



Asset Management

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MAYBANK MALAYSIA INCOME FUND

**Annual report
For the financial year ended 30 June 2023**

CORPORATE INFORMATION

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MAYBANK MALAYSIA INCOME FUND

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MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2023

A. Fund Information

- 1. Name of the Fund**
Maybank Malaysia Income Fund (the "Fund")
- 2. Type of Fund**
Income
- 3. Category of Fund**
Bond
- 4. Duration of the Fund**
The Fund is an open-ended Fund.
- 5. Launch date/ Commencement date**
19 June 1996/ 18 July 1996
- 6. Fund's investment objective**
The Fund aims to maximise returns over the medium term, and while at the same time offering stability of capital and regular consistent income.
- 7. Fund distribution policy**
Income distribution (if any) is declared at the end of the financial year of the Fund or for any specified period at the Manager's discretion, subject to Trustee's approval.
- 8. Fund's performance benchmark**
Maybank 12-month fixed deposit rate
- 9. The Fund's asset allocation policy**
The Fund will invest a minimum of 70% of the Fund's assets in fixed income securities, and a maximum of 30% of the Fund's assets in liquid assets.
- 10. Net income distribution for the financial year ended 30 June 2023**
The Fund distributed a total net income of RM1,586,036 to unitholders for the financial year ended 30 June 2023.

Below are details and the impact of distribution declared during the financial year:

Distribution date	Gross/ Net distribution per unit sen	Before distribution RM	After distribution RM	Changes %
27 June 2023	3.12	1.0945	1.0633	(2.85)

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2023 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	FY2023	FY2022	FY2021
Portfolio Composition			
Unquoted fixed income securities (%)			
- Construction	14.85	9.07	7.42
- Financial Services	11.45	1.30	4.76
- Government Agency	0.99	0.93	0.71
- Government Development	-	-	5.81
- Industrial Product	1.43	1.38	4.51
- Mining & Petroleum	-	4.85	3.67
- Plantation	3.63	3.53	2.60
- Power Generation	12.27	14.10	10.74
- Public Finance	-	-	2.29
- Real Estate	16.90	14.99	14.88
- Trading & Services	5.94	5.73	4.26
- Transportation & Logistics	4.13	13.48	7.47
- Utilities	27.95	26.42	25.13
Cash and other net assets (%)	0.46	4.22	5.75
Total (%)	100.00	100.00	100.00
NAV (RM)	54,036,450	54,689,484	76,384,713
Units in circulation (units)	50,819,106	53,186,254	70,643,722
NAV per unit (RM)	1.0633	1.0283	1.0813
Highest NAV per unit (RM)	1.0941	1.0929	1.1171
Lowest NAV per unit (RM)	1.0287	1.0283	1.0800
Annual return (%) ⁽¹⁾			
- Capital growth (%)	3.40	(4.90)	(0.41)
- Income distribution (%)	2.93	3.11	2.07
Total return (%)	6.44	(1.94)	1.65
Benchmark (%)	2.75	1.88	1.85
Net income distributed (RM)	1,586,036	1,653,113	1,550,719
Distribution date	27/06/2023	28/06/2022	28/06/2021
Gross/ Net distribution per unit (sen)	3.12	3.20	2.24
Total Expense Ratio ("TER") (%) ⁽²⁾	1.07	1.09	1.12
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	0.05	0.25	0.51

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.

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2023 (cont'd)

B. Performance Review (cont'd)

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

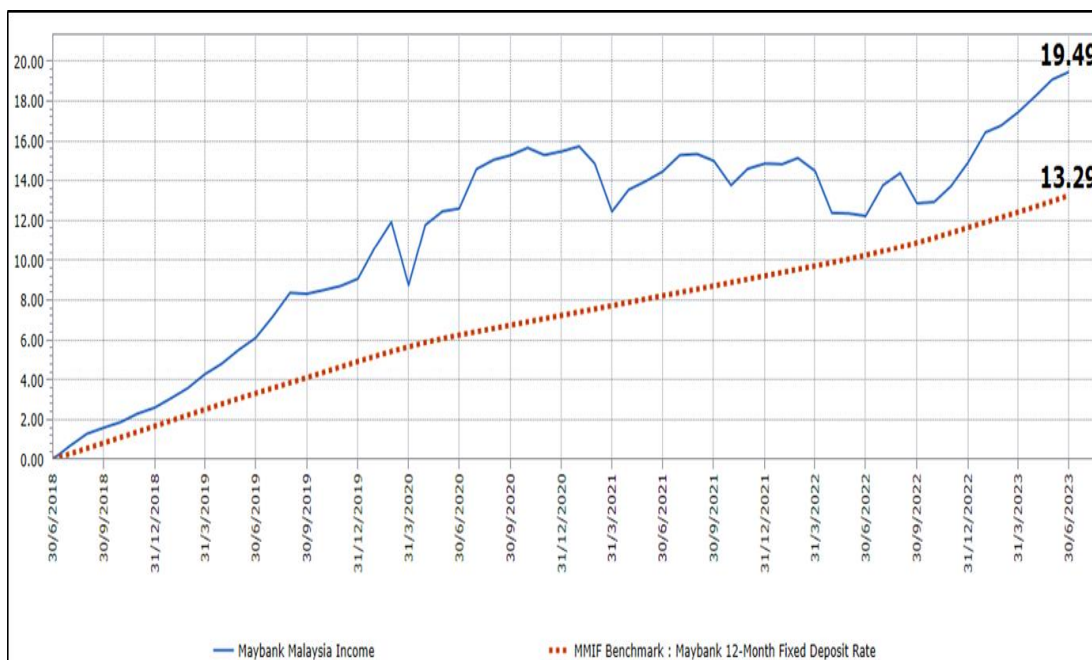
Note:

- (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 decreased to 1.07% due to lower administrative expenses incurred during the current financial year.
- (3) The Fund's PTR decreased to 0.05 times due to decreased in investing activities during the current financial year.

