



## Asset Management

Maybank Asset Management Sdn Bhd  
199701006283  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur  
Telephone +603 2297 7888  
Facsimile +603 2297 7998  
[www.maybank-am.com.my](http://www.maybank-am.com.my)

# MAYBANK ASIAN CREDIT INCOME FUND

Annual report  
For the financial year ended 30 April 2024

## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
Telephone +603 2297 7888  
Facsimile +603 2297 7998  
[www.maybank-am.com.my](http://www.maybank-am.com.my)

### **TRUSTEE**

TMF Trustees Malaysia Berhad (200301008392) (610812-W)  
Level 13, Menara 1 Sentrum  
201, Jalan Tun Sambanthan  
Brickfields, 50470 Kuala Lumpur  
W.P. Kuala Lumpur  
Telephone +603 2382 4288  
Facsimile +603 2382 4170  
[www.tmf-group.com](http://www.tmf-group.com)  
[malaysia@tmf-group.com](mailto:malaysia@tmf-group.com)

## **MAYBANK ASIAN CREDIT INCOME FUND**

<b>CONTENTS</b>	<b>PAGE</b>
Manager's report	(i) - (ix)
Trustee's report	1
Statement by Manager	2
Independent auditors' report	3 - 6
Statement of comprehensive income	7 - 8
Statement of financial position	9
Statement of changes in net assets attributable to unitholders	10
Statement of cash flows	11
Notes to the financial statements	12 - 37

## MAYBANK ASIAN CREDIT INCOME FUND

### Manager's report

For the financial year ended 30 April 2024

#### A. Fund Information

**1. Name of the Fund**

Maybank Asian Credit Income Fund (the "Fund")

**2. Type of Fund**

Fixed Income

**3. Category of Fund**

Feeder Fund

**4. Duration of the Fund**

The Fund is an open-ended Fund.

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

Class	Currency denomination	Launch date	Commencement date
MYR Class	Malaysian Ringgit ("MYR")	7 July 2020	7 August 2020
SGD (Hedged) Class	Singapore Dollar ("SGD")	7 July 2020	7 August 2020

**6. Fund's investment objective**

The Fund aims to maximise investment returns by investing in the Target Fund, the Maybank Asian Income Fund.

**7. Fund's distribution policy**

Income (if any) shall be distributed on a bi-monthly basis at the discretion of the Manager, subject to the availability of income.

The Fund may distribute from realised income, realised gains and/ or capital to enable the Fund to distribute income on a regular basis in accordance with the distribution policy of the Fund. 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**

J.P. Morgan Asian Credit Index ("JACI")

**9. The Fund's asset allocation policy**

The principal activity of the Fund is to invest a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets\*.

\* Liquid assets include but are not limited to deposits and money market instruments.

## MAYBANK ASIAN CREDIT INCOME FUND

### Manager's report

For the financial year ended 30 April 2024 (cont'd)

#### A. Fund Information (cont'd)

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

The Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in Class A (Distribution) - SGD of the Target Fund. The Target Fund is a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds. The Fund will use derivatives such as currency forwards for hedging purposes to manage the currency risk of the Fund's investments and the Classes not denominated in RM. Although the Fund is passively managed by us, we will ensure proper and efficient management of the Fund so that the Fund is able to meet redemption requests by unitholders.

##### 11. Net income distribution for the financial year ended 30 April 2024

There was no distribution declared by the Fund for the financial year ended 30 April 2024.

#### B. Performance Review

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

Category	30.04.2024	30.04.2023	30.04.2022
<b>Portfolio Composition (%)</b>			
Collective investment scheme (%)	94.38	96.60	96.87
Cash and other net assets (%)	5.62	3.40	3.13
Total (%)	100.00	100.00	100.00
<b>MYR Class</b>			
NAV (RM'000)	31,567	41,696	48,923
Units in circulation (units'000)	36,741	48,982	56,086
NAV per unit (RM)	0.8592	0.8513	0.8723
Highest NAV per unit (RM)	0.8733	0.8723	1.0035
Lowest NAV per unit (RM)	0.8272	0.7964	0.8669
Annual total return (%) <sup>(1)</sup>			
- Capital growth (%)	0.93	(2.41)	(12.77)
- Income distribution (%)	-	-	3.19
Total return (%)	0.93	(2.41)	(9.99)
Benchmark (%)	3.71	0.47	(9.70)
Net distributions (RM)	-	-	2,486,723
Gross/ Net distribution per unit (RM sen)	-	-	3.06
Distribution dates (ex-date)	Refer to Note 14		

## MAYBANK ASIAN CREDIT INCOME FUND

### Manager's report

For the financial year ended 30 April 2024 (cont'd)

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

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

Category	30.04.2024	30.04.2023	30.04.2022
<b>SGD (Hedged) Class</b>			
NAV (RM'000)	479	1,030	1,252
Units in circulation (units'000)	161	368	460
NAV per unit (SGD)	0.8532	0.8378	0.8631
Highest NAV per unit (SGD)	0.8670	0.8639	0.9938
Lowest NAV per unit (SGD)	0.8185	0.7858	0.8590
Annual total return (%) <sup>(1)</sup>			
- Capital growth (%)	1.84	(2.93)	(12.88)
- Income distribution (%)	-	1.42	1.76
Total return (%)	1.84	(1.55)	(11.35)
Benchmark (%)	1.97	(0.27)	(9.65)
Net distributions (RM)	-	14,063	28,353
Gross/ Net distribution per unit (SGD cent)	-	1.18	1.69
Distribution dates (ex-date)		Refer to Note 14	
Total Expense Ratio ("TER") (%) <sup>(2)</sup>	0.36	0.36	0.34
Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup>	0.21	0.13	0.31

#### Notes:

- (1) Actual return of the Fund for the financial year ended is computed based on the daily average NAV per unit, net of Manager's and Trustee's fees.
- (2) The Fund's TER remained at 0.36 during the current financial year.
- (3) The Fund's PTR increased to 0.21 times due to higher investing 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 ASIAN CREDIT INCOME FUND

### Manager's report

For the financial year ended 30 April 2024 (cont'd)

