

# **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

**Annual report**

**For the financial period from 1 November 2022 to 31 May 2023  
(Date of Termination)**

## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
Telephone +603 2297 7888  
Facsimile +603 2715 0071  
[www.maybank-am.com.my](http://www.maybank-am.com.my)

### **EXTERNAL INVESTMENT MANAGER**

Maybank Islamic Asset Management Sdn Bhd (201301012623) (10424610K)  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia

### **TRUSTEE**

PB Trustees Bhd (196801000374) (573019-U)  
17th Floor, Menara Public Bank  
146 Jalan Ampang  
50450 Kuala Lumpur  
Telephone +603 2177 3127  
Facsimile +603 2164 3285

### **SHARIAH ADVISER**

Amanie Advisors Sdn Bhd (200501007003) (684050-H)  
Level 13A-2, Menara Tokio Marine Life  
No. 189, Jalan Tun Razak  
50400 Kuala Lumpur

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

<b>CONTENT</b>	<b>PAGE</b>
Manager's report	1 - 3
Trustee's report	4
Statement by Manager	5
Report of the Shariah Adviser	6
Independent auditors' report	7 - 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in net assets attributable to unitholders	13
Statement of cash flows	14
Notes to the financial statements	15 - 31

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

### Manager's report

For the financial period from 1 November 2022 to 31 May 2023 (Date of Termination)

#### A. Fund Information

**1. Name of Fund**

Maybank Institutional Income Management-I Fund (the "Fund")

**2. Type of Fund**

Wholesale

**3. Category of Fund**

Mixed Assets

**4. Duration of Fund**

The Fund is an open-ended fund.

**5. Fund launch date/ Commencement date**

9 March 2020/ 1 April 2020

**6. Fund's investment objective**

The Fund aims to provide unitholders with consistent income stream through investments in a diversified portfolio of Sukuk.

**7. Fund distribution policy**

Distribution, if any, will be incidental for the first financial year. Thereafter, distribution, if any, shall be made on a quarterly basis (subject to the availability of income).

**8. Fund's performance benchmark**

Maybank 1 month Islamic deposit rate.

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

The Fund invests a minimum of 60% of the Fund's NAV in MYR-denominated Sukuk and/ or similar securities. Up to 40% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits. The Fund will invest in MYR-denominated Sukuk with a minimum rating of "AA3" by RAM or its equivalent rating by MARC at the point of purchase.

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

### Manager's report

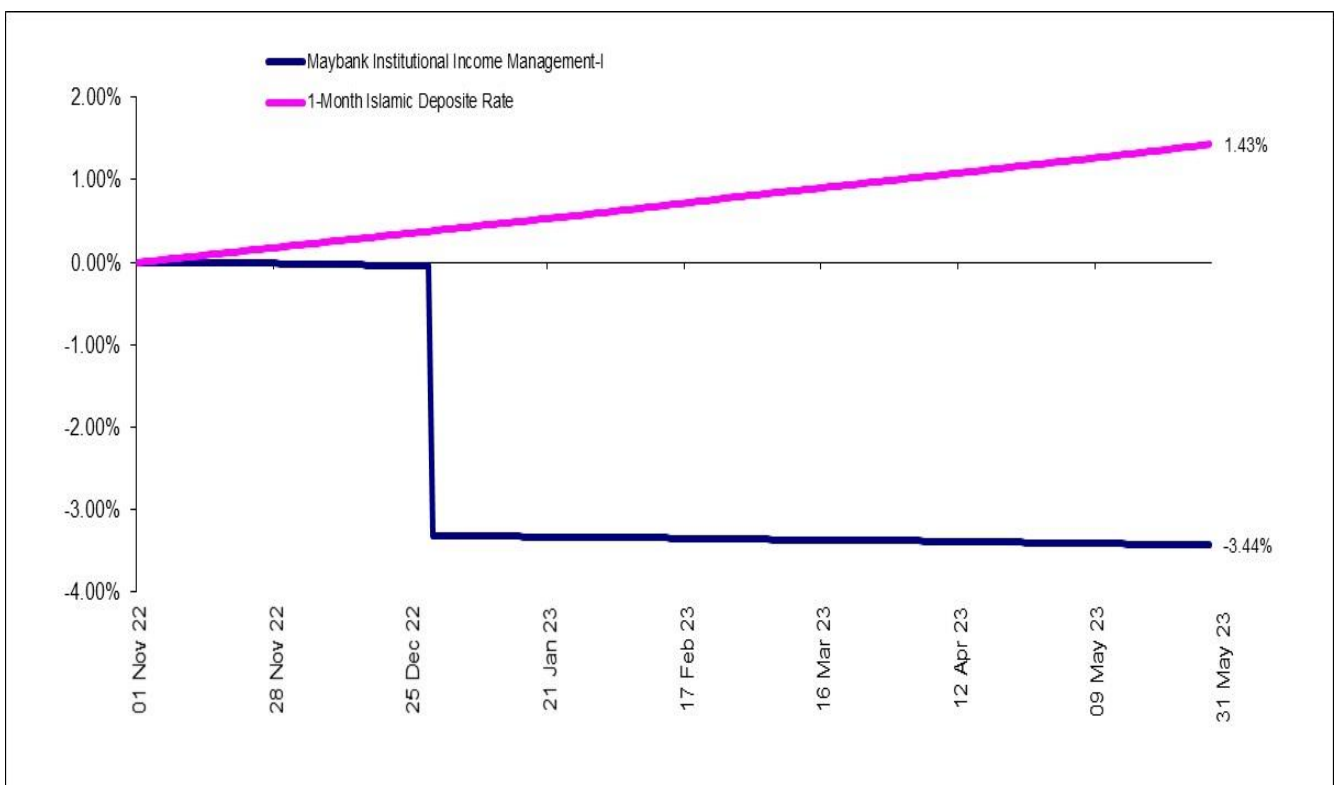
For the financial period from 1 November 2022 to 31 May 2023 (Date of Termination) (cont'd)

