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MAYBANK LIFESTYLE TRUST FUND TODAY

Annual report
For the financial year ended 30 September 2019

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283)

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

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TRUSTEE

HSBC (Malaysia) Trustee Berhad (193701000084 (1281-T))

13th Floor, HSBC South Tower

No. 2, Leboh Ampang

50100 Kuala Lumpur

MAYBANK LIFESTYLE TRUST FUND TODAY

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MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019

A. Fund Information

1. Name of the Fund

Maybank Lifestyle Trust Fund Today

2. Type of Fund

Income fund

3. Category of Fund

Fixed income fund

4. Duration of the Fund

The Fund is an open-ended Fund.

5. Fund launch date / commencement date

25 November 2004 / 24 December 2004

6. Fund's investment objective

The Fund aims to seek regular income stream and moderate capital growth through investments into fixed income securities and dividend yielding equities.

7. Fund distribution policy

Income distribution, if any, is declared at the end of the financial year of the Fund or for any other specified period at the Manager's discretion, subject to Trustee's approval. Distribution will be made from realised income and realised gains of the Fund.

8. Fund's performance benchmark

- 80% of Maybank 12-Months Fixed Deposit Rate
- 20% FTSE Bursa Malaysia EMAS ("FBM EMAS") Index

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

The principal activity of the Fund is to invest between 80% to 100% of the Fund's assets in fixed income securities and money market instruments, a maximum of 20% of the Fund's assets in equities and minimum of 2% of the Fund's assets in liquid assets.

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

A. Fund Information (cont'd)

10. Net income distribution for the financial year ended 30 September 2019

The Fund declared a distribution of RM 142,666 for the financial year ended 30 September 2019.

Below are details of distribution declared during the financial year:

Distribution date	Gross/ net distribution per unit (sen)
30 September 2019	2.00

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

Distribution date	Before distribution (RM)	After distribution (RM)	Changes %
30 September 2019	0.5632	0.5432	(3.55)

11. Breakdown of unitholdings by size

Fund size

As at 30 September 2019, the size of the Fund was 7,133,301 units.

Breakdown of unitholdings as at 30 September 2019

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	76	30.52	215	3.01
5,001 to 10,000 units	31	12.45	212	2.97
10,001 to 50,000 units	101	40.56	2,444	34.26
50,001 to 500,000 units	41	16.47	4,262	59.76
500,001 units and above	-	-	-	-
Total	249	100.00	* 7,133	100.00

* Included units held under an Institutional Unit Trust Scheme Adviser

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	FY2019	FY2018	FY2017
Portfolio			
Unquoted fixed income securities	79.18	77.32	79.06
Quoted equities			
Consumer	-	-	8.86
Financial services	2.24	-	1.67
Technologies	-	-	2.49
Industrial products	-	5.97	-
Real Estate Investment Trusts ("REITs")	7.43	-	-
Trading & Services	-	-	2.38
Cash and other net assets	11.15	16.71	5.54
Total (%)	100.00	100.00	100.00
NAV (RM'000)	3,875	4,600	5,261
Units in circulation (units'000)	7,133	8,655	9,645
NAV per unit (RM)	0.5432	0.5315	0.5455
Highest NAV per unit (RM)	0.5654	0.5710	0.5746
Lowest NAV per unit (RM)	0.5299	0.5421	0.5414
Net income distributed	142,666	173,100	231,480
Distribution date	30/09/2019	30/09/2018	30/09/2017
Gross/net distribution per unit (sen)	2.00	2.00	2.40
Annual total return (%) ⁽¹⁾			
- Capital growth (%)	1.86	(2.57)	(0.29)
- Income distribution (%)	3.76	3.67	4.39
Total return (%)	5.69	1.10	4.10
Benchmark (%)	0.51	2.61	3.93
Management Expense Ratio ("MER") (%)	2.01	2.09	2.04
Portfolio Turnover Ratio ("PTR") (times)	0.31	0.43	0.39

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

B. Performance Review (cont'd)

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

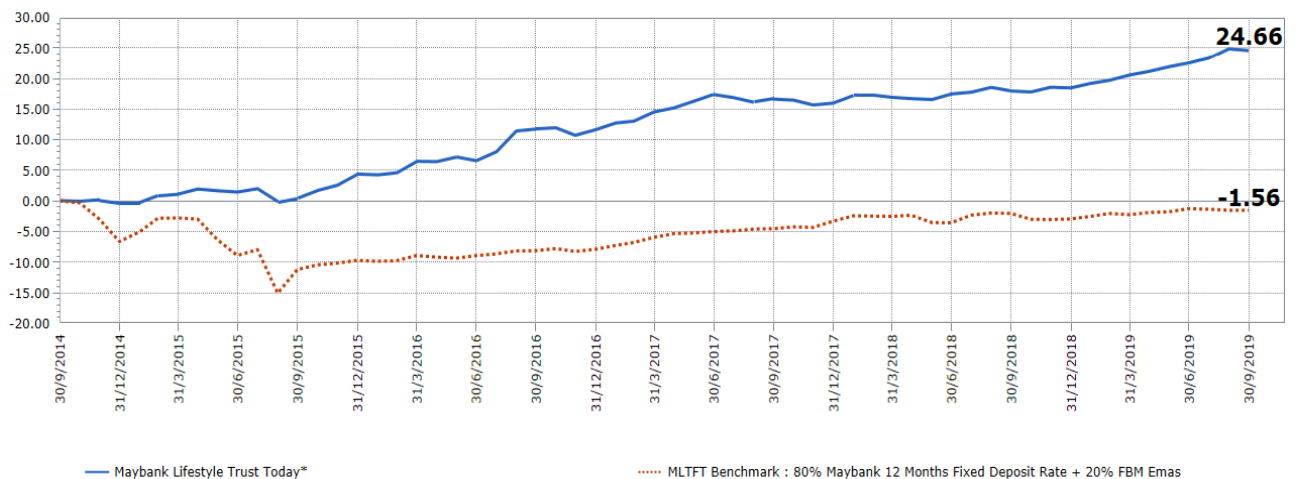
Notes:

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

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 30 September 2019

Category	1 year to 30.09.2019 %	3 years to 30.09.2019 %	5 years to 30.09.2019 %
Capital growth	1.86	(2.41)	(0.51)
Income distribution	3.76	14.27	25.30
Total return of the Fund	5.69	11.51	24.66
Benchmark	0.51	7.16	(1.56)
Average total return	5.69	3.70	4.50



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 September 2019

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund up to 30 September 2019 (cont'd)

For the financial year ending 30 September 2019, the Fund achieved a total return of 5.7%, outperforming its benchmark, which registered a return of 0.5%. For equities, the strategy to focus on high yielding stocks such as the holdings in the REITs sector contributed positively to the performance of the Fund. For fixed income, the outperformance was due to the strong rally in the local bond market, and the overweight position in corporate bonds against sovereign bonds, which benefitted from the tightening credit spreads.