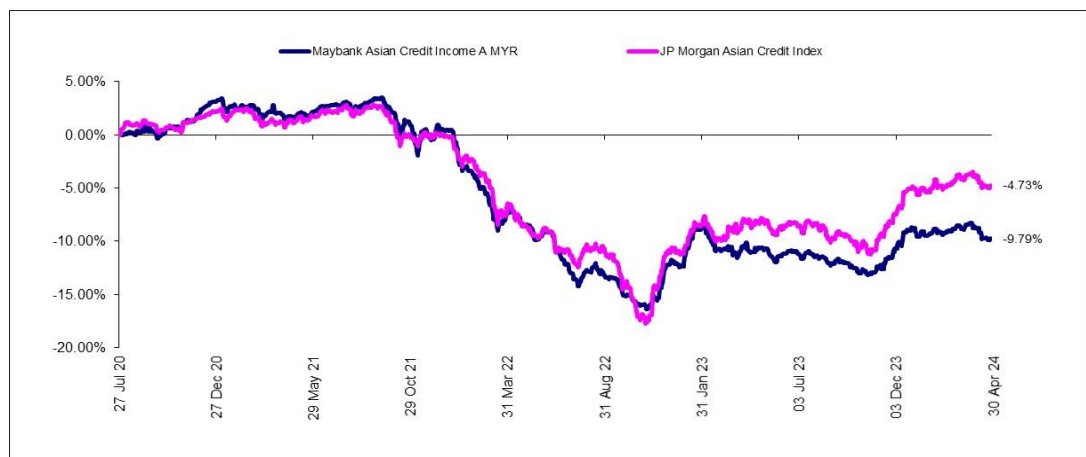
### B. Performance Review (cont'd)

#### 2. Performance of the Fund up to 30 April 2024

Returns of the different classes and its benchmark for the financial year ended 30 April 2024 are as follows:

##### (a) MYR Class

Category	1 year to 30.04.2024 %	3 year to 30.04.2024 %	S.I. to 30.04.2024 %
Capital growth	0.93	(14.08)	(14.08)
Income distribution	-	3.19	4.99
Total return of the Fund	0.93	(11.34)	(9.79)
Benchmark	3.71	(5.91)	(4.73)
Average total return	0.93	(3.93)	(2.66)



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 April 2024

## MAYBANK ASIAN CREDIT INCOME FUND

### Manager's report

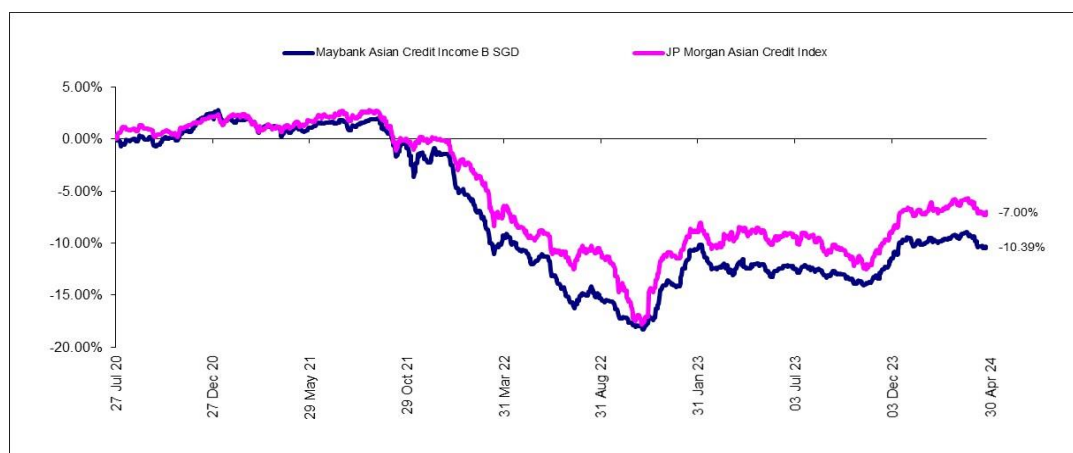
For the financial year ended 30 April 2024 (cont'd)

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

#### 2. Performance of the Fund up to 30 April 2024 (cont'd)

##### (b) SGD (Hedged) Class

Category	1 year to 30.04.2024 %	3 year to 30.04.2024 %	S.I. to 30.04.2024 %
Capital growth	1.84	(13.88)	(14.68)
Income distribution	-	3.21	5.03
Total return of the Fund	1.84	(11.12)	(10.39)
Benchmark	1.97	(8.12)	(7.00)
Average total return	1.84	(3.85)	(2.83)



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 April 2024

#### Has the Fund achieved its investment objective?

For the financial year under review, the Malaysian Ringgit ("MYR") class of the Fund generated a total return of 0.93%, while the Singapore Dollar ("SGD") class achieved 1.84%. This is compared to the benchmark, which recorded returns of 3.71% and 1.97% respectively over the same period. The Fund underperformed the benchmark by 278 basis points ("bps") and 13 bps respectively, mainly attributed to higher treasury yields and widened credit spreads, especially in the high-yield space. The underperformance was also influenced by the Adani bonds, which suffered the most following negative headlines regarding a bribery probe by United States ("US") prosecutors. Similarly, currency hedging costs for SGDMYR were also a negative factor contributing to the performance, resulting in the MYR class underperforming the SGD (Hedged) class.



## MAYBANK ASIAN CREDIT INCOME FUND

### Manager's report

For the financial year ended 30 April 2024 (cont'd)

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

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

###### MYR Class

For the financial year ended	30.04.2024 %	30.04.2023 %	30.04.2022 %
Capital growth	0.93	(2.41)	(12.77)
Income distribution	-	-	3.19
Total return	0.93	(2.41)	(9.99)
Benchmark	3.71	0.47	(9.70)

###### SGD (Hedged) Class

For the financial year ended	30.04.2024 %	30.04.2023 %	30.04.2022 %
Capital growth	1.84	(2.93)	(12.88)
Income distribution	-	1.42	1.76
Total return	1.84	(1.55)	(11.35)
Benchmark	1.97	(0.27)	(9.65)

##### 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 2Q2023, the news cycle was dominated by political infighting over the debt ceiling. Softer trends, such as moderate interest rate hikes or pauses in rate cycles, are gaining more traction across regions. The Federal Open Market Committee ("FOMC") raised rates by another 25 bps, bringing its Federal Reserve ("Fed") fund target rate range to 5.00% to 5.25%, which was widely expected. Meanwhile, the 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 2Q2023. The Bank of England ("BOE") also followed suit by raising rates by 50 bps, bringing its rate from 4.25% to 4.75% in May 2023 and another 25 bps in June 2023 to 5.00% for the 1H2023. In China, the recovery was delayed with weak economic data, which provided additional headwinds to the Asia bond market. However, global bond performance was muted, with the 10-year United States Treasury ("UST") largely unchanged, closing at the 3.80% level for 1H2023.

