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# MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

**Unaudited semi-annual report  
For the financial period from 1 June 2023 to 30 November  
2023**

## **CORPORATE INFORMATION**

### **MANAGER**

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

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### **TRUSTEE**

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## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

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## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### Manager's report

For the financial period from 1 June 2023 to 30 November 2023

#### A. Fund Information

**1. Name of the Fund**

Maybank Financial Institutions Income Asia Fund (the "Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Fixed income (open-ended)

**4. Duration of the Fund**

The Fund is an open-ended fund.

**5. Fund launch date**

26 August 2014

**6. Fund's investment objective**

The Fund aims to provide unitholders income through investing in a portfolio of fixed income securities issued by financial institutions.

**7. Fund distribution policy**

Subject to availability of income, distribution shall be at least on a semi-annual basis. The Fund may distribute from realised income, realised gains and/ or capital to enable the Fund to distribute income on a regular basis.

For the avoidance of doubt, "capital" refers to unrealised income and/ or unrealised gains. Any declaration and payment of distribution will have the effect of lowering the NAV of the Fund.

**8. Fund's performance benchmark**

The benchmark of the Fund is the 12-month Maybank fixed deposit rate + 1.50% per annum.

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

To achieve the Fund's objective, the Fund will invest between 70% to 98% of its Net Asset Value ("NAV") in Ringgit Malaysia ("RM") denominated and/ or non-RM denominated fixed income securities issued by financial institutions which are domiciled and/ or located in the Asian region whilst the balance of between 2% to 30% of its NAV will be invested in liquid assets and any other RM denominated and/ or non-RM denominated fixed income securities.

**10. Net income distribution for the financial period from 1 June 2023 to 30 November 2023**

The Fund did not make any distribution in this financial period.

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### Manager's report

For the financial period from 1 June 2023 to 30 November 2023 (cont'd)

### B. Performance Review

#### 1. Key performance data of the Fund

Category	30.11.2023	30.11.2022	31.05.2023
<b>Portfolio Composition (%)</b>			
Unquoted fixed income securities (%)	76.02	76.62	88.53
- Australia	4.26	7.63	8.28
- British Virgin Islands	3.62	5.49	-
- France	6.15	5.33	9.20
- Hong Kong	10.04	9.75	8.62
- Japan	-	3.31	6.01
- Singapore	6.20	7.34	5.95
- South Korea	6.00	8.28	11.70
- Thailand	14.57	9.58	12.97
- United Kingdom	11.89	15.08	20.73
- United States	9.61	4.83	5.07
- China	3.68	-	-
<b>Cash and other net assets</b>	<b>23.98</b>	<b>23.38</b>	<b>11.47</b>
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
NAV (RM'000)	22,529	39,993	38,492
Units in circulation (units'000)	21,885	40,173	38,214
NAV per unit (RM)	1.0294	0.9955	1.0073
Highest NAV per unit (RM)	1.0294	1.0403	1.0403
Lowest NAV per unit (RM)	1.0073	0.9664	0.9664
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	2.19	(4.17)	(3.03)
- Income distribution (%)	-	-	-
Total return	2.19	(4.17)	(3.03)
Benchmark (%)	2.18	1.96	4.19
Total Expense Ratio ("TER") (%) <sup>(2)</sup>	0.56	0.55	1.13
Portfolio Turnover Ratio (times) <sup>(3)</sup>	0.35	0.41	0.64

#### Note:

- (1) Actual return of the Fund for the financial period is computed on daily average NAV per unit, net of Manager's and Trustee's fee.
- (2) The Fund's TER increased to 0.56 due to decreased in average daily NAV for the current financial period.
- (3) The Fund's PTR decreased to 0.35 times due to the decreased trading activities in the current financial period.