Has the Fund achieved its investment objective?

For the period under review, the Fund managed to outperform its benchmark. Dividend was declared for financial period ending 2015, 2016, 2017, 2018 and 2019. In summary, the Fund met its regular income stream and moderate capital growth objective for the period under review.

3. Annual total return of the Fund

For the financial year ended	30.09.2019 %	30.09.2018 %	30.09.2017 %	30.09.2016 %	30.09.2015 %
Capital growth	1.86	(2.57)	(0.29)	5.52	(3.28)
Income distribution	3.76	3.67	4.39	5.78	3.73
Total return	5.69	1.10	4.10	11.30	0.45
Benchmark	0.51	2.61	3.93	3.49	(1.17)

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

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

C. Market Review

Equity market review

During the period under review of 1 October 2018 to 30 September 2019, the equity markets were broadly weak as investor weighed-in the on-going United States ("US")-China trade tensions and uncertainty on the global economic outlook. Within the period, only Indonesia (+3.2%) and Philippines (+6.9%) were in positive territory in ASEAN, together with China (Shanghai +3.0%) and India (+5.0%) for North Asia. On the contrary, Singapore, Thailand, Malaysia, Taiwan, South Korea, Hong Kong and Japan closed lower by 4.2%, 6.8%, 11.7%, 1.6%, 12.0 %, 6.1% and 9.8% respectively. Over in US, Dow Jones and S&P 500 recorded gains of 1.7% and 2.2% respectively. Meanwhile in Europe, the Euro Stoxx 50 and the German Dax rose by 5.0% and 1.5% respectively for the period.

Although the equity markets movements snapshot were broadly mixed, markets were volatile as the trade deal between the US-China remains an impasse as any discussion on trade negotiations are subsequently followed by trade threats. In May 2019, US announced its plan of increasing tariff on US Dollars ("USD") 200 billion ("bn") worth of Chinese import from 10% to 25% from 10 May 2019 onwards and China retaliated by increasing the tariff range from 5-10% to 5-25% on USD60bn worth of US import. In June 2019, US and China agreed to restart the trade negotiations whilst further tariff increases were put on hold temporarily. However, in August 2019, Donald Trump announced that he may potentially impose 10% tariff on the remaining USD300bn worth of Chinese import starting 1st September 2019 but backpedalled in mid-August 2019, by delaying 10% tariff on some holiday related Chinese imports to 15 December 2019. The persistent on-off tit-for-tat tariff translates to volatility and poor visibility on the trade progress. Elsewhere, political and trade tensions also sparked in other nations, with Saudi Arabia oil plant being attacked by drones, Japan announcing that it has removed South Korea from the whitelist of trusted trade partners and anti-government protests happening in Hong Kong.

Domestically, the large cap FTSE Bursa Malaysia ("FBM") KLCI Index closed -11.7% for the period, while the broader market FBM Emas Index also posted a loss of 10.6%. The local market failed to see strong rally in early 2019 as compared to its peers due to the lack of catalyst and overhang on the political uncertainties as well as government policies. Meanwhile, the FBM SmallCap Index still registered a decline of 9.7% for the period, despite recovering 14.9% in the first 9 months of 2019.

For the period, foreign funds have taken out Ringgit Malaysia ("RM/MYR")11.1bn net worth of equities with a strong outflow in the month of March 2019 to May 2019 and August 2019. Fund flow reversed in January 2019 and June 2019 at +RM1.0bn and RM0.1bn respectively but in the subsequent months, foreigners sold off their position, ending with a net outflow of RM7.9bn year to date.

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

C. Market Review (cont'd)

Equity market review (cont'd)

In November 2018, the local government announced its Budget 2019 focusing on fiscal discipline and alleviating the rising cost of living for the lower income household. The government expects the Malaysian economy to expand at 4.9% in 2019, slightly higher than 4.8% in 2018 supported by domestic demand. However, following the release of Bank Negara Malaysia ("BNM") Annual Report 2018 in March 2019, the Gross Domestic Product ("GDP") growth forecast for 2019 has been revised to a range of 4.3%-4.8%. Besides that, the fiscal deficit targets were set at 3.4% for 2019 as they continue to exercise prudent spending in 2019. In terms of the introduction of new taxes which was briefly talked about in "The New Dawn" conference held by local brokers, the absence of the highly speculated capital gain tax and inheritance tax which spooked the market post the conference was a relief to the market but the soda and casino tax were raised, sending the casino stocks down. Overall, Budget 2019 could be viewed as slightly negative for certain sectors but positive in the medium to long-term to the Malaysian economy as the government lays out appropriate measures in the short term for a longer term view.

Earnings continue to fall short following the release of second quarter of 2019 corporate results in August 2019, with more disappointments. As compared to first quarter of 2019 earnings season, disappointments came from similar sectors, construction (slower project flows albeit news flow has been fluid), financials (lower net interest margin ("NIM") and loans growth), plantation (lower crude palm oil ("CPO") and high operating costs), property (slower sales and margin compression from tougher competition), rubber gloves (higher-than-expected costs) and technology (semiconductors) (impacted by the trade war). While Malaysia should benefit from trade diversion, this has only reflected in pockets of sectors thus far e.g. port operators e.g. Westports Malaysia Sdn Bhd and MMC Corporation Bhd.

Fixed income market review

The Malaysian sovereign bond yields increased during the first two months of period under review on rising US interest rates and heightened trade disputes between the US and China, as well as the tabling of Budget 2019 in November 2018 before sliding lower in December 2018 on the back of dovish Federal Open Market Committee ("FOMC")'s policy stance and improved sentiment over emerging market assets. The Malaysian sovereign bond yields continued its rally into 2019 as the positive market sentiment was aided by concerns on slower global growth, rising expectation of a peaking US Federal Reserve ("Fed") Fund Rate, and more dovish central banks globally. Central banks turned even more dovish in March 2019, with the Fed signalled the likelihood of no hike in 2019 (down from expectation of 2 hikes) and indicated that it will conclude their balance sheet reduction in September 2019 instead of in December 2019 as generally expected. BNM also lowered their 2019 GDP growth projection to 4.3% - 4.8% from 4.9% previously, prompting market expectations of an Overnight Policy Rate ("OPR") cut in 2019. Malaysia Government Securities ("MGS") and Government Investment Issues ("GII") rallied further in March 2019, with yields down by 10-35 basis point ("bps") since the start of 2019.