#### B. Performance Review

Returns of the Fund and its benchmark for the financial period from 1 November 2022 to 31 May 2023 is as follows:

Financial period	The Fund (%)	Benchmark (%)
1 November 2022 to 31 May 2023	(3.44)	1.43

Performance of the Fund for the financial period from 1 November 2022 to 31 May 2023.



Source: Lipper, as at 31 May 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 INSTITUTIONAL INCOME MANAGEMENT-I FUND

### Manager's report

For the financial period from 1 November 2022 to 31 May 2023 (Date of Termination) (cont'd)

#### C. Market Review

After the 10-year Malaysian Government Securities ("MGS") reached a high of 4.57% in October 2022, sentiment towards the bond market changed shortly after as market started to show recession concerns in the United States ("US") following the US Federal Reserve ("Fed") aggressive Fed Fund rate hikes and growing realization that central banks have reach the tail-end of their profit rates hike cycle. The 10-year MGS rallied to a low of 3.64% in mid-May 2022 on falling US Treasury ("UST") yields during the period and healthy local institutional demand before closing at 3.70% end-May 2022 for a 87 basis points ("bps") decline from the high. The rally in govies saw similar adjustments in corporate Sukuk yields leading to improved valuations. Meanwhile, after the 4th consecutive 25 bps hike on 3 November 2022 by Bank Negara Malaysia ("BNM"), the central bank kept its profit rates at 2.75% in its next 2 meetings before surprising the market with a 25 bps hike on 3 May 2023, back to the pre-Coronavirus Disease ("pre-COVID-19") level of 3.00%. There was a knee-jerk reaction immediately post-hike, but yields trended lower subsequently, with the 10-year MGS at 3.642% on 12 May 2023, the lowest level this year. Yields then spiked up again to a high of the month at 3.81% on 25 May 2023 due to the US debt ceiling saga which saw United States Dollar ("USD") and Malaysian Ringgit ("MYR") breached 4.63 level on safe haven flows.

#### D. Market Outlook & Strategy

There is no investment strategy going forward set by the Manager as the Fund was terminated on 31 May 2023.