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

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

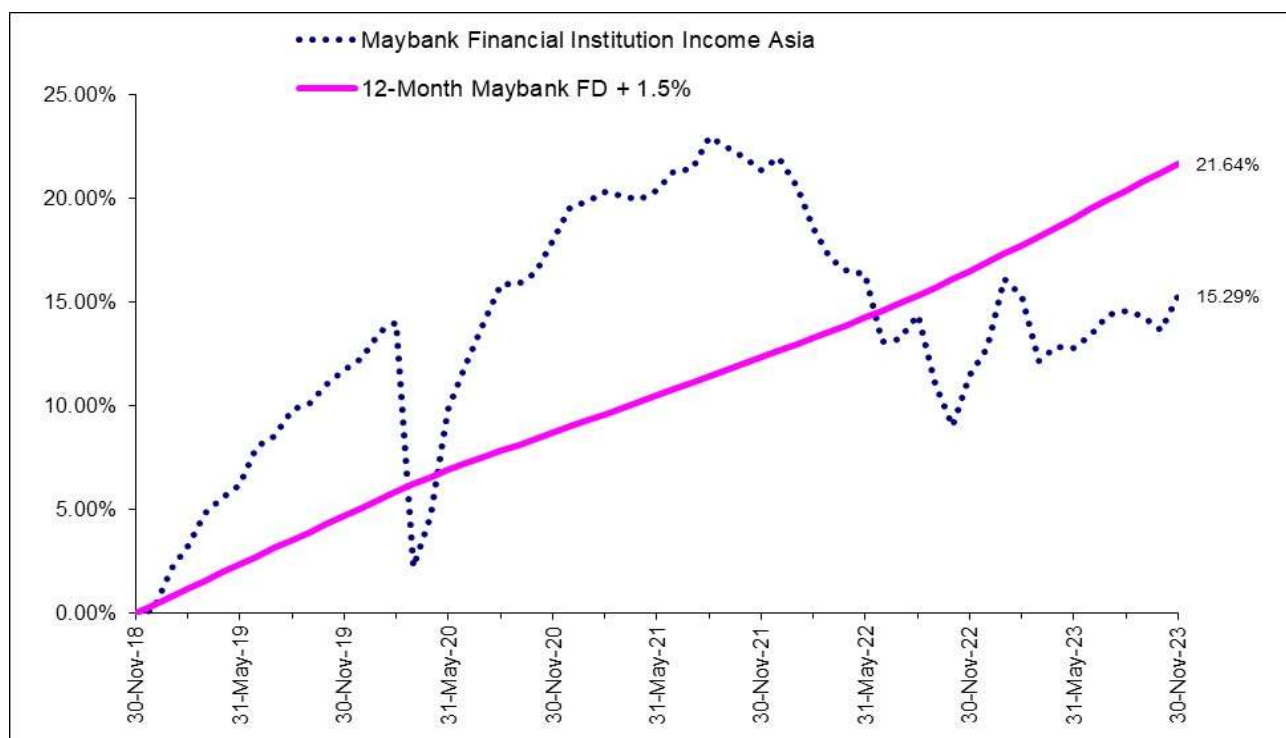
### Manager's report

For the financial period from 1 June 2023 to 30 November 2023 (cont'd)

### B. Performance Review (cont'd)

#### 2. Performance of the Fund up to 30 November 2023

Category	6 months to 30.11.2023 %	1 year to 30.11.2023 %	3 years to 30.11.2023 %	5 years to 30.11.2023 %
Capital growth	2.19	3.41	(6.63)	(0.67)
Income distribution	-	-	4.65	16.07
Total return of the Fund	2.19	3.41	(2.29)	15.29
Benchmark	2.18	4.41	11.89	21.64
Average total return		3.41	(0.77)	2.89



Source: Lipper, as at 30 November 2023

The Fund generated return of 2.19% for the financial period under review, outperforming 1 basis points (“bps”) compared to its benchmark of 2.18%. The outperformance mainly attributed to reduction in high yield credit holdings and underweight duration, as well as holding more than 15% cash, hence outperforming the benchmark in a weak market.

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### Manager's report

For the financial period from 1 June 2023 to 30 November 2023 (cont'd)

### B. Performance Review (cont'd)

#### 3. Annual total return of the Fund

Category	01.06.2023 to 30.11.2023 %	01.06.2022 to 31.05.2023 %	01.06.2021 to 31.05.2022 %	01.06.2020 to 31.05.2021 %	01.06.2019 to 31.05.2020 %
Annual total return	2.19	(3.03)	(3.35)	9.59	1.09
Benchmark	2.18	4.19	3.38	3.38	4.47

#### 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

In second quarter 2023, the news cycle was dominated by political infighting over the debt ceiling. Softer trends of some moderate interest rate hikes or pausing in rate cycles are gaining more traction across regions. Federal Open Market Committee ("FOMC") raised rates by another 25 bps to take its Federal Reserve ("Fed") fund target rate range to 5.00% to 5.25% which was widely expected. Meanwhile, European Central Bank ("ECB") increased its fixed interest rate by 25 bps in both May 2023 and June 2023 respectively, bringing its main rate from 3.00% to 3.50% in second quarter 2023. Bank Of England ("BOE") also followed suit by raising 50 bps to bring its rate from 4.25% to 4.75% in May 2023 and another 25 bps in June 2023 to 5.00% for the first half 2023. While for China, the recovery being delayed with weak economic data which gave additional headwinds to Asia bond market. However, the global bond performance was muted with the 10-year United States Treasury ("UST") largely unchanged to close at 3.80% level for first half 2023.

The key takeaways in third quarter 2023 were the update from the International Monetary Fund ("IMF") projects global growth to fall from an estimated 3.50% in 2022 to 3.00% in both 2023 and 2024. Expected global headline inflation to fall from 8.70% in 2022 to 6.80% in 2023 and 5.20% in 2024. On the policy rate front, FOMC raised its 11th rate increase of 25 bps with a target range of 5.25% to 5.50% in July 2023 and maintained the rate in September 2023 as widely expected.

The 2-year to 10-year curve steepened to negative 47 bps at the end of the third quarter 2023. New York Fed President John Williams indicated that the Fed may be done with rate hike but will need to maintain a restrictive monetary policy for some time. ECB delivered an unexpected dovish rate hike of 25 bps, bringing the benchmark deposit rate to 4.00% as it cut the Eurozone's growth outlook and signalled an end to its tightening cycle.

## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

### **Manager's report**

**For the financial period from 1 June 2023 to 30 November 2023 (cont'd)**

#### **C. Market Review (cont'd)**

Fourth quarter 2023 was kicked-off with higher treasury yields. UST Curve bear steepened with the longer end leading the rise in October 2023 by double-digits, with the 30-year rose by 31 bps, as investors are more willing to accept that the Fed could keep high rates for an extended period of time. ECB's key interest rate remained at 4.00% in October 2023 after 10 consecutive hikes with repeated message that rates at current levels would help bring inflation to target if "maintained for a sufficiently long duration." While the Bank of Japan ("BoJ) continued to adjust its yield curve control policy. It removed the trading band for 10-year Japanese government bond (JGB) yield and established 1.00% as a reference point. Fed continued to keep policy rates unchanged in November 2023 FOMC meeting. November 2023 was ended in positive mood amid the tentative signs of economic moderation in United States ("US") and falling inflation across developed markets. Dovish Fed speak reinforces the market's view that the US rate hike cycle is over, sending UST into a rally. The UST 10-year yield fell below 4.40% by the end of November 2023, down from the peak of 5.00% reached in mid-October 2023. In Europe, the German 10-year yield fell around 20 bps, and the BTP-Bund spread narrowed somewhat following a good rating update for Italian sovereign debt. Commodity prices contracted from their October 2023 peaks. Prices for commodities fell from October 2023 highs. A barrel of Brent crude oil dropped to USD80 despite the continued Middle East war, partly due to increased US supply and Organization of the Petroleum Exporting Countries ("OPEC") members' failure to adhere to production quotas.

#### **D. Market Outlook & Strategy**

Market seems to be expecting rates to be cut starting next year with the market participants have essentially placed the odds of an additional hike by year-end to zero with more than three cuts now "priced" for 2024. Latest comments showed that were previously hawkish tilted a bit more to the dovish side, reinforces the narrative that the Fed is done with tightening US monetary policy.

We are reaching the end of the year and it has to be conceded that 2023 has been a disappointing year. Looking ahead to 2024, there is a sense of Déjà vu. There are many similarities this year compared to last year. October of 2022 was the lows for the year and markets rebounded strongly from that point. Similarly, we believe that financial markets close to the bottom. We are more confident that interest rates have finally peaked as the US economy is slowing. Hence, we expect Fed to cut interest rates only from second quarter 2024 after inflation has come down meaningfully and employment shows signs of weakness.

We continue to hold the view that we are coming to the end of the current hiking cycle and remain positive on fixed income performance on a longer term outlook. We look to add long duration bonds gradually.

Going forward, we plan to add positions in high-grade corporate and reduce non-investment grade corporate exposure. Target is to improve the quality of the portfolio as we expect a slowdown and possibly recessionary environment in second half 2024.



## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

### **Manager's report**

**For the financial period from 1 June 2023 to 30 November 2023 (cont'd)**

#### **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 commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

During the financial period from 1 June 2023 to 30 November 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 UNIT HOLDERS OF MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND ("FUND")**

We have acted as Trustee of the Fund for the financial period from 1 June 2023 to 30 November 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 period 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 requirements.

**For TMF Trustees Malaysia Berhad**  
(Company No.: 200301008392/ 610812-W)

**NORHAYATI BINTI AZIT**  
**DIRECTOR - FUND SERVICES**

Kuala Lumpur, Malaysia  
10 January 2024

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

I, Ahmed Muzni Bin Mohamed, being Director 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 134 Interim Financial Reporting and International Accounting Standards 34 Interim Financial Reporting so as to give a true and fair view of the financial position of Maybank Financial Institutions Income Asia Fund as at 30 November 2023 and of its results, changes in net assets attributable to unitholders and cash flows for the financial period from 1 June 2023 to 30 November 2023 and comply with the requirements of the Deeds.

For and on behalf of the Manager

**Ahmed Muzni Bin Mohamed**

Director

Kuala Lumpur, Malaysia

10 January 2024

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

	Note	01.06.2023 to 30.11.2023 RM	01.06.2022 to 30.11.2022 RM
<b>INVESTMENT INCOME/ (LOSS)</b>			
Profit/ Interest income	3	860,551	960,904
Net gain/ (loss) from financial assets at fair value through profit or loss ("FVTPL")			
- Realised loss		(581,452)	(2,528,506)
- Unrealised gain/ (loss)		1,044,369	(45,908)
Net loss on foreign exchange and derivatives	4	<u>(341,877)</u>	<u>(6,243)</u>
		<u>981,591</u>	<u>(1,619,753)</u>
<b>EXPENSES</b>			
Manager's fee	5	153,525	208,213
Trustee's fee	6	6,141	8,329
Auditors' remuneration		5,014	5,014
Tax agent's fee		1,755	1,755
Administrative expenses		5,587	6,625
		<u>172,022</u>	<u>229,936</u>
<b>Net results before taxation</b>		809,569	(1,849,689)
Taxation	7	<u>(150,000)</u>	<u>-</u>
<b>Net results after taxation, representing total comprehensive income/ (loss) for the financial period</b>		<u>659,569</u>	<u>(1,849,689)</u>
<b>Net results after taxation is made of the following:</b>			
Realised loss		(1,083,403)	(1,674,208)
Unrealised income/ (loss)		1,742,972	(175,481)
		<u>659,569</u>	<u>(1,849,689)</u>

