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MAYBANK ENHANCED CASH XII FUND

Annual report

For the financial year ended 31 March 2023

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)

BUSINESS OFFICE

Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
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MAYBANK ENHANCED CASH XII FUND

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MAYBANK ENHANCED CASH XII FUND

Manager's report

For the financial year ended 31 March 2023

A. Fund Information

1. Name of Fund

Maybank Enhanced Cash XII Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Wholesale money market fund

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund launch date

10 March 2008

6. Fund's investment objectives

The Fund is a short term money market fund that invests in instruments which generate income. The Fund is targeted for corporate and institutional investors who are generally risk averse and prefer short term investments. The Fund aims to provide liquidity at any time (T+1) without forgoing interest earned and generate better returns compared to fixed deposits and/ or over-the-counter repurchase agreements rates.

Note: T is the day where a request/ application to redeem is received by the Manager before the cut-off time.

7. Fund distribution policy

The Fund will distribute income on a half yearly basis, subject to availability.

8. Fund's performance benchmark

Maybank Overnight Deposit Rate

9. Fund's investment policy and principal investment strategy

The Fund seeks to provide liquidity to meet the short term cash flow requirements of its unit holders by investing primarily in liquid, low risk and short term investments. It will seek to obtain a yield that exceeds the benchmark by placing up to 100% of the net asset value ("NAV") of the Fund in fixed deposits and money market instruments that are highly liquid with maturity not exceeding one (1) year and invest into private debt securities ("PDS") with maturities not exceeding one (1) year.

MAYBANK ENHANCED CASH XII FUND

Manager's report

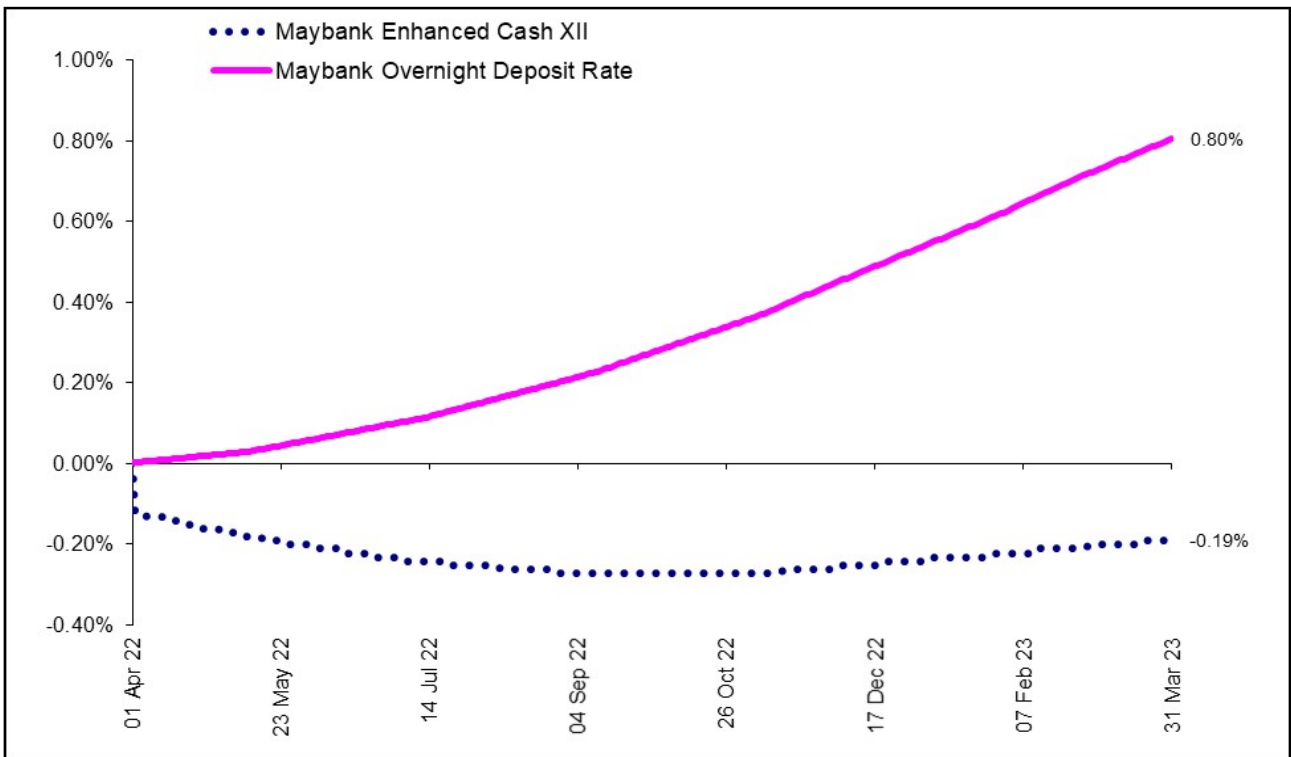
For the financial year ended 31 March 2023 (cont'd)

