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MAYBANK CONSTANT INCOME FUND 7

Unaudited interim report
For the financial period from 15 November 2018 (date of launch)
to 31 July 2019

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (421779-M)

BUSINESS OFFICE

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

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MAYBANK CONSTANT INCOME FUND 7

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MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 July 2019

A. Fund Information

1. Name of the Fund

Maybank Constant Income Fund 7 (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Fixed income (close-ended)

4. Duration of the Fund

The Fund is a close-ended fund which will mature on the third (3rd) anniversary of the commencement date. If that date is not a business day, the maturity date shall be the first business day following that day.

5. Fund launch date

15 November 2018

6. Fund commencement date / maturity date

9 January 2019 / 9 January 2022

7. Fund's investment objective

The Fund aims to provide unitholders with annual income* through investments in a portfolio of fixed income securities.

* income will be paid out via cash payment mode

8. Fund distribution policy

The Fund will declare income distribution annually, subject to the availability of income, during the tenure of the Fund.

9. Fund's performance benchmark

The prevailing 3-year Malayan Banking Berhad ("Maybank") fixed deposit rate at the commencement date.

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

The Fund invests at least 80% of the Fund's net asset value ("NAV") in Ringgit Malaysia ("RM")-denominated and/or foreign currency fixed income securities and a maximum of 20% of the Fund's NAV will be invested in liquid assets and/or collective investment schemes.

However, as the Fund approaches its maturity date, the Manager may choose to invest in liquid assets to facilitate the payout of the proceeds to unitholders after the maturity date.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 July 2019 (cont'd)

A. Fund Information (cont'd)

11. Net income distribution for the financial period ended 31 July 2019

The Fund did not declare any distribution during the financial period from 15 November 2018 to 31 July 2019.

12. Breakdown of unitholdings by size

Fund size

As at 31 July 2019, the size of the Fund was 109,477,485 units.

Breakdown of unitholdings as at 31 July 2019

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	* 1	0.00
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	1	50.00	** 109,476	100.00
Total	2	100.00	109,477	100.00

* Represents 1,000 units held by Maybank Asset Management Sdn Bhd (the "Manager")

** Represent units held under an Institutional Unit Trust Scheme Adviser

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 July 2019 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	15.11.2018 (date of launch) to 31.07.2019
Fixed income securities - local (%)	1.82
Fixed income securities - foreign (%)	
- British Virgin Island	19.59
- Cayman Island	5.37
- China	5.46
- Hong Kong	13.45
- India	7.32
- Indonesia	3.25
- Mauritius	5.49
- Philippines	3.65
- Singapore	7.21
- South Korea	4.19
- United States of America	7.52
Cash and other net assets (%)	15.68
Total (%)	100.00
NAV (RM'000)	115,317
Units in circulation (units'000)	109,477
NAV per unit (RM)	1.0533
Highest NAV per unit (RM)	1.0534
Lowest NAV per unit (RM)	1.0046
Annual return (%) ⁽¹⁾	
- Capital growth (%)	5.33
- Income distribution (%)	-
Total return (%)	5.33
Annual total return (%)	5.33
Benchmark (%)	1.93
Distribution date	-
Gross distribution per unit (sen)	-
Net distribution per unit (sen)	-
Management Expense Ratio ("MER") (%)	0.04
Portfolio Turnover Ratio ("PTR") (times)	0.83

Note:

(1) Actual return of the Fund for the financial period is computed based on the daily average NAV per unit, net of 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.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 July 2019 (cont'd)

