

Asset Management

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MAYBANK INCOME FLOW-I FUND

Annual report

For the financial period from 27 March 2023 (date of launch) to 31
May 2024

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)
Level 12 Tower C
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59000 Kuala Lumpur, Malaysia
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EXTERNAL INVESTMENT MANAGER

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TRUSTEE

RHB Trustees Berhad (200201005356) (573019-U)
Level 11 Tower Three
RHB Centre
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50400 Kuala Lumpur
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SHARIAH ADVISER

Amanie Advisors Sdn Bhd (200501007003) (684050-H)
Level 13A-2
Menara Tokio Marine Life
189 Jalan Tun Razak
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Telephone +603 2161 0260
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MAYBANK INCOME FLOW-I FUND

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MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 2024

A. Fund Information

1. Name of Fund

Maybank Income Flow-I Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Fixed Income (Islamic)

4. Duration of Fund

The Fund is an open-ended Fund.

5. Fund's launch date/ Commencement date

27 March 2023/ 28 March 2023

6. Fund's investment objective

The Fund aims to provide Unit Holders with consistent income stream.

7. Fund's distribution policy

Distribution will be made on a monthly basis or at such other frequency as the Manager may decide in its absolute discretion.

The Fund may distribute from realised income, realised gains, unrealised income and/ or unrealised gains to enable the Fund to distribute income on a regular basis in accordance with the distribution policy of the Fund. Any declaration and payment of distribution will have the effect of lowering the NAV of the Fund.

In addition, any distribution out of the Fund's capital may amount to a reduction of part of the Unit Holders' original investment and may also result in reduced future returns to Unit Holders. When a substantial amount of the original investment is being returned to the Unit Holders, it has a risk of eroding the capital of the Fund and may, over time, cause the NAV of the Fund to fall. The greater the risk of capital erosion that exists, the greater the likelihood that, due to capital erosion, the value of future returns would also be diminished.

8. Fund's performance benchmark

Maybank 1-month Islamic deposit rate.

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

The Fund seeks to achieve its investment objective by investing a minimum of 30% of the Fund's NAV in MYR-denominated Sukuk. Up to 70% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits.

10. Net income distribution for the financial period from 27 March 2023 (date of launch) to 31 May 2024

The Fund distributed a total net income of RM19,080,544 to unitholders for the financial period from 27 March 2023 (date of launch) to 31 May 2024.

MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 2024 (cont'd)

A. Fund Information (cont'd)

10. Net income distribution for the financial period from 27 March 2023 (date of launch) to 31 May 2024 (cont'd)

Below is the impact of the distributions to the Fund's NAV:

Distribution date (Ex-date)	Gross/ Net distribution per unit (sen)	Before distribution RM	After distribution RM	Changes %
29 May 2023	0.10	1.0036	1.0026	0.10
27 June 2023	0.20	1.0050	1.0030	0.20
26 July 2023	0.10	1.0056	1.0046	0.10
28 August 2023	0.20	1.0074	1.0054	0.20
26 September 2023	0.25	1.0077	1.0052	0.25
27 October 2023	0.30	1.0077	1.0047	0.30
27 November 2023	0.22	1.0082	1.0060	0.22
27 December 2023	0.26	1.0093	1.0067	0.26
29 January 2024	0.32	1.0099	1.0067	0.32
26 February 2024	0.26	1.0094	1.0068	0.26
26 March 2024	0.26	1.0095	1.0069	0.26
25 April 2024	0.26	1.0093	1.0067	0.26
28 May 2024	0.27	1.0098	1.0071	0.27

B. Performance Review

1. Key performance data of the Fund

Category	27.03.2023 (date of launch) to 31.05.2024
Portfolio composition (%)	
Sukuk (%)	33.59
Commercial Services	1.08
Construction & Engineering	0.32
Diversified Holdings	1.59
Energy	4.28
Financial Services	4.81
Industrials	1.07
Information Technology	0.49
Infrastructures & Utilities	7.38
Plantation & Agriculture	3.57
Property	2.59
Public Finances	0.53
Public Services	0.54
Real Estate	2.67
Trading & Services	0.53
Transportation	2.14
Cash and other net assets (%)	66.41
Total (%)	100.00

MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 2024 (cont'd)

B. Performance Review (cont'd)

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

Category	27.03.2023 (date of launch) to 31.05.2024
NAV (RM'000)	936,224
Units in circulation (units'000)	929,448
NAV per unit (RM)	1.0073
Highest NAV per unit (RM)	1.0097
Lowest NAV per unit (RM)	1.0000
Annual return (%) ⁽¹⁾	
- Capital growth (%)	0.73
- Income distribution (%)	3.02
Total return (%)	3.78
Benchmark (%)	2.89
Gross/ Net distribution per unit (sen)	3.00
Distribution date (ex-date)	Refer to Note 13
Total Expense Ratio ("TER") (%)	0.40
Portfolio Turnover Ratio ("PTR") (times)	0.42

Note:

(1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of Manager and Trustee's fees.

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.

2. Performance of the Fund up to 31 May 2024

Category	1 year to 31.05.2024 %	Since Inception to 31.05.2024 %
Capital growth	0.46	0.73
Income distribution	2.92	3.02
Total return of the Fund	3.39	3.78
Benchmark	2.55	2.89
Average total return	3.39	3.33