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

C. Market Review (cont'd)

Fixed income market review (cont'd)

However, a slew of bad news in April 2019 (Norway's sovereign wealth fund pullout from Emerging Market ("EM"), Malaysia's possible exclusion from World Global Bond Index ("WGBI"), and Moody's negative statement on the government's aid to Felda) have caused a knee-jerk reaction and led to a sell-off in the bond market and the RM. Sovereign bond yields went up by about 10-20 bps across the board on the news but have since recovered by 5-10 bps. As a result of the bad news in April 2019, foreigners turned net sellers with outflows of -RM9.8bn, erasing previous two months inflows (March 2019: +RM2.9bn, February 2019: +RM4.5bn). Consequently, foreign holdings of MGS and GII declined to 37.1% (March 2019: 38.7%) and 4.8% (March 2019: 5.8%) respectively. The outflow was in line with regional market's sentiment toward EM debts and stronger USD for the month. Despite this outflow, the bond market remained supported by local players with yields recovered back to March 2019 levels, or even slightly lower, especially the yields for 15 years and below.

In May 2019, BNM decided to cut the OPR by 25 bps to 3.00% on external risks to growth mainly due to escalating US-China trade tensions, as well as low inflation rate outlook. The cut was seen as pre-emptive in nature in order to maintain its accommodative monetary policy stance. The Malaysian government bonds rallied in May 2019 and in June 2019, in line with global bond markets on the back of safe haven flows as concerns grew over the trade war as well as dovish global central banks. Expectation of rate cuts increased as the Fed indicated its openness to policy easing as US macro data softened while there were talks of possible stimulus by European Central Bank ("ECB"). Also supporting the rally was BNM's initiative to enhance market liquidity and accessibility announced in May 2019, which includes expansion of dynamic hedging programme and MYR liquidity beyond local trading hours. The initiative is to address the risk of the exclusion of MGS from the WGBI by FTSE Russell.

Malaysian bond market mostly extended gains in July 2019. As widely expected, OPR was maintained in July's 2019 Monetary Policy Committee ("MPC") meeting while the Fed announced a cut in the Fed Fund Rate at end-July 2019, lowering the target range by 25 bps to 2% to 2.25%. However, while FOMC signalled willingness to ease rates further if necessary, US Fed Chairman Jerome Powell commented that the rate cut is "not the beginning of a long series of rate cuts". Malaysian govies corrected slightly but was short-lived as concerns on US-China trade tensions re-emerged on renewed tariff threats by the US on the remaining untaxed Chinese goods. Yields for Malaysian govies ended lower on the mid- to long-end of the curve by 13-29 bps in August 2019, with corporate bonds following suit, thus tightening credit spreads.

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

C. Market Review (cont'd)

Fixed income market review (cont'd)

However in September 2019, Malaysian bond market bear steepened on the back of easing US-China trade tensions and concerns on FTSE Russell's decision on potential exclusion of Malaysia from its index. As per market expectation, BNM maintained OPR at 3.00% in its September 2019 meeting while the US FOMC decided to cut its Fed Fund Rate by 25bps to 1.75%-2.00% range, but indicated that further cuts may not follow. 10-year MGS yields rose to September 2019 high of 3.50% from 3.32% at the beginning of the month, before easing back to close at 3.32% at month-end after a relief rally following FTSE Russell's decision to maintain Malaysia on watchlist until its next review in March 2020. Meanwhile, corporate bonds yields followed suit with credit spreads generally widened over the month.

Foreigners were net buyers in ringgit bonds in September 2019, as low yield environment encouraged portfolio flows to local emerging market debts. The September 2019 foreign inflows of RM0.9bn reversed August's 2019 outflow of RM0.1bn. However, the inflow was probably curbed by the uncertainty around Malaysia's potential exclusion from FTSE Russell's index, as Indonesia Rupiah bonds saw a stronger inflow of USD1.4bn. Foreign share of MGS+GII were up 22.9% at end-September 2019 (August 2019: 22.8%), while that of MGS was lower at 37.5% (August 2019: 37.7%) due to a bigger outstanding base.

D. Market Outlook and Strategy

Equity outlook & strategy

We expect volatility to be heightened notwithstanding the occasional shift in tone and synchronized monetary easing amongst global central banks. The tit-for-tat tariffs cast a cloudy outlook on the global economy. Having said that, a trade truce between the two nations will present a catalyst for the market, but we do not see any clear visibility on that front. We therefore remain cautious and defensive. In the near term, investors will continue to watch very closely on developments on the ongoing US-China trade talks, FOMC's action and Brexit.

Domestically, despite the recent easing in May 2019, the BNM views that it still has monetary ammunition given the depressed inflation although this is taking account the fluctuations of the RM. Any further rate cut by BNM, fiscal stimulus and private sector spending could act as a catalyst for the local market. Nevertheless, we think Malaysian equities remains fairly positioned to face these various headwinds further supported by the ample liquidity represented by the large pension funds, life insurance and other institutional investor. In the near term, key event to watch will be the Budget 2020 which is set to be held on the 11 October 2019.

Strategy wise, we continue to be cautious and be very selective on stocks. Market volatility is likely to persist until there is a firm outcome in the US-China trade war. We will continue to hold some high yielding stocks like REITs to enhance return.

MAYBANK LIFESTYLE TRUST FUND TODAY

Manager's report

For financial year ended 30 September 2019 (cont'd)

D. Market Outlook and Strategy (cont'd)

Fixed income outlook & strategy

For the period under review, we were mainly invested in Corporate Sukuk. We took profit and switched out of shorter and lower yielding papers with longer and higher yielding papers, as well as increased our bond exposure to lengthen portfolio duration.

We expect BNM to maintain its OPR at 3.00% after the "insurance" cut in May 2019 on continued resilience in domestic growth outlook and subdued inflation rate in the country barring significant negative headwinds from escalating trade disputes between the US and China and heightened risk aversion in EMs. Meanwhile, expectations of a US Fed Fund rate cut has increased as uncertainties on the escalating US-China trade tension continue to weigh on risk sentiment and moderating growth prospect. We continue to believe that the local bond market will remain supported by demand from local institutional investors such as pension funds, banks and asset managers as supply of medium to long corporate bonds in the secondary market remain thin due to lack of replacements in a current dovish inclination by BNM.

We continue to overweight corporate bonds over sovereign bonds to anchor the Fund's income in corporate bonds' coupons as they are less volatile and provide higher yields to buffer against potential mark-to-market losses in the event of a turnaround in sovereign bond yields. We maintain our neutral duration view on the back of expectations that OPR will be maintained in 2019 as long as the country's 2019 GDP growth remain within BNM's target of between 4.3% and 4.8%. We will also continue to trade opportunistically and also look into new primary issuances that offer higher yields to deliver the required performance.