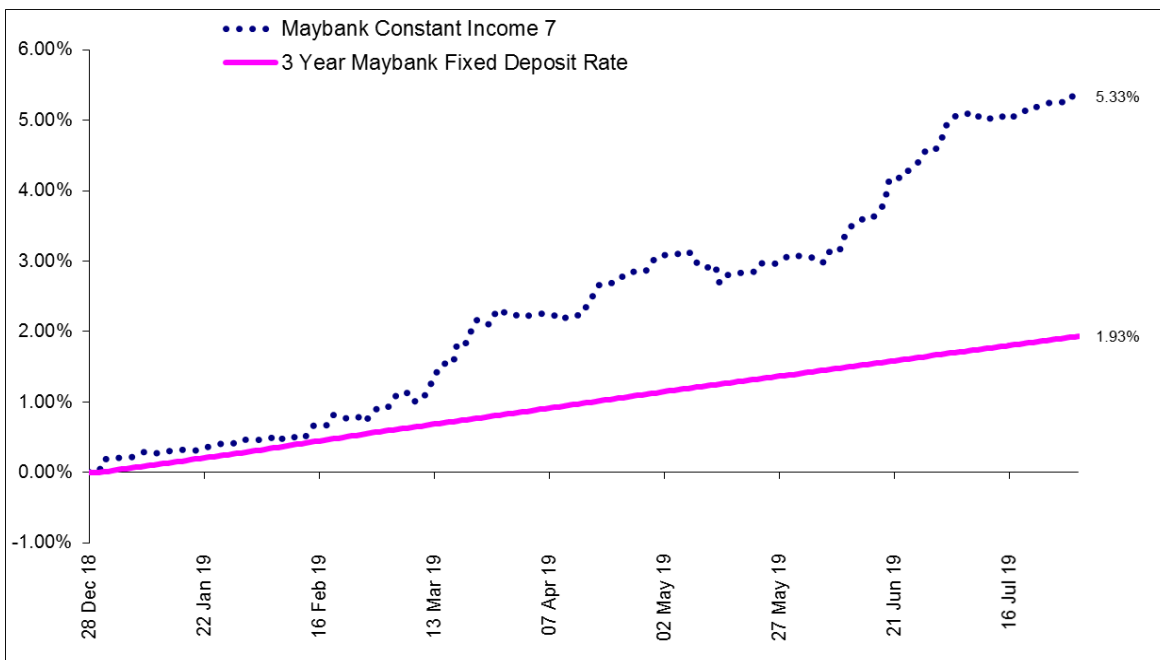
B. Performance Review (cont'd)

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

Category	15.11.2018 (date of launch) to 31.07.2019 %
Annual total return	5.33
Benchmark	1.93

2. Performance of the Fund since inception to 31 July 2019

Category	6 months to 31.07.2019 %	Since inception to 31.07.2019 %
Capital growth	4.85	5.33
Income distribution	-	-
Total return of the Fund	4.85	5.33
Benchmark	1.65	1.93
Average total return	5.33	1.93



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 July 2019

For the financial period from 15 November 2018 (date of launch) to 31 July 2019, the Fund delivered a total return of 5.33% vis-à-vis the benchmark's total return of 1.93%.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 July 2019 (cont'd)

B. Performance Review (cont'd)

3. Basis of calculation made in calculating the returns:

The performance figures are a comparison of the growth/decline in NAV after taking into account all the distributions payable (if any) during the stipulated period.

An illustration of the above would be as follows:

Capital return	=	(NAV per unit end / NAV per unit begin) - 1
Income return	=	Income distribution per unit / NAV per unit ex-date
Total return	=	(1+Capital return) x (1+Income return) - 1

C. Market Review

The start of 2019 seemed promising as markets turned out to be more bullish than expected in January, with Jerome Powell being pro-market, further easing from China starting with a Reserve Requirement Ratio ("RRR") cut to a tax cut on 15 January 2019 and the announcement of the Peoples Bank Of China ("PBOC") swap tool for onshore Bank's Tier-1 papers. The feel good factor spilled into February 2019 as it turned out to be an exceptionally busy month on both the primary and secondary front, as issuers rushed out to print while investors' buying momentum remained intact. The positive momentum continued in March 2019 underpinned by a potential pause in United States ("US") interest rate hike and favourable progression of the US-China trade talk. Although several credit negative news have surfaced during the month, no spill-over effect was seen.