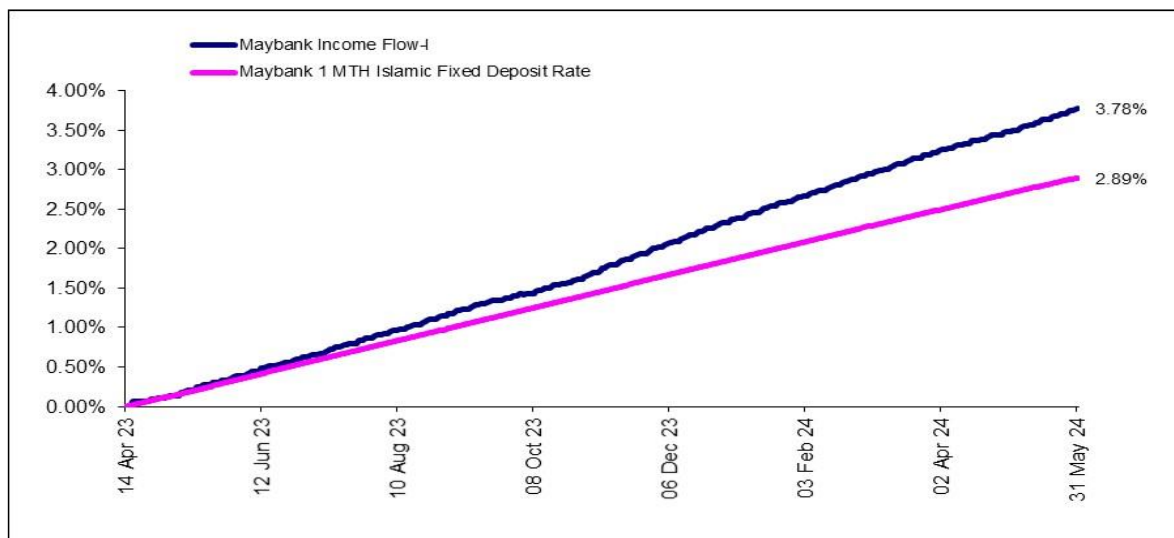
MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 2024 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 31 May 2024 (cont'd)



Source: Lipper, as at 31 May 2024

The Fund recorded a return of 3.78% since inception to 31 May 2024, compared to the benchmark return of 2.89% over the same period. The outperformance was driven by a combination of stronger return from a strong rally in the local bond market, tightening credit spreads and income derived from the Sukuk held in the Fund during the period. Overall, the Fund has met its objective by performing better than the benchmark for the period under review, together with the monthly net income distributions made up to 31 May 2024.

3. Annual total return of the Fund

Category	1 year to 31.05.2024 %	Since Inception to 31.05.2024 %
Capital growth	0.46	0.73
Income distribution	2.92	3.02
Total return of the Fund	3.39	3.78
Benchmark	2.55	2.89

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:

$$\begin{aligned} \text{Capital return} &= (\text{NAV per unit end} / \text{NAV per unit begin}) - 1 \\ \text{Income return} &= \text{Income distribution per unit} / \text{NAV per unit ex-date} \\ \text{Total return} &= (1 + \text{Capital return}) \times (1 + \text{Income return}) - 1 \end{aligned}$$

(iv)

MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 2024 (cont'd)

C. Market Review

The period saw a pause in profit rates hike by Bank Negara Malaysia ("BNM") after a 25 basis points ("bps") hike in early May 2023 to 3.00% and 4 consecutive 25 bps hikes in 2022. Since the hike in May 2023 the central bank has reiterated the need to assess the impact of the previous hikes before deciding if a further adjustment is needed. This has led to growing expectation that BNM rate hikes has reached the end of the cycle and future trajectory is more for a long pause if not policy easing going forward into 2024. Local Malaysian Government Securities ("MGS") and Government Investment Issues ("GII") yields rose in tandem with rising United States Treasury ("UST") yields up to end October 2023 before seeing a rally on expectations of lower economic growth in 2024 and end of rates hiking cycle globally. The 10-year MGS peaked at 4.16% in October 2023 from 3.71% at the start of the period, before the rally saw it closed the 2023 year-end at 3.74%. Some volatility were seen going into 2024 as expectations of United States ("US") rate cuts were pushed back further with the re-emergence of higher for longer narrative, as UST yields sold off amidst strong economic data, escalation in geopolitical tensions and strong dollar index. MGS and GII also saw some volatility, although more resilient compared to UST. 10-year MGS reached a high of 4.00% in April 2023 (+26 bps from start of the year), before closing the review period at 3.89% (-11 bps). Comparatively, 10-year UST started the 2024 year at 3.88%, reached a high of 4.71% in April 2024 (+83 bps) and closed at 4.50% (-21 bps). Despite the volatility in the sovereign bond space, demand for corporate bonds continued to be strong, resulting in tightening in credit spreads.

D. Market Outlook & Strategies

Looking ahead into 2024, the fixed income market is expected to continue its recovery, benefiting from the global trend of central banks easing profit rate hikes. With BNM anticipated to maintain the Overnight Policy Rate ("OPR") at 3.00% throughout 2024 and Malaysia's gross domestic product ("GDP") projected to grow between 4.00% and 5.00%, the local fixed income market remains attractive in 2024.

The OPR was maintained at 3.00% by BNM throughout 2023 and into its first three meetings in January, March and May 2024, as risks to growth outlook are viewed as broadly balanced, with the expectation that inflation would stay steady in the near future. However, the medium-term trajectory is subject to the risks of changes to subsidy and price control policies, as well as global commodity prices. We expects BNM to maintain OPR at 3.00% throughout the year in the absence of demand pulled pressures, although monthly consumer price index ("CPI") is likely to trend higher depending on the pace of subsidy rationalisation.

In term of Malaysia GDP growth prospect, it is projected to expand by around 4.00% in 2023, and 4.00% to 5.00% in year 2024. This justifies a continuation of the recent monetary policy stance. Having said no change, the next move in OPR, if any, is likely to be a cut rather than a hike as Malaysia's third quarter 2023 GDP growth came in at 3.30% Year-over-Year ("YoY"), a small improvement from 2.90% YoY in second quarter 2023, albeit with a softening monthly trend. As such, we maintain our positive outlook for Malaysia's fixed income market.

Strategy wise, we will continue to trade opportunistically and realise profits to improve our current yield with the cash available. The strategy for the Fund is to reinvest into longer-duration allowed based on the Fund's requirement and into higher yield accretive bonds while focusing more on new primary issuances with higher yields to increase returns. We continue to overweight corporate Sukuk over sovereign Sukuk to anchor the Fund's income, as corporate Sukuk are less volatile and provide higher yields to buffer against potential mark-to-market losses. We prefer strong AA-rated papers for yield pickup, while our holdings in AAAs be the anchor for trading and return on investment ("ROI") purposes. We will continue to trade opportunistically to realise profits. As of 31 May 2024, the Fund is 33.59% invested in Ringgit Malaysia ("RM") denominated Sukuk investments.

MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 2024 (cont'd)

E. Significant Changes in The State of Affairs of the Fund

List highlighting the amendments from the Deed dated 10 February 2023 ("principal deed") and the First Supplemental Deed dated 3 May 2024 ("First Supplemental Deed") in relation to the Fund.

Clause	Principal Deed	First Supplementary Deed																									
2.1(a)	<p>Section 6 of the First Schedule:</p> <table border="1"> <thead> <tr> <th>Section</th> <th>Item</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>6</td> <td>Class of Units</td> <td>N/A</td> </tr> </tbody> </table>	Section	Item	Details	6	Class of Units	N/A	<p>Section 6 of the First Schedule has been amended to:</p> <table border="1"> <thead> <tr> <th>Section</th> <th>Item</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>6</td> <td>Class of Units</td> <td>1. Class A 2. Class B</td> </tr> </tbody> </table>	Section	Item	Details	6	Class of Units	1. Class A 2. Class B													
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2.1(b)	<p>Second Schedule:</p> <p style="text-align: center;">THE SECOND SCHEDULE</p> <p style="text-align: center;"><u>Monies Lodged by Manager and Units Issued to Manager</u></p> <table border="1"> <thead> <tr> <th>Name of the Fund</th> <th>Monies lodged by the Manager with the Trustee</th> <th>Number of Units issued to the Manager</th> </tr> </thead> <tbody> <tr> <td>Maybank Income Flow-I Fund</td> <td>RM1,000</td> <td>1,000 Units</td> </tr> </tbody> </table>	Name of the Fund	Monies lodged by the Manager with the Trustee	Number of Units issued to the Manager	Maybank Income Flow-I Fund	RM1,000	1,000 Units	<p>Second Schedule has been amended to:</p> <p style="text-align: center;">THE SECOND SCHEDULE</p> <p style="text-align: center;"><u>Monies Lodged by Manager and Units Issued to Manager</u></p> <table border="1"> <thead> <tr> <th>Class of Units</th> <th>Monies lodged by the Manager with the Trustee</th> <th>Number of Units issued to the Manager</th> </tr> </thead> <tbody> <tr> <td>Class A</td> <td>RM1,000</td> <td>1,000 Units</td> </tr> <tr> <td>Class B</td> <td>RM1,000</td> <td>1,000 Units</td> </tr> </tbody> </table>	Class of Units	Monies lodged by the Manager with the Trustee	Number of Units issued to the Manager	Class A	RM1,000	1,000 Units	Class B	RM1,000	1,000 Units										
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2.1(c)	<p>Fifth Schedule:</p> <p style="text-align: center;">THE FIFTH SCHEDULE</p> <p style="text-align: center;"><u>Prices During Initial Offer Period</u></p> <table border="1"> <thead> <tr> <th>Name of the Fund</th> <th>Selling price</th> <th>Creation price</th> <th>Redemption price</th> <th>Cancellation price</th> </tr> </thead> <tbody> <tr> <td>Maybank Income Flow-I Fund</td> <td>RM1.00</td> <td>RM1.00</td> <td>RM1.00</td> <td>RM1.00</td> </tr> </tbody> </table>	Name of the Fund	Selling price	Creation price	Redemption price	Cancellation price	Maybank Income Flow-I Fund	RM1.00	RM1.00	RM1.00	RM1.00	<p>Fifth Schedule has been amended to:</p> <p style="text-align: center;">THE FIFTH SCHEDULE</p> <p style="text-align: center;"><u>Prices During Initial Offer Period</u></p> <table border="1"> <thead> <tr> <th>Class of Units</th> <th>Selling price</th> <th>Creation price</th> <th>Redemption price</th> <th>Cancellation price</th> </tr> </thead> <tbody> <tr> <td>Class A</td> <td>RM1.00</td> <td>RM1.00</td> <td>RM1.00</td> <td>RM1.00</td> </tr> <tr> <td>Class B</td> <td>RM1.00</td> <td>RM1.00</td> <td>RM1.00</td> <td>RM1.00</td> </tr> </tbody> </table>	Class of Units	Selling price	Creation price	Redemption price	Cancellation price	Class A	RM1.00	RM1.00	RM1.00	RM1.00	Class B	RM1.00	RM1.00	RM1.00	RM1.00
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2.1(d)	<p>Sixth Schedule:</p> <p style="text-align: center;">THE SIXTH SCHEDULE</p> <p style="text-align: center;"><u>Maximum Rates of Sales Charge and Maximum Rate of Redemption Charge</u></p> <table border="1"> <thead> <tr> <th>Name of the Fund</th> <th>Sales charge (based on the NAV per Unit of the Fund)</th> <th>Redemption charge (based on the NAV per Unit of the Fund)</th> </tr> </thead> <tbody> <tr> <td>Maybank Income Flow-I Fund</td> <td>5.00%</td> <td>5.00%</td> </tr> </tbody> </table>	Name of the Fund	Sales charge (based on the NAV per Unit of the Fund)	Redemption charge (based on the NAV per Unit of the Fund)	Maybank Income Flow-I Fund	5.00%	5.00%	<p>Sixth Schedule has been amended to:</p> <p style="text-align: center;">THE SIXTH SCHEDULE</p> <p style="text-align: center;"><u>Maximum Rates of Sales Charge and Maximum Rate of Redemption Charge</u></p> <table border="1"> <thead> <tr> <th>Class of Units</th> <th>Sales charge (based on the NAV per Unit of the Fund)</th> <th>Redemption charge (based on the NAV per Unit of the Fund)</th> </tr> </thead> <tbody> <tr> <td>Class A</td> <td>5.00%</td> <td>5.00%</td> </tr> <tr> <td>Class B</td> <td>5.00%</td> <td>5.00%</td> </tr> </tbody> </table>	Class of Units	Sales charge (based on the NAV per Unit of the Fund)	Redemption charge (based on the NAV per Unit of the Fund)	Class A	5.00%	5.00%	Class B	5.00%	5.00%										
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MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 2024 (cont'd)