#### E. Asset Allocation

Asset allocation	31.05.2023 (Date of termination)		31.10.2022	
	RM	%	RM	%
Sukuk	-	-	-	-
Cash and cash equivalents, and other net assets	1,325	100.00	1,372	100.00
<b>Total NAV</b>	<b>1,325</b>	<b>100.00</b>	<b>1,372</b>	<b>100.00</b>

#### F. Soft Commissions and Rebates

The Manager and its delegates will not retain any form of soft commissions and rebates from or otherwise share in any commission with any broker in consideration for directing dealings in the investments of the Fund unless the commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

During the financial period from 1 November 2022 to 31 May 2023 (date of termination), the Manager and its delegates did not receive any rebates from the 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 UNITHOLDER'S OF MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF TERMINATION)**

We have acted as Trustee of Maybank Institutional Income Management-I Fund (the "Fund") for the financial period from 1 November 2022 to 31 May 2023 (Date of Termination). 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 of the Trustee under the Deeds, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation and pricing were carried out in accordance with the Deed and relevant regulatory requirements; and
- (c) Creation and cancellation of units were carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of  
**PB Trustees Services Berhad**

**Cheah Kuan Yoon**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
17 July 2023

**STATEMENT BY MANAGER**

**TO THE UNITHOLDER'S OF  
MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND  
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF  
TERMINATION)**

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 Institutional Income Management-I Fund as at 31 May 2023 (Date of Termination) and of its results, changes in net assets attributable to unitholders and cash flows for the financial period from 1 November 2022 to 31 May 2023 (Date of Termination) 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 July 2023



## **REPORT OF THE SHARIAH ADVISER**

### **TO THE UNITHOLDERS OF MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF TERMINATION)**

We hereby confirm the following: .

1. To the best of our knowledge, after having made all reasonable enquiries, Maybank Asset Management Sdn Bhd (the "Manager") has operated and managed Maybank Institutional Income Management-I Fund ("the Fund") during the period covered by these financial statements in accordance with the Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
2. The asset of the Fund comprises of instruments that have been classified as Shariah compliant.

For and on behalf of  
**Amanie Advisors Sdn Bhd**

**Tan Sri Dr Mohd Daud Bakar**  
Executive Chairman

Kuala Lumpur, Malaysia  
17 July 2023

## **Independent auditors' report to the Unitholders of Maybank Institutional Income Management-I Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of Maybank Institutional Income Management-I Fund (the "Fund"), which comprise the statement of financial position as at 31 May 2023 (Date of Termination) 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 period from 1 November 2022 to 31 May 2023 (Date of Termination), and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 31.

In our opinion, the accompanying financial statements which have been prepared on a basis other than that of a going concern as disclosed in Note 2.1 to the financial statements, give a true and fair view of the financial position of the Fund as at 31 May 2023 (Date of Termination), and of its financial performance and cash flows for the financial period from 1 November 2022 to 31 May 2023 (Date of Termination) 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 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 which is expected to be made available to us after the date of this auditors' report.

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 Institutional Income Management-I 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. As described in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than that of a going concern.

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 Institutional Income Management-I 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. As described in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than that of 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 Institutional Income Management-I 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 Unlisted Capital Market Products Under the Lodge and Launch Framework 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 July 2023

**MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF TERMINATION)**

	Note	01.11.2022 to 31.05.2023 (Date of Termination) RM	01.11.2021 to 31.10.2022 RM
<b>EXPENSES</b>			
Manager's fee	4	-	4
Administrative expenses		47	-
		<u>47</u>	<u>4</u>
<b>Net loss before taxation</b>		(47)	(4)
Taxation	5	-	-
<b>Net loss after taxation and total comprehensive loss for the financial period/ year</b>		<u>(47)</u>	<u>(4)</u>
<b>Net loss after taxation is made up of the following:</b>			
Net realised loss		(47)	(4)
		<u>(47)</u>	<u>(4)</u>

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

**MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

**STATEMENT OF FINANCIAL POSITION**

**FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF TERMINATION)**

	Note	31.05.2023 (Date of Termination) RM	31.10.2022 RM
<b>ASSETS</b>			
Amount due from Manager	6	-	66,220
Cash at bank		9,496	9,541
<b>TOTAL ASSETS</b>		<u>9,496</u>	<u>75,761</u>
<b>LIABILITIES</b>			
Amount due to Manager	6	-	6
Amount due to Trustee	7	-	19,038
Other payables and accruals	8	8,171	55,345
<b>TOTAL LIABILITIES</b>		<u>8,171</u>	<u>74,389</u>
<b>NET ASSETS VALUE ("NAV") OF THE FUND</b>		<u>1,325</u>	<u>1,372</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:</b>			
Unitholders' capital	9(a)	26,205	26,205
Accumulated losses	9(b)	<u>(24,880)</u>	<u>(24,833)</u>
		<u>1,325</u>	<u>1,372</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	9(a)	<u>1,000</u>	<u>1,000</u>
<b>NAV PER UNIT (RM)</b>		<u>1.3250</u>	<u>1.3720</u>

