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MAYBANK ISLAMIC STRATEGIC INCOME FUND

Quarterly report

For the financial period from 4 November 2024 (Date of launch) to
31 December 2024

CORPORATE INFORMATION

MANAGER

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MAYBANK ISLAMIC STRATEGIC INCOME FUND

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MAYBANK ISLAMIC STRATEGIC INCOME FUND

Manager's report

For the financial period from 4 November 2024 (date of launch) to 31 December 2024

A. Fund Information

1. Name of Fund

Maybank Islamic Strategic Income Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Wholesale Sukuk

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund's launch date

4 November 2024

6. Fund's investment objective

The Fund aims to provide Unit Holders with income through investments in Sukuk (directly or via Islamic Collective Investments Scheme ("CIS")), Islamic money market instruments and Islamic deposits.

Note:

Any material change to the investment objective of the Fund would require Unit Holders' approval.

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.

8. Fund's performance benchmark

Maybank 1-month Islamic deposit rate.

Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.

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 and up to 70% of its NAV in Islamic money market instruments and Islamic deposits. The Fund may invest in MYR-denominated Sukuk directly or via Islamic CIS.

The Fund will invest in MYR-denominated Sukuk with a minimum credit rating of "AA3" by RAM or its equivalent rating by MARC at the point of purchase. If any of the Fund's investments in MYR-denominated Sukuk have been downgraded to a credit rating lower than "AA3" by RAM or its equivalent rating by MARC, we may dispose the downgraded Sukuk as soon as practicable.

MAYBANK ISLAMIC STRATEGIC INCOME FUND

Manager's report

For the financial period from 4 November 2024 (date of launch) to 31 December 2024 (cont'd)

A. Fund Information (cont'd)

9. The Fund's investment policy and principal investment strategy (cont'd)

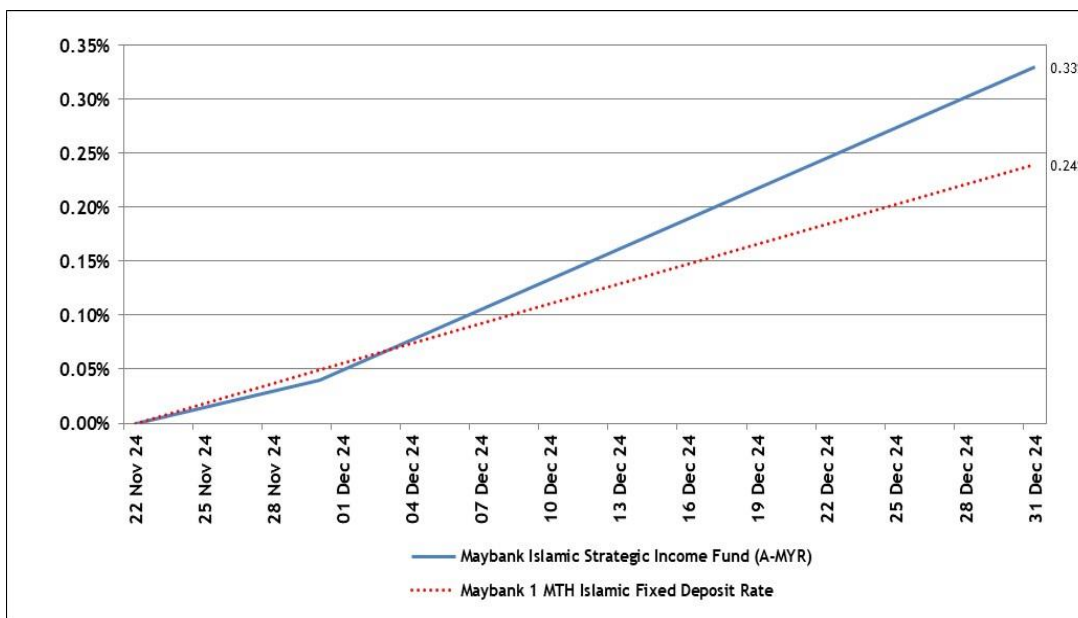
However, if such prompt action may be detrimental to the Fund, or if we remain comfortable with the default risk after conducting our credit assessment by taking into consideration both the quantitative and qualitative factors and concluded that the probability of the default is low, we may, at our own discretion based on our understanding of the credit fundamentals of the issuer, continue to hold the downgraded MYR-denominated Sukuk for up to ninety (90) days. This treatment shall be applicable to issuer rating when there is no issue rating for a MYR denominated Sukuk. The Fund's investments in MYR-denominated Sukuk which are issued by government and/ or government-linked agencies need not be rated.