## MAYBANK ASIAN CREDIT INCOME FUND

### Manager's report

For the financial year ended 30 April 2024 (cont'd)

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

The key takeaways in 3Q2023 were the updates from the International Monetary Fund ("IMF"), projecting global growth to fall from an estimated 3.50% in 2022 to 3.00% in both 2023 and 2024. Expected global headline inflation was projected to decrease from 8.70% in 2022 to 6.80% in 2023 and 5.20% in 2024. On the policy rate front, the FOMC raised its 11th rate by 25 bps, setting 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 -47 bps at the end of 3Q2023. New York Fed President John Williams indicated that the Fed may be done with rate hikes but will need to maintain a restrictive monetary policy for some time. The futures implied probability of another 25 bps hike was trimmed to around 40.00%, and the US government shutdown is a wildcard that may cause delays or suspension in key economic data releases, complicating the decision-making process for a data-dependent Fed at the next FOMC meeting. Meanwhile, the ECB delivered an unexpected dovish rate hike of 25 bps, bringing the main refinancing rate to 4.50%, as it cut the Eurozone's growth outlook and signalled an end to its tightening cycle.

4Q2023 kicked off with higher treasury yields. The UST curve bear steepened, with the longer end leading the rise in October 2023 by double digits, with the 30-year rising by 31 bps. The ECB's key interest rate remained unchanged at 4.00% in both October 2023 and December 2023, and the BOE also kept its interest rate unchanged at 5.25%. In late December 2023, the market was pricing in more than 150 bps of ECB rate cuts and five 25 bps reductions from the BOE in 2024. Meanwhile, the Bank of Japan ("BoJ") continued to adjust its yield curve control policy and established 1.00% as the reference point for the 10-year Japanese government bond yield. The Fed paused in November 2023's FOMC meeting, signalling peaking policy rates, and bonds staged a massive rally in the final two months. The UST curve bull-flattened, with yields falling 84 to 106 bps in November 2023 to December 2023. The 10-year UST yield ended unchanged Year-on-Year ("YoY") at 3.88%, and UST managed to post a decent total return of 4.10% in 2023 after two consecutive years of losses in 2022 at -12.50% and 2021 at -2.30%.

For the new year of 2024, US Fed officials pushed back against early rate cuts. UST prices traded higher, and the probability of a Fed rate cut in March 2023 has been reduced to below 50.00%, compared to over 80.00% seen at the end of the previous year. UST yields surged by 31 to 37 bps across the curve in 1Q24. Due to stronger-than-expected economic data, market pricing for the total rate cut in 2024 has been reduced to about 75 bps or 3 cuts, compared with 150 bps or 6 cuts previously anticipated. UST selloffs, however, appeared to attract gradual but consistent buy-on-dip demand, unlike the freefall experienced in September 2023 to October 2023. With the consensus leaning heavily towards a soft or no landing, market optimism for risk assets is running high, with high-yield corporate spreads at the tighter end of the long-term range. Developed-market sovereign yields generally repriced higher in 1Q24, led by the UST and United Kingdom ("UK") Gilts. The significant bond rally in November 2023 to December 2023 proved difficult to sustain without corresponding weakness in economic data. The dovish rates pricing in January 2024 against forecast has been fully unwound, with market expectations now largely aligned with those of the Fed.

## **MAYBANK ASIAN CREDIT INCOME FUND**

### **Manager's report**

**For the financial year ended 30 April 2024 (cont'd)**

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

We had anticipated a year of bountiful harvest, expecting bond yields to rally with the US Fed cutting interest rates early in FY2024. However, thus far, the US economy has remained resilient despite high borrowing rates. This suggests that the US may be able to engineer a soft landing, defying the expectations of naysayers for an impending recession. Therefore, the US Fed is not in a rush to cut rates, and interest rates could remain high for longer. However, maintaining high rates does not necessarily imply further increases, which could erode interest income. From a positive perspective, it could mean that returns will be measured per year for the next three years, making them more sustainable over a longer period. Bond yields would stay high and attractive as a form of steady income for investors.

With this change in return expectations, we have adjusted portfolios to be close to neutral duration. In a soft landing scenario, the yield curve should steepen over time. Hence, we have positioned with a steepening bias, overweighting short and belly durations while underweighting the ultra-long end of the curve. We have also increased our allocation to BBB and high yield bonds to enhance bond carry for portfolios. However, we are limiting exposure primarily to quality bonds to avoid extending risk into weak and highly leveraged names.

Given that expectations for interest rate cuts have been postponed and reduced in magnitude, we anticipate total returns for FY2024 to be at the lower end of 6.00%, concentrated in FY2024. However, smaller rate cuts would mean that we can enjoy decent returns for a longer horizon as bond yields remain around 5.00%. We still maintain the belief that the US hiking cycle is already behind us, considering that inflation pressures peaked late in FY2022 and have been on a downtrend since then.

#### **E. Significant financial risk of the Fund**

As the base currency of the Fund ("Base Currency") is denominated in Ringgit Malaysia ("RM") and the investments of the Fund in the Target Fund is denominated in Singapore Dollar ("SGD"), the Fund is exposed to currency risk. Any fluctuation in the exchange rates between RM and the currency denomination of the class (other than MYR Class) will affect the unit holder's investments in those classes (other than MYR Class). The impact of the exchange rate movement between the Base Currency and the currency denomination of the class (other than MYR Class) may result in a depreciation of the unit holder's holdings as expressed in the Base Currency.

In order to manage currency risk, the Manager may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Fund's investments and the classes not denominated in RM. However, every hedge comes with a cost and will be borne by the respective class.

