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MAYBANK MALAYSIA SMALLCAP FUND

Annual report

For the financial year ended 31 July 2023

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
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TRUSTEE

CIMB Commerce Trustee Berhad (199401027349) (313031-A)
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MAYBANK MALAYSIA SMALLCAP FUND

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MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

For the financial year ended 31 July 2023

A. Fund Information

1. Name of the Fund

Maybank Malaysia SmallCap Fund ("Fund")

2. Type of Fund

Growth Fund

3. Category of Fund

Equity Fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date/ Commencement date

3 March 2004/ 24 March 2004

6. Fund's investment objective

The Fund aims to achieve Medium to Long Term capital growth by primarily investing into securities of small and medium sized companies:

- (i) listed on the Bursa Malaysia's Main Market, ACE Market and/ or any other boards approved by the Securities Commission Malaysia ("SC");
- (ii) with market capitalisation of not more than the limit considered by the SC to be appropriate for fund similar to this Fund; and
- (iii) which have the potential for capital appreciation over the Medium to Long Term.

7. Fund distribution policy

It is not the main objective of the Fund to distribute income as the main focus of the Fund is to secure capital growth in line with the performance of the Fund's benchmark. Any distribution is at the Manager's discretion, subject to Trustee's approval.

8. Fund's performance benchmark

FTSE Bursa Malaysia Small Index

9. The Fund's asset allocation policy

The Fund will be investing a minimum of 70% of the Fund's assets in stocks and shares of small and medium cap companies, and a minimum of 2% of the Fund's NAV will be invested in liquid assets and money market instruments.

10. The Fund's investment policy and principal investment strategy

The Fund invests in securities of companies which have obtained approval from the relevant authorities for listing on the Main Market or ACE Market of Bursa Malaysia. The Fund invests primarily in selected small and medium sized companies with market capitalisation of not more than Ringgit Malaysia ("RM") 3 billion at the point of purchase of stocks which have the potential for capital appreciation over the Medium to Long Term. The Fund may also invest in companies with market capitalisation exceeding RM3 billion in order to increase the benefit of diversification and enhance the stability of the Fund. The Fund may consider investment in unlisted equities. However, investment in unlisted equities is limited to a maximum of 10% of the NAV of the Fund.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

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

B. Performance Review

1. Key performance data of the Fund

Category	FY2023	FY2022	FY2021
Portfolio composition (%)			
Quoted equities	94.93	92.51	84.33
Construction	-	-	4.77
Consumer Products	24.27	26.57	12.03
Energy	17.63	8.28	4.42
Finance	3.98	7.03	2.00
Healthcare	5.14	-	1.09
Industrial Products	10.89	17.96	23.16
Plantations	4.48	6.89	2.64
Properties	-	-	0.20
Real Estate Investment Trusts ("REITs")	5.31	6.79	1.85
Technology	23.23	18.99	30.54
Utilities	-	-	1.63
Cash and other net assets	5.07	7.49	15.67
Total	100.00	100.00	100.00
NAV (RM'000)	27,422	28,914	135,546
Units in circulation (units'000)	41,778	47,104	180,131
NAV per unit (RM)	0.6564	0.6138	0.7525
Highest NAV per unit (RM)	0.7057	0.7794	0.9049
Lowest NAV per unit (RM)	0.5973	0.5552	0.6691
Net income distributed (RM'000)	-	-	4,318
Distribution date	-	-	28 July 2021
Gross/ Net distribution per unit (sen)	-	-	2.50
Annual total return (%) ⁽¹⁾	6.92	(18.42)	12.34
Benchmark (%)	8.95	(7.22)	18.16
Total Expense Ratio ("TER") (%) ⁽²⁾	1.63	1.65	1.64
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	0.43	1.43	0.53

Notes:

- (1) Actual return of the Fund for the financial year is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's TER decreased to 1.63% due to lower administrative expenses incurred during the current financial year.
- (3) The Fund's PTR decreased to 0.43 times due to decrease in trading activities during the current financial year.