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

**MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF TERMINATION)**

	<b>Unitholders' capital Note 9(a) RM</b>	<b>Accumulated losses Note 9(b) RM</b>	<b>Net assets attributable to unitholders RM</b>
At 1 November 2022	26,205	(24,833)	1,372
Total comprehensive loss for the financial period	-	(47)	(47)
At 31 May 2023 (Date of Termination)	<u>26,205</u>	<u>(24,880)</u>	<u>1,325</u>
At 1 November 2021	26,205	(24,829)	1,376
Total comprehensive loss for the financial year	-	(4)	(4)
At 31 October 2022	<u>26,205</u>	<u>(24,833)</u>	<u>1,372</u>

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



**MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

**STATEMENT OF CASH FLOWS**

**FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF TERMINATION)**

	<b>01.11.2022</b>		<b>01.11.2021</b>
	<b>to</b>		<b>to</b>
	<b>31.05.2023</b>		<b>31.10.2022</b>
	<b>(Date of</b>		<b>RM</b>
	<b>Termination)</b>		<b>RM</b>
	<b>RM</b>		<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Payment of other fees and expenses	(45)	-	-
Net cash used in operating and investing activities	(45)	-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD/ YEAR</b>	(45)	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/ YEAR</b>	9,541	9,541	9,541
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/ YEAR</b>	9,496	9,541	9,541
Cash and cash equivalents comprise:			
Cash at bank	9,496	9,541	9,541

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

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE FINANCIAL PERIOD FROM 1 NOVEMBER 2022 TO 31 MAY 2023 (DATE OF TERMINATION)**

#### **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

Maybank Institutional Income Management-I Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 12 February 2020 between the Manager, Maybank Asset Management Sdn Bhd ("MAM") and the Trustee, PB Trustee Services Bhd.

The principal activity of the Fund is to invest a minimum of 60% of the Fund's NAV in MYR denominated Sukuk and/ or similar securities offered in Malaysia with a minimum Sukuk rating of 'AA3' by RAM Holdings Berhad ("RAM") or equivalent rating by Malaysian Rating Corporation Berhad ("MARC"). However, if any of the Sukuk held in the Fund has been downgraded to a rating of lower than "AA3" by RAM or equivalent rating by MARC, the Manager may choose to dispose the Sukuk as soon as practicable. However, if such prompt action may be detrimental to the Fund, the Manager may continue to hold onto the downgraded Sukuk for up to 90 days. The Fund will also invest up to 40% of the Fund's NAV in Islamic liquid assets including Islamic money market instruments and placement in Islamic deposits.

The Manager of the Fund is MAM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence ("CMSL") with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA").

The principal place of business of MAM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

MAM has appointed Maybank Islamic Asset Management Sdn Bhd ("MIAM") as the External Investment Manager ("EIM") for the Fund. MIAM is a subsidiary of MAMG and is a holder of CMSL to carry out Islamic fund management business pursuant to Section 61 of the CMSA.

The roles and responsibilities of MIAM include management of the investment portfolio in accordance with the investment objective, subject to the CMSA and the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia ("SC") and any other relevant guidelines issued by the SC as well as the terms and conditions of the investment management agreement between MIAM and MAM.

The financial statements were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 17 July 2023.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

The financial statements of the Fund have been prepared in accordance to Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deed and any regulatory requirements.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial period. The adoption of the new pronouncements did not result in any material impact to the financial statements.

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

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

#### **2.1 Basis of preparation (cont'd)**

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to 2.15 in the financial statements. The financial statements are presented in Ringgit Malaysia ("RM").

On 18 April 2023, the Manager has issued a Notification of Commencement of Winding Up of the Fund to the Securities Commission of Malaysia through LOLA system. Accordingly, the financial statements of the Fund have been prepared on a basis other than that of a going concern. The carrying values of the assets are written down to their recoverable amounts and liabilities are recorded to the extent that such costs were committed at the end of the reporting period. All assets and liabilities have been classified as current.

#### **2.2 Standards and amendments to standards issued but not yet effective**

As this is the final financial statements of the Fund for the financial period, new Standards, Amendments to Standards and Interpretations which have been issued by MASB and IASB but not yet effective will not be applicable to the Fund in future periods.