E. Significant Changes in The State of Affairs of the Fund (cont'd)

Clause	Principal Deed	First Supplementary Deed			
2.1(e)	<p>Eleventh Schedule:</p> <p style="text-align: center;">THE ELEVENTH SCHEDULE</p> <p style="text-align: center;"><u>Features of each Class of Units</u></p> <p style="text-align: center;">N/A</p>	<p>Eleventh Schedule has been amended to:</p> <p style="text-align: center;">THE ELEVENTH SCHEDULE</p> <p style="text-align: center;"><u>Features of each Class of Units</u></p>			
		Features	Class A	Class B	
		Currency denomination of the class of Units	RM	RM	
		Minimum initial investment [^]	RM1,000	RM10,000,000	
		Minimum additional investment [^]	RM100	RM5,000,000	
		Minimum redemption of Units [^]	N/A	1,000,000 Units	
		Minimum holdings to maintain account [^]	1,000 Units	500,000 Units	
		<p><i>or such other lower amount or number of Units (as the case may be) as may be decided by the Manager from time to time.</i></p>			
		<p>Notes:</p> <p>1. Save for changes to the currency denomination of the class of Units and subject to note 2 below, any changes to the aforesaid features will be disclosed in the Prevailing Prospectus without having to make any amendment to this Deed.</p> <p>2. Any changes to the sales charge, redemption charge and the annual management fee beyond the maximum rates as set out in the Sixth Schedule and the Eighth Schedule will require the Unit Holders' approval. The Manager will have to issue a supplemental deed to amend the maximum rate and the changes will be reflected in a supplemental prospectus or replacement prospectus.</p> <p>3. The Fund may consist of one or more classes of Units, with each class of Units having such structures and features, which may include but not limited to, different minimum amounts for initial and subsequent applications, different minimum amount to be comprised in a redemption request and different fees and charges within the limits permitted under this Deed, as the Manager may</p>			

MAYBANK INCOME FLOW-I FUND

Manager's report

For the financial period from 27 March 2023 (date of launch) to 31 May 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 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 27 March 2023 (date of launch) to 31 May 2024, the Manager and its delegates did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were demonstrable benefits to the unitholders.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK INCOME FLOW-I FUND FOR THE FINANCIAL PERIOD FROM 27 MARCH 2023 (DATE OF LAUNCH) TO 31 MAY 2024

We have acted as Trustee of the Fund for the financial period from 27 March 2023 (date of launch) to 31 May 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 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.
4. We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of

RHB TRUSTEES BERHAD

[Company No.: 200201005356 (573019-U)]

MOHD SOFIAN BIN KAMARUDDIN

Vice President

Kuala Lumpur, Malaysia

22 July 2024

LIM BEE FANG

Chief Executive Officer

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK INCOME FLOW-I FUND
FOR THE FINANCIAL PERIOD FROM 27 MARCH 2023 (DATE OF LAUNCH) TO 31 MAY
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 Maybank Income Flow-I Fund as at 31 May 2024 and of its results, changes in net assets attributable to unitholders and cash flows for the financial period from 27 March 2023 (date of launch) to 31 May 2024 and comply with the requirements of the Deed.

Dr Hasnita Binti Dato' Hashim
Chairman

Muhammad Hishamuddin Bin Hamzah
Director

Kuala Lumpur, Malaysia
22 July 2024

REPORT OF THE SHARIAH ADVISER

**TO THE UNITHOLDERS OF
MAYBANK INCOME FLOW-I FUND
FOR THE FINANCIAL PERIOD FROM 27 MARCH 2023 (DATE OF LAUNCH) TO 31 MAY 2024**

We hereby confirm the following:

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

Amanie Advisors Sdn Bhd

Tan Sri Dr Mohd Daud Bakar
Executive Chairman

Kuala Lumpur, Malaysia
22 July 2024

Independent auditors' report to the Unitholders of Maybank Income Flow-I Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Income Flow-I Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 May 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 financial period from 27 March 2023 (date of launch) to 31 May 2024, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 May 2024, and of its financial performance and cash flows for the financial period 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 Income Flow-I Fund (cont'd)

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

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

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

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 Income Flow-I Fund (cont'd)

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

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

Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Guidelines on 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
22 July 2024

MAYBANK INCOME FLOW-I FUND**STATEMENT OF COMPREHENSIVE INCOME****FOR THE FINANCIAL PERIOD FROM 27 MARCH 2023 (DATE OF LAUNCH) TO 31 MAY 2024**

		27.03.2023 (date of launch) to 31.05.2024 RM
	Note	
INVESTMENT INCOME		
Profit income	4	22,278,367
Net gain on financial assets at fair value through profit or loss ("FVTPL")		
- Realised gain		31,305
- Unrealised gain		722,963
		<u>23,032,635</u>
EXPENSES		
Manager's fee	5	1,726,979
Trustee's fee	6	308,389
Auditors' remuneration		10,000
Tax agent's fee		7,900
Shariah advisory fee		17,681
Administrative expenses		4,826
		<u>2,075,775</u>
Net income before taxation		20,956,860
Taxation	7	-
Net income after taxation representing total comprehensive income for the financial period		<u>20,956,860</u>
Net income after taxation is made up of the following:		
Net realised income		20,233,897
Net unrealised income		722,963
		<u>20,956,860</u>
Distributions for the financial period:		
Net distributions per unit (sen)	13	<u>19,080,544</u>
Gross/ Net distributions per unit (sen)	13	<u>3.00</u>
Distributions date (ex-date)	13	<u>Refer to Note 13</u>

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

MAYBANK INCOME FLOW-I FUND**STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2024**