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

MAYBANK MALAYSIA SMALLCAP FUND

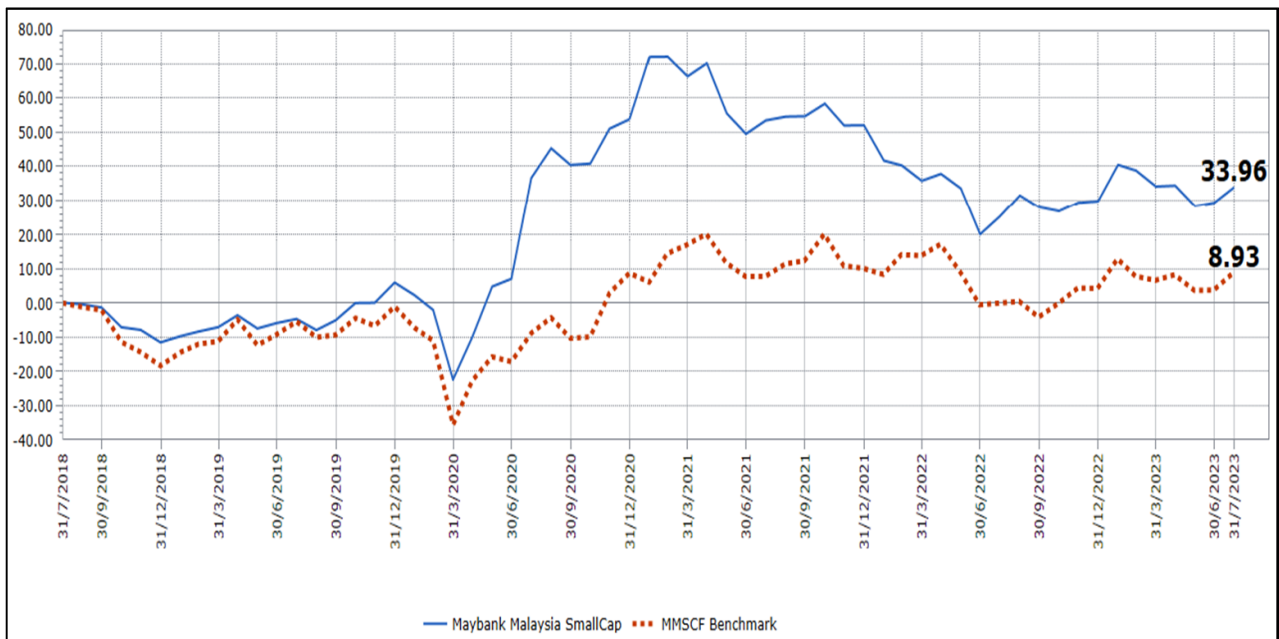
Manager's report

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

B. Performance Review (cont'd)

2. Performance of the Fund up to 31 July 2023

Category	1 year to 31.07.2023 %	3 years to 31.07.2023 %	5 years to 31.07.2023 %
Capital growth	6.92	(5.14)	26.94
Income distribution	-	3.31	5.53
Total return of the Fund	6.92	(2.01)	33.96
Benchmark	8.95	19.44	8.93
Average total return	6.92	(0.67)	6.02



Source: Lipper, as at 31 July 2023

Has the Fund met its objective?

During the financial year under review, the Fund recorded a return of 6.9%, underperforming the benchmark's return of 9.0%. The underperformance was due to the Fund's lower exposure to entertainment related sector which saw a big increase in demands. The underperformance was also caused by some of the consumer staples sectors which was impacted by higher cost challenges. The Fund's performance was held up by strategic decisions to participate in newly listed companies which did well and avoided the new listings which have poor fundamentals.

For a period of 3 years, the Fund's performance was impacted by profit taking activities but for a longer period of 5 years, the Fund saw returns of 34.0% vs. the benchmark which saw returns of 8.9%. Overall the Fund achieved its long term growth objective.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

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

B. Performance Review (cont'd)

3. Annual total return of the Fund

For the financial year ended	31.07.2023 %	31.07.2022 %	31.07.2021 %	31.07.2020 %	31.07.2019 %
Capital growth	6.92	(18.42)	8.74	40.56	(4.80)
Income distribution	-	-	3.31	2.15	-
Total return	6.92	(18.42)	12.34	43.59	(4.80)
Benchmark	8.95	(7.22)	18.16	(3.59)	(5.41)

4. Basis of calculation made in calculating the returns:

The performance figures are a comparison of the growth/ decline in NAV after taking into account all the distributions payable (if any) during the stipulated period.

An illustration of the above would be as follows:

Capital return	=	(NAV per unit end/ NAV per unit begin) - 1
Income return	=	Income distribution per unit/ NAV per unit ex-date
Total return	=	(1+Capital return) x (1+Income return) - 1

C. Market Review

During the financial year under review, the equity market saw a steady recovery from the low back in October 2022. The Dow Jones and Standard and Poor's 500 ("S&P500") registered returns of 8.3% and 11.1% respectively for the financial year whereas Euro Stoxx 50 saw bigger returns at 20.6%.

For the regional markets, most market saw positive returns with the The Straits Time Index ("STI"), Taiwan Stock Exchange ("TWSE") & Philippines Stock Exchange Index ("PCOMP") recorded returns of 5.1%, 14.3% & 4.4% respectively. The Jakarta Composite Index ("JCI") and Hap Seng Index ("HSI") saw flat numbers at -0.3% & -0.4% respectively.

Domestically, Malaysia underperformed the other markets, with FTSE Bursa Malaysia KLCI ("FBMKLCI") saw a slight negative at -2.2% and the broader market FTSE Bursa Malaysia Emas Index ("FBM Emas Index") posted returns of 1.0% for the financial year under review. Meanwhile, the FTSE Bursa Malaysia SmallCap Index saw returns of 9.0% as investors seek higher alphas.

Despite the recovery of the overall sentiments especially the United States ("US") market, the local market saw lacklustre performance due to downgrades of earning per share ("EPS") as corporate reported weaker earnings, foreign outflow due to the higher United States Federal Reserve ("US Fed") rates and local investors invested more overseas political uncertainty with the upcoming state elections.

MAYBANK MALAYSIA SMALLCAP FUND

Manager's report

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

D. Market outlook and Strategies

Beginning of 2023, sentiment was shifting, and markets were buoyant as we saw an impressive rally off the lows of 2022, delivering significant positive returns across all asset classes at the beginning of the year. The outlook for the global economy has improved as data indicates that the economic activities in both the US and Europe have been relatively resilient, primarily due to lower energy prices and the Chinese economy reopening sooner than anticipated. However, this optimism was short-lived, serving as a sobering reminder that inflation and the economy is still faced with challenges. More recent data points have indicated that the economic recovery has been sluggish amidst with already equity and commodity markets reacting weak. This sets a cloudy outlook at least in the near-term while investors still have to content with monetary policy.