## **MAYBANK ASIAN CREDIT INCOME FUND**

### **Manager's report**

**For the financial year ended 30 April 2024 (cont'd)**

#### **F. Soft Commissions and Rebates**

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

During the financial year ended 30 April 2024, 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 Asian Credit Income Fund ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 April 2024 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 were 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 and on behalf of

**TMF TRUSTEES MALAYSIA BERHAD**

(Company No: 200301008392/ 610812-W)

**NORHAYATI BINTI AZIT**

DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia

17 June 2024

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK ASIAN CREDIT INCOME FUND  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

We, Dr Hasnita Binti Dato' Hashim and Muhammad Hishamudin Bin Hamzah, 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 the Maybank Asian Credit Income Fund as at 30 April 2024 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

**Dr Hasnita Binti Dato' Hashim**  
Chairman

**Muhammad Hishamudin Bin Hamzah**  
Director

Kuala Lumpur, Malaysia  
17 June 2024

## **Independent auditors' report to the Unitholders of Maybank Asian Credit Income Fund**

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

#### *Opinion*

We have audited the financial statements of Maybank Asian Credit Income Fund ("the Fund"), which comprise the statement of financial position as at 30 April 2024, and statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 April 2024, 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 Asian Credit Income Fund (cont'd)**

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

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

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

### *Responsibilities of the Manager and Trustee for the financial statements*

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

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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



**Independent auditors' report to the Unitholders of  
Maybank Asian Credit Income Fund (cont'd)**

*Auditors' responsibilities for the audit of the financial statements (cont'd)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional 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 Asian Credit Income Fund (cont'd)**

**Other matters**

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

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

Yeo Beng Yean  
03013/10/2024 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
17 June 2024

**MAYBANK ASIAN CREDIT INCOME FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

	Note	2024 RM	2023 RM
<b>INVESTMENT INCOME/ (LOSS)</b>			
Dividend income		1,840,537	2,088,894
Interest/ Profit income		14,942	17,694
Net loss from financial assets at fair value through profit or loss ("FVTPL")			
- Realised loss		(3,677,853)	(2,463,111)
- Unrealised gain/ (loss)		2,181,232	(1,050,812)
Net gain on foreign exchange and forward currency contracts	3	159,258	329,854
		<u>518,116</u>	<u>(1,077,481)</u>
<b>EXPENSES</b>			
Manager's fee	4	94,395	112,744
Trustee's fee	5	22,655	27,059
Auditors' remuneration		9,270	6,500
Tax agent's fee		3,900	8,920
Administrative expenses		3,817	5,129
		<u>134,037</u>	<u>160,352</u>
<b>Net results before distribution and taxation</b>		384,079	(1,237,833)
Distribution to unitholders			
SGD (Hedged) Class	14(a)	-	(14,063)
		<u>-</u>	<u>(14,063)</u>
<b>Net results before taxation</b>		384,079	(1,251,896)
Taxation	6	-	-
<b>Net results after taxation, and total comprehensive income/ (loss) for the financial year</b>		<u>384,079</u>	<u>(1,251,896)</u>
<b>Net results after taxation is made up of the following:</b>			
Net realised loss		(3,480,092)	(1,902,789)
Net unrealised gain		3,864,171	650,893
		<u>384,079</u>	<u>(1,251,896)</u>

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

**MAYBANK ASIAN CREDIT INCOME FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024 (CONT'D)**

	<b>Note</b>	<b>2024 RM</b>	<b>2023 RM</b>
<b>Distributions for the financial year:</b>			
<b><u>SGD (Hedged) Class</u></b>			
Net distributions (in Fund currency)	14(a)	-	14,063
Net distributions (in Class currency)	14(a)	-	4,270
Gross/ Net distribution per unit (SGD cent)	14(a)	-	1.18
Distribution dates (ex-date)		<u>Refer to Note 14</u>	<u>Refer to Note 14</u>

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

**MAYBANK ASIAN CREDIT INCOME FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2024**

	Note	2024 RM	2023 RM
<b>ASSETS</b>			
Financial assets at FVTPL	7	30,244,317	41,273,010
Deposit with a licensed financial institution	8	630,530	787,475
Derivative assets	9	188,794	78,638
Dividend receivables		128,041	170,067
Interest/ Profit receivables		54	178
Amount due from Manager	10	1,501	-
Cash at bank	11	900,192	1,757,499
<b>TOTAL ASSETS</b>		<u>32,093,429</u>	<u>44,066,867</u>
<b>LIABILITIES</b>			
Derivative liabilities	9	7,177	1,311,445
Amount due to Manager	10	15,749	10,285
Amount due to Trustee	12	1,604	2,109
Other payables and accruals		22,842	16,668
<b>TOTAL LIABILITIES</b>		<u>47,372</u>	<u>1,340,507</u>
<b>NET ASSETS VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS OF THE FUND</b>		<u>32,046,057</u>	<u>42,726,360</u>
<b>NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS OF THE FUND COMPRISE:</b>			
Unitholders' contribution	13(a)	41,548,370	52,612,752
Accumulated losses	13(b) & 13(c)	(9,502,313)	(9,886,392)
		<u>32,046,057</u>	<u>42,726,360</u>
<b>NET ASSET VALUE ("NAV")</b>			
- MYR Class		31,567,004	41,696,465
- SGD (Hedged) Class		479,053	1,029,895
		<u>32,046,057</u>	<u>42,726,360</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- MYR Class	13(a)	36,741,015	48,981,774
- SGD (Hedged) Class	13(a)	160,520	367,741
		<u>36,901,535</u>	<u>49,349,515</u>
<b>NAV PER UNIT</b>			
- MYR Class (RM)		RM 0.8592	RM 0.8513
- SGD (Hedged) Class (SGD)		<u>SGD 0.8532</u>	<u>SGD 0.8378</u>

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

**MAYBANK ASIAN CREDIT INCOME FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

	<b>Unitholders' contribution Note 13(a) RM</b>	<b>Accumulated losses Note 13(b) &amp; 13(c) RM</b>	<b>Net assets attributable to unitholders RM</b>
At 1 May 2023	52,612,752	(9,886,392)	42,726,360
Total comprehensive income for the financial year	-	384,079	384,079
Creation of units	210,429	-	210,429
Cancellation of units	(11,274,811)	-	(11,274,811)
At 30 April 2024	<u>41,548,370</u>	<u>(9,502,313)</u>	<u>32,046,057</u>
At 1 May 2022	58,808,910	(8,634,496)	50,174,414
Total comprehensive loss for the financial year	-	(1,251,896)	(1,251,896)
Creation of units	1,732,742	-	1,732,742
Reinvestment of units	14,063	-	14,063
Cancellation of units	(7,942,963)	-	(7,942,963)
At 30 April 2023	<u>52,612,752</u>	<u>(9,886,392)</u>	<u>42,726,360</u>