	Note	31.05.2024 RM
ASSETS		
Financial assets at FVTPL	8	314,767,086
Shariah-compliant deposits with licensed Islamic financial institutions	9	608,124,623
Profit income receivables		5,826,434
Amount due from Manager	10	9,990,010
Cash at bank		98,280
TOTAL ASSETS		<u>938,806,433</u>
LIABILITIES		
Amount due to Manager	10	206,880
Amount due to Trustee	11	36,943
Distribution payable		2,324,425
Other payables and accruals		14,169
TOTAL LIABILITIES		<u>2,582,417</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>936,224,016</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' capital	12(a)	934,347,700
Retained earnings	12(b) & (c)	1,876,316
		<u>936,224,016</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12(a)	<u>929,447,766</u>
NAV PER UNIT (RM)		<u>1.0073</u>

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

MAYBANK INCOME FLOW-I FUND**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND
FOR THE FINANCIAL PERIOD FROM 27 MARCH 2023 (DATE OF LAUNCH) TO 31 MAY 2024**

	Unitholders' capital Note 12(a) RM	Retained earnings Note 12(b) & Note 12(c) RM	Net assets attributable to unitholders RM
At 27 March 2023 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	20,956,860	20,956,860
Creation of units	3,390,664,561	-	3,390,664,561
Reinvestment of units	16,455,400	-	16,455,400
Cancellation of units	(2,472,772,261)	-	(2,472,772,261)
Distributions (Note 13)	-	(19,080,544)	(19,080,544)
At 31 May 2024	<u>934,347,700</u>	<u>1,876,316</u>	<u>936,224,016</u>

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

MAYBANK INCOME FLOW-I FUND

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 27 MARCH 2023 (DATE OF LAUNCH) TO 31 MAY 2024

27.03.2023
(date of launch)
to
31.05.2024
RM

CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

Placement in Shariah-compliant deposits with maturity more than 3 months	(331,422,703)
Net proceeds from sale and redemption of financial assets at FVTPL	60,685,282
Net payment for purchase of financial assets at FVTPL	(375,276,328)
Profit income received	17,030,165
Manager's fee paid	(1,520,100)
Trustee's fee paid	(271,447)
Payment of other fees and expenses	(26,238)
Net cash used in operating and investing activities	<u>(630,801,369)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from creation of units	3,380,674,547
Payment for redemption of units	(2,472,772,262)
Distributions to unitholders	(300,716)
Net cash generated from financing activities	<u>907,601,569</u>

NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD

276,800,200

CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH

-

CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD

276,800,200

Cash and cash equivalents comprise:

Cash at bank	98,280
Shariah-compliant deposits with licensed Islamic financial institutions with maturity of less than 3 months (Note 9)	276,701,920
	<u>276,800,200</u>

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

MAYBANK INCOME FLOW-I FUND

NOTES TO THE FINANCIAL STATEMENT

FOR THE FINANCIAL PERIOD FROM 27 MARCH 2023 (DATE OF LAUNCH) TO 31 MAY 2024

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Income Flow-I Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 10 February 2023 between the Manager, Maybank Asset Management Sdn Bhd ("MAM") and the Trustee, RHB Trustees Bhd. Subsequently, MAM and the Trustee have entered into the First Supplemental Deed dated 3 May 2024. The Deed & Supplemental Deed are collectively referred to as "Deeds".

The Fund seeks to achieve its investment objective by investing a minimum of 30% of the Fund's NAV in MYR-denominated Sukuk. Up to 70% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits.

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

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

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

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

The financial statements were authorised for issue by the Board of Directors of the Manager (the "Directors") in accordance with a resolution of the Directors on 22 July 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") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

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

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

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

MAYBANK INCOME FLOW-I 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, profit income receivables and amount due from Manager as financial assets at amortised cost.

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

MAYBANK INCOME FLOW-I 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 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 Sukuk is classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is held for trading if:

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

Debt instruments that do not meet the amortised cost or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

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

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

MAYBANK INCOME FLOW-I 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 (financial assets that are debt instruments). The impairment model does not apply to equity investments.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

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

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

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

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

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

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

(iv) Derecognition

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, gain or losses are recognised in profit or loss when the asset is derecognised, modified and impaired.

MAYBANK INCOME FLOW-I 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 Manager, amount due to Trustee, distribution payable and other payables and accruals as 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 method.

(iii) Derecognition

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

2.6 Fair value measurement

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

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

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

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

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

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:

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

MAYBANK INCOME FLOW-I FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 Fair value measurement (cont'd)

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

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

2.7 Functional and presentation currency

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

2.8 Unitholders' capital

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

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

The outstanding units are carried at the redemption amount that is payable at each financial 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 distributions is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the financial period in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.

2.10 Cash and cash equivalents

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

MAYBANK INCOME FLOW-I FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Revenue/ Income

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

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

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

2.12 Taxation

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

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in net assets attributable to unitholders.

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 allocating resources and assessing performance of the operating segments.

2.14 Critical accounting estimates and judgements

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

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

MAYBANK INCOME FLOW-I FUND

3. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser confirmed that the investment portfolio of the Fund during the financial period from 27 March 2023 (date of launch) to 31 May 2024 is Shariah-compliant.

4. PROFIT INCOME

	27.03.2023 (date of launch) to 31.05.2024 RM
Profit income from Sukuk	8,340,073
Profit income from Shariah-compliant deposits	14,523,804
Amortisation of premium, net of accretion of discount	<u>(585,510)</u>
	<u>22,278,367</u>

5. MANAGER'S FEE

The Manager's fee is computed daily. The fee is computed up to 0.50% per annum ("p.a.") on the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

6. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis up to 0.05% p.a. of the NAV of the Fund before deducting the Manager's fee and Trustee's fees.

7. TAXATION

	27.03.2023 (date of launch) to 31.05.2024 RM
Tax charge for the financial period:	
Current income tax expense	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial period.

The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, the profit income earned by the Fund from its investment in Sukuk and Shariah-compliant deposits is exempted from tax.