E. Soft Commissions and Rebates

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

During the financial year under review, the Manager and its delegates did not receive any 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 unitholders.

**TRUSTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

**TO THE UNITHOLDERS OF
MAYBANK LIFESTYLE TRUST FUND TODAY**

We have acted as the Trustee of Maybank Lifestyle Trust Fund Today ("the Fund") for the financial year ended 30 September 2019. To the best of our knowledge, Maybank Asset Management Sdn Bhd ("the Management Company"), has operated and managed the Fund in accordance with the following:

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, the distribution of 2.00 sen per unit (gross) has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring
Kuala Lumpur
15 November 2019

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK LIFESTYLE TRUST FUND TODAY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

We, Dr Hasnita Binti Dato' Hashim and Ahmad Najib Bin Nazlan, 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 Lifestyle Trust Fund Today as at 30 September 2019 and of its results, changes in equity and cash flows for the financial year then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
15 November 2019

Independent auditors' report to the unit holders of MAYBANK LIFESTYLE TRUST FUND TODAY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Lifestyle Trust Fund Today ("the Fund"), which comprise the statement of financial position as at 30 September 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 17 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 September 2019, 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 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 is responsible for the other information. The other information comprises the information included in the Annual Report of the Trust, 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.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information identified above 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.

Independent auditors' report to the unitholders of MAYBANK LIFESTYLE TRUST FUND TODAY (cont'd)

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

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.

Responsibility of the Manager and Trustee for the financial statements

The Manager of the Fund 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 intend 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' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust 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 LIFESTYLE TRUST FUND TODAY (cont'd)

Auditors' responsibility 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 Trust, 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 LIFESTYLE TRUST FUND TODAY (cont'd)**

Other matters

This report is made solely to the unit holders 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
AF: 0039
Chartered Accountants

Lee Pei Yin
No. 03189/05/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 November 2019

MAYBANK LIFESTYLE TRUST FUND TODAY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 RM	2018 RM
INCOME			
Dividend income		17,763	8,435
Interest income	3	188,210	207,614
Net gain/(loss) on fair value changes of fair value through profit or loss ("FVTPL") investments	7(c)		
- Unrealised gain/(loss)		157,753	(102,230)
- Realised (loss)/gain		(17,582)	54,843
Other income		100	-
		<u>346,244</u>	<u>168,662</u>
EXPENSES			
Manager's fee	4	45,950	53,013
Trustee's fee	5	18,000	18,000
Auditors' remuneration		10,480	12,000
Tax agent's fee		6,645	4,500
Brokerage and other transaction fees		2,743	6,853
Administrative expenses		7,685	18,861
		<u>91,503</u>	<u>113,227</u>
NET INCOME BEFORE TAXATION		254,741	55,435
TAXATION	6	(1,025)	-
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>253,716</u>	<u>55,435</u>
Net income after taxation is made up of the following:			
Realised income		95,963	157,665
Unrealised income/(loss)		157,753	(102,230)
		<u>253,716</u>	<u>55,435</u>
Distribution for the financial year:			
Net distribution	14	142,666	173,100
Gross/net distribution per unit(sen)	14	2.00	2.00
Distribution date	14	30/09/2019	30/09/2018

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

MAYBANK LIFESTYLE TRUST FUND TODAY**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	Note	2019 RM	2018 RM
ASSETS			
Financial assets at FVTPL	7	3,442,229	3,830,793
Deposits with licensed financial institutions	8	293,095	802,682
Amount due from brokers	9	416,607	-
Dividend receivable		2,553	-
Interest receivables		45,572	48,385
Cash at bank		4,312	139,173
TOTAL ASSETS		4,204,368	4,821,033
LIABILITIES			
Amount due to Manager	10	159,131	4,976
Amount due to Trustee	11	1,480	14,712
Distribution payable		142,666	173,100
Other payables and accruals	12	25,936	28,346
TOTAL LIABILITIES		329,213	221,134
NET ASSET VALUE ("NAV") OF THE FUND		3,875,155	4,599,899
EQUITY			
Unitholders' capital	13(a)	1,185,429	1,953,368
Retained earnings	13(b)&(c)	2,689,726	2,646,531
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		3,875,155	4,599,899
NUMBER OF UNITS IN CIRCULATION (UNITS)	13(a)	7,133,301	8,655,000
NAV PER UNIT (RM)		0.5432	0.5315

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

MAYBANK LIFESTYLE TRUST FUND TODAY

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Unitholders' capital Note 13(a) RM	Retained earnings Note 13(b) and (c) RM	Total equity RM
At 1 October 2017	2,496,938	2,764,196	5,261,134
Total comprehensive income for the financial year	-	55,435	55,435
Creation of units	66,468	-	66,468
Reinvestment of units	234,221	-	234,221
Cancellation of units	(844,259)	-	(844,259)
Distribution (Note 14)	-	(173,100)	(173,100)
At 30 September 2018	<u>1,953,368</u>	<u>2,646,531</u>	<u>4,599,899</u>
At 1 October 2018	1,953,368	2,646,531	4,599,899
Total comprehensive income for the financial year	-	253,716	253,716
Creation of units	11,835	-	11,835
Reinvestment of units	173,100	-	173,100
Cancellation of units	(1,020,729)	-	(1,020,729)
Distribution (Note 14)	67,855	(210,521)	(142,666)
At 30 September 2019	<u>1,185,429</u>	<u>2,689,726</u>	<u>3,875,155</u>

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

MAYBANK LIFESTYLE TRUST FUND TODAY

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	2019	2018
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sales and redemptions of financial assets at FVTPL	1,400,841	2,722,406
Net payments for purchases of financial assets at FVTPL	(1,294,150)	(1,621,871)
Interest received	193,667	217,974
Net dividend received	14,185	10,355
Manager's fee paid	(47,355)	(53,259)
Trustee's fee paid	(31,232)	(18,599)
Other expenses paid	(27,070)	(39,833)
Net cash generated from operating and investing activities	<u>208,886</u>	<u>1,217,173</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	11,835	66,468
Cash paid on units cancelled	(865,169)	(844,259)
Distribution paid	-	(4,199)
Net cash used in financing activities	<u>(853,334)</u>	<u>(781,990)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(644,448)	435,183
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	941,855	506,672
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>297,407</u>	<u>941,855</u>
Cash and cash equivalents comprise:		
Cash at bank	4,312	139,173
Deposits with licensed financial institutions (Note 8)	<u>293,095</u>	<u>802,682</u>
	<u>297,407</u>	<u>941,855</u>

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

MAYBANK LIFESTYLE TRUST FUND TODAY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Lifestyle Trust Fund Today ("the Fund") was constituted pursuant to the execution of a Deed dated 28 October 2004 between Amanah Mutual Berhad ("AMB") as the Manager and HSBC (Malaysia) Trustee Berhad as the Trustee and the Registered Holders of the Fund. Subsequently, First Supplemental Deed dated 26 May 2005 and Second Supplemental Deed dated 13 January 2017 made between AMB as the Manager and HSBC (Malaysia) Trustee Berhad have been issued.