The year has been marked by elevated volatility and distinctive challenges for equity markets, both of which we expect to persist as we move through the rest of the year. In terms of equity strategy, we are maintaining our longer-term positive stance on Malaysia on the back of the continuing post-pandemic economic recovery. We still nonetheless remain wary on the risks of inflation and the pressure on global economic growth. Hence, we would have higher cash and exposure towards defensive stocks to ride through the volatility but remain nimble in our approach. Any significant weaknesses in the market present a buying opportunity for longer term holding.

E. Soft Commissions and Rebates

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

During the financial year ended 31 July 2023, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

**TRUSTEE'S REPORT
TO THE UNITHOLDERS OF MAYBANK MALAYSIA SMALLCAP FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 July 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, **Maybank Asset Management Sdn Bhd** has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
CIMB Commerce Trustee Berhad

Datin Ezreen Eliza binti Zulkiplee
Chief Executive Officer

Kuala Lumpur, Malaysia
19 September 2023

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK MALAYSIA SMALLCAP FUND
FOR THE FINANCIAL YEAR ENDED 31 JULY 2023**

We, Dr Hasnita Binti Dato' Hashim and Ahmed Muzni Bin Mohamed, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Malaysia SmallCap Fund as at 31 July 2023 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 July 2023 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Chairman

Ahmed Muzni Bin Mohamed
Director

Kuala Lumpur, Malaysia
19 September 2023

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Malaysia SmallCap Fund (the "Fund"), which comprise the statement of financial position as at 31 July 2023, and statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the financial year ended 31 July 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 33.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 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 of the Fund (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.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditors' report to the Unitholders of Maybank Malaysia Smallcap Fund (cont'd)

Information other than the financial statements and auditors' report thereon (cont'd)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the Unitholders of Maybank Malaysia Smallcap 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the Unitholders of
Maybank Malaysia Smallcap Fund (cont'd)**

Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
03103/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
19 September 2023

MAYBANK MALAYSIA SMALLCAP FUND**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2023**

	Note	2023 RM	2022 RM
INVESTMENT INCOME/ (LOSS)			
Dividend income		704,623	790,676
Profit/ Interest income		95,956	115,642
Net gain/ (loss) from financial assets at fair value through profit or loss ("FVTPL"):			
- Realised gain		986,426	14,024,619
- Unrealised gain/ (loss)		689,071	(18,877,961)
		<u>2,476,076</u>	<u>(3,947,024)</u>
EXPENSES			
Manager's fee	3	462,147	609,414
Trustee's fee	4	21,567	28,439
Auditors' remuneration		9,005	11,400
Tax agent's fee		3,860	4,210
Brokerage and other transaction fees		85,378	313,123
Administrative expenses		4,486	27,022
		<u>586,443</u>	<u>993,608</u>
Net results before taxation		1,889,633	(4,940,632)
Taxation	5	(6,916)	(7,451)
Net results after taxation, which is the total comprehensive income/ (loss) for the financial year		<u>1,882,717</u>	<u>(4,948,083)</u>
Net results after taxation is made up of the following:			
Net realised income		1,193,646	13,929,878
Net unrealised income/ (loss)		689,071	(18,877,961)
		<u>1,882,717</u>	<u>(4,948,083)</u>

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

MAYBANK MALAYSIA SMALLCAP FUND**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023**

	Note	2023 RM	2022 RM
ASSETS			
Financial assets at FVTPL	6	26,031,529	26,749,804
Deposit with a licensed financial institution	7	1,572,562	1,724,492
Profit/ Interest receivable		127	319
Amount due from Manager	8	493	19,564
Amount due from brokers	9	314,674	445,194
Cash at bank		12,491	48,610
TOTAL ASSETS		27,931,876	28,987,983
LIABILITIES			
Amount due to Manager	8	489,262	45,252
Amount due to Trustee	10	1,733	5,081
Other payables and accruals		18,907	23,222
TOTAL LIABILITIES		509,902	73,555
NET ASSETS VALUE ("NAV") OF THE FUND		27,421,974	28,914,428
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:			
Unitholders' capital	11(a)	(9,369,206)	(5,994,035)
Retained earnings	11(b)&(c)	36,791,180	34,908,463
		27,421,974	28,914,428
NUMBER OF UNITS IN CIRCULATION (UNITS)	11(a)	41,778,477	47,104,046
NAV PER UNIT (RM)		0.6564	0.6138

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

MAYBANK MALAYSIA SMALLCAP FUND

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

	Unitholders' capital Note 11(a) RM	Retained earnings Note 11(b) & 11(c) RM	Net assets attributable to unitholders RM
At 1 August 2022	(5,994,035)	34,908,463	28,914,428
Total comprehensive income for the financial year	-	1,882,717	1,882,717
Creation of units	21,892,913	-	21,892,913
Cancellation of units	(25,268,084)	-	(25,268,084)
At 31 July 2023	<u>(9,369,206)</u>	<u>36,791,180</u>	<u>27,421,974</u>
At 1 August 2021	95,689,098	39,856,546	135,545,644
Total comprehensive loss for the financial year	-	(4,948,083)	(4,948,083)
Creation of units	13,687,854	-	13,687,854
Cancellation of units	(115,370,987)	-	(115,370,987)
At 31 July 2022	<u>(5,994,035)</u>	<u>34,908,463</u>	<u>28,914,428</u>

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

MAYBANK MALAYSIA SMALLCAP FUND**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2023**