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

**MAYBANK ASIAN CREDIT INCOME FUND**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from disposal of financial assets at FVTPL	13,746,945	9,219,108
Net payments for purchase of financial assets at FVTPL	(1,881,871)	(2,099,311)
Net receipt/ (settlement) for realised foreign exchange income/ (loss)	13,154	(494,586)
Net settlement on forward foreign exchange	(3,606,462)	(2,109,828)
Dividend income received	1,887,133	2,106,314
Interest/ Profit income received	15,066	17,542
Manager's fee paid	(96,500)	(114,375)
Trustee's fee paid	(23,159)	(27,448)
Payment of other fees and expenses	(10,827)	(23,839)
Net cash generated from operating and investing activities	<u>10,043,479</u>	<u>6,473,577</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	208,930	1,732,843
Payments for cancellation of units	(11,269,099)	(7,942,710)
Net cash used in financing activities	<u>(11,060,169)</u>	<u>(6,209,867)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR</b>		
	(1,016,690)	263,710
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		
	2,544,974	1,770,903
Effect of foreign exchange	2,438	510,361
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>		
	<u>1,530,722</u>	<u>2,544,974</u>
<b>Cash and cash equivalents comprise of:</b>		
Deposit with a licensed financial institution with maturity of less than 3 months (Note 8)	630,530	787,475
Cash at bank (Note 11)	900,192	1,757,499
	<u>1,530,722</u>	<u>2,544,974</u>

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

## **MAYBANK ASIAN CREDIT INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

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

Maybank Asian Credit Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 22 May 2020 between the Manager, Maybank Asset Management Sdn Bhd ("MAM") and the Trustee, TMF Trustee Malaysia Bhd. Subsequently, MAM and the Trustee have entered the First Supplemental Deed dated 2 November 2022. The Deed and Supplemental Deed are hereinafter referred to as "Deeds".

The Fund aims to maximise investment returns by investing in the Target Fund, the Maybank Asian Income Fund ("Target Fund").

The principal activity of the Fund is to invest a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets. The Target Fund is a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds.

The Target Fund is constituted as a unit trust in Singapore established on 24 November 2014. The Fund Manager of the Target Fund is Maybank Asset Management Singapore Pte. Ltd. ("MAMS") a fully owned subsidiary of Maybank Asset Management Group Berhad and is licensed and regulated by the Monetary Authority of Singapore. The investment objective of the Target Fund is to provide investors with capital growth and income primarily through investing in a portfolio of Asian fixed income securities and U.S. government debt.

The Fund launched 2 share classes of units as at the date of this report, which are MYR Class and SGD (Hedged) Class.

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 17 June 2024.

#### **2. MATERIAL ACCOUNTING POLICY INFORMATION**

##### **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"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.15 to the financial statements.

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



## MAYBANK ASIAN CREDIT INCOME FUND

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.2 Standards and Amendments to Standards 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
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 121: <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

#### 2.3 Financial instruments

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

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

#### 2.4 Financial assets

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

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

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

The Fund classifies cash and cash equivalents, interest/ profit receivables, dividend receivables and amount due from Manager as financial assets at amortised cost. These assets are subsequently measured using the effective interest rate ("EIR")/ effective profit rate ("EPR") method and are subject to impairment. The EIR/ EPR is a method of calculating the amortised cost of the financial assets and of allocating and recognising the interest income in profit or loss over the relevant period.

## MAYBANK ASIAN CREDIT INCOME FUND

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

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

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

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

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

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

Investments in collective investment scheme 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 remeasurement recognised in profit or loss. Accumulated unrealised gains or losses are reclassified to realised gains or losses when the associated assets are sold.

Interest/ Profit income on debt instruments and dividend income on equity securities classified as FVTPL are 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.

## MAYBANK ASIAN CREDIT INCOME FUND

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

##### (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. 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/ profit in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

## MAYBANK ASIAN CREDIT INCOME FUND

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.5 Financial liabilities

##### (i) Classification

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

##### (ii) Recognition and measurement

Financial liabilities, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR/ EPR method.

The EIR/ EPR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the interest/ profit 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 Unitholders' contribution

The unitholders' contributions to the Fund are classified as liabilities 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 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 statement of comprehensive income of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

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

## **MAYBANK ASIAN CREDIT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

#### **2.7 Revenue/ Income**

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

Interest/ Profit income from short-term deposits is recognised on the accruals basis using the effective interest rate method.

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

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

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

Any distribution to the Fund's unitholders is accounted for as a deduction from profit or loss in statement of comprehensive income except where distribution is sourced out of distribution equalisation which is accounted for as an adjustment to the unitholders' contribution. A proposed distribution is recognised as a liability in the period in which it is approved.

Distribution is declared at the discretion of the Fund Manager based on the availability of distributable income.

Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment 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 net assets attributable to unitholders.

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable income earned during the financial period. Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

## **MAYBANK ASIAN CREDIT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

#### **2.10 Taxation (cont'd)**

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

In some jurisdictions, investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income.

#### **2.11 Derivatives and hedge accounting**

Derivatives are financial assets or liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy for FVTPL.

The Fund does not apply hedge accounting to the forward currency contracts entered during the financial year. However, future events or conditions may cause the Fund to apply hedge accounting in the future.

#### **2.12 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.

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

## **MAYBANK ASIAN CREDIT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

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

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:

- (i) Level 1: Quoted prices (unadjusted) 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.

#### **2.13 Functional and foreign currency**

##### **(i) 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.

##### **(ii) 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 in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **2.14 Segment reporting**

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

## MAYBANK ASIAN CREDIT INCOME FUND

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.15 Significant accounting estimates and judgements

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

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

### 3. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

	2024 RM	2023 RM
Net realised gain on foreign exchange	2,094,325	790,915
Net unrealised gain on foreign exchange	268,515	2,586,907
Net realised loss on forward foreign exchange contracts	(3,618,006)	(2,162,766)
Net unrealised gain/ (loss) on forward foreign exchange contracts	1,414,424	(885,202)
	<u>159,258</u>	<u>329,854</u>

### 4. MANAGER'S FEE

The Manager's fee is computed on a daily basis up to 1.25% per annum ("p.a.") (2023: 1.25% p.a.) of the NAV of each Class before deducting the Manager's fee and Trustee's fee for the particular day. The annual management fee is calculated and accrued daily in the Fund's base currency which is RM, which is also the Fund's functional currency and paid monthly to the Manager.

### 5. TRUSTEE'S FEE

The Trustee's fee is computed up to 0.06% (2023: 0.06%) p.a. of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day, calculated on a daily basis.

### 6. TAXATION

	2024 RM	2023 RM
Current income tax expense	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable income for the financial year.



## MAYBANK ASIAN CREDIT INCOME FUND

### 6. TAXATION (CONT'D)

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, dividend income and interest/ profit income earned by the Fund is exempted from tax. With effect from 1 January 2021, the current income tax exemption on foreign-sourced income ("FSI") received in Malaysia by Malaysian residents has been removed.