MAYBANK INCOME FLOW-I FUND

7. TAXATION (CONT'D)

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:

	27.03.2023 (date of launch) to 31.05.2024 RM
Net income before taxation	<u>20,956,860</u>
Tax at Malaysian statutory rate of 24%	5,029,646
Income not subject to tax	(5,527,832)
Expenses not deductible for tax purposes	<u>498,186</u>
Tax expense for the financial period	<u>-</u>

8. FINANCIAL ASSETS AT FVTPL

	31.05.2024 RM
Sukuk	<u>314,767,086</u>

	Quantity Unit	Amortised Cost RM	Market Value RM	Percentage of NAV %
Sukuk				
31.05.2024				
Commercial Services				
DiGi Telecommunications Sdn Bhd - 4.66%/ 02.12.2025	<u>10,000,000</u>	<u>10,122,234</u>	<u>10,140,400</u>	<u>1.08</u>
Construction & Engineering				
Gamuda Land (T12) Sdn Bhd - 3.55%/ 12.08.2025	<u>3,000,000</u>	<u>2,980,600</u>	<u>2,992,620</u>	<u>0.32</u>
Diversified Holdings				
UMW Holdings Bhd - 3.03%/ 05.11.2025	<u>15,000,000</u>	<u>14,814,522</u>	<u>14,847,900</u>	<u>1.59</u>

MAYBANK INCOME FLOW-I FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Sukuk (cont'd)	Quantity Unit	Amortised Cost RM	Market Value RM	Percentage of NAV %
31.05.2024 (cont'd)				
Energy				
Pengurusan Air SVP Bhd				
- 4.27%/ 06.06.2024*	10,000,000	10,001,316	10,000,400	1.07
- 3.07%/ 05.06.2025	5,000,000	4,963,608	4,970,500	0.53
Petroleum Sarawak Exploration and Production Sdn Bhd				
- 3.90%/ 24.05.2027	10,000,000	9,999,931	10,026,300	1.07
Sarawak Energy Bhd*				
- 5.00%/ 04.07.2024	10,000,000	10,011,799	10,012,000	1.07
Southern Power Generation Sdn Bhd				
- 4.85%/ 31.10.2024	5,000,000	5,018,291	5,022,050	0.54
	40,000,000	39,994,945	40,031,250	4.28
Financial Services				
Affin Islamic Bank Bhd				
- 4.55%/ 16.12.2025	5,000,000	5,047,317	5,048,950	0.54
- 4.15%/ 11.12.2026	5,000,000	4,999,941	5,023,950	0.54
Bank Pembangunan Malaysia Bhd				
- 3.81%/ 01.12.2025	10,000,000	9,999,978	10,014,400	1.07
Bank Simpanan Nasional				
- 3.74%/ 13.02.2026	5,000,000	4,999,791	5,000,300	0.53
- 4.15%/ 15.02.2027	5,000,000	4,999,783	4,998,000	0.53
Cagamas Bhd				
- 3.65%/ 03.03.2025	5,000,000	5,000,055	5,003,250	0.53
CIMB Islamic Bank Bhd				
- 3.95%/ 30.11.2026	5,000,000	4,999,990	5,023,650	0.54
RHB Bank Bhd				
- 3.95%/ 25.05.2026	3,000,000	2,999,987	3,013,830	0.32
SME Development Bank Malaysia Bhd				
- 3.10%/ 31.07.2026	2,000,000	1,955,405	1,969,100	0.21
	45,000,000	45,002,247	45,095,430	4.81

MAYBANK INCOME FLOW-I FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Sukuk (cont'd)	Quantity Unit	Amortised Cost RM	Market Value RM	Percentage of NAV %
31.05.2024 (cont'd)				
Industrials				
Sunway Healthcare Treasury Sdn Bhd - 3.10%/ 31.07.2026	10,000,000	9,999,729	10,012,200	1.07
Information Technology				
My E.G. Services - 5.80%/ 01.03.2027	4,600,000	4,599,524	4,625,254	0.49
Infrastructures & Utilities				
BGSM Management Sdn Bhd* - 5.45%/ 28.06.2024	5,000,000	5,006,048	5,005,550	0.53
Digi Telecommunications Sdn Bhd - 3.50%/ 18.09.2026	15,000,000	14,922,686	14,920,950	1.59
Jimah East Power Sdn Bhd - 5.45%/ 04.12.2025	10,000,000	10,173,818	10,204,400	1.09
Malaysia Airports Capital Bhd - 4.15%/ 27.12.2024	10,000,000	10,024,172	10,033,400	1.07
Penang Port Sdn Bhd - 4.30%/ 24.12.2026	8,700,000	8,755,902	8,785,782	0.94
Tanjung Bin Power Sdn Bhd - 5.12%/ 15.08.2025	10,000,000	10,123,250	10,141,000	1.08
TNB Western Energy Bhd - 5.14%/ 30.07.2025	10,000,000	10,111,378	10,137,300	1.08
	68,700,000	69,117,254	69,228,382	7.38
Plantation & Agriculture				
Bumitama Agri Ltd - 4.20%/ 22.07.2026	10,000,000	10,069,348	10,072,100	1.08
Kuala Lumpur Kepong Bhd - 4.65%/ 24.04.2026	5,000,000	5,068,511	5,088,100	0.54