	2023	2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from disposal of financial assets at FVTPL	14,378,754	100,925,029
Net payment for purchase of financial assets at FVTPL	(11,940,363)	(17,009,749)
Net dividend received	697,707	809,676
Profit/ Interest received	96,148	117,011
Manager's fee paid	(460,514)	(742,103)
Trustee's fee paid	(24,915)	(31,207)
Other expenses paid	(21,143)	(43,189)
Net cash generated from operating and investing activities	<u>2,725,674</u>	<u>84,025,468</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	21,911,984	14,229,042
Payments for cancellation of units	(24,825,707)	(115,362,827)
Net cash used in financing activities	<u>(2,913,723)</u>	<u>(101,133,785)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(188,049)	(17,108,317)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>1,773,102</u>	<u>18,881,419</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>1,585,053</u>	<u>1,773,102</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash at bank	12,491	48,610
Deposit with a licensed financial institution with maturity of less than 3 months (Note 7)	1,572,562	1,724,492
	<u>1,585,053</u>	<u>1,773,102</u>

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

MAYBANK MALAYSIA SMALLCAP FUND

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Malaysia SmallCap Fund ("the Fund") was constituted pursuant to the execution of a Deed dated 11 February 2004 between Amanah Mutual Berhad ("AMB") as the Manager, and Malaysian Trustee Berhad as the Trustee and the Registered Holders of the Fund. A First Supplemental Deed dated 26 May 2005 and a Second Supplemental Deed dated 28 January 2014, which was entered into between the Manager, Malaysian Trustee Berhad and the new Trustee, CIMB Commerce Trustee Berhad, was issued to amend the principal Deed. Also, Third Supplemental Deed was also issued on 27 January 2016. The Fund commenced operations on 24 March 2004 and will continue to be in operations until terminated by the Trustee as provided under the Deeds.

The Manager, a company incorporated in Malaysia, is principally engaged in the management of unit trust funds. Amanah Saham Nasional Berhad ("ASNB") and Permodalan Nasional Berhad, companies incorporated in Malaysia, were the holding and ultimate holding company of the Manager until 16 May 2018.

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

MAM and CIMB Commerce Trustee Berhad as the Trustee had entered into a Fourth Supplemental Deed dated 4 September 2018, Fifth Supplemental Deed dated 11 July 2019 and Sixth Supplemental Deed dated 3 August 2022. The Deed and Supplemental Deeds are hereinafter referred to as 'Deeds'.

The principal activity of the Fund is to invest in a selected portfolio of investments in small and medium size companies listed on the Main Market of Bursa Malaysia Securities Berhad and other approved investments.

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

The financial statements were authorised for issue by the Board of Directors of the Manager (the "Directors") in accordance with a resolution of the Directors on 19 September 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 for the financial year ended 31 July 2023. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to 2.14 to the financial statements. The financial statements are presented in Ringgit Malaysia ("RM").

MAYBANK MALAYSIA SMALLCAP FUND

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

2.2 Standards, amendments to standards and interpretations issued but not yet effective

The following are Standards and Amendments to Standards 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 MFRS 112: <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023
Amendments to MFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7: <i>Supplier Finance Arrangements</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.

(i) Financial assets at amortised cost

The Fund classifies profit/ interest receivables, amount due from Manager, amount due from brokers, cash and cash equivalents as financial assets at amortised cost.

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets (cont'd)

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

These assets are subsequently measured 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 fair value through profit or loss ("FVTPL") on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit/ 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.

These assets are subsequently measured using the EPR/ EIR method and are subject to impairment. The EPR/ EIR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the profit income in profit or loss over the relevant period.

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

Debt instruments that do not meet the amortised cost 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 year, with any gains or losses arising on remeasurement recognised in profit or loss.

Profit/ Interest income on debt instruments as at FVTPL is disclosed separately in the profit or loss.

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets (cont'd)

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

Dividend income on investments in equity instruments at FVTPL is recognised when the Fund's right to receive the dividends is established in accordance with MFRS 9 and is disclosed separately in the profit or loss.

Changes in the fair value of FVTPL investments are recognised in unrealised gain/ (loss) on FVTPL investments in profit and loss. Accumulated unrealised gains or losses are reclassified to realised gain/ (loss) on FVTPL investments' in profit or loss when the associated assets are sold.

(iii) Impairment

Credit losses are recognised based on the Expected Credit Loss ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. The impairment model does not apply to equity investments.

ECL 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

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.

MAYBANK MALAYSIA SMALLCAP FUND

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

2.4 Financial assets (cont'd)

(iv) Derecognition (cont'd)

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/ 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 assets 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 assets at amortised cost, gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

2.5 Financial liabilities

(i) Classification

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

(ii) Recognition and measurement

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EPR/ EIR method. The EPR/ EIR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the profit expense in profit or loss over the relevant period.

(iii) Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.6 Unitholders' capital

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

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.6 Unitholders' capital (cont'd)

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

2.7 Revenue/ Income

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

Dividend income is recognised when the right to receive is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Realised gain or loss on disposal of investments is accounted for as the difference between net disposal proceeds and the carrying amount of the investments.

Other 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.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposit with a licensed financial institution with maturities of 3 months or less, which have an insignificant risk of changes in value.

2.9 Distribution

Distribution is declared at the discretion of the Fund Manager based on the availability of the distributable income. Distribution is either reinvested or paid in cash to the unitholders on the income payment date.

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as a deduction to the unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved. Reinvestment of units is based on the NAV per unit on the income payment date which is also the time of creation.