Income derived from sources outside Malaysia may be subject to tax in the country from which it is derived. Tax on dividend income from foreign quoted equities is based on the tax regime of the respective countries that the Fund invests in. A reconciliation of income tax expense applicable to net results before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	2024 RM	2023 RM
Net results before taxation	384,079	(1,251,896)
Taxation at Malaysian statutory rate of 24% (2023: 24%)	92,179	(300,455)
Income not subject to tax*	(1,875,354)	(1,316,258)
Loss not deductible for tax purposes	1,751,006	1,574,853
Expenses not deductible for tax purposes	32,169	41,860
Tax expense for the financial year	-	-

\* The dividend income from Target Fund in Singapore was fully reinvested during the financial year. Given that there is no foreign dividend income received in Malaysia, the dividend income from Target Fund is not subject to tax.

### 7. FINANCIAL ASSETS AT FVTPL

	2024 RM	2023 RM
Collective investment scheme	30,244,317	41,273,010

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2024</b>				
Maybank Asian Income Fund Class A (Dist) - SGD	10,927,481	33,903,132	30,244,317	94.38
Unrealised loss on financial assets at FVTPL *			(3,658,815)	

## MAYBANK ASIAN CREDIT INCOME FUND

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

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
<b>2023</b>				
Maybank Asian Income Fund Class A (Dist) - SGD	15,187,217	47,384,007	41,273,010	96.60
Unrealised loss on financial assets at FVTPL *			(6,110,997)	

\* The unrealised loss on collective investment scheme comprise the amounts arising from changes in fair values and effects from foreign exchange.

### 8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2024 RM	2023 RM
Deposit with a licensed financial institution with maturity of: - less than 3 months	630,530	787,475

The weighted average effective interest rates ("WAEIR")/ weight average effective profit rates ("WAEPR") p.a. and average maturity of deposit with a licensed financial institution as at the reporting date were as follows:

	2024		2023	
	WAEIR/ WAEPR % p.a.	Average maturity Days	WAEIR/ WAEPR % p.a.	Average maturity Days
Deposits with maturity of less than 3 months	3.15	2	2.75	1

### 9. DERIVATIVE ASSETS/ (LIABILITIES)

	Notional principal amount RM	Fair Value	
		Assets RM	Liabilities RM
<b>2024</b>			
Currency forwards - less than 1 year	1,187,611	-	(7,177)
	<b>SGD</b>	<b>RM</b>	<b>RM</b>
Currency forwards - less than 1 year	9,000,000	188,794	-

## MAYBANK ASIAN CREDIT INCOME FUND

### 9. DERIVATIVE ASSETS/ (LIABILITIES) (CONT'D)

2023	Notional principal amount RM	Fair Value	
		Assets RM	Liabilities RM
Currency forwards - less than 1 year	6,336,280	78,638	-
	<b>SGD</b>	<b>RM</b>	<b>RM</b>
Currency forwards - less than 1 year	14,052,850	-	(1,311,445)

As at the reporting date, there were 4 (2023: 10) forwards currency contracts outstanding.

The Fund entered into forward currency contracts during the financial year to hedge the Fund's exposure to foreign currencies, arising mainly from investment in the Target Fund which is denominated in SGD and subscriptions in the SGD (Hedged) Class. As the Fund did not adopt hedge accounting during the financial year, the change in the fair value of the forward currency contracts is recognised in the statement of comprehensive income.

### 10. AMOUNT DUE FROM/ TO MANAGER

		2024 RM	2023 RM
Amount due from Manager is in respect of:			
Subscription of units	(i)	1,501	-
Amount due to Manager is in respect of:			
Manager's fee	(ii)	6,684	8,789
Cancellation of units	(iii)	9,065	1,496
		15,749	10,285

(i) The amount represents amount receivable from the Manager for units subscribed.

(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 (2023: 15 days).

(iii) The amount represents amount payable to the Manager for units cancelled.

### 11. CASH AT BANK

	2024 RM	2023 RM
SGD	896,725	1,750,475
RM	3,467	7,024
	900,192	1,757,499

## MAYBANK ASIAN CREDIT INCOME FUND

### 12. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable to the Trustee arising from the accruals for Trustee's fee at the end of the financial year. The normal credit term for Trustee's fee is 15 days (2023: 15 days).

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS

	Note	2024 RM	2023 RM
Unitholders' contribution	(a)	41,548,370	52,612,752
Accumulated realised loss	(b)	(5,293,958)	(1,813,866)
Accumulated unrealised loss	(c)	(4,208,355)	(8,072,526)
		<u>32,046,057</u>	<u>42,726,360</u>

#### (a) Unitholders' contribution

The units are distributed based on the following share classes:

	2024		2023	
	No. of units	RM	No. of units	RM
(i) MYR Class	36,741,015	40,975,219	48,981,774	51,422,593
(ii) SGD (Hedged) Class	160,520	573,151	367,741	1,190,159
	<u>36,901,535</u>	<u>41,548,370</u>	<u>49,349,515</u>	<u>52,612,752</u>

#### (i) MYR Class

	2024		2023	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	48,981,774	51,422,593	56,085,979	57,370,522
Creation of units	243,512	210,429	2,011,926	1,712,012
Cancellation of units	(12,484,271)	(10,657,803)	(9,116,131)	(7,659,941)
As at end of the financial year	<u>36,741,015</u>	<u>40,975,219</u>	<u>48,981,774</u>	<u>51,422,593</u>

#### (ii) SGD (Hedged) Class

	2024		2023	
	No. of units	RM	No. of units	RM
As at beginning of the financial year	367,741	1,190,159	460,251	1,438,388
Creation of units	-	-	7,428	20,730
Reinvestment of units	-	-	5,138	14,063
Cancellation of units	(207,221)	(617,008)	(105,076)	(283,022)
As at end of the financial year	<u>160,520</u>	<u>573,151</u>	<u>367,741</u>	<u>1,190,159</u>

## MAYBANK ASIAN CREDIT INCOME FUND

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

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

As of end of the financial year, the total number and value of units held legally or beneficially by the Manager and a related party are as follows:

	2024		2023	
	No. of units	Valued at NAV	No. of units	Valued at NAV
The Manager (MYR Class)	1,050	RM 902	1,050	RM 894
The Manager (SGD (Hedged) Class)	1,050	SGD 896	1,050	SGD 880