#### **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 FVTPL) 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 FVTPL are recognised immediately in profit or loss.

#### **2.4 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

##### **(i) Financial assets at amortised cost**

The Fund classifies cash and cash equivalents, amount due from Manager as financial assets at amortised cost. These assets are subsequently measured using the effective profit rate ("EPR") method and are subject to impairment. The EPR 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 period.

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

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

#### **2.4 Financial assets (cont'd)**

##### **(i) Financial assets at amortised cost (cont'd)**

- 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 ("EPR") method and are subject to impairment. The EPR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the interest income in profit or loss over the relevant period.

##### **(ii) Financial assets at FVTPL**

Investments in Sukuk is 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.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

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

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

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

#### **2.4 Financial assets (cont'd)**

##### **(iii) Impairment of financial assets**

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 (financial assets that are debt instruments). The impairment model does not apply to equity investments.

ECL is 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 of financial assets**

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

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

#### **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 financial liabilities.

##### **(ii) Recognition and measurement**

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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 method.

##### **(iii) Derecognition**

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### **2.6 Fair value measurement**

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

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

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

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

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

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

#### **2.6 Fair value measurement (cont'd)**

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

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

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

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

#### **2.7 Functional and presentation currency**

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

#### **2.8 Unitholders' capital**

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

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

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

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

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

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

#### **2.9 Distributions**

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

#### **2.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and Shariah-compliant deposit with a licensed Islamic financial institutions with original maturity of three months or less which have an insignificant risk of changes in value.

#### **2.11 Revenue/ Income**

Revenue is measured at the fair value of consideration received or receivable. Profit income from Sukuk includes amortisation of premium and accretion of discount. Profit income from Shariah-compliant deposit with a licensed Islamic financial institutions is recognised on the accrual basis using the EPR method.

Realised gain or loss on disposal of Sukuk is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation or premium.

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

#### **2.12 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 period/ year.

No deferred tax is recognised as no temporary differences have been identified.

#### **2.13 Segment information**

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



## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

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

#### 2.14 Cleansing/ Purification of income

The Fund is required to cleanse or purify any income or gains generated by Shariah non-compliant activities or sources, based on the method of purification which has been approved by the Shariah Adviser.

The purification exercise is done by channelling the purification amount to charitable bodies as advised by the Shariah Adviser and this exercise is performed by the Manager when relevant information has been obtained. The calculation of the purification amount must further be endorsed by the Shariah Adviser for verification before the purification is done.

#### 2.15 Critical accounting estimates and judgements

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

No major 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. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund is Shariah-compliant.

### 4. MANAGER'S FEE

The Manager's fee is computed daily. The fee is based on 0.35% (01.11.2021 to 31.10.2022: 0.35%) per annum, ("p.a.") on the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

### 5. TAXATION

<b>01.11.2022</b>	
<b>to</b>	
<b>31.05.2023</b>	<b>01.11.2021</b>
<b>(Date of</b>	<b>to</b>
<b>Termination)</b>	<b>31.10.2022</b>
<b>RM</b>	<b>RM</b>

Tax charge for the financial period/ year:

Current income tax expense

- -

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.11.2021 to 31.10.2022: 24%) of the estimated assessable income for the financial period/ year.

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

### 5. TAXATION (CONT'D)

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, the profit income earned by the Fund from its investment in Sukuk and Shariah-compliant deposits is exempted from tax.

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

	<b>01.11.2022 to 31.05.2023 (Date of Termination) RM</b>	<b>01.11.2021 to 31.10.2022 RM</b>
Net loss before taxation	(47)	(4)
Tax at Malaysian statutory rate of 24% (01.11.2021 to 31.10.2022: 24%)	(11)	(1)
Expenses not deductible for tax purposes	11	1
Tax expense for the financial period/ year	-	-

### 6. AMOUNT DUE FROM/ TO MANAGER

	<b>Note</b>	<b>31.05.2023 (Date of Termination) RM</b>	<b>31.10.2022 RM</b>
<b>(a) Amount due from Manager</b>			
Fees absorption by the Manager	(i)	-	66,220
<b>(b) Amount due to Manager</b>			
Manager's fee	(ii)	-	6

- (i) The Manager has agreed to absorb a portion of the Fund's operating expenses accrued during the period when there were no third party investors in the Fund.
- (ii) The amount represents 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 (31.10.2022: 15 days).