2.10 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 rate based upon the taxable income earned during the financial year.

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

MAYBANK MALAYSIA SMALLCAP FUND

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

2.11 Fair value measurement

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

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

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

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

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

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

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

2.12 Functional and foreign 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.

2.13 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.

2.14 Critical accounting estimates and judgements

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions 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 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.

MAYBANK MALAYSIA SMALLCAP FUND

3. MANAGER'S FEE

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

4. TRUSTEE'S FEE

The Trustee fee is calculated and accrued daily. The Trustee fee is computed based on 0.07% (2022: 0.07% p.a.) of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, subject to a minimum of RM 18,000 p.a..

5. TAXATION

	2023 RM	2022 RM
Tax charge for the financial year:		
Current income tax expense	<u>6,916</u>	<u>7,451</u>

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

The tax expense for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, profit/ interest income and dividend income earned by the Fund is exempted from tax.

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 of the Fund is as follows:

	2023 RM	2022 RM
Net results before taxation	<u>1,889,633</u>	<u>(4,940,632)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	453,512	(1,185,752)
Income not subject to tax	(594,258)	(3,583,425)
Loss not deductible for tax purpose	-	4,530,711
Expenses not deductible for tax purposes	140,746	238,466
Income tax at source	6,916	7,451
Tax expense for the financial year	<u>6,916</u>	<u>7,451</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. FINANCIAL ASSETS AT FVTPL

			2023 RM	2022 RM
Quoted equities			26,031,529	26,749,804
2023	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Consumer Products				
Berjaya Food Bhd	1,480,000	984,348	1,006,400	3.67
Berjaya Sports Toto Bhd	500,000	939,436	730,000	2.66
DXN Holding Bhd	1,800,000	1,192,140	1,341,000	4.89
Farm Fresh Bhd	1,000,000	1,417,500	1,160,000	4.23
Focus Point Holdings Bhd	2,155,900	604,957	1,789,397	6.53
Spring Art Holdings Bhd	3,800,000	1,162,100	627,000	2.29
	<u>10,735,900</u>	<u>6,300,481</u>	<u>6,653,797</u>	<u>24.27</u>
Energy				
Bumi Armada Bhd	800,000	359,280	416,000	1.52
Dayang Enterprise Holdings Bhd	744,900	922,892	1,042,860	3.80
Deleum Bhd	734,800	667,625	661,320	2.41
Hibiscus Petroleum Bhd	900,000	871,904	837,000	3.05
Wasco Bhd	1,011,200	834,785	1,001,088	3.65
Yinson Holdings Bhd	344,600	761,853	878,730	3.20
	<u>4,535,500</u>	<u>4,418,339</u>	<u>4,836,998</u>	<u>17.63</u>
Finance				
RHB Bank Bhd	191,792	991,988	1,091,296	3.98
Healthcare				
Umedic Group Bhd	2,000,000	640,000	1,410,000	5.14

MAYBANK MALAYSIA SMALLCAP FUND
6. FINANCIAL ASSETS AT FVTPL (CONT'D)

2023 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Industrial Products				
Nationgate Holdings Bhd	500,000	414,500	775,000	2.83
Press Metal Aluminium Holdings Bhd	70,000	354,067	352,800	1.29
RGT Bhd	2,000,000	900,000	560,000	2.04
SLP Resources Bhd	666,300	857,828	586,344	2.14
Superlon Holdings Bhd	1,100,000	817,227	709,500	2.59
	<u>4,336,300</u>	<u>3,343,622</u>	<u>2,983,644</u>	<u>10.89</u>
Plantation				
Hap Seng Plantations Holdings Bhd	129,800	359,585	257,004	0.94
Sarawak Oil Palms Bhd	300,000	629,015	783,000	2.86
TA Ann Holdings Bhd	50,000	259,378	186,000	0.68
	<u>479,800</u>	<u>1,247,978</u>	<u>1,226,004</u>	<u>4.48</u>
Real Estate Investment Trusts ("REITs")				
Axis REITs	800,000	1,434,663	1,456,000	5.31
Technology				
Cnenergiz Bhd	1,200,000	696,000	912,000	3.33
Datasonic Group Bhd	1,950,000	906,200	926,250	3.38
Elsoft Research Bhd	1,500,000	1,317,585	840,000	3.06
Frontken Corp Bhd	200,000	134,237	648,000	2.36
IT Max System Bhd	550,000	588,500	786,500	2.87

MAYBANK MALAYSIA SMALLCAP FUND

6. FINANCIAL ASSETS AT FVTPL (CONT'D)

2023 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Technology (cont'd)				
Malaysian Pacific Industries	20,000	247,113	585,600	2.14
Pentamaster Corporation Bhd	100,000	484,757	524,000	1.91
TT Vision Holdings Bhd	833,500	998,775	950,190	3.45
Frontken Corp Bhd (Warrants)	875,000	-	201,250	0.73
	<u>7,228,500</u>	<u>5,373,167</u>	<u>6,373,790</u>	<u>23.23</u>
Total FVTPL investments	<u>30,307,792</u>	<u>23,750,238</u>	<u>26,031,529</u>	<u>94.93</u>
Unrealised gain on FVTPL investments			<u>2,281,291</u>	
2022				
Consumer Products				
Berjaya Sports Toto Bhd	600,000	1,136,717	1,116,000	3.86
Farm Fresh Bhd	700,000	945,000	1,176,000	4.07
Focus Point Holdings Bhd	2,500,000	982,119	1,787,500	6.18
Salutica Bhd	1,000,000	558,275	370,000	1.28
Spring Art Holdings Bhd	4,780,000	1,461,800	1,027,700	3.55
Umedic Group Berhad	4,500,000	1,440,000	2,205,000	7.63
	<u>14,080,000</u>	<u>6,523,911</u>	<u>7,682,200</u>	<u>26.57</u>
Energy				
Dayang Enterprise Holdings Bhd	744,900	922,892	741,176	2.56
Hibiscus Petroleum Bhd	900,000	871,904	805,500	2.79
Yinson Holdings Bhd	393,600	870,184	826,560	2.86
Yinson Holdings Bhd (Warrants)	48,685	-	21,421	0.07
	<u>2,087,185</u>	<u>2,664,980</u>	<u>2,394,657</u>	<u>8.28</u>