2. Performance of the Fund up to 30 June 2023

Category	1 year to 30.06.2023 %	3 years to 30.06.2023 %	5 years to 30.06.2023 %
Capital growth	3.40	(2.07)	1.37
Income distribution	2.93	8.34	17.88
Total return of the Fund	6.44	6.09	19.49
Benchmark	2.75	6.62	13.29
Average total return	6.44	1.99	3.62

Performance of the Fund up to 5 years to 30 June 2023



Source : Lipper as at 30 June 2023

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2023 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 June 2023 (cont'd)

Has the Fund met its objective?

For the full financial year under review, the Fund registered 6.44% return, outperforming its benchmark which posted a return of 2.75% in the corresponding year. The outperformance was due to strong rally in local government bonds on the back of peaking policy rates and easing inflation expectations for local economy. Optimism on slower economic growth in 2023 and risk of economic recession in developed markets also boosted the performance of local bond market.

3. Annual total return of the Fund

For the financial year ended	30.06.2023 %	30.06.2022 %	30.06.2021 %	30.06.2020 %	30.06.2019 %
Capital growth	3.40	(4.90)	(0.41)	0.43	3.15
Income distribution	2.93	3.11	2.07	5.69	2.85
Total return	6.44	(1.94)	1.65	6.15	6.09
Benchmark	2.75	1.88	1.85	2.84	3.32

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 financial year end.

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

After four Overnight Policy Rate ("OPR") hikes by Bank Negara Malaysia ("BNM") in 2022, BNM finally surprised the market by keeping OPR unchanged for 2 consecutive meetings in January 2023 and March 2023. The local bond market continued its rally into end March of 2023, 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 3rd 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 by weakening United States Dollar ("USD") in first quarter of 2023, as well as lumpy foreign inflows of Malaysian Ringgit ("MYR") 15.9 billion ("bn") (2022: -9.8bn) in May 2023. However, the stronger USD in 2Q23 acted as a headwind to local markets as investors were more concerns about our falling foreign reserves.

MAYBANK MALAYSIA INCOME FUND

Manager's report

For the financial year ended 30 June 2023 (cont'd)

C. Market Review (cont'd)

Amidst a rather stable domestic monetary policy stance by our central bank, local fixed income market was more affected by the policy stance by United States Federal Reserve ("US Fed") and global central banks. The global market saw the United States Treasury ("UST") yields went through a roller-coaster ride during the year under review as expectations on the US Fed Fund Target Rates were rather transient given the data-dependency of policy rate decision as well as United States ("US") economy still showed signs of resilience after the aggressive rate-hiking path pursuit by US Fed since March 2022. Market has been consistently more dovish than the actual policy actions taken by US Fed up until 2Q2023 and the hawkish US Fed also drove USD stronger across global currencies in 2Q2023, putting more pressure on emerging market assets.

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

D. Market Outlook and 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 BNM 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-19 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.

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 30 June 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.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK MALAYSIA INCOME FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

We have acted as Trustee for Maybank Malaysia Income Fund (the "Fund") for the financial year ended 30 June 2023. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission Malaysia's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/ Pricing has been carried out in accordance with the Deeds and any regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns for the year were tied to and reflect the objectives of the Fund.

For and on behalf of

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

ONG TEE VANN

Chief Executive Officer

Kuala Lumpur, Malaysia

17 August 2023

STATEMENT BY MANAGER

TO THE UNITHOLDERS OF MAYBANK MALAYSIA INCOME FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 Income Fund as at 30 June 2023 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year ended 30 June 2023 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
17 August 2023

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia Income Fund (the "Fund"), which comprise the statement of financial position as at 30 June 2023 of the Fund, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the financial 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 12 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2023, and of its financial performance and cash flows for the financial 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 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 Income Fund (cont'd)**

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 Income Fund (cont'd)**

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 Income Fund (cont'd)**

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
03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
17 August 2023

MAYBANK MALAYSIA INCOME FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Note	2023 RM	2022 RM
INVESTMENT INCOME/ (LOSS)			
Profit/ Interest income	3	2,339,017	2,757,586
Net gain/ (loss) from financial assets at fair value through profit or loss ("FVTPL") investments			
- Realised (loss)/ gain		(13,769)	49,983
- Unrealised gain/ (loss)		1,700,645	(3,241,401)
		<u>4,025,893</u>	<u>(433,832)</u>
EXPENSES			
Manager's fee	4	548,380	662,046
Trustee's fee	5	19,193	23,172
Auditors' remuneration		9,855	11,400
Tax agent's fee		5,650	4,950
Administrative expenses		2,615	23,140
		<u>585,693</u>	<u>724,708</u>
Net results before taxation		3,440,200	(1,158,540)
Taxation	6	-	-
Net results after taxation, which is the total comprehensive income/ (loss) for the financial year		<u>3,440,200</u>	<u>(1,158,540)</u>
Net results after taxation is made up of the following:			
Net realised income		1,739,555	2,082,861
Net unrealised income/ (loss)		1,700,645	(3,241,401)
		<u>3,440,200</u>	<u>(1,158,540)</u>
Distribution for the financial year			
Net distribution	12	1,586,036	1,653,113
Gross/ Net distribution per unit (sen)		<u>3.12</u>	<u>3.20</u>
Distribution date (ex-date)		<u>27 June 2023</u>	<u>28 June 2022</u>