B. Performance Review

Returns of the Fund and its benchmark for the financial period from 4 November 2024 (date of launch) to 31 December 2024 for Class A and Class B are as follows:

Class A

Period	The Fund %	Benchmark %
4 November 2024 (date of launch) to 31 December 2024	0.33	0.24



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 December 2024

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

MAYBANK ISLAMIC STRATEGIC INCOME FUND

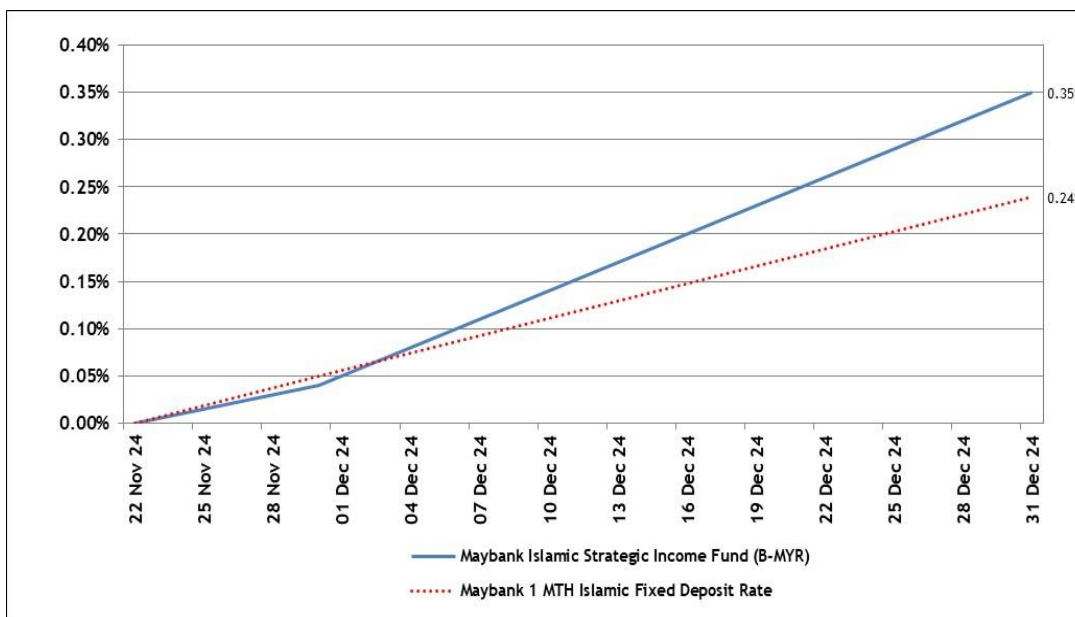
Manager's report

For the financial period from 4 November 2024 (date of launch) to 31 December 2024 (cont'd)

B. Performance Review (cont'd)

Class B

Period	The Fund %	Benchmark %
4 November 2024 (date of launch) to 31 December 2024	0.35	0.24



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 December 2024

For the period under review, Fund posted a total return of 0.33% against the benchmark's 0.24%. This implies an outperformance of 0.11%. The outperformance was driven by tightening credit spreads and income derived from the Sukuks held in the Fund, as well as due to better returns from its deposits with selective financial institutions.