The Fund commenced operation on 25 November 2004 and will continue to be in operations until terminated by the Trustees as provided under the Deeds. The principal activity of the Fund is to invest in a portfolio of investments that would provide regular income stream and moderate capital growth through investments in fixed income securities and dividend yielding equities. The Fund will invest at least 80% of its NAV into the Malaysian fixed income securities and money market instruments with the balance in dividend yielding equities to enhance the returns for the portfolio.

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

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

MAM and HSBC (Malaysia) Trustee Berhad as the Trustee had entered into a Third Supplemental Deed dated 4 September 2018 to change the name of the Fund and to appoint MAM as the replacement Manager of the Fund effective 1 November 2018. The Deed and Supplemental Deeds are subsequently referred to as 'Deeds'.

MAM is a company incorporated in Malaysia. It is a holder of the Capital Markets Services License ("CMSL") with fund management as its regulated activity under the Capital Market 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 ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

The financial statements were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 15 November 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance to 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").

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.1 Basis of preparation (cont'd)

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

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

2.2 Standards and amendments to standards issued but not yet effective

The following are standards, amendments to standards and interpretations issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS contained in the document entitled <i>"Annual Improvements to MFRS Standards document 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 3 and MFRS 11: <i>Previously Held Interest in a Joint Operation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 112: <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
Amendments to MFRS 123: <i>Borrowing Costs Eligible for Capitalisation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i>	1 January 2019
MFRS 16: <i>Leases</i>	1 January 2019
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 2: <i>Share-based Payment</i>	1 January 2019

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.2 Standards and amendments to standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Business Combinations</i>	1 January 2020
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
Amendments to MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2020
Amendments to MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 101 & 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 134: <i>Interim Financial Reporting</i>	1 January 2020
Amendment to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendment to MFRS 138: <i>Intangible Assets</i>	1 January 2020
Amendments to IC Interpretation 12: <i>Service Concession Arrangements</i>	1 January 2020
Amendments to IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
Amendments to IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
Amendments to IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
Amendments to IC Interpretation 132: <i>Intangible Assets - Web Site Cost</i>	1 January 2020
MFRS 17: <i>Insurance Contracts</i>	1 January 2022
	To be
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	announced by MASB

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

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.3 Financial instruments

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

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

2.4 Financial assets

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

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

(i) Classification of financial assets

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 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.

The Fund classifies cash and cash equivalents, amount due from brokers, dividend receivable and interest receivables as loan and receivables, and are subsequently measured at amortised cost. Quoted equities and unquoted fixed income securities are classified as FVTPL.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if;

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

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

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

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

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

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

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets

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 are a probability-weighted estimate of credit losses. They are measured as

- 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.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.4 Financial assets (cont'd)

(iv) Derecognition of financial assets

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

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

On derecognition of financial asset classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve.

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.

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 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 effective interest rate method.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.6 Unitholders' capital

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

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

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.

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

2.7 Revenue / Income

Revenue is recognised when control of the goods or services are transferred at an amount that reflects the consideration to be entitled in exchange for the goods or services. Revenue is measured at the fair value of consideration received or receivable.

Interest income from unquoted fixed income securities includes amortisation of premium and accretion of discount, and is recognised using the effective interest method.

Interest 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 is established. Interest income is recognised using the effective interest rate method.

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

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, deposit at call and highly liquid instruments with maturities of 3 months or less, which have an insignificant risk of changes in value.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.9 Distribution

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 an adjustment to the unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date, which is also the time of creation.

2.10 Income tax

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

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

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

2.11 Fair value measurement

The Fund measures its investments at FVTPL at fair value at each reporting date.

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:

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

The principal or the most advantageous market must be accessible 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.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.11 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:

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

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

2.12 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 the allocating resources and assessing performance of the operating segments.

2.13 Functional and foreign currency

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

MAYBANK LIFESTYLE TRUST FUND TODAY

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

2.14 Critical accounting estimates and judgements

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

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

3. INTEREST INCOME

	2019	2018
	RM	RM
Interest income from unquoted fixed income securities	174,988	180,505
Interest income from licensed financial institutions	14,167	27,266
Amortisation of premium, net accretion of discount	(945)	(157)
	<u>188,210</u>	<u>207,614</u>

4. MANAGER'S FEE

The Manager's fee is computed daily based on 1.50% (2018: 1.50%) per annum ("p.a.") (on the equity portion) and 1.00% p.a. (2018: 1.00%) (on the bond and other net assets portion) of the NAV of the Fund, before deducting Manager's fee and Trustee's fee for the day.

5. TRUSTEE'S FEE

If the Fund invested locally only, the Trustee's fee is computed based on 0.07% (2018: 0.07%) p.a. of the NAV of the Fund (including local custodian fee), before deducting Manager's fee and Trustee's fee for the day, calculated and accrued daily subject to a minimum fee of RM18,000 p.a.

If the Fund invested locally and abroad, the Trustee's fee is computed based on 0.07% (2018: 0.07%) p.a. of the local NAV of the Fund (including local custodian fee) and 0.07% (2018: 0.07%) p.a. of the foreign NAV of the Fund (excluding foreign custodian fee), before deducting Manager's fee and Trustee's fee for the day, calculated and accrued daily subject to a minimum fee of RM18,000 p.a.

MAYBANK LIFESTYLE TRUST FUND TODAY

6. TAXATION

	2019	2018
	RM	RM
Tax expense for the financial year:		
Current income tax expense	<u>1,025</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable income for the financial period. The tax expense for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses.

In accordance with Schedule 6 of the Income Tax Act 1967, interest income and dividend income earned by the Fund is exempted from tax.