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2023**

	Note	30.11.2023 RM	31.05.2023 RM
<b>ASSETS</b>			
Financial assets at FVTPL	8	17,126,848	34,088,633
Derivative assets	9	63,596	63,793
Profit/ Interest receivable		220,336	444,947
Deposits with licensed financial institutions	10	5,300,683	2,604,213
Amount due from Manager	11	-	48,780
Cash at bank	12	63,443	2,762,842
<b>TOTAL ASSETS</b>		<u>22,774,906</u>	<u>40,013,208</u>
<b>LIABILITIES</b>			
Derivative liabilities	9	12,424	1,394,795
Amount due to Manager	11	99,947	32,512
Amount due to Trustee	13	712	1,300
Provision for tax		-	72,119
Other payables and accruals		132,352	20,322
<b>TOTAL LIABILITIES</b>		<u>245,435</u>	<u>1,521,048</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>22,529,471</u>	<u>38,492,160</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>			
<b>COMPRISES OF:</b>			
Unitholders' capital	14(a)	24,740,197	41,362,455
Accumulated losses	14(b) & 14(c)	<u>(2,210,726)</u>	<u>(2,870,295)</u>
		<u>22,529,471</u>	<u>38,492,160</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	14(a)	<u>21,884,976</u>	<u>38,213,541</u>
<b>NAV PER UNIT (RM)</b>		<u>1.0294</u>	<u>1.0073</u>

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND  
FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

	<b>Unitholders' capital Note 14(a) RM</b>	<b>Accumulated losses Notes 14(b) &amp; 14(c) RM</b>	<b>Net assets attributable to unitholders RM</b>
At 1 June 2023	41,362,455	(2,870,295)	38,492,160
Total comprehensive income for the financial period	-	659,569	659,569
Creation of units	1,825,384	-	1,825,384
Cancellation of units	(18,447,642)	-	(18,447,642)
At 30 November 2023	<u>24,740,197</u>	<u>(2,210,726)</u>	<u>22,529,471</u>
At 1 June 2022	45,503,679	(1,445,663)	44,058,016
Total comprehensive loss for the financial period	-	(1,849,689)	(1,849,689)
Creation of units	1,016,986	-	1,016,986
Cancellation of units	(3,232,060)	-	(3,232,060)
At 30 November 2022	<u>43,288,605</u>	<u>(3,295,352)</u>	<u>39,993,253</u>

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

**UNAUDITED STATEMENT OF CASH FLOWS**

**FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

	<b>01.06.2023 to 30.11.2023 RM</b>	<b>01.06.2022 to 30.11.2022 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale and redemption of financial assets at FVTPL	20,013,910	22,053,699
Net payments for purchase of financial assets at FVTPL	(1,672,601)	(12,207,690)
Profit/ Interest received	1,085,162	1,006,975
Net settlement on derivatives	(2,381,547)	(2,061,968)
Manager's fee paid	(168,242)	(213,148)
Trustee's fee paid	(6,729)	(8,527)
Taxation paid	(105,575)	-
Payment of other fees and expenses	(16,509)	(41,169)
Net cash generated from operating and investing activities	<u>16,747,869</u>	<u>8,528,172</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from units created	1,874,164	1,016,986
Cash paid on units cancelled	(18,365,490)	(3,229,136)
Net cash used in financing activities	<u>(16,491,326)</u>	<u>(2,212,150)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD</b>	<b>256,543</b>	<b>6,316,022</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>5,367,055</b>	<b>2,775,187</b>
Effects of foreign exchange	(259,472)	(476,306)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>5,364,126</u></b>	<b><u>8,614,903</u></b>
Cash and cash equivalents comprise:		
Cash at bank (Note 12)	63,443	7,533,654
Deposits with licensed financial institutions with original maturity of less than 3 months (Note 10)	5,300,683	1,081,249
	<u>5,364,126</u>	<u>8,614,903</u>

## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

### **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JUNE 2023 TO 30 NOVEMBER 2023**

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

Maybank Financial Institutions Income Asia Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 29 May 2014, First supplemental deed dated 30 March 2015, a Second supplemental deed dated 10 August 2015, a Third supplemental deed dated 21 August 2020 and Fourth supplemental deed dated 2 November 2022 between the Manager, Maybank Asset Management Sdn Bhd ("MAM"), the Trustee, TMF Trustee Malaysia Berhad and the registered unitholders of the Fund. The Deed and Supplemental Deeds are collectively referred to as 'Deeds'. The Fund was launched on 26 August 2014. Effective 4 January 2021, the Fund has been converted to a Unit Trust Fund.

The Fund aims to provide unitholders income through investing in a portfolio of fixed income securities issued by financial institutions. The Fund will invest between 70% to 98% of its NAV in Ringgit Malaysia ("RM") denominated and/ or non-RM denominated fixed income securities issued by financial institutions which are domiciled and/ or located in the Asian region whilst the balance of between 2% to 30% of its NAV will be invested in liquid assets and RM denominated and/ or non-RM denominated fixed income securities issued by non-financial institutions which are domiciled and/ or located in the Asian region.

The Manager of the Fund is MAM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence 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. Maybank AM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

#### **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") which have become effective during the financial period from 1 June 2023 to 30 November 2023. The adoption of the above did not result in material impact to the financial statements.

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

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



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

Description	Effective for annual periods beginning on or after
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to 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.

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA 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, amount due from manager and profit/ interest receivable as financial assets at amortised cost. These assets are subsequently measured using the effective profit rate e ("EPR")/ effective interest rate ("EIR") method and are subject to impairment. The EIR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the interest income in profit or loss over the relevant period.