#### (b) Accumulated realised loss

	2024 RM	2023 RM
At beginning of financial year	(1,813,866)	88,923
Net realised loss for the financial year	(3,480,092)	(1,902,789)
At the end of the financial year	(5,293,958)	(1,813,866)

#### (c) Accumulated unrealised loss

	2024 RM	2023 RM
At beginning of financial year	(8,072,526)	(8,723,419)
Net unrealised gain for the financial year	3,864,171	650,893
At the end of the financial year	(4,208,355)	(8,072,526)

#### (d) Classes of shares

##### (i) Types of classes of units

Class	Currency
MYR Class	RM
SGD (Hedged) Class	SGD

There are different charges and features for each class as follows:

- (a) Initial investment for each class; and
- (b) Different additional minimum investment

## MAYBANK ASIAN CREDIT INCOME FUND

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

#### (d) Classes of shares (cont'd)

##### (ii) NAV computation

The computation of NAV of the Fund is based on the Fund's functional currency, RM, irrespective of the multiple classes of units (denominated in other currencies). Due to multiple classes in this Fund, the non-class designated income and expenses incurred by the Fund are apportioned based on the multi-class ratio, which is the size of the respective class relative to the whole Fund. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

##### (iii) Redemption/ Cancellation of units by Unitholders

These units are cancellable at the unitholder's option. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

There is no restriction on the putting of the units back to the Fund (i.e. redemption), subject to the minimum redemption amount of units of each class and the minimum unit holding for each class. If the unit holdings of a unitholder are, after a redemption request, falls below the minimum unit holdings for the Fund, a request for full redemption is deemed to have been made.

### 14. DISTRIBUTIONS

The sources of distribution and the gross/ net distribution rates declared for the various classes of units are as follows:

#### (a) SGD (Hedged) Class

Source of distribution*	2023	
	Total distribution RM	Composition of distribution in percentage %
- Income distribution	14,063	100.00
- Capital distribution	-	-
	<u>14,063</u>	<u>100.00</u>

\* Effective from the 1 March 2022, the Securities Commission Guidelines permit a fund to distribute out of income (which includes current year's realised income) or out of capital (which includes prior year's realised income).

## MAYBANK ASIAN CREDIT INCOME FUND

### 14. DISTRIBUTIONS (CONT'D)

#### (a) SGD (Hedged) Class (cont'd)

The gross/ net distribution per unit and the distribution dates are as follows:

Distribution dates (ex-date)	Gross/ Net distribution per unit (SGD cent)
<b>2023</b>	
25 August 2022	0.34
26 April 2023	0.84
	<u>1.18</u>

### 15. TRANSACTIONS WITH BROKER AND FINANCIAL INSTITUTION

The Manager subscribes and redeems the units in the Target Fund directly from the Manager of the Target Fund, which is also a related party of the Manager, in the financial year.

Detail of transactions, primarily deposit with a financial institutions is as follows:

	2024		2023	
	Value of placements RM	Percentage of total placement %	Value of placements RM	Percentage of total placement %
<b>Financial institutions</b>				
MBB*	123,704,552	99.54	171,091,815	100.00
Maybank Islamic Bhd ("MIB")**	570,000	0.46	-	-
	<u>124,274,552</u>	<u>100.00</u>	<u>171,091,815</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 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, there are no other significant related party transaction and balances of the Fund during the financial year.

## MAYBANK ASIAN CREDIT INCOME FUND

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

	2024	2023
	RM	RM
<b>(i) <u>Significant related party transaction</u></b>		
<b><u>MBB:</u></b>		
Interest income from deposits	14,783	17,694
Realised loss on forward foreign exchange contracts	<u>(236,892)</u>	<u>112,745</u>
<b><u>MIB:</u></b>		
Profit income from deposits	<u>45</u>	<u>-</u>
<b>(ii) <u>Significant related party balances</u></b>	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b><u>MBB:</u></b>		
Deposit with a licensed financial institution	<u>630,530</u>	<u>787,475</u>
Interest receivables	<u>54</u>	<u>178</u>
Derivative assets	<u>-</u>	<u>416</u>
Derivative liabilities	<u>-</u>	<u>83,176</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 with unrelated parties.

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

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. For the financial year ended 30 April 2024, the TER of the Fund stood at 0.36% (2023: 0.36%).

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

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial year ended 30 April 2024, the PTR of the Fund stood at 0.21 times (2023: 0.13 times).

### 19. SEGMENT REPORTING

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieves its targeted return with an acceptable level of risk within the portfolio. The PMC is responsible for the performance of the Fund by investing a minimum of 90% of the Fund's NAV in the Target Fund and up to 10% of the Fund's NAV in liquid assets.



## MAYBANK ASIAN CREDIT INCOME FUND

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

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

The internal reporting of the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. There were no changes in the reportable operating segments during the financial year.

### 20. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

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

The following table analyses the financial assets and 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.

<b>2024</b>	<b>Financial assets and liabilities at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Financial assets</b>				
Financial assets at FVTPL	30,244,317	-	-	30,244,317
Deposit with a licensed financial institution	-	630,530	-	630,530
Derivative assets	188,794	-	-	188,794
Dividend receivables	-	128,041	-	128,041
Interest/ Profit receivable	-	54	-	54
Amount due from Manager	-	1,501	-	1,501
Cash at bank	-	900,192	-	900,192
Total financial assets	<u>30,433,111</u>	<u>1,660,318</u>	<u>-</u>	<u>32,093,429</u>
<b>Financial liabilities</b>				
Derivative liabilities	7,177	-	-	7,177
Amount due to Manager	-	-	15,749	15,749
Amount due to Trustee	-	-	1,604	1,604
Other payables and accruals	-	-	22,842	22,842
Total financial liabilities	<u>7,177</u>	<u>-</u>	<u>40,195</u>	<u>47,372</u>

**MAYBANK ASIAN CREDIT INCOME FUND**

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

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

<b>2023</b>	<b>Financial assets and liabilities at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Financial assets</b>				
Financial assets at FVTPL	41,273,010	-	-	41,273,010
Deposit with a licensed financial institution	-	787,475	-	787,475
Derivative assets	78,638	-	-	78,638
Dividend receivables	-	170,067	-	170,067
Interest/ Profit receivable	-	178	-	178
Cash at bank	-	1,757,499	-	1,757,499
<b>Total financial assets</b>	<b>41,351,648</b>	<b>2,715,219</b>	<b>-</b>	<b>44,066,867</b>
<b>Financial liabilities</b>				
Derivative liabilities	1,311,445	-	-	1,311,445
Amount due to Manager	-	-	10,285	10,285
Amount due to Trustee	-	-	2,109	2,109
Other payables and accruals	-	-	16,668	16,668
<b>Total financial liabilities</b>	<b>1,311,445</b>	<b>-</b>	<b>29,062</b>	<b>1,340,507</b>

**(b) Financial instruments that are carried at fair value**

The Fund's financial assets at FVTPL, derivative assets and derivative liabilities are carried at fair value.