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 of the Fund is as follows:

	2019	2018
	RM	RM
Net income before taxation	<u>254,741</u>	<u>55,435</u>
Taxation at Malaysian statutory rate of 24%	61,138	13,304
Income not subject to tax	(83,099)	(40,478)
Effect of income tax at source	1,025	-
Expenses not deductible for tax purposes	<u>21,961</u>	<u>27,174</u>
Tax expense for the financial year	<u>1,025</u>	<u>-</u>

7. FINANCIAL ASSETS AT FVTPL

Designated at FVTPL at inception:

		2019	2018
	Note	RM	RM
Unquoted fixed income securities	(a)	3,067,710	3,556,383
Quoted equities	(b)	<u>374,519</u>	<u>274,410</u>
		<u>3,442,229</u>	<u>3,830,793</u>

MAYBANK LIFESTYLE TRUST FUND TODAY

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Issuer / Counter	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
(a) Unquoted fixed income securities				
Affin Islamic Bank Bhd - 5.05% / 23 October 2028	300,000	301,382	311,382	8.04
CIMB Group Holdings Bhd - 5.80% / Call: 25 May 2021	300,000	300,000	308,385	7.96
Fortune Premier Sdn Bhd - 5.05% / 31 October 2025	300,000	301,168	318,390	8.22
Lebuhraya Duke Fasa 3 Sdn Bhd - 5.86% / 23 August 2033	300,000	306,136	337,026	8.70
Malaysia Airport Holdings Bhd - 5.75% / Call: 13 December 2024	300,000	300,000	322,929	8.33
MMC Corporation Bhd - 5.70% / 24 March 2028	300,000	300,000	315,192	8.13
Southern Power Generation Sdn Bhd - 5.13% / 31 October 2029	300,000	300,000	328,899	8.49
TNB Northern Energy Bhd - 3.91% / 29 November 2021	500,000	500,000	505,545	13.05
YTL Power International Bhd - 5.05% / 3 May 2027	300,000	301,619	319,962	8.26
Total unquoted fixed income securities	2,900,000	2,910,305	3,067,710	79.18

MAYBANK LIFESTYLE TRUST FUND TODAY

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (cont'd)				
(b) Quoted equities				
Financial Services				
Malayan Banking Bhd *	10,212	95,322	86,904	2.24
Real Estate Investment Trusts ("REITs")				
IGB REIT	74,000	127,060	150,960	3.90
Pavilion REIT	75,500	123,177	136,655	3.53
	<u>149,500</u>	<u>250,237</u>	<u>287,615</u>	<u>7.43</u>
Total quoted equities	<u>159,712</u>	<u>345,559</u>	<u>374,519</u>	<u>9.67</u>
Total FVTPL investments	<u>3,059,712</u>	<u>3,255,864</u>	<u>3,442,229</u>	<u>88.85</u>
Unrealised gain on FVTPL investments			<u>186,365</u>	

* Malayan Banking Bhd is the ultimate holding company of the Manager.

MAYBANK LIFESTYLE TRUST FUND TODAY

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Issuer / Counter	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
2018				
(a) Unquoted fixed income securities				
AmBank Bhd - 4.45% / 15 March 2027	200,000	200,000	202,490	4.40
Cagamas Bhd - 3.95% / 26 October 2018	500,000	500,000	500,130	10.87
CIMB Group Holdings Bhd - 4.90% / 30 November 2027	200,000	200,000	201,304	4.38
- 5.80% / Call: 25 May 2021	300,000	300,000	306,180	6.66
Lebuhraya Duke Fasa 3 Sdn Bhd - 5.86% / 23 August 2033	300,000	306,510	320,364	6.96
Malaysia Airport Holdings Bhd - 5.75% / Call: 13 December 2024	300,000	300,000	314,526	6.84
MMC Corporation Bhd - 5.70% / 24 March 2028	300,000	300,000	301,806	6.56
RHB Bank Bhd - 4.99% / 08 July 2024	300,000	300,000	301,338	6.55
Southern Power Generation Sdn Bhd - 5.13% / 31 October 2029	300,000	300,000	309,852	6.74
TNB Northern Energy Bhd - 3.91% / 29 November 2021	500,000	500,000	494,190	10.74
YTL Power International Bhd - 5.05% / 3 May 2027	300,000	301,860	304,203	6.61
Total unquoted fixed income securities	3,500,000	3,508,370	3,556,383	77.32

MAYBANK LIFESTYLE TRUST FUND TODAY

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Issuer / Counter	Quantity Unit	Aggregate cost RM	Market value RM	Percentage of NAV %
2018 (cont'd)				
(b) Quoted equities				
Industrial Products				
Cahaya Mata Sarawak Bhd	54,000	178,740	157,680	3.43
Ta Ann Holdings Bhd	9,000	22,656	24,030	0.52
Uchi Technologies Bhd	30,000	92,415	92,700	2.02
	<u>93,000</u>	<u>293,811</u>	<u>274,410</u>	<u>5.97</u>
Total quoted equities	<u>93,000</u>	<u>293,811</u>	<u>274,410</u>	<u>5.97</u>
Total FVTPL investments	<u>3,593,000</u>	<u>3,802,181</u>	<u>3,830,793</u>	<u>83.29</u>
Unrealised gain on FVTPL investments			<u>28,612</u>	

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

MAYBANK LIFESTYLE TRUST FUND TODAY

8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	2019 RM	2018 RM
Short-term placements with a licensed financial institution - less than 3 months	<u>293,095</u>	<u>802,682</u>

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

	2019		2018	
	WAEIR % p.a.	Average maturity days	WAEIR % p.a.	Average maturity days
Deposits with maturity of: - less than 3 months	<u>2.90</u>	<u>1</u>	<u>3.18</u>	<u>3</u>

9. AMOUNT DUE FROM BROKERS

Amount due from brokers relates to the amount receivables from brokers arising from the sales of investments. The settlement period for this payable is within 3 working days from the deal date.

10. AMOUNT DUE TO MANAGER

		2019 RM	2018 RM
Amount due to Manager is in respect of:			
Manager's fee	(i)	3,571	4,976
Cancellation of units	(ii)	<u>155,560</u>	<u>-</u>
		<u>159,131</u>	<u>4,976</u>

(i) 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 (2018: 15 days)

(ii) The amount represented amount payable to the Manager for units cancelled.