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 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) Financial assets at FVTPL

Unquoted fixed income securities and derivatives 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 (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

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

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

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

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

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

Changes in the fair value of FVTPL investments are recognised in 'unrealised (loss)/ (gain) on FVTPL investments' in profit or loss. Accumulated unrealised gains or losses are reclassified to 'realised gain/ (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 are a probability-weighted estimate of credit losses. It is measured as follows:

- Financial assets that are not credit-impaired at the reporting date.  
As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).
- Financial assets that are credit-impaired at the reporting date.  
As the difference between the gross carrying amount and the present value of estimated future cash flows.

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or counterparty;
- Significant downgrade in credit rating of the instrument by a rating agency;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

For balances with short-term nature, full impairment will be recognised on uncollected balances after the grace period.

##### (iv) Derecognition

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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.

## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

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

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

##### **(iv) Derecognition (cont'd)**

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

On derecognition of financial 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 interest expense in profit or loss over the relevant period.

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

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

#### **2.6 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.

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.

## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

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

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

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.

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

#### **2.7 Functional and foreign currency**

##### **(a) 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.

##### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

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

#### **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 period 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.

#### **2.9 Distributions**

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the period 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 deposits with licensed financial institutions 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 unquoted fixed income securities and deposits with licensed financial institutions are recognised on the accruals basis using the EPR/ EIR method.

Realised gain or loss on disposal of unquoted fixed income securities are measured as the difference between the net proceeds and its carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.

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

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

#### 2.12 Income tax

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

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial period.

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

#### 2.13 Segment information

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

#### 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 reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

### 3. PROFIT/ INTEREST INCOME

	<b>01.06.2023</b>	<b>01.06.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.11.2023</b>	<b>30.11.2022</b>
	<b>RM</b>	<b>RM</b>
Profit/ Interest income from unquoted fixed income securities	960,507	1,042,097
Profit/ Interest income from deposits with licensed financial institutions	40,185	12,075
Amortisation of premium, net of accretion of discount	(140,141)	(93,268)
	<u>860,551</u>	<u>960,904</u>

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### 4. NET LOSS ON FOREIGN EXCHANGE AND DERIVATIVES

	<b>01.06.2023</b>	<b>01.06.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.11.2023</b>	<b>30.11.2022</b>
	<b>RM</b>	<b>RM</b>
Net realised gain on foreign exchange	1,318,831	2,238,676
Net unrealised loss on foreign exchange	(683,571)	(1,405,087)
Net realised loss on derivatives	(2,359,311)	(2,115,345)
Net unrealised gain on derivatives	1,382,174	1,275,513
	<u>(341,877)</u>	<u>(6,243)</u>

### 5. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 1.00% (01.06.2022 to 30.11.2022: 1.00%) per annum ("p.a.") of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for that particular day.

### 6. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.04% (01.06.2022 to 30.11.2022: 0.04%) p.a. of the NAV of the Fund, subject to a minimum fee of RM15,000 per annum ("p.a.") and a maximum fee of RM 150,000 p.a.. The trustee fee is calculated and accrued daily and payable monthly to the Trustee.

### 7. TAXATION

	<b>01.06.2023</b>	<b>01.06.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.11.2023</b>	<b>30.11.2022</b>
	<b>RM</b>	<b>RM</b>
Tax expense for the financial period:		
Current income tax expense	<u>150,000</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.06.2022 to 30.11.2022: 24%) of the estimated assessable income for the financial period. Profit/ Interest income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

In accordance with Schedule 6 of the Income Tax Act 1967, profit/ interest income earned by the Fund is exempted from Malaysian tax. The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting the permitted expenses. A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:



## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### 7. TAXATION (CONT'D)

	01.06.2023 to 30.11.2023 RM	01.06.2022 to 30.11.2022 RM
Net results before taxation	<u>809,569</u>	<u>(1,849,689)</u>
Tax at Malaysian statutory rate of 24% (01.06.2022 to 30.11.2022 : 24%)	194,297	(443,925)
Income not subject to tax	(955,422)	(230,617)
Loss not deductible for tax purposes	869,840	619,358
Expenses not deductible for tax purposes	41,285	55,184
Tax expense for the financial period	<u>150,000</u>	<u>-</u>

### 8. FINANCIAL ASSETS AT FVTPL

	30.11.2023 RM	31.05.2023 RM
Unquoted fixed income securities	<u>17,126,848</u>	<u>34,088,633</u>

30.11.2023	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>Unquoted fixed income securities</b>				
<b>Australia</b>				
Australia and New Zealand Banking Group Ltd - 6.74%/ 08.12.2032				
	<u>200,000</u>	<u>932,040</u>	<u>959,025</u>	<u>4.26</u>
<b>British Virgin Island ("BVI")</b>				
Huarong Finance - 3.80%/ 07.11.2025				
	<u>250,000</u>	<u>823,187</u>	<u>815,559</u>	<u>3.62</u>
<b>France</b>				
BNP Paribas S.A. - 6.63%/ 25.03.2024				
	<u>300,000</u>	<u>1,399,884</u>	<u>1,386,094</u>	<u>6.15</u>
<b>Hong Kong</b>				
Nanyang Commercial Bank Ltd - 3.80%/ 20.11.2024				
	<u>500,000</u>	<u>2,329,382</u>	<u>2,261,900</u>	<u>10.04</u>