C. Market Review

The local Sukuk market started off the review period at a 2H 2024 high following the United States ("US") elections risk sell-off in October 2024, as well as increased expectations of a less aggressive Federal Reserve ("Fed") on rate cut. The 10-year Malaysian Government Securities ("MGS") yield started off the review period at 3.93% but yields started coming down as market started digesting the reelection of Trump. The 10-year MGS closed at 3.81% at end-November 2024. Local Sukuk yields were also supported in November 2024 on reduced government Sukuks ("govvies") supply as the 3-year Government Investment Issue ("GII") auction was scrapped from the auction calendar, and the 10-year MGS auction size was smaller than expected at 2 billion. The 10-year MGS closed at 3.82% at year-end, as local supply-demand dynamics, and strong domestic macroeconomic condition continue to support the local Sukuk market, despite the external headwinds and uncertainties from the incoming Trump administration.

MAYBANK ISLAMIC STRATEGIC INCOME FUND

Manager's report

For the financial period from 4 November 2024 (date of launch) to 31 December 2024 (cont'd)

C. Market Review (cont'd)

Meanwhile, on monetary policy front, at the Monetary Policy Committee (“MPC”) meeting in November 2024, Bank Negara Malaysia (“BNM”) maintained the Overnight Policy Rate (“OPR”) at 3.00% for a ninth straight meeting since the last 25 basis points (“bps”) hike in May 2023. The current OPR level is viewed as “supportive of the economy and is consistent with the current assessment of inflation and growth prospects”.

D. Market Outlook & Strategy

BNM maintained the OPR at 3.00% for a ninth straight meeting since the last hike in May 2023. The monetary policy remains neutral given the favorable combination of solid economic growth and anchored inflation trajectory that is expected to sustain into 2025. We expect the recovery in Malaysia’s fixed income market to continue, as most central banks around the world have started embarking on rate cuts, shifting towards more accommodative monetary policy. The positive dynamic of yield movement globally could lead the local government yields to trend lower. Our view remains that BNM to maintain OPR at 3.00% in 2025 as Consumer Price Index (“CPI”) numbers are relatively benign at the back of subsidy rationalization exercises. However, we will watch for signs of demand-pulled pressure, as Malaysia gross domestic product (“GDP”) growth remained robust at 5.30% in 3Q 2024, and is projected to expand between 4.80% - 5.30% in 2024 (revised higher from 4.00% - 5.00%) and 4.50% - 5.00% in 2025. In addition, Malaysia is at full employment rate with a steady unemployment rate of 3.20%, and increase in minimum wage from MYR 1,500 to MYR 1,700, as well as civil servant salary increase; could lead to higher disposable income and increased consumption. We are also mindful of external factors such as US reflation risk and escalation of trade tensions under the Trump administration as well as China economic slowdown pose uncertainties.

Strategy wise, we will continue to look for attractive sukuk investments to trade, as well as money market products from licensed financial institutions that provide better yields; in order to improve current portfolio yield. Aside from the sukuk secondary market, we will also look into new primary issuances that offers us higher yields to deliver the required performance. We continue to overweight corporate Sukuks over sovereign Sukuks to anchor the Fund’s income, as corporate Sukuks are less volatile and provide higher yields. We prefer strong AA-rated papers for yield pickup, while our holdings in AAAs will be primed for trading purposes.

E. Asset Allocation

The comparison of the Fund’s asset allocation as at 31 December 2024 are as follows:

Asset allocation	31.12.2024	
	RM	%
Sukuk	19,844,015	30.06
Cash, Shariah-compliant deposits with licensed Islamic financial institutions and other net assets	46,167,523	69.94
TOTAL	66,011,538	100.00

The Fund did not invest in any Shariah-compliant equity securities during the financial period under review.

MAYBANK ISLAMIC STRATEGIC INCOME FUND

Manager's report

For the financial period from 4 November 2024 (date of launch) to 31 December 2024 (cont'd)

F. Soft Commissions and Rebates

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

REPORT OF THE SHARIAH ADVISER

**TO THE UNITHOLDERS OF
MAYBANK ISLAMIC STRATEGIC INCOME FUND
FOR THE FINANCIAL PERIOD FROM 4 NOVEMBER 2024 (DATE OF LAUNCH) TO 31
DECEMBER 2024**

We hereby confirm the following:

1. To the best of our knowledge, after having made all reasonable enquiries, Maybank Islamic Asset Management Sdn Bhd (the "Manager") has operated and managed Maybank Islamic Strategic Income 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.