MAYBANK MALAYSIA SMALLCAP FUND

6. FINANCIAL ASSETS AT FVTPL (CONT'D)

2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Finance				
MBB *	104,693	833,373	927,580	3.21
RHB Bank Bhd	187,900	973,105	1,104,852	3.82
	292,593	1,806,478	2,032,432	7.03
Industrial Products				
Destini Bhd	5,000,000	1,080,882	550,000	1.90
HPMT Holdings Bhd	1,500,000	840,000	645,000	2.23
HPP Holdings Bhd	1,200,000	432,000	528,000	1.83
Press Metal Aluminium Holdings Bhd	150,000	758,715	729,000	2.52
RGT Bhd	2,000,000	900,000	670,000	2.32
SLP Resources Bhd	750,000	965,588	660,000	2.28
Superlon Holdings Bhd	500,000	426,577	335,000	1.16
TA Win Holdings Bhd	6,000,000	835,700	510,000	1.76
Texchem Resources Bhd	150,000	404,370	445,500	1.54
TA Win Holdings Bhd (Warrants)	4,000,000	-	120,000	0.42
	21,250,000	6,643,832	5,192,500	17.96
Plantation				
Hap Seng Plantations Holdings Bhd	300,000	831,090	705,000	2.44
Sarawak Oil Palms Bhd	300,000	629,015	828,000	2.86
TA Ann Holdings Bhd	120,000	622,506	460,800	1.59
	720,000	2,082,611	1,993,800	6.89

MAYBANK MALAYSIA SMALLCAP FUND

6. FINANCIAL ASSETS AT FVTPL (CONT'D)

2022 (cont'd)	Quantity Unit	Aggregate cost RM	Market Value RM	Percentage of NAV %
Real Estate Investment Trusts ("REITs")				
Axis REITs	1,006,136	1,804,333	1,961,965	6.79
Technology				
Cnergenz Bhd	2,000,000	1,160,000	1,220,000	4.22
D&O Green Technologies Bhd	100,000	229,457	407,000	1.40
Elsoft Research Bhd	1,500,000	1,317,585	982,500	3.40
Frontken Corp Bhd	300,000	201,355	864,000	2.99
Malaysian Pacific Industries	30,000	370,669	969,000	3.35
UWC Bhd	200,000	352,373	796,000	2.75
Frontken Corp Bhd (Warrants)	875,000	-	253,750	0.88
	<u>5,005,000</u>	<u>3,631,439</u>	<u>5,492,250</u>	<u>18.99</u>
Total FVTPL investments	44,440,914	25,157,584	26,749,804	92.51
Unrealised gain on FVTPL investments			1,592,220	

* MBB is the ultimate holding company of the Manager.

7. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 RM	2022 RM
Short term placement with a licensed financial institution with maturity of:		
- less than 3 months	<u>1,572,562</u>	<u>1,724,492</u>

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

	2023 WAEPR/ WAEIR % p.a.	Average maturity Days	2022 WAEPR/ WAEIR % p.a.	Average maturity Days
Deposit with a licensed financial institution	<u>2.95</u>	<u>1</u>	<u>2.25</u>	<u>3</u>

MAYBANK MALAYSIA SMALLCAP FUND

8. AMOUNT DUE FROM/ (TO) MANAGER

		2023	2022
		RM	RM
Amount due from Manager is in respect of:			
Creation of units	(i)	493	19,564
Amount due to Manager is in respect of:			
Manager's fee	(ii)	37,133	35,500
Cancellation of units	(iii)	452,129	9,752
		<u>489,262</u>	<u>45,252</u>

- (i) The amount represents amount receivable from the Manager for units created.
- (ii) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial year. The normal credit term for Manager's fee is 15 days (2022: 15 days).
- (iii) The amount represents amount payable to the Manager for units cancelled.

9. AMOUNT DUE FROM BROKERS

Amount due from brokers relates to the amount receivable from brokers arising from the sales of investments. The settlement period for this receivables is within 2 working days (2022: 2 working days) from the deal date.