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### 8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2023 (cont'd)	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>Unquoted fixed income securities (cont'd)</b>				
<b>Singapore</b>				
DBS Group Holdings Ltd - 4.52%/ 11.12.2028	300,000	1,398,166	1,397,461	6.20
<b>South Korea</b>				
Woori Bank - 4.25%/ Perpetual	300,000	1,324,356	1,351,757	6.00
<b>Thailand</b>				
Bangkok Bank Pcl - 3.46%/ 23.09.2036	300,000	1,398,041	1,120,094	4.97
Kasikorn Bank Pcl - 5.27%/ 14.10.2025	300,000	1,398,380	1,322,076	5.87
Muang Thai Life - 3.55%/ 27.01.2037	200,000	932,000	839,702	3.73
	<u>800,000</u>	<u>3,728,421</u>	<u>3,281,872</u>	<u>14.57</u>
<b>United Kingdom</b>				
Barclays Plc - 7.30%/ Perpetual	250,000	874,106	844,324	3.75
HSBC Holdings Ltd - 5.25%/ 27.06.2032	250,000	872,939	893,708	3.97
- 8.00%/ Perpetual	200,000	931,878	939,591	4.17
	<u>700,000</u>	<u>2,678,923</u>	<u>2,677,623</u>	<u>11.89</u>
<b>United States</b>				
Bank of Motreal - 4.80%/ Perpetual	500,000	2,329,989	2,165,408	9.61

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

**8. FINANCIAL ASSETS AT FVTPL (CONT'D)**

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>30.11.2023 (cont'd)</b>				
<b>Unquoted fixed income securities (cont'd)</b>				
<b>China</b>				
Zhongan Online - 3.50%/ 08.12.2025	200,000	843,362	830,149	3.68
<b>Total unquoted fixed income securities</b>	<b>4,050,000</b>	<b>17,787,710</b>	<b>17,126,848</b>	<b>76.02</b>
Unrealised loss on unquoted fixed income securities*			(660,862)	
<b>31.05.2023</b>				
<b>Unquoted fixed income securities</b>				
<b>Australia</b>				
Australia and New Zealand Banking Group Ltd - 6.74%/ 08.12.2032	200,000	922,081	952,566	2.47
National Australia Bank New York Branch - 3.50%/ 09.06.2025	500,000	2,284,716	2,235,954	5.81
	<b>700,000</b>	<b>3,206,797</b>	<b>3,188,520</b>	<b>8.28</b>
<b>France</b>				
BNP Paribas S.A. - 6.63%/ Perpetual	500,000	2,313,178	2,218,319	5.76
Société Générale S.A. - 9.38%/ Perpetual	300,000	1,432,502	1,323,163	3.44
	<b>800,000</b>	<b>3,745,680</b>	<b>3,541,482</b>	<b>9.20</b>

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

**8. FINANCIAL ASSETS AT FVTPL (CONT'D)**

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.05.2023 (cont'd)</b>				
<b>Unquoted fixed income securities (cont'd)</b>				
<b>Hong Kong</b>				
Nanyang Commercial Bank Ltd - 3.80%/ 20.11.2024	500,000	2,304,121	2,204,626	5.73
Xiaomi Best Time International Ltd - 3.38%/ 29.04.2030	300,000	1,122,044	1,113,546	2.89
	<u>800,000</u>	<u>3,426,165</u>	<u>3,318,172</u>	<u>8.62</u>
<b>Japan</b>				
Aozora Bank - 5.90%/ 02.03.2026	200,000	921,217	930,537	2.42
Mizuho Financial Group Inc - 5.41%/ 13.09.2028	300,000	1,383,027	1,383,012	3.59
	<u>500,000</u>	<u>2,304,244</u>	<u>2,313,549</u>	<u>6.01</u>
<b>Singapore</b>				
DBS Group Holdings Ltd - 4.52%/ 11.12.2028	500,000	2,308,111	2,290,589	5.95
<b>South Korea</b>				
Shinhan Financial Group Co Ltd - 2.88%/ Perpetual	300,000	1,373,019	1,371,435	3.56
Woori Bank - 4.88%/ 26.01.2028	200,000	919,014	925,622	2.40
- 4.25%/ Perpetual	500,000	2,116,611	2,210,689	5.74
	<u>1,000,000</u>	<u>4,408,644</u>	<u>4,507,746</u>	<u>11.70</u>

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

**8. FINANCIAL ASSETS AT FVTPL (CONT'D)**

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>31.05.2023 (cont'd)</b>				
<b>Unquoted fixed income securities (cont'd)</b>				
<b>Thailand</b>				
Bangkok Bank Plc - 3.47%/ 23.09.2036	300,000	1,383,102	1,113,256	2.89
Kasikorn Bank Plc - 5.46%/ 07.03.2028	200,000	922,016	937,029	2.43
- 5.28%/ Perpetual	500,000	2,305,887	2,140,332	5.56
Muang Thai Life Assurance - 3.55%/ 27.01.2037	200,000	922,030	804,071	2.09
	<u>1,200,000</u>	<u>5,533,035</u>	<u>4,994,688</u>	<u>12.97</u>
<b>United Kingdom</b>				
Barclays Plc - 7.30%/ Perpetual	250,000	851,695	746,249	1.94
HSBC Holdings - 5.25%/ 27.06.2032	500,000	1,700,879	1,718,283	4.46
- 8.00%/ Perpetual	200,000	921,920	913,349	2.37
Macquarie Bank Ltd - 6.13%/ Perpetual	800,000	3,698,531	3,183,421	8.27
Standard Chartered - 7.78%/ 16.11.2024	300,000	1,383,072	1,419,140	3.69
	<u>2,050,000</u>	<u>8,556,097</u>	<u>7,980,442</u>	<u>20.73</u>
<b>United States</b>				
Bank of Montreal - 4.80%/ Perpetual	500,000	2,305,094	1,953,445	5.07
<b>Total unquoted fixed income securities</b>	<u>8,050,000</u>	<u>35,793,867</u>	<u>34,088,633</u>	<u>88.53</u>
Unrealised loss on unquoted fixed income securities*			<u>(1,705,234)</u>	

\* The unrealised loss on unquoted fixed income securities comprise the amounts arising from changes in fair values and effects from foreign exchange.