For and on behalf of Amanie Advisors Sdn Bhd.

TAN SRI DR MOHD DAUD BAKAR
Executive Chairman

Kuala Lumpur, Malaysia
14 February 2025

MAYBANK ISLAMIC STRATEGIC INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 4 NOVEMBER 2024 (DATE OF LAUNCH) TO 31 DECEMBER 2024

04.11.2024
(Date of launch)
to
31.12.2024
RM

INVESTMENT INCOME

Profit income	213,532
Net loss on financial assets at fair value through profit or loss ("FVTPL")	
- Unrealised loss	(9,235)
	<u>204,297</u>

EXPENSES

Manager's fee	8,471
Trustee's fee	1,678
Shariah advisory fee	1,521
Tax agent's fee	355
Administrative expenses	1,014
	<u>13,039</u>

Net income before distribution and taxation	191,258
Distribution to unitholders	
Class A	(744)
Class B	(110,435)
Net income before taxation	<u>80,079</u>
Taxation	-
Net income after tax, and total comprehensive income for the financial period	<u>80,079</u>

Net income after tax is made up of the following :

Net realised income	89,314
Net unrealised loss	(9,235)
	<u>80,079</u>

Distributions for the financial period:

Class A

Distribution date (ex-date)	26 December 2024
Net distributions	<u>744</u>
Gross/ Net distributions per unit (RM sen)	<u>0.0800</u>

Class B

Distribution date (ex-date)	26 December 2024
Net distributions	<u>110,435</u>
Gross/ Net distributions per unit (RM sen)	<u>0.1700</u>

MAYBANK ISLAMIC STRATEGIC INCOME FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	31.12.2024
	RM
ASSETS	
Financial assets at FVTPL	19,844,015
Shariah-compliant deposits with licensed Islamic financial institutions	45,825,972
Profit income receivables	447,925
Cash at bank	16,942
TOTAL ASSETS	<u>66,134,854</u>
LIABILITIES	
Amount due to Manager	7,719
Amount due to Trustee	1,529
Other payables	2,889
Distribution payable	111,179
TOTAL LIABILITIES	<u>123,316</u>
NET ASSETS VALUE ("NAV") OF THE FUND	<u>66,011,538</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:	
Unitholders' capital	65,931,459
Retained earnings	80,079
	<u>66,011,538</u>
NET ASSET VALUE	
Class A	932,517
Class B	65,079,021
	<u>66,011,538</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	
Class A	930,166
Class B	64,961,542
	<u>65,891,708</u>
NAV PER UNIT	
Class A	<u>MYR 1.0025</u>
Class B	<u>MYR 1.0018</u>

MAYBANK ISLAMIC STRATEGIC INCOME FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD FROM 4 NOVEMBER 2024 (DATE OF LAUNCH) TO 31
DECEMBER 2024**

	Unitholders' capital RM	Retained earnings RM	Net assets attributable to unitholders RM
At 4 November 2024 (Date of launch)	-	-	-
Total comprehensive income for the period	-	80,079	80,079
Creation of units	65,931,459	-	65,931,459
At 31 December 2024	<u>65,931,459</u>	<u>80,079</u>	<u>66,011,538</u>

MAYBANK ISLAMIC STRATEGIC INCOME FUND

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 4 NOVEMBER 2024 (DATE OF LAUNCH) TO 31
DECEMBER 2024**

**04.11.2024
(Date of launch)
to
31.12.2024
RM**

**CASH FLOWS FROM OPERATING AND INVESTING
ACTIVITIES**

Placement in Shariah-compliant deposits with maturity more than 3 months	(41,000,000)
Net purchase of financial assets at FVTPL	(20,114,478)
Profit received	26,834
Manager's fee paid	(752)
Trustee's fee paid	(149)
Net cash used in operating and investing activities	<u>(61,088,545)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Cash received from units created	<u>65,931,459</u>
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NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	4,842,914
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>4,842,914</u>

Cash and cash equivalents comprise of:

Shariah-compliant deposits with licensed Islamic financial institutions with maturity of less than 3 months	4,825,972
Cash at bank	16,942
	<u>4,842,914</u>