10. AMOUNT DUE TO TRUSTEE

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

11. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

	Note	2023	2022
		RM	RM
Unitholders' capital	11 (a)	(9,369,206)	(5,994,035)
Accumulated realised income	11 (b)	34,509,891	33,316,245
Accumulated unrealised income	11 (c)	2,281,289	1,592,218
		<u>27,421,974</u>	<u>28,914,428</u>

(a) Unitholder's capital

	2023		2022	
	Units	RM	Units	RM
As at beginning of the financial year	47,104,046	(5,994,035)	180,131,020	95,689,098
Creation of units	34,029,589	21,892,913	20,085,544	13,687,854
Cancellation of units	<u>(39,355,158)</u>	<u>(25,268,084)</u>	<u>(153,112,518)</u>	<u>(115,370,987)</u>
As at end of the financial year	<u>41,778,477</u>	<u>(9,369,206)</u>	<u>47,104,046</u>	<u>(5,994,035)</u>

MAYBANK MALAYSIA SMALLCAP FUND

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

(a) Unitholder's capital (cont'd)

As at the reporting date, the total number and value of units held legally or beneficially by the Manager are as follows:

	2023		2022	
	Units	RM	Units	RM
MBB, the ultimate holding of the Manager	8,722,221	5,724,970	9,835,056	6,036,757

The units are held beneficially by the Manager for booking purposes, and are within the prescribed limit allowed by the SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the directors or parties related to the Manager.

(b) Accumulated realised income

	2023	2022
	RM	RM
At the beginning of the financial year	33,316,245	19,386,367
Net realised income for the financial year	1,193,646	13,929,878
At the end of the financial year	34,509,891	33,316,245

(c) Accumulated unrealised income

	2023	2022
	RM	RM
At the beginning of the financial year	1,592,218	20,470,179
Net unrealised gain/ (loss) for the financial year	689,071	(18,877,961)
At the end of the financial year	2,281,289	1,592,218

12. TRANSACTIONS WITH BROKERS/ DEALERS/ FINANCIAL INSTITUTIONS

The transactions with top 10 brokers/ dealers are as follows:

	Value of trade	Percent of total trade	Brokerage fees	Percent of brokerage fees
2023	RM	%	RM	%
TA Securities Holdings Bhd	10,570,179	41.79	10,705	30.68
Kenanga Investment Bank Bhd	3,962,089	15.67	7,932	22.72
Nomura Securities Malaysia Sdn Bhd	3,334,287	13.19	5,886	16.86
Hong Leong Investment Bank Bhd	3,253,186	12.87	4,420	12.66
CLSA Securities Malaysia Sdn Bhd	1,990,451	7.87	3,980	11.40
Maybank Investment Bank Bhd ("MIBB")*	1,326,660	5.25	662	1.90

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

	Value of trade RM	Percent of total trade %	Brokerage fees RM	Percent of brokerage fees %
2023 (cont'd)				
United Overseas Bank (M) Bhd	474,296	1.88	945	2.71
JF Apex Securities Bhd	373,950	1.48	375	1.07
	<u>25,285,098</u>	<u>100.00</u>	<u>34,905</u>	<u>100.00</u>
2022				
Nomura Securities Sdn Bhd	28,857,247	26.43	57,868	34.02
TA Securities Bhd	24,083,218	22.05	24,272	14.26
Hong Leong Investment Bank Bhd	20,690,978	18.95	24,581	14.44
Kenanga Investment Bank Bhd	16,746,331	15.33	30,258	17.78
Affin Hwang Investment Bank Bhd	7,890,085	7.22	15,823	9.30
CLSA Securities (M) Sdn Bhd	3,318,061	3.04	6,657	3.91
RHB Investment Bank Bhd	3,009,233	2.76	6,080	3.57
JF Apex Securities Bhd	2,437,196	2.23	2,451	1.44
MIDF Amanah Investment Bank Bhd	2,176,865	1.99	2,182	1.28
	<u>109,209,214</u>	<u>100.00</u>	<u>170,172</u>	<u>100.00</u>

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

13. SIGNIFICANT RELATED PARTY TRANSACTION 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 is the significant related party transaction and balances of the Fund during the financial year.

Other than those disclosed elsewhere in the financial statements, the significant related party transactions and balances as at the reporting date are as below:

	2023 RM	2022 RM
(a) Significant related party transactions		
<u>MBB:</u>		
Profit/ Interest income from deposits	<u>73,348</u>	<u>35,883</u>
<u>MIB:</u>		
Profit income from deposits	<u>-</u>	<u>39,359</u>
<u>MBB:</u>		
Dividend income	<u>29,314</u>	<u>89,695</u>

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13. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES (CONT'D)

	2023 RM	2022 RM
(b) Significant related party balances		
<u>MBB:</u>		
Deposit with a licensed financial institution	1,572,562	1,724,492
Profit/ Interest receivable	127	319

14. TOTAL EXPENSE RATIO ("TER")

TER is calculated based on the ratio of the total fees and recovered expenses for the year, to the average daily NAV of the Fund. For the financial year ended 31 July 2023, the TER of the Fund stood at 1.63% (2022: 1.68%).

15. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial year to the daily average NAV of the Fund. For the financial year ended 31 July 2023, the PTR of the Fund stood at 0.43 times (2022: 1.43 times).

16. 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 classifications. The significant accounting policies in Note 2.3 to 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 liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

2023	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Financial assets at FVTPL	26,031,529	-	-	26,031,529
Deposit with a licensed financial institution	-	1,572,562	-	1,572,562
Profit/ Interest receivable	-	127	-	127
Amount due from Manager	-	493	-	493
Amount due from brokers	-	314,674	-	314,674
Cash at bank	-	12,491	-	12,491
Total financial assets	26,031,529	1,900,347	-	27,931,876

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16. FINANCIAL INSTRUMENTS (CONT'D)