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

MAYBANK MALAYSIA INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 RM	2022 RM
ASSETS			
Financial assets at FVTPL	7	53,790,201	52,382,126
Deposit with a licensed financial institution	8	1,207,000	1,797,000
Profit/ Interest receivables		592,513	561,679
Cash at bank		123,285	121,942
TOTAL ASSETS		<u>55,712,999</u>	<u>54,862,747</u>
LIABILITIES			
Amount due to Manager	9	65,296	129,094
Amount due to Trustee	10	1,594	1,595
Other payables and accruals		23,623	42,574
Distribution payable		1,586,036	-
TOTAL LIABILITIES		<u>1,676,549</u>	<u>173,263</u>
NET ASSETS VALUE ("NAV") OF THE FUND		<u>54,036,450</u>	<u>54,689,484</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:			
Unitholders' capital	11(a)	68,513,015	71,020,213
Accumulated losses	11(b) & (c)	(14,476,565)	(16,330,729)
		<u>54,036,450</u>	<u>54,689,484</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	11(a)	<u>50,819,106</u>	<u>53,186,254</u>
NAV PER UNIT (RM)		<u>1.0633</u>	<u>1.0283</u>

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

MAYBANK MALAYSIA INCOME FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Unitholders' capital Note 11(a) RM	Accumulated losses Note 11(b) & 11(c) RM	Net assets attributable to unitholders RM
At 1 July 2022	71,020,213	(16,330,729)	54,689,484
Total comprehensive income for the financial year	-	3,440,200	3,440,200
Creation of units	1,408,986	-	1,408,986
Cancellation of units	(3,916,184)	-	(3,916,184)
Distribution (Note 12)	-	(1,586,036)	(1,586,036)
At 30 June 2023	<u>68,513,015</u>	<u>(14,476,565)</u>	<u>54,036,450</u>
At 1 July 2021	89,903,789	(13,519,076)	76,384,713
Total comprehensive loss for the financial year	-	(1,158,540)	(1,158,540)
Creation of units	331,353	-	331,353
Reinvestment of units	1,653,113	-	1,653,113
Cancellation of units	(20,868,042)	-	(20,868,042)
Distribution (Note 12)	-	(1,653,113)	(1,653,113)
At 30 June 2022	<u>71,020,213</u>	<u>(16,330,729)</u>	<u>54,689,484</u>

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

MAYBANK MALAYSIA INCOME FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of financial assets at FVTPL	2,804,936	24,857,894
Net payments for purchases of financial assets at FVTPL	(2,526,135)	(8,434,554)
Profit/ Interest received	2,308,183	2,945,725
Manager's fee paid	(548,413)	(691,651)
Trustee's fee paid	(19,194)	(11,066)
Other expenses paid	(37,071)	(36,559)
Net cash generated from operating and investing activities	<u>1,982,306</u>	<u>18,629,789</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	1,408,986	331,603
Payments for cancellation of units	(3,979,949)	(20,805,160)
Net cash used in from financing activities	<u>(2,570,963)</u>	<u>(20,473,557)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR	(588,657)	(1,843,768)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>1,918,942</u>	<u>3,762,710</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>1,330,285</u>	<u>1,918,942</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	123,285	121,942
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	1,207,000	1,797,000
	<u>1,330,285</u>	<u>1,918,942</u>

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

MAYBANK MALAYSIA INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

Subsequently MAM and Universal Trustee (Malaysia) Berhad as the Trustee had entered into a Ninth Supplemental Deed dated 4 September 2018, to appoint MAM as the replacement Manager of the Fund effective 1 November 2018, Tenth Supplemental Deed dated 11 July 2019 to change the name of the Fund and Eleventh Supplemental Deed dated 3 August 2022. The Principal Deed and Supplemental Deeds are collectively referred to as 'Deeds'.

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

The Manager of the Fund is MAM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services License with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of MAM is at Level 12, Tower C Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of 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 17 August 2023.

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.

MAYBANK MALAYSIA INCOME FUND

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

2.1 Basis of preparation (cont'd)

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial year ended 30 June 2023. The adoption of the above did not result in material impact to the financial statements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.13 to the financial statements.

All amounts are stated in Ringgit Malaysia ("RM").

2.2 Standards and amendments to standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
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: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax Related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

2.3 Financial instruments

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

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

These assets are subsequently measured using the effective profit rate/ effective interest rate ("EPR"/ "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 income in profit or loss over the relevant year end.

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

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

MAYBANK MALAYSIA INCOME FUND

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

2.4 Financial assets (cont'd)

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

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.

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 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.

(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.