11. AMOUNT DUE TO TRUSTEE

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

MAYBANK LIFESTYLE TRUST FUND TODAY

12. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	2019 RM	2018 RM
Due to external auditors	10,701	12,000
Due to tax agent	3,500	4,500
Other payables and accruals	11,735	11,846
	<u>25,936</u>	<u>28,346</u>

13. TOTAL EQUITY

	Note	2019 RM	2018 RM
Unitholders' capital	(a)	1,185,429	1,953,368
Accumulated realised income	(b)	2,503,361	2,617,919
Accumulated unrealised income	(c)	186,365	28,612
		<u>3,875,155</u>	<u>4,599,899</u>

(a) Unitholders' capital

	2019		2018	
	Units	RM	Units	RM
As at beginning of the financial year	8,655,000	1,953,368	9,645,000	2,496,938
Creation of units	17,245	11,835	120,000	66,468
Reinvestment of units	330,000	173,100	430,000	234,221
Cancellation of units	(1,868,944)	(1,020,729)	(1,540,000)	(844,259)
Distribution (Note 14)	-	67,855	-	-
As at end of the financial year	<u>7,133,301</u>	<u>1,185,429</u>	<u>8,655,000</u>	<u>1,953,368</u>

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

	2019		2018	
	No. of units	Valued at NAV RM	No. of units	Valued at NAV RM
Manager	-	-	23,584	12,534

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

MAYBANK LIFESTYLE TRUST FUND TODAY

13. TOTAL EQUITY (CONT'D)

(b) Accumulated realised income

	2019 RM	2018 RM
As at beginning of the financial year	2,617,919	2,633,354
Net realised income for the financial year	95,963	157,665
Distribution out of retained earnings (Note 14)	<u>(210,521)</u>	<u>(173,100)</u>
As at end of the financial year	<u>2,503,361</u>	<u>2,617,919</u>

(c) Accumulated unrealised income

	2019 RM	2018 RM
As at beginning of the financial year	28,612	130,842
Net unrealised income/(loss) for the financial year	<u>157,753</u>	<u>(102,230)</u>
As at end of the financial year	<u>186,365</u>	<u>28,612</u>

14. DISTRIBUTION

Sources of distributions declared to unitholders in the previous financial year is as follows:

	2019 RM	2018 RM
Dividend income	-	8,435
Interest income	-	207,614
Net realised gain on sale of investments	-	54,843
Prior year's net realised income*	210,521	15,435
Less: Expenses	<u>-</u>	<u>(113,227)</u>
Distribution out of realised reserve (Note 13(b))	210,521	173,100
Distribution equalisation (Note 13(a))	<u>(67,855)</u>	<u>-</u>
Net distributions for the financial year	<u>142,666</u>	<u>173,100</u>

* Part of the distributions in the current financial year were made from prior year's net realised income (net of tax).

The gross and net distributions per unit and the distribution dates in the current and previous financial years are as below:

	2019	2018
Gross/net distribution per unit (sen)	2.00	2.00
Distribution date	<u>30/09/2019</u>	<u>30/09/2018</u>

The distributions declared are settled in the form of units and presented as 'reinvestment of units' in Note 13 (a) on payment date.

MAYBANK LIFESTYLE TRUST FUND TODAY

15. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of transactions with brokers/dealers for the current and previous financial year are as follows:

	Value of trade RM	Percent of total trade %	Brokerage fees RM	Percent of brokerage fees %
2019				
Alliance Bank Malaysia Bhd	303,448	16.31	-	-
JF Apex Securities Bhd	153,357	8.24	154	11.62
CIMB Investment Bank Bhd	66,727	3.59	133	10.04
Hong Leong Bank Bhd	304,920	16.39	-	-
Hong Leong Investment Bank Bhd	204,292	10.98	362	27.32
M&A Securities Sdn Bhd	91,471	4.92	91	6.87
Malayan Banking Bhd ("MBB") *	416,607	22.40	-	-
Maybank Investment Bank Bhd ("MIBB") **	110,830	5.96	225	16.98
Nomura Securities Malaysia Sdn Bhd	2,051	0.11	40	3.02
TA Securities Holdings Bhd	93,842	5.04	94	7.09
UOB Kay Hian Securities (M) Sdn Bhd	112,705	6.06	226	17.06
	<u>1,860,250</u>	<u>100.00</u>	<u>1,325</u>	<u>100.00</u>
2018				
Affin Hwang Investment Bank Bhd	271,054	13.48	899	13.88
Alliance Investment Bank Bhd	122,327	6.08	405	6.25
CIMB Investment Bank Bhd	227,788	11.33	682	10.53
Hong Leong Investment Bank Bhd	62,537	3.11	207	3.21
JP Morgan Securities (M) Sdn Bhd	111,060	5.52	270	4.17
Kenanga Investment Bank Bhd	87,241	4.34	289	4.46
Maybank Investment Bank Bhd ("MIBB") **	359,718	17.90	1,192	18.39
Public Investment Bank Bhd	290,362	14.45	956	14.76
RHB Investment Bank Bhd	249,661	12.42	824	12.72
UOB Kay Hian Securities (M) Sdn Bhd	228,654	11.37	753	11.63
	<u>2,010,402</u>	<u>100.00</u>	<u>6,477</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager.

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

MAYBANK LIFESTYLE TRUST FUND TODAY

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

Details of transactions, primarily deposits placed with licensed financial institutions are as follows:

Financial institutions	2019		2018	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Affin Bank Bhd	13,371,943	12.54	154,872,050	84.97
CIMB Bank Bhd	93,256,695	87.46	27,392,146	15.03
	<u>106,628,638</u>	<u>100.00</u>	<u>182,264,196</u>	<u>100.00</u>

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 maybe individuals or other entities. In addition to the related party information disclosed elsewhere in the financial statements, the following is the significant related party transaction and balances of the Fund during the financial year.

Other than those disclosed elsewhere in the financial statements, there were no significant related party transactions and balances as at the reporting date.

	2019 RM	2018 RM
(a) Significant related party transactions		
MBB:		
Dividend income	<u>2,553</u>	<u>-</u>
(b) Significant related party balances		
MBB:		
Investment in quoted equity	86,904	-
Dividend receivable	<u>2,553</u>	<u>-</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.

MAYBANK LIFESTYLE TRUST FUND TODAY

17. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 30 September 2019, the MER of the Fund stood at 2.01% (2018: 2.09%).

18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average placements and withdrawals of the Fund for the financial year to the Fund's daily average NAV. For the financial year ended 30 September 2019, the PTR of the Fund stood at 0.31 times (2018: 0.43 times).

19. SEGMENT INFORMATION

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on the resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieve its targeted return with an acceptable level of risk within the portfolio. The PMC is responsible for the performance of the Fund by investing between 80% to 100% of the Fund's NAV in fixed income securities and money market instruments, a maximum of 20% of the Fund's NAV in equities and minimum of 2% of the Fund's assets in liquid assets.