B. Performance Review

Returns of the Fund and its benchmark for the financial year ended 31 March 2023 are as follows:

Financial Year	The Fund %	Benchmark %
1 April 2022 to 31 March 2023	(0.19)	0.80

Performance of the Fund for the financial year ended 31 March 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 March 2023

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

The underperformance was mainly due to total expenses were more than total income generated from the Fund during the financial year ended.

MAYBANK ENHANCED CASH XII FUND

Manager's report

For the financial year ended 31 March 2023 (cont'd)

C. Market Review

On 9 March 2023, Bank Negara Malaysia (“BNM”) left the Overnight Policy Rate (“OPR”) unchanged at 2.75% for the second consecutive Monetary Policy Committee (“MPC”) meeting. The decision allows the central bank to assess the lag effect of monetary transmission following four consecutive 25 basis points (“bps”) hikes last year. Similar to previous statement, BNM remains downbeat on global economy prospects but highlighted some positives from China’s reopening and better than expected growth outturns in major economies.

D. Market Outlook & Strategies

BNM expects growth in 2023 to moderate amid a slower global economy. The recent MPC statement still talks about “further normalisation” and added that BNM is vigilant of inflation, implying the current rate pause is not the end of OPR hikes cycle. Our economic research expects another 25 bps hike to 3.00% this year.

The Manager monitors the liquidity requirements closely in order to place money market deposits in appropriate tenures which will satisfy the liquidity requirements and also position of the Fund to capitalise on any profit rate movement. The Manager also actively looking for products from licensed financial institutions that provide better yields. Hence, the Manager has resorted to maintain the deposit placement on short tenure basis to cater possibility of redemption from investor in the nearest future.

E. Asset Allocation

All assets of the Fund were invested in cash at bank and deposit with a licensed financial institution as at 31 March 2023.

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 term.

During the financial year ended 31 March 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 ENHANCED CASH XII FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

We have acted as Trustee of Maybank Enhanced Cash XII Fund (the "Fund") for the financial year ended 31 March 2023. In our opinion, 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 Management Company and of the Trustee under the Deeds, the Securities Commission Malaysia'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 is carried out in accordance with the Deeds and relevant regulatory requirements; and
- (c) Creation and cancellation of units of the Fund have been carried out in accordance with the Deeds and relevant regulatory requirements.

For and on behalf of
PB Trustee Services Berhad

Cheah Kuan Yoon
Chief Executive Officer

Kuala Lumpur, Malaysia
15 May 2023

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK ENHANCED CASH XII FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 Enhanced Cash XII Fund as at 31 March 2023 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmed Muzni Bin Mohamed
Director

Kuala Lumpur, Malaysia
15 May 2023

Independent auditors' report to the Unitholders of Maybank Enhanced Cash XII Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Enhanced Cash XII Fund ("the Fund"), which comprise the statement of financial position as at 31 March 2023 of the Fund, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the 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 10 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2023, and of its financial performance and cash flows for the 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 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 Enhanced Cash XII 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 Enhanced Cash XII 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.
- 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 Enhanced Cash XII 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
15 May 2023

MAYBANK ENHANCED CASH XII FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Note	2023 RM	2022 RM
INVESTMENT INCOME			
Profit/ Interest income		<u>39,033</u>	<u>27,460</u>
EXPENSES			
Manager's fee	3	4,021	4,043
Trustee's fee	4	18,000	18,000
Auditors' remuneration		5,500	5,500
Tax agent's fee		4,754	3,900
Administrative expenses		<u>1,966</u>	<u>2,085</u>
		<u>34,241</u>	<u>33,528</u>
Net results before taxation		4,792	(6,068)
Taxation	5	<u>(8,771)</u>	<u>(5,992)</u>
Net loss after taxation, and total comprehensive loss for the financial year		<u>(3,979)</u>	<u>(12,060)</u>
Net loss after taxation is made up of the following:			
Net realised loss		<u>(3,979)</u>	<u>(12,060)</u>