MAYBANK MALAYSIA INCOME FUND

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

2.4 Financial assets (cont'd)

(iv) Derecognition (cont'd)

If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

2.5 Financial liabilities

(i) Classification

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

(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.

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.

MAYBANK MALAYSIA INCOME FUND

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

2.6 Unitholders' capital (cont'd)

The outstanding units are carried at the redemption amount that is payable at each financial year end 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.

2.7 Revenue/ Income

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

Profit/ Interest income from quoted securities and deposit with a licensed financial institution are recognised on the accruals basis using the EPR/ EIR method.

Realised gain or loss on disposal of investments are measured as the difference between the net proceeds and its carrying amount.

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 the asset.

2.8 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, deposit at call and highly liquid instruments with maturities of 3 months or less, which have an insignificant risk of changes in value.

2.9 Taxation

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

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

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

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

2.10 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.

MAYBANK MALAYSIA INCOME FUND

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

2.10 Fair value measurement (cont'd)

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

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

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

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

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.11 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as an adjustment to unitholders' capital. A proposed distribution is recognised as a liability in the financial year in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the income payment date.

Reinvestment of units is based on the NAV per unit on the income payment date which is also the time of creation.

2.12 Segment reporting

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

MAYBANK MALAYSIA INCOME FUND

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

2.13 Critical accounting estimates and judgments

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

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

3. PROFIT/ INTEREST INCOME

	2023 RM	2022 RM
Profit/ Interest income from unquoted fixed income securities	2,516,749	2,932,112
Profit/ Interest income from short-term deposits	61,147	65,094
Amortisation of premium, net of accretion of discount	(238,879)	(239,620)
	<u>2,339,017</u>	<u>2,757,586</u>

4. MANAGER'S FEE

The Manager's fee is computed daily up to 1.50% (2022: 1.50%) per annum ("p.a.") of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

5. TRUSTEE'S FEE

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

NAV (RM)	Trustee fee rate (%) p.a.	
	2023	2022
Nil to 100 million	0.035	0.035
Above 100 million	0.010	0.010

6. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable income for the financial year.

The tax charge 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 earned by the Fund is exempted from tax.

MAYBANK MALAYSIA INCOME FUND

6. TAXATION (CONT'D)

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

	2023 RM	2022 RM
Net result before taxation	3,440,200	(1,158,540)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	825,648	(278,050)
Income not subject to tax	(969,519)	(673,816)
Loss not deductible for tax purposes	3,305	777,936
Expenses not deductible for tax purposes	140,566	173,930
Tax expense for the financial year	-	-

7. FINANCIAL ASSETS AT FVTPL

	2023 RM	2022 RM
Unquoted fixed income securities	53,790,201	52,382,126

2023	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Construction				
Gamuda Land (T12) Sdn Bhd				
- 3.75%/ 12.08.2027	1,400,000	1,399,979	1,372,028	2.54
- 4.20%/ 11.10.2027	500,000	499,973	498,115	0.92
MMC Corporation Berhad				
- 5.95%/ 12.11.2027	2,500,000	2,715,335	2,636,975	4.88
- 5.70%/ 24.03.2028	1,030,000	1,060,902	1,078,904	2.00
Malaysian Resources Co. Bhd				
- 4.45%/ 14.08.2030	1,300,000	1,307,790	1,245,517	2.30
S P Setia Bhd				
- 4.30%/ 23.06.2028	1,200,000	1,199,996	1,196,484	2.21
	<u>7,930,000</u>	<u>8,183,975</u>	<u>8,028,023</u>	<u>14.85</u>

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2023 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Financial Services				
Affin Islamic Bank Bhd - 5.05%/ 23.10.2028	700,000	700,377	701,659	1.30
Sabah Development Sdn Bhd - 5.50%/ 27.02.2026	2,700,000	2,740,228	2,752,650	5.09
Krung Thai Bank - 4.10%/ 19.03.2031	2,780,000	2,779,858	2,735,103	5.06
	<u>6,180,000</u>	<u>6,220,463</u>	<u>6,189,412</u>	<u>11.45</u>
Government Agency				
Danga Capital Bhd - 5.02% / 21.09.2033	500,000	502,764	535,115	0.99
Industrial Product				
OSK Rated Bond Sdn Bhd - 4.39%/ 28.04.2028	780,000	779,958	775,343	1.43
Plantation				
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11%/ 30.10.2025	2,000,000	2,001,741	1,962,480	3.63
Power Generation				
Cypark Ref Sdn Bhd - 5.32%/ 30.06.2031	2,380,000	2,417,845	2,410,107	4.46
Edra Energy Sdn Bhd - 6.51%/ 05.07.2035	1,700,000	2,039,169	1,951,753	3.61
Sarawak Energy Bhd - 3.30%/ 14.06.2030	900,000	900,013	854,478	1.58
YTL Power International Bhd - 5.05%/ 03.05. 2027	1,380,000	1,403,000	1,416,239	2.62
	<u>6,360,000</u>	<u>6,760,027</u>	<u>6,632,577</u>	<u>12.27</u>