Collective investment scheme

The Fund's investment in the collective investment scheme is carried at fair value. The fair value of the collective investment scheme is determined by reference to its last published NAV per unit at the reporting date.

Derivative assets and liabilities

The fair value of over-the-counter forward foreign exchange contracts are obtained by using valuation models which incorporate various observable market inputs such as changes in spot rate, and changes in the forward points. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

## MAYBANK ASIAN CREDIT INCOME FUND

### 20. 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2024</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	30,244,317	-	-	30,244,317
Derivative assets	-	188,794	-	188,794
	30,244,317	188,794	-	30,433,111
<b>Financial liabilities</b>				
Derivative liabilities	-	7,177	-	7,177
	-	7,177	-	7,177
<b>2023</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	41,273,010	-	-	41,273,010
Derivative assets	-	78,638	-	78,638
	41,273,010	78,638	-	41,351,648
<b>Financial liabilities</b>				
Derivative liabilities	-	1,311,445	-	1,311,445
	-	1,311,445	-	1,311,445

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

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

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

## MAYBANK ASIAN CREDIT INCOME FUND

### 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unit Trust Funds and CMSA.

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest/ profit rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's cash and bank investments in collective investment scheme denominated in foreign currency, derivative assets and derivative liabilities. The Fund is also exposed to interest/ profit rate risk arising from deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments other than investment in Target Fund as at the reporting date.

##### (i) Interest/ Profit rate risk

Cash is sensitive to movement in interest/ profit rates. When interest/ profit rates rise, the return on cash will rise. The deposit with a licensed financial institution carries a fixed rate, and therefore, is not affected by the movements in market interest rates.

##### (ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below analyses the net positions of the Fund's financial assets and financial liabilities (excluding derivative assets and liabilities) which are exposed to foreign exchange risk as at 30 April 2024. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and liabilities) in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liabilities of the Fund that may affect the value of the NAV attributable to unitholders.

SGD	2024 RM	2023 RM
<b>Financial assets</b>		
Financial assets at FVTPL	30,244,317	41,273,010
Dividend receivables	128,041	170,067
Cash at bank	896,725	1,750,475
<b>Total assets</b>	<b>31,269,083</b>	<b>43,193,552</b>

**MAYBANK ASIAN CREDIT INCOME FUND**

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

**(b) Market risk (cont'd)**

**(ii) Foreign exchange risk (cont'd)**

SGD (cont'd)	2024 RM	2023 RM
<b>Net on-balance sheet open position</b>	<u>31,269,083</u>	<u>43,193,552</u>
<b>Principal amount of forward exchange contracts (Note 9) *</b>	<u>9,000,000</u>	<u>14,052,850</u>

\* The Fund has entered into forward currency contracts to hedge its SGD exposure arising mainly from investment in the Target Fund which is denominated in SGD and subscriptions in the SGD (Hedged) Class.

The table below summarises the sensitivity of the Fund's net on-balance sheet open position (excluding derivative assets and derivative liabilities) to movements in exchange rates. The analysis is based on the assumptions that the exchange rates will increase or decrease by 5% with all other variables held constant.

	2024		2023	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
SGD	+5	1,563,454	+5	2,159,678
	-5	(1,563,454)	-5	(2,159,678)

The impact to net results after taxation and NAV is expected to be the same.

**(iii) Price risk**

Price risk is the risk of unfavourable changes in the fair values of investments as the result of changes in market prices (other than those arising from interest/ profit rate risk and forward exchange currency risk). The price risk exposure arises from the Fund's investments in Target Fund.

## MAYBANK ASIAN CREDIT INCOME FUND

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

#### (b) Market risk (cont'd)

##### (iii) Price risk (cont'd)

Management's best estimate of the effect on the income for the period due to a reasonably possible change in price, with all other variables held constant is indicated in the table below:

	2024		2023	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
Collective investment scheme	+5	1,512,216	+5	2,063,651
	-5	(1,512,216)	-5	(2,063,651)

The impact to net results after taxation and NAV is expected to be the same.

#### (c) Credit risk

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

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

##### (i) Credit risk exposure

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

## MAYBANK ASIAN CREDIT INCOME FUND

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

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

##### (ii) Credit quality of financial assets

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

Financial assets	2024		2023	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	1,530,776	4.78	2,545,152	5.96

#### (d) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected.

The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholder's option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Trust Deeds.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

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, deposit with 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 undiscounted financial assets, liabilities and unitholders' contribution to provide a complete view of the Fund's contractual commitments and liquidity. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

**MAYBANK ASIAN CREDIT INCOME FUND**

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

**(d) Liquidity risk (cont'd)**

	<b>Less than 1 month RM</b>	<b>More than 1 month RM</b>	<b>Total RM</b>
<b>2024</b>			
<b>Financial liabilities</b>			
Derivative liabilities	-	7,177	7,177
Amount due to Manager	15,749	-	15,749
Amount due to Trustee	1,604	-	1,604
Other payables and accruals	22,842	-	22,842
NAV attributable to unitholders	32,046,057	-	32,046,057
Total undiscounted financial liabilities and net assets attributable to unitholders	<u>32,086,252</u>	<u>7,177</u>	<u>32,093,429</u>
<b>2023</b>			
<b>Financial liabilities</b>			
Derivative liabilities	1,311,445	-	1,311,445
Amount due to Manager	10,285	-	10,285
Amount due to Trustee	2,109	-	2,109
Other payables and accruals	16,668	-	16,668
NAV attributable to unitholders	42,726,360	-	42,726,360
Total undiscounted financial liabilities and net assets attributable to unitholders	<u>44,066,867</u>	<u>-</u>	<u>44,066,867</u>

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.

Financial liabilities exclude tax-related matters such as tax payables, if any.



## **MAYBANK ASIAN CREDIT INCOME FUND**

### **22. UNITHOLDERS' CONTRIBUTION MANAGEMENT**

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

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

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to provide unitholders with regular and stable distributions and to meet the expenses of the Fund and other obligations as they arise; and
- (d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

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