MAYBANK INCOME FLOW-I FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

	Quantity Unit	Amortised Cost RM	Market Value RM	Percentage of NAV %
Sukuk (cont'd)				
31.05.2024 (cont'd)				
Plantation & Agriculture (cont'd)				
Perbadanan Kemajuan Pertanian Negeri Pahang				
- 3.96%/ 30.10.2024	3,000,000	2,988,491	2,991,690	0.32
- 4.11%/ 30.10.2025	5,000,000	4,944,573	4,957,300	0.53
Sime Darby Plantation Sdn Bhd				
- 5.65%/ 24.03.2116	10,000,000	10,301,728	10,294,300	1.10
	<u>33,000,000</u>	<u>33,372,651</u>	<u>33,403,490</u>	<u>3.57</u>
Property				
Fortune Premiere Sdn Bhd				
- 5.05%/ 05.09.2025	10,000,000	10,102,236	10,131,200	1.08
- 5.05%/ 31.10.2025	4,000,000	4,043,599	4,058,360	0.43
UEM Sunrise Bhd				
- 5.32%/ 11.12.2024	5,000,000	4,935,824	5,028,450	0.54
- 4.30%/ 16.02.2026	5,000,000	5,020,939	5,037,700	0.54
	<u>24,000,000</u>	<u>24,102,598</u>	<u>24,255,710</u>	<u>2.59</u>
Public Finances				
Infracap Resources Sdn Bhd				
- 3.69%/ 15.04.2026	5,000,000	4,986,035	4,999,300	0.53
Public Services				
Danainfra Nasional Bhd				
- 4.32%/ 26.11.2025	5,000,000	5,062,663	5,055,050	0.54
Real Estate				
S P Setia Bhd				
- 4.30%/ 23.06.2026	5,000,000	4,998,515	5,044,150	0.54
Sime Darby Property Bhd				
- 3.10%/ 03.12.2025	10,000,000	9,909,260	9,904,900	1.06
- 4.08%/ 21.08.2026	10,000,000	10,016,443	10,052,600	1.07
	<u>25,000,000</u>	<u>24,924,218</u>	<u>25,001,650</u>	<u>2.67</u>

MAYBANK INCOME FLOW-I FUND

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Sukuk (cont'd)	Quantity Unit	Amortised Cost RM	Market Value RM	Percentage of NAV %
31.05.2024 (cont'd)				
Trading & Services				
Evyap Sabun Malaysia Sdn Bhd - 4.05%/ 30.12.2025	5,000,000	4,917,383	5,007,700	0.53
Transportation				
Amanah Lebuhraya Rakyat Bhd - 4.39%/ 13.10.2025	5,000,000	5,034,022	5,048,850	0.54
Malaysia Airport Holdings Bhd - 3.79%/ 25.04.2025	15,000,000	15,013,498	15,021,900	1.60
	<u>20,000,000</u>	<u>20,047,520</u>	<u>20,070,750</u>	<u>2.14</u>
Total Sukuk	<u>313,300,000</u>	<u>314,044,123</u>	<u>314,767,086</u>	<u>33.59</u>
Unrealised gain on financial assets at FVTPL			<u>722,963</u>	

* The Sukuk from Pengurusan Air SVP Bhd, BGSM Management Sdn Bhd and Sarawak Energy Bhd were fully redeemed on the maturity date, 6 June 2024, 28 June 2024 and 4 July 2024 respectively.

9. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED ISLAMIC FINANCIAL INSTITUTIONS

	31.05.2024 RM
Shariah-compliant deposits with licensed Islamic financial institutions with maturity of:	
- less than 3 months	276,701,920
- more than 3 months	<u>331,422,703</u>
	<u>608,124,623</u>

MAYBANK INCOME FLOW-I FUND

9. SHARIAH-COMPLIANT DEPOSITS WITH LICENSED ISLAMIC FINANCIAL INSTITUTIONS (CONT'D)

The weighted average effective profit rates ("WAEPR") p.a. and average maturity of Shariah-compliant deposits with licensed Islamic financial institutions as at the reporting date are as follows:

	31.05.2024	
	WAEPR % p.a.	Average maturity Days
Shariah-compliant deposits with maturity of		
- less than 3 months	3.33	33
- more than 3 months	3.80	177

10. AMOUNT DUE FROM/ TO MANAGER

	Note	31.05.2024 RM
(a) Amount due from Manager		
Subscription of units	(i)	<u>9,990,010</u>
(b) Amount due to Manager		
Manager's fee	(ii)	<u>206,880</u>

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

(ii) The amount represents the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial period. The normal credit term for Manager's fee is 15

11. AMOUNT DUE TO TRUSTEE

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

12. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Note	31.05.2024 RM
Unitholders' capital	(a)	934,347,700
Accumulated realised income	(b)	1,153,353
Accumulated unrealised income	(c)	722,963
		<u>936,224,016</u>

MAYBANK INCOME FLOW-I FUND

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

(a) Unitholders' capital

	27.03.2023 (date of launch) to 31.05.2024	
	No. of units	RM
At the date of launch	-	-
Creation of units	3,367,474,138	3,390,664,561
Reinvestment of units	16,350,756	16,455,400
Cancellation of units	<u>(2,454,377,128)</u>	<u>(2,472,772,261)</u>
At the end of the financial period	<u>929,447,766</u>	<u>934,347,700</u>

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

	31.05.2024	
	No. of units	RM
The Manager	<u>1,030</u>	<u>1,038</u>

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

(b) Accumulated realised income

	27.03.2023 (date of launch) to 31.05.2024	
	RM	
At the date of launch	-	
Net realised income for the financial period	20,233,897	
Distributions out of realised reserve (Note 13)	<u>(19,080,544)</u>	
At the end of the financial period	<u>1,153,353</u>	

(c) Accumulated unrealised income

	27.03.2023 (date of launch) to 31.05.2024	
	RM	
At the date of launch	-	
Net unrealised income for the financial period	722,963	
At the end of the financial period	<u>722,963</u>	

MAYBANK INCOME FLOW-I FUND

13. DISTRIBUTIONS

The composition of distributions are as follows:

	27.03.2023 (date of launch) to 31.05.2024	Composition of distribution in percentage %
Source of distribution*	Total of distribution RM	
- Income distribution	19,080,544	100.00
- Capital distribution	-	-
	<u>19,080,544</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 period's realised income) or out of capital (which includes prior year's realised income).

A portion of the distributions declared were/ will be settled in the form of units and presented as reinvestment of units in Note 12(a) on payment date.