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2023 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Real Estate				
IJM Land Bhd				
- 4.73%/ Perpetual	1,300,000	1,300,455	1,276,626	2.36
- 5.65%/ Perpetual	1,080,000	1,079,896	1,099,850	2.04
Country Garden				
Real Estate Sdn Bhd				
- 5.25%/ 27.03.2025	900,000	899,931	887,013	1.64
- 4.90%/ 04.05.2026	1,200,000	1,199,925	1,157,556	2.14
Sime Darby Property Bhd				
- 3.64%/ 03.12.2030	900,000	899,981	860,220	1.59
UEM Sunrise Berhad				
- 3.90%/ 21.09.2023	600,000	600,105	599,316	1.11
- 4.30%/ 16.02.2026	1,700,000	1,704,561	1,660,135	3.07
Sunway Treasury Sukuk Sdn Bhd				
- 3.55%/ 10.09.2024	800,000	800,332	791,968	1.47
Malaysian Resources Co. Bhd				
- 5.09%/ 18.10.2028	800,000	801,767	799,352	1.48
	<u>9,280,000</u>	<u>9,286,953</u>	<u>9,132,036</u>	<u>16.90</u>
Trading & Services				
Evyap Sabun Malaysia Sdn Bhd				
- 4.05%/ 30.12.2025	2,200,000	2,199,998	2,141,370	3.96
Guan Chong Bhd				
- 3.84%/ 03.12.2027	1,100,000	1,104,415	1,071,598	1.98
	<u>3,300,000</u>	<u>3,304,413</u>	<u>3,212,968</u>	<u>5.94</u>
Transportation & Logistics				
DRB-HICOM Bhd				
- 5.08%/ 30.08.2030	1,580,000	1,585,134	1,526,154	2.82
PONSB Capital Berhad				
- 4.64%/ 28.12.2026	700,000	699,997	709,184	1.31
	<u>2,280,000</u>	<u>2,285,131</u>	<u>2,235,338</u>	<u>4.13</u>

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2023 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Utilities				
Malaysia Airport Holdings Bhd				
- 3.87%/ 30.12.2026	700,000	699,999	697,578	1.29
- 3.30%/ 05.11.2027	1,000,000	999,972	971,210	1.80
Pengurusan Air SPV Bhd				
- 3.32%/ 04.06.2027	500,000	500,002	486,930	0.90
- 3.90%/ 30.10.2029	2,500,000	2,577,978	2,467,900	4.57
Tanjung Bin Energy Sdn Bhd				
- 6.20%/ 16.03.2032	5,000,000	5,972,585	5,162,600	9.55
Tenaga Nasional Bhd				
- 5.18%/ 03.08.2037	3,000,000	3,491,361	3,265,410	6.04
TNB Northern Energy Bhd				
- 4.62%/ 30.05.2033	2,000,000	2,144,834	2,035,281	3.80
	<u>14,700,000</u>	<u>16,386,731</u>	<u>15,086,909</u>	<u>27.95</u>
Total unquoted fixed income securities	<u>53,310,000</u>	<u>55,712,156</u>	<u>53,790,201</u>	<u>99.54</u>
Unrealised loss on unquoted fixed income securities			<u>(1,921,955)</u>	
2022				
Construction				
Gamuda Land (T12) Sdn Bhd				
- 3.75%/ 12.08.2027	1,400,000	1,399,983	1,331,960	2.44
- 4.20%/ 11.10.2027	500,000	499,973	484,700	0.89
Malaysian Resources Co. Bhd				
- 5.09%/ 18.10.2028	800,000	802,061	775,768	1.42
- 4.45%/ 14.08.2030	1,300,000	1,308,711	1,189,786	2.18
S P Setia Bhd				
- 4.30%/ 23.06.2028	1,200,000	1,199,995	1,168,152	2.14
	<u>5,200,000</u>	<u>5,210,723</u>	<u>4,950,366</u>	<u>9.07</u>

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Financial Services				
Affin Islamic Bank Bhd - 5.05%/ 23.10.2028	700,000	701,706	708,498	1.30
Government Agency				
Danga Capital Bhd - 5.02%/ 21.09.2033	500,000	502,971	506,515	0.93
Industrial Product				
OSK Rated Bond Sdn Bhd - 4.39%/ 28.04.2028	780,000	779,958	756,623	1.38
Mining & Petroleum				
Petroleum Sarawak Exploration & Production Sdn Bhd - 4.10%/ 19.03.2031	2,780,000	2,779,858	2,650,563	4.85
Plantation				
Perbadanan Kemajuan Pertanian Negeri Pahang - 4.11%/ 30.10.2025	2,000,000	2,002,476	1,928,860	3.53
Power Generation				
Cypark Ref Sdn Bhd - 5.32%/ 30.06.2031	2,380,000	2,421,598	2,305,601	4.27
Edra Energy Sdn Bhd - 6.51%/ 05.07.2035	1,700,000	2,060,266	1,895,874	3.51
Sarawak Energy Bhd - 3.30%/ 14.06.2030	900,000	900,016	819,189	1.52
YTL Power International Bhd - 5.05%/ 03.05. 2027	1,380,000	1,408,383	1,386,307	2.57
Quantum Solar Park (Semenanjung) Sdn Bhd - 5.16%/ 06.10.2022	1,300,000	1,302,043	1,306,552	2.42
	7,660,000	8,092,306	7,713,523	14.10