There were no signs of slowing down in spread compressions for Asian credits in the first three months of 2019, until the last week of March 2019, where the market saw a mild pull-back in the wake of a weaker economic outlook. Meanwhile, activity in the primary market remained strong with April 2019 being the second strongest month in the year to date. A total of United States Dollars ("USD") 34.1billion new USD notes were raised across Asia in April 2019, bringing total supply to USD109.6 billion. As a result, the market began to show moderate signs of indigestion due to hefty supply, along with reduced participation in the Chinese, Hong Kong and Japanese markets due to holidays in April 2019. Sentiment turned increasingly cautious towards the Asian credit market in May 2019 on souring trade negotiations between the Chinese and US authorities. The failure to reach a trade deal resulted in the US administration raising the tariff on existing Chinese manufacturing goods with effect from 1 June 2019, which led to a tit-for-tat reaction from the Chinese authorities. Investor confidence was further rattled by the US administration's unexpected decision to prohibit certain interactions between US companies and China's Huawei.

Nevertheless, risk appetite picked up again in June 2019 after a soft May 2019, due to dovish sentiment by the US Federal Reserve ("Fed") and European Central Bank ("ECB") as hopes of a near-term rate cut overrode concerns about geopolitical tensions and signs of economic weakness. The resumption of trade talk between the US and China and the pause in additional tariffs also helped ease earlier concerns. Despite this, uncertainty originating from the anticipation of the Trump-Xi meeting in G20 along with Fed Chair Jerome Powell's Congress testimony gave July 2019 a weak kick-off, which was then made up for after comments signalling a rate cut came out later during the month.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 July 2019 (cont'd)

C. Market review (cont'd)

Later on, US representatives were sent to Shanghai to negotiate trade terms, which brought the Asia credit market onto another roller-coaster ride. 10-year US Treasury ("UST") touched a low of 1.95% at the beginning of July 2019 before closing the month at 2.01%.

D. Market Outlook

Market volatility is expected to persist over the near term, due to escalating US-China trade tensions as the US government unleashed a new round of tariff hikes and uncertainties over major central banks' policies – particularly the pace of easing that the Fed may take in 2019. Worsening trade frictions between the US and China could significantly impact the growth prospects of the export-driven surplus economies, with open economies being the most exposed to a global trade war. Renewed concerns over contagion effects emanating from Emerging Market ("EM") countries could also influence movement in bond yields across global markets, although such contagion effects remain contained for now.

On US monetary policy, we expect the Fed to shift to a monetary accommodation bias in 2019, the Bank of Japan ("BoJ") to remain firmly attached to yield curve control and the ECB to deliver further monetary accommodation in response to the sustained slowing of domestic economic conditions. On the back of this, we think most major Asian countries will also look to provide monetary stimulus before year-end. In the case of China, stimulus may take the form of RRR cuts and direct short and medium-term liquidity injections into the financial system, plus targeted action for specific financial entities, if required. Overall, in an environment that remains unpredictable, we feel that bonds still offer attractive investment value with 4% for investment grade and 7% for high yield bonds.

E. Investment Strategy

The Fund invests mainly in USD and Singapore Dollar ("SGD") Asia-Pacific corporate fixed income securities. The Manager employs a prudent fixed income securities selection strategy to create a strategic mix between investment grade and high-yield securities to generate returns that will outperform the benchmark. Foreign currency exposures are hedged against the RM to minimise foreign exchange risks.

F. Soft Commissions and Rebates

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

During the financial period from 15 November 2018 (date of launch) to 31 July 2019, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK CONSTANT INCOME FUND 7 FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 TO 31 JULY 2019

We have acted as Trustee of Maybank Constant Income Fund 7 (the "Fund") for the financial period ended 31 July 2019. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's ("SC") Guidelines on Unit Trust Funds (the "Guidelines"), the Capital Markets and Services Act 2007 and other applicable laws;
- (b) Valuation/pricing of the Fund has been carried out in accordance with the Deed and relevant regulatory requirements; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of
TMF TRUSTEES MALAYSIA BERHAD
(Company No. : 610812-W)

NORHAYATI BINTI AZIT
DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia
13 September 2019

**STATEMENT BY MANAGER
FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 TO 31 JULY 2019**

**TO THE UNITHOLDERS OF
MAYBANK CONSTANT INCOME FUND 7**

I, Ahmad Najib Bin Nazlan, being one 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 134: Interim Financial Reporting and International Accounting Standards 34: Interim Financial Reporting so as to give a true and fair view of the financial position of Maybank Constant Income Fund 7 as at 31 July 2019 and of its results, changes in equity and cash flows for the financial period then ended and comply with the requirements of the Deed.