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

MAYBANK ENHANCED CASH XII FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	2023 RM	2022 RM
ASSETS			
Deposit with a licensed financial institution	6	1,625,000	1,625,000
Profit/ Interest receivables		122	79
Tax recoverable		-	891
Cash at bank		774	723
TOTAL ASSETS		<u>1,625,896</u>	<u>1,626,693</u>
LIABILITIES			
Amount due to Manager	7	342	342
Amount due to Trustee	8	1,529	1,527
Provision for taxation		2,268	-
Other payables and accruals		15,614	14,702
TOTAL LIABILITIES		<u>19,753</u>	<u>16,571</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>1,606,143</u>	<u>1,610,122</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:			
Unitholders' capital	9(a)	1,626,556	1,626,556
Accumulated losses	9(b)	(20,413)	(16,434)
		<u>1,606,143</u>	<u>1,610,122</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	9(a)	<u>1,631,959</u>	<u>1,631,959</u>
NAV PER UNIT (RM)		<u>0.9842</u>	<u>0.9866</u>

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

MAYBANK ENHANCED CASH XII FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Unitholders' capital Note 9(a) RM	Accumulated losses Note 9(b) RM	Net assets attributable to unitholders RM
At 1 April 2022	1,626,556	(16,434)	1,610,122
Total comprehensive loss for the financial year	-	(3,979)	(3,979)
At 31 March 2023	<u>1,626,556</u>	<u>(20,413)</u>	<u>1,606,143</u>
At 1 April 2021	1,626,556	(4,374)	1,622,182
Total comprehensive loss for the financial year	-	(12,060)	(12,060)
At 31 March 2022	<u>1,626,556</u>	<u>(16,434)</u>	<u>1,610,122</u>

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

MAYBANK ENHANCED CASH XII FUND

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Profit/ Interest income received	38,990	27,460
Manager's fee paid	(4,022)	(4,046)
Trustee's fee paid	(18,000)	(18,000)
Taxation paid	(5,612)	(6,594)
Payment of other fees and expenses	(11,305)	(11,775)
Net cash generated from/ (used in) from operating and investing activities	<u>51</u>	<u>(12,955)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR	51	(12,955)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>1,625,723</u>	<u>1,638,678</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>1,625,774</u>	<u>1,625,723</u>
Cash and cash equivalents comprise:		
Cash at bank	774	723
Deposit with a licensed financial institution with maturity of less than 3 months (Note 6)	<u>1,625,000</u>	<u>1,625,000</u>
	<u>1,625,774</u>	<u>1,625,723</u>

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

MAYBANK ENHANCED CASH XII FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Enhanced Cash XII Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 11 February 2008 and amended by the following supplemental Deeds between the Manager, Maybank Asset Management Sdn Bhd ("MAM") and the Trustee, PB Trustee Services Berhad and the registered unitholders of the Fund:

- First supplemental Deed dated 11 February 2008 and amended on 12 October 2010;
- Second supplemental Deed dated 8 October 2012; and
- Third supplemental Deed dated 30 March 2015.

The Deed and supplemental deeds are hereinafter referred to as "Deeds".

The Fund was launched on 10 March 2008. The principal activity of the Fund is to invest a maximum of 100% of the Fund's NAV in fixed deposits and money market instruments, and a maximum of 15% of the Fund's NAV in short term fixed income securities issued by the private sector.

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, which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

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 xx May 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.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year ended 31 March 2023. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.14 to the financial statements.

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

MAYBANK ENHANCED CASH XII FUND

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

2.2 Standards and amendments to standards issued but not yet effective

The following are standards, 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 liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument.

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

2.4 Financial assets

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

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

The Fund currently does not have financial assets that are measured at fair value.

MAYBANK ENHANCED CASH XII FUND

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

2.4 Financial assets (cont'd)

(i) Financial assets at amortised cost

The Fund classifies cash and cash equivalents and profit/ interest receivables as financial assets at amortised cost.

These assets are subsequently measure using the effective profit rate ("EPR")/ effective interest rate ("EIR") method and are subject to impairment. The EPR/ EIR is a method of calculating the amortised cost of financial asset and of allocating and recognising the profit/ interest income in profit or loss of 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:

- 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/ interest on the principal amount outstanding.

Debt instruments that do not meet the criteria above are classified as either fair value through other comprehensive income ("FVTOCI") or FVTPL.

(ii) 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 (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.

MAYBANK ENHANCED CASH XII FUND

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

2.4 Financial assets (cont'd)

(ii) Impairment (cont'd)

For balances with short-term nature (e.g. profit/ interest receivables), full impairment will be recognised on uncollected balances after the grace period.

(iii) Derecognition

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

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

2.5 Financial liabilities

(a) 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 Trustee, amount due to Manager, and other payables and accruals as other financial liabilities.