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### 9. DERIVATIVE ASSETS/ (LIABILITIES)

	Notional principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
<b>30.11.2023</b>			
<u>Foreign exchange related contracts</u>			
Currency forwards:	<b>SGD</b>		
Less than 1 year	753,400	-	(12,424)
	<b>USD</b>		
Less than 1 year	3,484,000	63,596	-
<b>Total derivatives assets/ (liabilities)</b>		<b>63,596</b>	<b>(12,424)</b>
<b>31.05.2023</b>			
<u>Foreign exchange related contracts</u>			
Currency forwards:	<b>SGD</b>		
Less than 1 year	1,037,400	63,793	-
	<b>USD</b>		
Less than 1 year	7,593,899	-	(1,394,795)
<b>Total derivatives assets/ (liabilities)</b>		<b>63,793</b>	<b>(1,394,795)</b>

As at the reporting date, there were 5 (31.05.2023: 3) forward exchange contracts outstanding.

The forward currency contracts entered into during the financial year were for hedging against the currencies exposure arising mainly from investments in the foreign unquoted fixed income securities denominated in SGD and USD. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### 10. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	30.11.2023 RM	31.05.2023 RM
Short-term placement with a maturity of less than 3 months	5,300,683	2,604,213

The weighted average effective profit interest rates ("WAEPR")/ weighted average effective interest rates ("WAEIR") p.a. and average maturity of deposits with licensed financial institutions with maturity of less than 3 months as at the reporting date were as follows:

	30.11.2023		31.05.2023	
	WAEPR/ WAEIR % p.a.	Average maturity Days	WAEPR/ WAEIR % p.a.	Average maturity Days
Deposits with licensed financial institutions	3.48	1	2.95	1

### 11. AMOUNT DUE FROM/ (TO) MANAGER

	Note	30.11.2023 RM	31.05.2023 RM
<b>Amount due from Manager</b>			
Subscription units	(i)	-	48,780
<b>Amount due to Manager</b>			
Manager's fee	(ii)	17,795	32,512
Redemption of units	(iii)	82,152	-
		<u>99,947</u>	<u>32,512</u>

- (i) The amount represents amount receivable to the Manager for units subscriptions.
- (ii) The amount relates to the amount payable to the Manager arising from the accruals for Managers fee at the end of the financial period/ year. The normal credit term for Manager's fee is 15 days (31.05.2023: 15 days).
- (iii) The amount represents amount payable to the Manager for units redeemed/ cancelled.

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### 12. CASH AT BANK

The table below indicates the currencies that the Fund have in cash at bank as at the reporting date:

	<b>30.11.2023</b>	<b>31.05.2023</b>
	<b>RM</b>	<b>RM</b>
United States Dollar ("USD")	37,323	1,857,902
Singapore Dollar ("SGD")	17,464	895,538
Malaysian Ringgit ("RM")	8,656	9,402
	<u>63,443</u>	<u>2,762,842</u>

### 13. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee's fee is 15 days (31.05.2023: 15 days).

### 14. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	<b>Note</b>	<b>30.11.2023</b>	<b>31.05.2023</b>
		<b>RM</b>	<b>RM</b>
Unitholders' capital	(a)	24,740,197	41,362,455
Accumulated realised loss	(b)	(1,367,641)	(284,238)
Accumulated unrealised loss	(c)	(843,085)	(2,586,057)
		<u>22,529,471</u>	<u>38,492,160</u>

#### (a) Unitholders' capital

	<b>01.06.2023</b>		<b>01.06.2022</b>	
	<b>to</b>		<b>to</b>	
	<b>30.11.2023</b>		<b>31.05.2023</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
At the beginning of the financial period/ year	38,213,541	41,362,455	42,412,303	45,503,679
Creation of units	1,783,995	1,825,384	4,120,698	4,210,874
Cancellation of units	<u>(18,112,560)</u>	<u>(18,447,642)</u>	<u>(8,319,460)</u>	<u>(8,352,098)</u>
At the end of the financial period/ year	<u>21,884,976</u>	<u>24,740,197</u>	<u>38,213,541</u>	<u>41,362,455</u>

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

	<b>30.11.2023</b>		<b>31.05.2023</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>RM</b>
The Manager	<u>1,390</u>	<u>1,431</u>	<u>1,390</u>	<u>1,400</u>



## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

#### (a) Unitholders' capital (cont'd)

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

#### (b) Accumulated realised loss

	01.06.2023 to 30.11.2023 RM	01.06.2022 to 31.05.2023 RM
At the beginning of the financial period/ year	(284,238)	295,205
Net realised loss for the financial period/ year	(1,083,403)	(579,443)
At the end of the financial period/ year	<u>(1,367,641)</u>	<u>(284,238)</u>