For and on behalf of the Manager

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
13 September 2019

MAYBANK CONSTANT INCOME FUND 7

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

		15.11.2018 (date of launch) to 31.07.2019 RM
	Note	
INVESTMENT INCOME		
Interest income	3	3,253,322
Redemption fee income	4	8,011
Net gain on financial assets at fair value through profit or loss ("FVTPL")	10(c)	
- Realised gain		332,160
- Unrealised gain		1,992,286
Net gain on foreign exchange and forward currency contracts	5	<u>307,077</u>
		<u>5,892,856</u>
EXPENSES		
Trustee's fee	6	21,838
Auditors' remuneration		5,657
Tax agent's fee		2,202
Administrative expenses		<u>15,736</u>
		<u>45,433</u>
Net income before taxation		5,847,423
Taxation	7	<u>(1,787)</u>
Net income after taxation, and total comprehensive income for the financial period		<u>5,845,636</u>
Net income after taxation is made up of the following:		
Net realised income		2,752,619
Net unrealised income		<u>3,093,017</u>
		<u>5,845,636</u>

MAYBANK CONSTANT INCOME FUND 7**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019**

	Note	31.07.2019 RM
ASSETS		
Financial assets at FVTPL	10	97,238,256
Derivative assets	11	934,107
Interest receivables		1,402,639
Amount due from brokers	12	5,642,009
Deposit with a licensed financial institution	9	686,080
Cash at bank	8	9,463,965
TOTAL ASSETS		<u>115,367,056</u>
LIABILITIES		
Derivative liabilities	11	37,774
Amount due to Trustee	13	2,932
Provision for tax		1,699
Other payables and accruals	14	7,860
TOTAL LIABILITIES		<u>50,265</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>115,316,791</u>
EQUITY		
Unitholders' capital	15(a)	109,471,155
Retained earnings	15(b) & 15(c)	5,845,636
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>115,316,791</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)		<u>109,477,485</u>
NAV PER UNIT (RM)		<u>1.0533</u>

MAYBANK CONSTANT INCOME FUND 7**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019**

	Unitholders' capital Note 15(a) RM	Retained earnings Note 15(b) & 15(c) RM	Total equity RM
At 15 November 2018 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	5,845,636	5,845,636
Creation of units	110,080,524		110,080,524
Cancellation of units	(609,369)	-	(609,369)
At 31 July 2019	<u>109,471,155</u>	<u>5,845,636</u>	<u>115,316,791</u>

MAYBANK CONSTANT INCOME FUND 7

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

15.11.2018
(date of launch)
to
31.07.2019
RM

CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

Net proceeds from sale and redemption of financial assets at FVTPL	35,249,799
Net payments for purchase of financial assets at FVTPL	(134,877,757)
Net realised loss on forward foreign exchange contracts	(1,576,420)
Interest received	2,121,785
Redemption fee income received	8,011
Trustee's fee paid	(18,905)
Taxation paid	(88)
Payment of other fees and expenses	(15,737)
Net cash used in operating and investing activities	<u>(99,109,312)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Cash received from units created	110,080,524
Cash paid on units cancelled	(609,369)
Net cash generated from financing activities	<u>109,471,155</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD

Effects of foreign exchange	(211,798)
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CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD

Cash and cash equivalents comprise:	
Cash at bank (Note 8)	9,463,965
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 9)	686,080
	<u>10,150,045</u>

MAYBANK CONSTANT INCOME FUND 7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Constant Income Fund 7 (the "Fund") was constituted pursuant to the execution of a Deed dated 23 October 2018 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, TMF Trustees Malaysia Berhad. The Fund is a three (3)-year close-ended fund with a maturity date set on the third (3rd) anniversary of the commencement date, which is on 1 November 2019.