(b) 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.

(c) 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

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

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

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

MAYBANK ENHANCED CASH XII FUND

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

2.6 Fair value measurement (cont'd)

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

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

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

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

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

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 Ringgit Malaysia ("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.

MAYBANK ENHANCED CASH XII FUND

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

2.8 Unitholders' capital (cont'd)

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

2.9 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distributions are sourced out of distribution equalisation, which is accounted for as a deduction from unitholders' capital. A proposed dividend is recognised as a liability in the 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 deposit with a financial institution with original maturity of three (3) months or less which have an insignificant risk of changes in value.

2.11 Revenue/ Income

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

Profit/ Interest income from deposit with a licensed financial institution is recognised on the accruals basis using the EPR/ EIR.

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 year.

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

2.13 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 ENHANCED CASH XII FUND

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

2.14 Critical accounting estimates and judgments

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

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

3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 0.25% (2022: 0.25%) per annum ("p.a.") of the NAV of the Fund before deducting the Manager's fee and Trustee's fees.

4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis based on the minimum fee of RM18,000 (2022: RM18,000) p.a.

5. TAXATION

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

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

	2023	2022
	RM	RM
Net results before taxation	4,792	(6,068)
Tax at Malaysian statutory rate of 24% (2022: 24%)	1,150	(1,456)
Expenses not deductible for tax purposes	6,036	5,860
Restriction on tax deductible expenses	1,637	1,640
Over provision in prior financial year	(52)	(52)
Tax expense for the financial year	<u>8,771</u>	<u>5,992</u>

MAYBANK ENHANCED CASH XII FUND

6. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 RM	2022 RM
Deposit with a licensed financial institution with maturity of:		
- less than 3 months	1,625,000	1,625,000

The weighted average effective profit rates ("WAEPR")/ weighted average effective interest rates ("WAEIR") p.a. and average maturity of deposit with a licensed financial institution 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 maturity of less than 3 months	2.75	3	1.78	1

7. AMOUNT DUE TO MANAGER

The amount due to Manager relates to 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).

8. 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's fee is 15 days (2022: 15 days).

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Note	2023 RM	2022 RM
Unitholders' capital	9 (a)	1,626,556	1,626,556
Accumulated losses	9 (b)	(20,413)	(16,434)
		<u>1,606,143</u>	<u>1,610,122</u>

(a) Unitholders' capital

	2023		2022	
	No. of units	RM	No. of units	RM
At the beginning/ end of the financial year	1,631,959	1,626,556	1,631,959	1,626,556

As at the end of the financial year, there were no units held by the Manager or parties related to the Manager (2022: Nil).

MAYBANK ENHANCED CASH XII FUND

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

(b) Accumulated losses

	2023	2022
	RM	RM
At the beginning of the financial year	(16,434)	(4,374)
Net realised loss for the financial year	(3,979)	(12,060)
At the end of the financial year	<u>(20,413)</u>	<u>(16,434)</u>

10. TRANSACTIONS WITH A FINANCIAL INSTITUTION

Details of transactions, primarily deposit with a licensed financial institution (including rollovers) during the current and previous financial year are as follows:

	2023		2022	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Financial institution				
MBB*	<u>393,098,000</u>	<u>100.00</u>	<u>399,966,000</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager.

11. 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, the following are the significant related party transactions and balances of the Fund:

	2023	2022
	RM	RM
(a) <u>Significant related party transactions</u>		
MBB:		
Profit/ Interest income from deposits	<u>39,033</u>	<u>27,460</u>

MAYBANK ENHANCED CASH XII FUND

11. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

	2023 RM	2022 RM
(b) <u>Significant related party balances</u>		
MBB:		
Deposit with a licensed financial institution	1,625,000	1,625,000
Profit/ Interest receivables	122	79
Cash at bank	774	723
	<u>1,625,896</u>	<u>1,625,802</u>

The Manager is of the opinion that the transactions and balances 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.

12. TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 31 March 2023, the TER of the Fund stood at 2.13% (2022: 2.07%).

13. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average placements and withdrawals of the Fund for the financial year ended to the daily average NAV of the Fund. PTR is not applicable for the financial year ended 31 March 2023 as the Fund invested only in deposit with a financial institution during the period under review.

14. SEGMENT INFORMATION

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on the resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieve 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 85% of the Fund's NAV in fixed deposits and money market instruments as well as a maximum of 15% of the Fund's NAV in short term fixed income securities issued by the private sector.

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 provided for 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 ENHANCED CASH XII FUND

15. 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 Note 2.14 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 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 instruments to which they are assigned and therefore by the measurement basis.