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

2023 (cont'd)	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Liabilities				
Amount due to Manager	-	-	489,262	489,262
Amount due to Trustee	-	-	1,733	1,733
Other payables and accruals	-	-	18,907	18,907
Total financial liabilities	-	-	509,902	509,902
2022				
Assets				
Financial assets at FVTPL	26,749,804	-	-	26,749,804
Deposit with a licensed financial institution	-	1,724,492	-	1,724,492
Profit/ Interest receivable	-	319	-	319
Amount due from Manager	-	19,564	-	19,564
Amount due from brokers	-	445,194	-	445,194
Cash at bank	-	48,610	-	48,610
Total financial assets	26,749,804	2,238,179	-	28,987,983
Liabilities				
Amount due to Manager	-	-	45,252	45,252
Amount due to Trustee	-	-	5,081	5,081
Other payables and accruals	-	-	23,222	23,222
Total financial liabilities	-	-	73,555	73,555

(b) Financial instruments that are carried at fair value

The fair value of quoted investments in shares, warrants and REITs are determined by reference to the last bid price on the Bursa Malaysia as at the statement of financial position date.

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16. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Investments at FVTPL	26,031,529	-	-	26,031,529
2022				
Investments at FVTPL	26,749,804	-	-	26,749,804

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

Other than its 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.

17. SEGMENTAL REPORTING

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker of the Manager 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 chief operating decision-maker is responsible for the performance of the Fund by investing a minimum of 70% of the Fund's assets in equities and equity-related securities, and a minimum of 2% of the Fund's NAV will be invested in liquid assets.

The internal reporting 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.

18. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund maintains investment portfolios in a variety of listed financial instruments as dictated by its Deeds and investment management strategy. The Fund is exposed to a variety of risks including market risk (which includes price risk) and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instruments, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices. The maximum risk resulting from financial instruments equals their fair value. The market risk is managed through consistent monitoring and swift response to various factors that may adversely affect the Fund.

(i) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equities. This risk can be minimised through investing in a wide range of companies in different sectors, which function independently from one another.

(ii) Equity price risk concentration

The Fund's exposure to equity price risk based on its portfolio of investments as at the reporting date is disclosed in Note 6 to the financial statements.

(iii) Equity price risk sensitivity

Management's best estimate of the effect on profit for the year due to a reasonable change in equity index, with all other variables held constant is indicated in the table below:

	2023		2022	
	Changes in equity price %	Effects on profit for the year Increase/ (decrease) RM	Changes in equity price %	Effects on profit for the year Increase/ (decrease) RM
Quoted equities	+ 5	1,301,576	+ 5	1,337,490
	- 5	(1,301,576)	- 5	(1,337,490)

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

(c) 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 assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise of cash at bank, deposit with a licensed financial institution and other instruments which are capable of being converted into cash within 7 days.

The following table summarises the maturity profile of the Fund's financial liabilities. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

	Less than 1 month RM	Total RM
2023		
Financial assets:		
Financial assets at FVTPL	26,031,529	26,031,529
Deposit with a licensed financial institution	1,572,562	1,572,562
Profit/ Interest receivable	127	127
Amount due from Manager	493	493
Amount due from brokers	314,674	314,674
Cash at bank	12,491	12,491
Total undiscounted financial assets	<u>27,931,876</u>	<u>27,931,876</u>
Financial liabilities:		
Amount due to Manager	489,262	489,262
Amount due to Trustee	1,733	1,733
Other payables and accruals	18,907	18,907
Net assets attributable to unitholders	<u>27,421,974</u>	<u>27,421,974</u>
Total undiscounted financial liabilities and net assets attributable to unitholder of the Fund	<u>27,931,876</u>	<u>27,931,876</u>
Liquidity (gap)/ surplus	<u>-</u>	<u>-</u>
2022		
Financial assets:		
Financial assets at FVTPL	26,749,804	26,749,804
Deposit with a licensed financial institution	1,724,492	1,724,492
Profit/ Interest receivable	319	319
Amount due from Manager	19,564	19,564
Amount due from brokers	445,194	445,194
Cash at bank	48,610	48,610
Total undiscounted financial assets	<u>28,987,983</u>	<u>28,987,983</u>

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

(c) Liquidity risk (cont'd)

2022 (cont'd)	Less than 1 month RM	Total RM
Financial liabilities:		
Amount due to Manager	45,252	45,252
Amount due to Trustee	5,081	5,081
Other payables and accruals	23,222	23,222
Net assets attributable to unitholders	28,914,428	28,914,428
Total undiscounted financial liabilities and net assets attributable to unitholder of the Fund	<u>28,987,983</u>	<u>28,987,983</u>
Liquidity (gap)/ surplus	<u>-</u>	<u>-</u>

Notes:**(i) Financial assets**

Analysis of financial assets at FVTPL and deposits into maturity groupings is based on the expected date on which these assets will be realised. The Fund's equities have been included in the "less than 1 month" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unitholders' equity be required to be redeemed. The other assets shall not comprise of tax recoverable in view that it is not a financial asset. 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.

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period 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 can be required to pay.

(iii) Unitholders' capital

The unitholders can request for redemption on their units by giving the Manager a T + 7 calendar day notice period, the unitholders' capital have been categorised as having a maturity of "less than 1 month".

(d) 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 profit/ interest, principal and proceeds from realisation of investments. These credit exposures exist within financial relationships and other transactions.

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

(d) 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 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 quality of financial assets

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

Financial assets	2023		2022	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	1,585,180	5.78	1,773,421	6.13

19. 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:

- To invest in investments meeting the description, risk exposure and expected returns as indicated in its prospectus;
- To achieve consistent returns while safeguarding capital by using various investment strategies;
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- 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 current financial year.