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

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

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 significant accounting policies in Note 2.3 to 2.14 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

MAYBANK LIFESTYLE TRUST FUND TODAY

20. FINANCIAL INSTRUMENTS (CONT'D)

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

2019	Financial assets or liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Assets				
Financial assets at FVTPL	3,442,229	-	-	3,442,229
Deposits with licensed financial institutions	-	293,095	-	293,095
Amount due from brokers	-	416,607	-	416,607
Dividend receivable	-	2,553	-	2,553
Interest receivables	-	45,572	-	45,572
Cash at bank	-	4,312	-	4,312
Total financial assets	3,442,229	762,139	-	4,204,368
Liabilities				
Amount due to Manager	-	-	159,131	159,131
Amount due to Trustee	-	-	1,480	1,480
Distribution payable	-	-	142,666	142,666
Other payables and accruals	-	-	25,936	25,936
Total financial liabilities	-	-	329,213	329,213
2018				
Financial assets at FVTPL	3,830,793	-	-	3,830,793
Deposits with licensed financial institutions	-	802,682	-	802,682
Interest receivables	-	48,385	-	48,385
Cash at bank	-	139,173	-	139,173
Total financial assets	3,830,793	990,240	-	4,821,033

MAYBANK LIFESTYLE TRUST FUND TODAY

20. FINANCIAL INSTRUMENTS (CONT'D)

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

2018 (cont'd)	Financial assets or liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Liabilities				
Amount due to Manager	-	-	4,976	4,976
Amount due to Trustee	-	-	14,712	14,712
Distribution payable	-	-	173,100	173,100
Other payables and accruals	-	-	28,346	28,346
Total financial liabilities	-	-	221,134	221,134

(b) Financial instruments that are carried at fair value

The Fund's financial instruments at FVTPL are measured at fair value.

Quoted equities

The fair value of quoted investments in shares and REITs are determined by reference to the last bid price on the relevant stock exchanges (e.g. Bursa Malaysia, Singapore Exchange, Taiwan Stock Exchange, Hong Kong Exchanges and Korea Exchange) as at the statement of financial position date.

Unquoted fixed income securities

Local unquoted fixed income securities denominated in RM are revalued on a daily basis based on fair value prices quoted by BPA as per SC's Guidelines on Unit Trust Funds.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2019				
Unquoted fixed income securities	-	3,067,710	-	3,067,710
Quoted equities	374,519	-	-	374,519
	<hr/>	<hr/>	<hr/>	<hr/>
2018				
Unquoted fixed income securities	-	3,556,383	-	3,556,383
Quoted equities	274,410	-	-	274,410
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

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

MAYBANK LIFESTYLE TRUST FUND TODAY

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

(i) Equity price risk

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

Equity price risk sensitivity

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

	2019		2018	
	Changes in equity price %	Effects on NAV Increase/ (decrease) RM	Changes in equity price %	Effects on NAV Increase/ (decrease) RM
Quoted equities	+ 5	18,726	+ 5	13,721
	- 5	(18,726)	- 5	(13,721)

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

Equity price risk concentration

The Fund's exposure to equity price risk based on its portfolio of investments as at the reporting date is disclosed in Note 7 to the financial statements.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

(b) Market risk (cont'd)

(ii) Interest rate risk

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

Interest rate risk sensitivity

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

	2019		2018	
	Changes in interest rates %	Effects on NAV Increase/ Decrease RM	Changes in interest rates %	Effects on NAV Increase/ Decrease RM
Unquoted fixed income securities	+1	(152,224)	+1	(203,825)
	-1	164,716	-1	237,544

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

The Fund's deposits with licensed financial institutions carry a fixed rate and therefore is not affected by movements in market interest rates.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deeds.

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

MAYBANK LIFESTYLE TRUST FUND TODAY

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

(c) Liquidity risk (cont'd)

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

2019	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets:			
Financial assets at FVTPL	374,519	3,067,710	3,442,229
Deposits with licensed financial institutions	293,095	-	293,095
Amount due from brokers	416,607	-	416,607
Dividend receivable	2,553	-	2,553
Interest receivables	6,687	38,885	45,572
Cash at bank	4,312	-	4,312
Total undiscounted financial assets	<u>1,097,773</u>	<u>3,106,595</u>	<u>4,204,368</u>
Financial liabilities:			
Amount due to Manager	159,131	-	159,131
Amount due to Trustee	1,480	-	1,480
Distribution payable	142,666	-	142,666
Other payables and accruals	25,936	-	25,936
Unitholders' equity	3,875,155	-	3,875,155
Total undiscounted financial liabilities and unitholders' equity	<u>4,204,368</u>	<u>-</u>	<u>4,204,368</u>
Liquidity gap	<u>(3,106,595)</u>	<u>3,106,595</u>	<u>-</u>
2018			
Financial assets:			
Financial assets at FVTPL	274,410	3,556,383	3,830,793
Deposits with licensed financial institutions	802,682	-	802,682
Interest receivables	236	48,149	48,385
Cash at bank	139,173	-	139,173
Total undiscounted financial assets	<u>1,216,501</u>	<u>3,604,532</u>	<u>4,821,033</u>

MAYBANK LIFESTYLE TRUST FUND TODAY

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

(c) Liquidity risk (cont'd)

2018 (cont'd)	Less than 1 month RM	More than 1 month RM	Total RM
Financial liabilities:			
Amount due to Manager	173,100	-	173,100
Amount due to Trustee	4,976	-	4,976
Distribution payable	14,712	-	14,712
Other payables and accruals	28,346	-	28,346
Unitholders' equity	4,599,899	-	4,599,899
Total undiscounted financial liabilities and unitholders' equity	4,821,033	-	4,821,033
Liquidity surplus	(3,604,532)	3,604,532	-

Notes:

(i) Financial assets

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

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

(iii) Unitholders' capital

The unitholders can request for redemption on their units by giving the Manager a T + 10 calendar day notice period, the unitholders' capital have been categorised as having a maturity of "less than 1 month".

As at 30 September 2019, the Fund has no liquidity gap.

MAYBANK LIFESTYLE TRUST FUND TODAY

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

(d) Credit risk

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

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.

Credit quality of financial assets

The following table analyses the Fund's deposits with licensed financial institutions, cash at bank and interest receivables from financial institutions by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and interest receivables on unquoted fixed income securities were obtained from RAM Holdings Bhd ("RAM") and Malaysian Rating Corporation Bhd ("MARC") while the ratings for cash at bank, deposit with licensed financial institutions and interest receivables on deposit with a licensed financial institution were obtained from RAM's official website.

Unquoted fixed income securities and interest receivables	2019		2018	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	512,240	13.22	1,009,295	21.94
AA1	326,230	8.42	310,471	6.75
AA2	327,939	8.46	319,488	6.95
AA3	-	-	1,245,411	27.07
AA	324,699	8.38	204,633	4.45
AA-	989,722	25.54	-	-
A1	632,429	16.32	515,190	11.20
	<u>3,113,259.0</u>	<u>80.34</u>	<u>3,604,488</u>	<u>78.36</u>

MAYBANK LIFESTYLE TRUST FUND TODAY

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

(d) Credit risk (cont'd)

Credit quality of financial assets (cont'd)

Deposits with licensed financial institutions, cash at bank and interest receivables	2019		2018	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	297,430	7.68	942,091	20.48

22. 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 expected returns 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 current financial year.