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Real Estate				
IJM Land Bhd				
- 4.73%/ Perpetual	1,300,000	1,300,568	1,249,443	2.28
- 5.65%/ Perpetual	1,080,000	1,079,896	1,091,815	2.00
Country Garden				
Real Estate Sdn Bhd				
- 5.25%/ 27.03.2025	900,000	899,934	877,167	1.60
- 4.90%/ 04.05.2026	1,200,000	1,199,924	1,130,736	2.07
Sime Darby Property Bhd				
- 3.64%/ 03.12.2030	900,000	899,981	819,450	1.50
UEM Sunrise Berhad				
- 3.90%/ 21.09.2023	600,000	600,681	598,434	1.09
- 4.30%/ 16.02.2026	1,700,000	1,706,187	1,644,818	3.01
Sunway Treasury Sukuk Sdn Bhd				
- 3.55%/ 10.09.2024	800,000	800,623	786,208	1.44
	<u>8,480,000</u>	<u>8,487,794</u>	<u>8,198,071</u>	<u>14.99</u>
Trading & Services				
Evyap Sabun Malaysia Sdn Bhd				
- 4.05%/ 30.12.2025	2,200,000	2,199,998	2,101,638	3.84
Guan Chong Bhd				
- 3.84%/ 03.12.2027	1,100,000	1,105,322	1,036,057	1.89
	<u>3,300,000</u>	<u>3,305,320</u>	<u>3,137,695</u>	<u>5.73</u>
Transportation & Logistics				
DRB-HICOM Bhd				
- 4.85%/ 11.12.2026	1,500,000	1,500,041	1,476,675	2.70
- 5.08%/ 30.08.2030	1,580,000	1,585,644	1,491,457	2.73
MMC Corporation Berhad				
- 5.95%/ 12.11.2027	2,500,000	2,759,933	2,633,625	4.82
- 5.70%/ 24.03.2028	1,030,000	1,066,579	1,073,095	1.96

MAYBANK MALAYSIA INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Transportation & Logistics (cont'd)				
Ponsb Capital Berhad - 4.64%/ 28.12.2026	700,000	699,997	695,744	1.27
	<u>7,310,000</u>	<u>7,612,194</u>	<u>7,370,596</u>	<u>13.48</u>
Utilities				
Malaysia Airport Holdings Bhd - 3.87%/ 30.12.2026	700,000	699,999	684,845	1.25
- 3.30%/ 05.11.2027	1,000,000	999,972	943,070	1.72
Pengurusan Air SPV Bhd - 3.32%/ 04.06.2027	500,000	500,004	477,545	0.87
- 3.90%/ 30.10.2029	2,500,000	2,588,878	2,375,275	4.34
Tanjung Bin Energy Sdn Bhd - 6.20%/ 16.03.2032	5,000,000	6,066,290	5,050,600	9.24
Tenaga Nasional Bhd - 5.18%/ 03.08.2037	3,000,000	3,517,562	2,983,380	5.46
TNB Northern Energy Bhd - 4.62%/ 30.05.2033	2,000,000	2,156,715	1,946,101	3.54
	<u>14,700,000</u>	<u>16,529,420</u>	<u>14,460,816</u>	<u>26.42</u>
Total unquoted fixed income securities	<u>53,410,000</u>	<u>56,004,726</u>	<u>52,382,126</u>	<u>95.78</u>
Unrealised loss on unquoted fixed income securities			<u>(3,622,600)</u>	

8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 RM	2022 RM
Short-term placement with a maturity of less than 3 months	<u>1,207,000</u>	<u>1,797,000</u>

MAYBANK MALAYSIA INCOME FUND

8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION (CONT'D)

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

	2023		2022	
	WAEPR/ WAEIR % p.a.	Average maturity days	WAEPR/ WAEIR % p.a.	Average maturity days
Deposit with a licensed financial institution	2.95	3	2.03	1

9. AMOUNT DUE TO MANAGER

	Note	2023 RM	2022 RM
Amount due to Manager is in respect of:			
Management fee	(i)	45,529	45,562
Cancellation of units	(ii)	19,767	83,532
		<u>65,296</u>	<u>129,094</u>

(i) 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 (2022: 15 days).

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

10. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable to the Trustee arising from the accruals for Trustee's fee at the end of the financial year. The normal credit term for Trustee fee is 15 days (2022: 15 days).

11. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

	Note	2023 RM	2022 RM
Unitholders' capital	(a)	68,513,015	71,020,213
Accumulated realised loss	(b)	(13,716,906)	(13,870,425)
Accumulated unrealised loss	(c)	(759,659)	(2,460,304)
		<u>54,036,450</u>	<u>54,689,484</u>

MAYBANK MALAYSIA INCOME FUND

11. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

(a) Unitholders' capital

	2023		2022	
	Units	RM	Units	RM
At the beginning of the financial year	53,186,254	71,020,213	70,643,722	89,903,789
Creation of units	1,342,803	1,408,986	306,547	331,353
Reinvestment of units	-	-	1,607,617	1,653,113
Cancellation of units	<u>(3,709,951)</u>	<u>(3,916,184)</u>	<u>(19,371,632)</u>	<u>(20,868,042)</u>
At the end of the financial year	<u>50,819,106</u>	<u>68,513,015</u>	<u>53,186,254</u>	<u>71,020,213</u>

There were no units held by the directors or parties related to the Manager during the current and previous financial year.