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023			
Assets			
Deposit with a licensed financial institution	1,625,000	-	1,625,000
Profit/ Interest receivables	122	-	122
Cash at bank	774	-	774
Total financial assets	1,625,896	-	1,625,896
Liabilities			
Amount due to Manager	-	342	342
Amount due to Trustee	-	1,529	1,529
Other payables and accruals	-	15,614	15,614
Total financial liabilities	-	17,485	17,485
2022			
Assets			
Deposit with a licensed financial institution	1,625,000	-	1,625,000
Profit/ Interest receivables	79	-	79
Cash at bank	723	-	723
Total financial assets	1,625,802	-	1,625,802
Liabilities			
Amount due to Manager	-	342	342
Amount due to Trustee	-	1,527	1,527
Other payables and accruals	-	14,702	14,702
Total financial liabilities	-	16,571	16,571

(b) Financial instruments that are carried at fair value

There were no financial assets of the Fund that are carried at fair value as at 31 March 2023 (2022: Nil).

MAYBANK ENHANCED CASH XII FUND

15. FINANCIAL INSTRUMENTS (CONT'D)

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

The Fund's financial instruments are not carried at fair value but their carrying amounts are reasonable approximations of fair value due to their short-term maturity. Accordingly there are no fair value hierarchy disclosures presented.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. 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 Deeds, 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 financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and security prices. However, the Fund is not exposed to equity price risk or currency risk as it does not hold any equity investments nor investments denominated in currencies other than RM as at reporting date.

The Fund's deposit with a licensed financial institution is short term and carry a fixed rate and therefore is not affected by the movements in market interest rates.

(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 principal and interest. 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.

(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.

MAYBANK ENHANCED CASH XII FUND

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

(c) Credit risk (cont'd)

(ii) Credit quality of financial assets

The following table analyses the Fund's cash at bank, deposit with a licensed financial institution and profit/ interest receivables by rating categories. The rating is obtained from RAM Holdings Berhad.

	2023		2022	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
Financial assets				
AAA	1,625,896	101.23	1,625,802	100.97

(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 Deeds of the Fund.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so and its overall liquidity risk by requiring unitholders to be paid within the same business day from the date when the redemption request is received by the Manager.

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 profit/ interest receivables which are capable of being converted into cash within 7 days.

MAYBANK ENHANCED CASH XII FUND

16. 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' capital 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			
Deposit with a licensed financial institution	1,625,000	-	1,625,000
Profit/ Interest receivables	122	-	122
Cash at bank	774	-	774
Total undiscounted financial assets	<u>1,625,896</u>	<u>-</u>	<u>1,625,896</u>
Financial liabilities and unitholders' equity			
Amount due to Manager	342	-	342
Amount due to Trustee	1,529	-	1,529
Other payables and accruals	15,614	-	15,614
Unitholders' equity	1,606,143	-	1,606,143
Total undiscounted financial liabilities and unitholders' equity	<u>1,623,628</u>	<u>-</u>	<u>1,623,628</u>
Liquidity surplus	<u>2,268</u>	<u>-</u>	<u>2,268</u>
2022			
Financial assets			
Deposit with a licensed financial institution	1,625,000	-	1,625,000
Profit/ Interest receivables	79	-	79
Cash at bank	723	-	723
Total undiscounted financial assets	<u>1,625,802</u>	<u>-</u>	<u>1,625,802</u>
Financial liabilities and unitholders' equity			
Amount due to Manager	342	-	342
Amount due to Trustee	1,527	-	1,527
Other payables and accruals	14,702	-	14,702
Unitholders' equity	1,610,122	-	1,610,122
Total undiscounted financial liabilities and unitholders' equity	<u>1,626,693</u>	<u>-</u>	<u>1,626,693</u>
Liquidity gap	<u>(891)</u>	<u>-</u>	<u>(891)</u>

MAYBANK ENHANCED CASH XII FUND

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

(d) Liquidity risk (cont'd)

Notes:

(i) Financial assets

Deposits 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 period to the contractual maturity date or if earlier, the expected date on which the assets will be realised. Financial assets exclude tax-related matters such as tax recoverable, if any.

(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. Financial liabilities exclude tax-related matters such as provision for taxation, if any.

(iii) Unitholders' capital

As unitholders can request for redemption of their units within one business day from transaction date, the unitholders' total equity have been categorised as having a maturity of "less than 1 month".

The Fund believes that it would be able to liquidate its investments should the need arise to satisfy all the redemption requirements.

17. 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 information memorandum;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

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