### 7. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the reporting date. The normal credit term for the Trustee's fee is 15 days (31.10.2022: 15 days).

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

### 8. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	<b>31.05.2023</b> <b>(Date of Termination)</b> <b>RM</b>	<b>31.10.2022</b> <b>RM</b>
Due to external auditors	-	18,338
Due to tax agent	-	14,168
Due to shariah adviser	-	22,837
Other payables and accruals	8,171	2
	<u>8,171</u>	<u>55,345</u>

### 9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	<b>Note</b>	<b>31.05.2023</b> <b>(Date of Termination)</b> <b>RM</b>	<b>31.10.2022</b> <b>RM</b>
Unitholders' capital	(a)	26,205	26,205
Accumulated realised loss	(b)	(24,880)	(24,833)
		<u>1,325</u>	<u>1,372</u>

#### (a) Unitholders' capital

	<b>01.11.2022</b> <b>to</b> <b>31.05.2023</b> <b>(Date of Termination)</b>	<b>No. of units</b>	<b>RM</b>	<b>01.11.2021</b> <b>to</b> <b>31.10.2022</b>	<b>No. of units</b>	<b>RM</b>
At the beginning/ end of the financial period/ year		<u>1,000</u>	<u>26,205</u>		<u>1,000</u>	<u>26,205</u>

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

	<b>01.11.2022</b> <b>to</b> <b>31.05.2023</b> <b>(Date of Termination)</b>	<b>No. of units</b>	<b>RM</b>	<b>01.11.2021</b> <b>to</b> <b>31.10.2022</b>	<b>No. of units</b>	<b>RM</b>
The Manager		<u>1,000</u>	<u>1,325</u>		<u>1,000</u>	<u>1,372</u>

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

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

### 9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

#### (b) Accumulated realised loss

	<b>01.11.2022</b> to <b>31.05.2023</b> (Date of Termination) RM	<b>01.11.2021</b> to <b>31.10.2022</b> RM
At start of the financial period/ year	(24,833)	(24,829)
Net realised loss for the financial period/ year	(47)	(4)
At end of the financial period/ year	<u>(24,880)</u>	<u>(24,833)</u>

### 10. 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 may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, below are the significant related party transactions and balances of the Fund.

(a) Part of the expenses chargeable to the Fund including Manager's fee, Trustee's fee, auditors remuneration and tax agent fees, were absorbed by the Manager except transaction costs directly attributable to the acquisition and disposal of the Fund's investments.

#### (b) Significant related party balances

	<b>31.05.2023</b> (Date of Termination) RM	<b>31.10.2022</b> RM
MIB:		
Cash at bank	<u>9,496</u>	<u>9,541</u>

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.

### 11. TOTAL EXPENSE RATIO ("TER")

The TER is not applicable for the period from 1 November 2022 to 31 May 2023 (Date of termination) and financial year ended 31 October 2022 due to the dormant status of the Fund.

## **MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

### **12. PORTFOLIO TURNOVER RATIO ("PTR")**

The PTR is not applicable for the period from 1 November 2022 to 31 May 2023 (Date of termination) and financial year ended 31 October 2022 due to the dormant status of the Fund.

### **13. SEGMENT INFORMATION**

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

The PMC is responsible for the performance of the Fund by investing a minimum of 60% of the Fund's NAV in a portfolio of RM-denominated Sukuk with a minimum Sukuk rating of 'AA3' by RAM or equivalent rating by MARC. The Manager will also invest between up to 40% of the Fund's NAV in Shariah-compliant liquid assets including Shariah-compliant money market instruments and placement in Shariah-compliant deposits.

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 period/ year.

### **14. FINANCIAL INSTRUMENTS**

#### **(a) Classification of financial instruments**

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2.3 to 2.15 describe how the classes of financial instruments are measured and how income and expenses are recognised.

The following table analyses the financial assets and financial liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the classes of financial instrument to which they are assigned, and therefore by the measurement basis.

**MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND**

**14. FINANCIAL INSTRUMENTS (CONT'D)**

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

	<b>Financial assets at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>31.05.2023 (Date of Termination)</b>				
<b>Financial Assets</b>				
Cash at bank	-	9,496	-	9,496
<b>Financial assets at amortised cost</b>	<b>-</b>	<b>9,496</b>	<b>-</b>	<b>9,496</b>
<b>Financial Liabilities</b>				
Other payables and accruals	-	-	8,171	8,171
<b>Financial liabilities at amortised cost</b>	<b>-</b>	<b>-</b>	<b>8,171</b>	<b>8,171</b>
<b>31.10.2022</b>				
<b>Financial Assets</b>				
Amount due from Manager	-	66,220	-	66,220
Cash at bank	-	9,541	-	9,541
<b>Financial assets at amortised cost</b>	<b>-</b>	<b>75,761</b>	<b>-</b>	<b>75,761</b>
<b>Financial Liabilities</b>				
Amount due to Manager	-	-	6	6
Amount due to Trustee	-	-	19,038	19,038
Other payables and accruals	-	-	55,345	55,345
<b>Financial liabilities at amortised cost</b>	<b>-</b>	<b>-</b>	<b>74,389</b>	<b>74,389</b>

**(b) Fair value hierarchy**

The Fund uses the following hierarchy for determining 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).

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

### 14. FINANCIAL INSTRUMENTS (CONT'D)

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

Other than investments at FVTPL, the Fund's financial instruments were not carried at fair value but their carrying amounts were reasonable approximations of fair value due to their short-term maturity.

There were no financial instruments which were not carried at fair value and whose carrying amounts were not reasonable approximations of their respective fair values.

### 15. FINANCIAL RISK 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 they are 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 Deed, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and the CMSA.

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of Shariah-compliant financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and security prices. However, the Fund is not exposed to currency risk as it does not hold Shariah-compliant investments denominated in currencies other than in RM 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 rate risk

Cash and deposit with a licensed financial institutions are exposed to movements in profit rates. The Fund's deposit with a licensed financial institutions carry a fixed rate and therefore is not affected by the movements in market profit rates.

#### (c) Credit risk

Credit risk is the risk that the issuer/ counterparty to a financial instrument will default on its obligation resulting in a financial loss to the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/ counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of profit, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

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

#### (c) Credit risk (cont'd)

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/ counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into Shariah-compliant financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

#### (i) Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

#### (ii) Credit risk concentration

The following tables analyse the Fund's cash at bank by rating categories. The ratings are obtained from RAM.

	31.05.2023 (Date of Termination)		31.10.2022	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
<b>Financial assets</b>				
AAA	9,496	716.68	9,541	695.41

#### (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 Deed of the Fund.

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 and Shariah-compliant deposit with a licensed Islamic financial institution which are capable of being converted into cash within 7 days.



## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

### 15. FINANCIAL RISK 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 unitholders' equity to provide a complete view of the Fund's contractual commitments and liquidity:

	Less than 1 month RM	More than 1 month RM	Total RM
<b>31.05.2023 (Date of Termination)</b>			
<b>Financial assets</b>			
Cash at bank	9,496	-	9,496
Total undiscounted financial assets	9,496	-	9,496
<b>Financial liabilities and unitholders' equity</b>			
Other payables and accruals	8,171	-	8,171
Unitholders' equity	1,325	-	1,325
Total undiscounted financial liabilities and unitholders' equity	9,496	-	9,496
<b>Liquidity (gap)/ surplus</b>	-	-	-
<b>31.10.2022</b>			
<b>Financial assets</b>			
Amount due from Manager	66,220	-	66,220
Cash at bank	9,541	-	9,541
Total undiscounted financial assets	75,761	-	75,761
<b>Financial liabilities and unitholders' equity</b>			
Amount due to Manager	6	-	6
Amount due to Trustee	19,038	-	19,038
Other payables and accruals	55,345	-	55,345
Unitholders' equity	1,372	-	1,372
Total undiscounted financial liabilities and unitholders' equity	75,761	-	75,761
<b>Liquidity (gap)/ surplus</b>	-	-	-

#### (i) Financial assets

Shariah-compliant deposit with a licensed Islamic financial institutions 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.

## MAYBANK INSTITUTIONAL INCOME MANAGEMENT-I FUND

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

#### (d) Liquidity risk (cont'd)

##### (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' equity

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".

### 16. UNITHOLDERS' CONTRIBUTION MANAGEMENT

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

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

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

As the Fund was terminated on 31 May 2023, the Fund is no longer required to raise new capital.