(b) Accumulated realised loss

	2023 RM	2022 RM
At the beginning of the financial year	(13,870,425)	(14,300,173)
Net realised income for the financial year	1,739,555	2,082,861
Distribution out of retained earnings (Note 12)	<u>(1,586,036)</u>	<u>(1,653,113)</u>
At the end of the financial year	<u>(13,716,906)</u>	<u>(13,870,425)</u>

(c) Accumulated unrealised loss

	2023 RM	2022 RM
At the beginning of the financial year	(2,460,304)	781,097
Net unrealised income/ (loss) for the financial year	1,700,645	<u>(3,241,401)</u>
At the end of the financial year	<u>(759,659)</u>	<u>(2,460,304)</u>

12. DISTRIBUTION

Sources of distributions declared to unitholders in the previous and current financial year are as follows:

	2023 RM	2022 RM
Profit/ Interest income	2,129,266	2,240,598
Less: Expenses	<u>(543,230)</u>	<u>(587,485)</u>
Net distribution	<u>1,586,036</u>	<u>1,653,113</u>
Gross/ Net distribution per unit (sen)	<u>3.12</u>	<u>3.20</u>
Distribution date (ex-date)	<u>27 June 2023</u>	<u>28 June 2022</u>

The distribution declared were settled in the form of units and presented as "reinvestment of units" in Note 11(a).

MAYBANK MALAYSIA INCOME FUND

13. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	2023	2022
	RM	RM
(i) <u>Significant related party transactions</u>		
MBB:		
Interest income from deposit placement	61,147	47,005
Maybank Islamic Bhd ("MIB"):		
Profit income from deposit placement	-	18,254
(ii) <u>Significant related party balances</u>		
MBB:		
Deposit with a licensed financial institution	1,207,000	1,797,000
Interest income receivable	293	100
Cash at bank	123,285	121,942

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.

14. TRANSACTIONS WITH BROKERS/ DEALERS/ FINANCIAL INSTITUTIONS

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

	2023		2022	
	Value of trades	Percentage of total trades	Value of trades	Percentage of total trades
	RM	%	RM	%
RHB Investment Bank Bhd	4,232,478	100.00	21,455,891	68.83
Affin Hwang Investment Bank Bhd	-	-	4,405,608	14.14
MBB*	-	-	1,700,000	5.45
Maybank Investment Bank Bhd ("MIBB")**	-	-	1,586,162	5.09
Hong Leong Bank Bhd	-	-	1,320,020	4.24
CIMB Bank Bhd	-	-	700,000	2.25
	4,232,478	100.00	31,167,681	100.00

MAYBANK MALAYSIA INCOME FUND

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

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

Financial institutions	2023		2022	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
MBB *	553,856,000	100.00	667,849,000	70.84
MIB ***	-	-	274,894,000	29.16
	<u>553,856,000</u>	<u>100.00</u>	<u>942,743,000</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager.

** MIBB is a subsidiary of MBB, the ultimate holding company of the Manager.

*** MIB is a subsidiary of MBB, the ultimate holding company of the Manager.

15. TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund, and recovered expenses to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee and other administrative expenses. For the financial year ended 30 June 2023, the TER of the Fund stood at 1.07% (2022: 1.09%).

16. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 June 2023, the PTR of the Fund stood at 0.05 times (2022: 0.25 times).

17. SEGMENT INFORMATION

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

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

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

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

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

MAYBANK MALAYSIA INCOME FUND

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(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 Note 2.13 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.

	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Financial assets				
Financial assets at FVTPL	53,790,201	-	-	53,790,201
Deposit with a licensed financial institution	-	1,207,000	-	1,207,000
Profit/ Interest receivables	-	592,513	-	592,513
Cash at bank	-	123,285	-	123,285
Total financial assets	53,790,201	1,922,798	-	55,712,999
Financial liabilities				
Amount due to Manager	-	-	65,296	65,296
Amount due to Trustee	-	-	1,594	1,594
Other payables and accruals	-	-	23,623	23,623
Distribution payable	-	-	1,586,036	1,586,036
Total financial liabilities	-	-	1,676,549	1,676,549
2022				
Financial assets				
Financial assets at FVTPL	52,382,126	-	-	52,382,126
Deposit with a licensed financial institution	-	1,797,000	-	1,797,000
Profit/ Interest receivables	-	561,679	-	561,679
Cash at bank	-	121,942	-	121,942
Total financial assets	52,382,126	2,480,621	-	54,862,747
Financial liabilities				
Amount due to Manager	-	-	129,094	129,094
Amount due to Trustee	-	-	1,595	1,595
Other payables and accruals	-	-	42,574	42,574
Total financial liabilities	-	-	173,263	173,263

MAYBANK MALAYSIA INCOME FUND

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

(b) Financial instruments that are carried at fair value

The fair value of unquoted fixed income securities are based on the fair value prices quoted by Bond Pricing Agency Sdn Bhd, a bond pricing agency registered with SC as at reporting 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: 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 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at FVTPL	-	53,790,201	-	53,790,201
2022				
Financial assets at FVTPL	-	52,382,126	-	52,382,126

(d) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

Financial instruments with maturities of less than one year approximate their carrying values due to the relatively short-term maturity of these instruments.

19. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' capital. Risks are inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unit Trust Funds and CMSA.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed to price risk arising from the Fund's financial assets at FVTPL. The Fund is also exposed to interest rate risk arising from deposit placed with a licensed financial institution.