The gross and net distributions per unit and the distribution dates in the current financial period is as follows:

Distribution date (ex-date)	Gross/ Net distribution per unit (sen)
27.03.2023 (date of launch) to 31.05.2024	
29 May 2023	0.10
27 June 2023	0.20
26 July 2023	0.10
28 August 2023	0.20
26 September 2023	0.25
27 October 2023	0.30
27 November 2023	0.22
27 December 2023	0.26
29 January 2024	0.32
26 February 2024	0.26
26 March 2024	0.26
25 April 2024	0.26
28 May 2024	0.27
	<u>3.00</u>

MAYBANK INCOME FLOW-I FUND

14. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions, primarily Shariah-compliant deposits with licensed Islamic financial institutions for the financial period are as follows:

	27.03.2023 (date of launch)	
	to	
	31.05.2024	
	Value of	Percentage
	placements	of total
	RM	placements
		%
Hong Leong Islamic Bank Bhd	7,490,699,590	37.17
Maybank Islamic Bhd ("MIB")*	4,952,167,000	24.56
CIMB Islamic Bank Bhd	3,786,297,572	18.78
Public Islamic Bank Bhd	2,881,773,322	14.29
Malaysia Building Society Bhd	558,206,693	2.77
Affin Islamic Bank Bhd	268,354,434	1.33
RHB Islamic Bank Bhd	107,000,000	0.53
Bank Islam Malaysia Bhd	90,515,068	0.45
Kuwait Finance House Bhd	25,000,000	0.12
	<u>20,160,013,679</u>	<u>100.00</u>

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

15. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

(a) Significant related party transactions

	27.03.2023 (date of launch)	
	to	
	31.05.2024	
		RM
MIB:		
Profit income on deposit		<u>956,677</u>

MAYBANK INCOME FLOW-I FUND

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

27.03.2023
(date of launch)
to
31.05.2024
RM

(b) Significant related party balances

MIB:

Shariah-compliant deposits with licensed Islamic financial institutions	85,253,000
Cash at Bank	98,280
Profit income receivables	381,760
	<u>85,733,040</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.

16. 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. The fees and expenses include Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and other administrative expenses. For the financial period from 27 March 2023 (date of launch) to 31 May 2024, the TER of the Fund stood at 0.40%.

17. 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 average NAV of the Fund calculated on a daily basis. For the financial period from 27 March 2023 (date of launch) to 31 May 2024, the PTR of the Fund stood at 0.42 times.

18. SEGMENT INFORMATION

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

The Fund seeks to achieve its investment objective by investing a minimum of 30% of the Fund's NAV in MYR-denominated Sukuk. Up to 70% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits.

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

There were no changes in the reportable operating segments during the financial period.

MAYBANK INCOME FLOW-I FUND

19. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The material accounting policy information in Note 2.3 to Note 2.14 describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

	Financial assets at FVTPL RM	Financial assets amortised cost RM	Financial liabilities at amortised cost RM	Total RM
31.05.2024				
Financial Assets				
Financial assets at FVTPL	314,767,086	-	-	314,767,086
Shariah-compliant deposits with licensed Islamic financial institutions	-	608,124,623	-	608,124,623
Profit income receivables	-	5,826,434	-	5,826,434
Amount due from Manager	-	9,990,010	-	9,990,010
Cash at bank	-	98,280	-	98,280
Total financial assets	314,767,086	624,039,347	-	938,806,433
Financial Liabilities				
Amount due to Manager	-	-	206,880	206,880
Amount due to Trustee	-	-	36,943	36,943
Distribution payable	-	-	2,324,425	2,324,425
Other payables and accruals	-	-	14,169	14,169
Total financial liabilities	-	-	2,582,417	2,582,417

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value and revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency Malaysia Sdn Bhd.

(c) Fair value hierarchy

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

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

MAYBANK INCOME FLOW-I FUND

19. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM
31.05.2024			
Financial assets at FVTPL	-	314,767,086	-

(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, 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.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

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

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

(b) Market risk

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

(i) Profit rate risk

Sukuk are particularly sensitive to movements in market profit rates. When profit rates rise, the value of Sukuk will fall and vice versa, thus affecting the NAV of the Fund. The sensitivity to market profit rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

MAYBANK INCOME FLOW-I FUND

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

(b) Market risk (cont'd)

(i) Profit rate risk (cont'd)

The table below summarises the sensitivity of the Fund's NAV to movements in prices of Sukuk held by the Fund as a result of movements in market profit rates. The analysis is based on the assumptions that the profit rates increased and decreased by 1% (100 basis points) with all other variables held constant.

	31.05.2024	
	Changes in profit rates %	Effect on NAV (Decrease)/ Increase RM
Financial assets at FVTPL	+1	(4,596,502)
	-1	4,705,917

The impact to net income after tax is expected to be the same as the effects on NAV.

(c) Credit risk

Credit risk is the risk that the issuer/ counterparty to a financial instrument will default on its obligation resulting in a financial loss to the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/ counterparty's inability or unwillingness to honour its contractual obligations to make timely payments of 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 Shariah-compliant financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

(i) Credit risk exposure

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

(ii) Credit risk concentration

The following tables analyse the Fund's investments in financial assets at FVTPL, profit income receivables, cash at bank and Shariah-compliant deposit with a licensed Islamic financial institution by rating categories. The ratings are obtained from RAM.

MAYBANK INCOME FLOW-I FUND

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

(c) Credit risk (cont'd)

(ii) Credit risk concentration (cont'd)

	31.05.2024	
	RM	As a percentage of NAV %
Financial assets		
AAA	744,134,528	79.48
AA1	43,230,036	4.62
AA2	55,284,247	5.91
AA3	70,900,967	7.57
Government Guaranteed	15,266,645	1.63
	<u>928,816,423</u>	<u>99.21</u>

(d) Liquidity risk

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

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

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

The following table summarises the maturity profile of the Fund's financial liabilities to provide a complete view of the Fund's contractual commitments and liquidity:

31.05.2024	Less than 1 month RM	More than 1 month RM	Total RM
Financial liabilities			
Amount due to Manager	206,880	-	206,880
Amount due to Trustee	36,943	-	36,943
Distribution payable	2,324,425	-	2,324,425
Other payables and accruals	14,169	-	14,169
Total undiscounted financial liabilities	<u>2,582,417</u>	<u>-</u>	<u>2,582,417</u>

MAYBANK INCOME FLOW-I FUND

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

(d) Liquidity risk (cont'd)

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 are required to pay.

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

21. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

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

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

22. COMPARATIVES

There are no comparative figures presented as this is the Fund's first reporting period since the Fund was launched on 27 March 2023.