#### (c) Accumulated unrealised loss

	01.06.2023 to 30.11.2023 RM	01.06.2022 to 31.05.2023 RM
At the beginning of financial period/ year	(2,586,057)	(1,740,868)
Net unrealised income/ (loss) for the financial period/ year	1,742,972	(845,189)
At the end of the financial period/ year	<u>(843,085)</u>	<u>(2,586,057)</u>

### 15. TRANSACTIONS WITH BROKERS/ DEALERS/ FINANCIAL INSTITUTIONS

01.06.2023 to 30.11.2023	Value of trades RM	Percentage of total trades %
<b>Brokers/ dealers</b>		
ANZ Banking Group Ltd	5,618,761	28.19
BNP Paribas Hong Kong	2,990,815	15.00
Citibank Bhd	2,759,256	13.84
HSBC Bank Malaysia Bhd	2,321,798	11.65
Standard Chartered Bank Singapore	2,270,366	11.39
JP Morgan Chase, New York	2,224,879	11.16
Merrill Lynch United States	1,749,104	8.77
	<u>19,934,979</u>	<u>100.00</u>

**MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

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

<b>01.06.2022 to 30.11.2022</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>
<b>Brokers/ dealers (cont'd)</b>		
HSBC Bank Malaysia Bhd	9,271,296	32.95
CITI Bank Bhd	7,491,220	26.63
ANZ Banking Group Ltd	4,223,117	15.01
Malayan Banking Berhad	2,217,615	7.88
Standard Chartered Bank Malaysia Bhd	1,419,990	5.05
SC Lowy Primary Investment Ltd	1,369,920	4.87
Mizuho Securities Asia Ltd	1,350,330	4.80
DBS Securities	791,505	2.81
	<u>28,134,993</u>	<u>100.00</u>

Details of transactions, primarily deposits with licensed financial institutions for the current and previous financial period/ year are as follows:

<b>Financial institution</b>	<b>01.06.2023 to 30.11.2023</b>		<b>01.06.2022 to 31.05.2023</b>	
	<b>Value of placements RM</b>	<b>Percentage of total placements %</b>	<b>Value of placements RM</b>	<b>Percentage of total placements %</b>
MBB *	154,471,017	73.11	402,463,791	100.00
CIMB Bank Bhd	51,618,113	24.43	-	-
Public Islamic Bank Bhd	3,500,000	1.66	-	-
Maybank Islamic Bhd ("MIB") **	1,690,000	0.80	-	-
	<u>211,279,130</u>	<u>100.00</u>	<u>402,463,791</u>	<u>100.00</u>

\* MBB is the ultimate holding company of the Manager.

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

**16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**

For the purpose of the 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.

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

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

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions of the Fund during the financial period:

(a) Significant related party transactions

	<b>01.06.2023 to 30.11.2023 RM</b>	<b>01.06.2022 to 30.11.2022 RM</b>
MBB:		
Profit/ Interest income from deposit placement	<u>18,503</u>	<u>12,075</u>
MIB:		
Profit income from deposit placement	<u>134</u>	<u>-</u>

(b) Significant related party balances

	<b>30.11.2023 RM</b>	<b>31.05.2023 RM</b>
MBB:		
Deposits with licensed financial institutions	<u>5,300,683</u>	<u>2,604,213</u>
Profit/ Interest receivable	<u>146</u>	<u>210</u>

The Manager is of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

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

The TER of the Fund is the ratio of total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial period from 1 June 2023 to 30 November 2023, the TER of the Fund stood at 0.56% (01.06.2022 to 30.11.2022: 0.55%)

### 18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the daily average NAV of the Fund. For the financial period from 1 June 2023 to 30 November 2023, the PTR of the Fund stood at 0.35 times (01.06.2022 to 30.11.2022: 0.41 times)

### 19. SEGMENT INFORMATION

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

## MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND

### 19. SEGMENT INFORMATION (CONT'D)

The chief operating decision-maker is responsible for the performance of the Fund by investing between 70% to 98% of its NAV in RM denominated and/ or non-RM denominated fixed income securities issued by financial institutions which are domiciled and/ or located in the Asian region whilst the balance of between 2% to 30% of its NAV will be invested in RM denominated and/ or non-RM denominated fixed income securities issued by non-financial institutions which are domiciled and/ or located in the Asian region.

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

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

### 20. FAIR VALUE HIERARCHY

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM
<b>30.11.2023</b>			
<b>Financial assets</b>			
Financial assets at FVTPL	-	17,126,848	-
Derivative assets	-	63,596	-
	-	17,190,444	-
<b>Financial liabilities</b>			
Derivative liabilities	-	12,424	-
	-	12,424	-
<b>31.05.2023</b>			
<b>Financial assets</b>			
Financial assets at FVTPL	-	34,088,633	-
Derivative assets	-	63,793	-
	-	34,152,426	-
<b>Financial liabilities</b>			
Derivative liabilities	-	1,394,795	-
	-	1,394,795	-

## **MAYBANK FINANCIAL INSTITUTIONS INCOME ASIA FUND**

### **21. UNITHOLDERS' CONTRIBUTION MANAGEMENT**

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

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

- (a) To invest in investments meeting the description, risk exposure and 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 in the current financial period.