MAYBANK MALAYSIA INCOME FUND

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

(b) Market risk (cont'd)

The Fund is not exposed to foreign currency risk as it does not hold any financial instruments denominated in foreign currency as at the reporting date. The Fund is also not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

(i) Profit/ Interest rate risk

Unquoted fixed income securities are particularly sensitive to movements in market profit rates. When interest rates rise, the value of fixed income securities will fall and vice versa, thus affecting the NAV of the Fund. The sensitivity to market profit rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

The table below summarises the sensitivity of the Fund's NAV to movements in prices of unquoted fixed income securities held by the Fund as a result of movements in market profit/ interest rates. The analysis is based on the assumptions that the interest rates increased and decreased by 1% (100 basis points) with all other variables held constant.

	2023		2022	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
Unquoted fixed income securities	+1	(2,575,217)	+1	(2,799,911)
	-1	2,774,123	-1	3,032,615

The impact to the Fund's net results after tax and NAV is expected to be the same.

The Fund's deposit with a licensed financial institution carries profit/ interest rate and is short-term in nature, and therefore is not affected by movements in market interest rate.

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

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.

MAYBANK MALAYSIA INCOME FUND

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

(c) Credit risk (cont'd)

(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 assets 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 risk concentration

The following table analyses the Fund's investments in financial assets at FVTPL, cash at bank, deposit with a licensed financial institution, profit/ interest receivables on unquoted fixed income securities and interest receivables on deposit with a licensed financial institution by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and profit/ interest receivables on unquoted fixed income securities were obtained from RAM Holdings Bhd ("RAM") and Malaysian Rating Corporation Bhd ("MARC") while the ratings for cash at bank, deposit with a licensed financial institution and profit/ interest receivables on deposit with a licensed financial institution were obtained from RAM's official website.

	2023		2022	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
Financial Assets				
AAA	15,971,803	29.56	10,717,410	19.60
AA1	5,029,109	9.31	3,131,898	5.73
AA2	1,846,941	3.42	13,430,293	24.56
AA3	27,064,373	50.09	17,273,153	31.58
A1	2,227,813	4.12	5,849,937	10.70
A2	2,376,476	4.40	4,460,055	8.16
Not rated	1,196,484	2.21	-	-
	<u>55,712,999</u>	<u>103.11</u>	<u>54,862,747</u>	<u>100.33</u>

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

MAYBANK MALAYSIA INCOME FUND

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

(d) Liquidity risk (cont'd)

The following table summarises the maturity profile of the Fund's financial assets, financial liabilities and net assets attributable to unitholders to provide a complete view of the Fund's contractual commitments and liquidity:

2023	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets			
Financial assets at FVTPL	-	53,790,201	53,790,201
Deposit with a licensed financial institution	1,207,000	-	1,207,000
Profit/ Interest receivables	53,765	538,748	592,513
Cash at bank	123,285	-	123,285
Total undiscounted financial assets	<u>1,384,050</u>	<u>54,328,949</u>	<u>55,712,999</u>
Financial liabilities and NAV attributable to unitholders			
Amount due to Manager	65,296	-	65,296
Amount due to Trustee	1,594	-	1,594
Other payables and accruals	23,623	-	23,623
Distribution payable	1,586,036	-	1,586,036
Net assets attributable to unitholders	<u>54,036,450</u>	<u>-</u>	<u>54,036,450</u>
Total undiscounted financial liabilities and net assets attributable to unitholder of the Fund	<u>55,712,999</u>	<u>-</u>	<u>55,712,999</u>
Liquidity (gap)/ surplus	<u>(54,328,949)</u>	<u>54,328,949</u>	<u>-</u>
2022			
Financial assets			
Financial assets at FVTPL	-	52,382,126	52,382,126
Deposit with a licensed financial institution	1,797,000	-	1,797,000
Profit/ Interest receivables	53,767	507,912	561,679
Cash at bank	121,942	-	121,942
Total undiscounted financial assets	<u>1,972,709</u>	<u>52,890,038</u>	<u>54,862,747</u>
Financial liabilities and NAV attributable to unitholders			
Amount due to Manager	129,094	-	129,094
Amount due to Trustee	1,595	-	1,595
Other payables and accruals	42,574	-	42,574
Net assets attributable to unitholders	<u>54,689,484</u>	<u>-</u>	<u>54,689,484</u>
Total undiscounted financial liabilities and net assets attributable to unitholders of the Fund	<u>54,862,747</u>	<u>-</u>	<u>54,862,747</u>
Liquidity (gap)/ surplus	<u>(52,890,038)</u>	<u>52,890,038</u>	<u>-</u>

MAYBANK MALAYSIA INCOME FUND

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

(d) Liquidity risk (cont'd)

Notes:

(i) Financial assets

Deposit with a licensed financial institution are grouped based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting year 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 date 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 is required to settle its financial obligation.

(iii) Unitholders' capital

As unitholders could request for redemption of their units within ten calendar days from transaction date, unitholders' equity has been categorised as having a maturity of "less than 1 month".

As a result, it appears that the Fund has a liquidity gap within "less than 1 month". However, the Fund believes that it would be able to liquidate its investments should the need arise to satisfy all the redemption requirements.

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:

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

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