>8,859,057</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u><u>38,839,783</u></u>	<u><u>22,524,911</u></u>
Cash and cash equivalents comprise of:		
Deposits with a licensed financial institution with maturity of less than 3 months	38,839,224	22,524,000
Cash at bank	559	911
	<u><u>38,839,783</u></u>	<u><u>22,524,911</u></u>