The Fund seeks to achieve its investment objective by investing a minimum of 80% of the Fund's NAV in Ringgit Malaysia ("RM")-denominated fixed income securities and/or foreign currency fixed income securities. For the RM-denominated fixed income securities, the Fund will invest in RM-denominated fixed income securities with a minimum rating of 'A-' by Malaysian Rating Corporation Berhad ("MARC") or its equivalent rating by RAM Holdings Berhad ("RAM"). If any of the RM-denominated fixed income securities have been downgraded to a rating lower than 'BB-' by MARC or its equivalent rating by RAM, the Manager shall dispose the downgraded fixed income securities as soon as practicable. However, if such prompt action may be detrimental to the Fund, the Manager may continue to hold onto the downgraded fixed income securities for up to ninety (90) days. This treatment will be the same for issuer rating when there is no fixed income securities rating. The Fund's investment in RM-denominated fixed income securities which are issued by government and/or government linked agencies need not be rated.

For the foreign currency fixed income securities, the Fund will invest in foreign currency fixed income securities with a minimum rating of 'BB-' by Standard & Poor's ("S&P") or its equivalent rating by Moody's and/or Fitch. Should the ratings be different among S&P, Moody's and Fitch, the second highest rating shall be applicable. When there are only two (2) ratings available, the lower rating shall be applicable. If any of the foreign currency fixed income securities have been downgraded to a rating lower than 'BB-' by S&P or its equivalent as determined using the second highest/lower rating methodology, the Manager shall dispose the downgraded fixed income securities as soon as practicable. However, if such prompt action may be detrimental to the Fund, or if the Manager remains comfortable with the default risk after conducting credit assessment by taking into consideration of both quantitative and qualitative factors and concluded that the probability of default is low, the Manager may continue to hold the downgraded fixed income securities up to the maturity date of the fixed income securities, or up to the maturity date of the Fund, whichever is earlier.

Fixed income securities are deemed unrated if there are no issue or issuer rating from any rating agencies. The Fund may invest in unrated fixed income securities but limited to no more than 15% of the Fund NAV. In such instances, the Manager will conduct its own internal credit assessment to assess the eligibility of the fixed income securities. The remaining balance of the NAV are invested in liquid assets.

As the Fund approaches its maturity date, the Manager may choose to invest in liquid assets to facilitate the payout of proceeds to unitholders after the maturity date.

MAYBANK CONSTANT INCOME FUND 7

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (CONT'D)

The Manager of the Fund is Maybank AM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services License with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of Maybank AM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. Maybank AM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting ("MFRS 134"), International Accounting Standards 34 Interim Financial Reporting, the Deed and any regulatory requirement.

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

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

Description (cont'd)	Effective for annual periods beginning on or after
Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128: Long-term Interests in <i>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</i>	1 January 2020
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 Costs</i>	1 January 2020
MFRS 17: <i>Insurance Contracts</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be 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.

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.

MAYBANK CONSTANT INCOME FUND 7

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

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 and interest receivables as financing and receivables, and are subsequently measured at amortised cost. Investments in unquoted fixed income securities and derivatives are classified as FVTPL.

(ii) Financial assets at FVTPL

Investments in unquoted fixed income securities derivatives assets and derivatives liabilities 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 instruments or a financial guarantee.

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.4 Financial assets (cont'd)

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

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 is classified as FVTPL are disclosed separately in the profit or loss.

(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 is a probability-weighted estimate of credit losses. They are measured as follows:

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

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

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

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

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

(iv) Derecognition 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.

MAYBANK CONSTANT INCOME FUND 7

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

2.4 Financial assets (cont'd)

(iv) Derecognition of financial assets (cont'd)

On derecognition of equity instruments 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. However, on derecognition of debt instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is reclassified to profit or loss.

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

Classification

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

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 instruments.

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.

Derecognition

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

2.6 Fair value measurement

The Fund measures its financial instruments 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 the asset or transfer the liability takes place either:

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.6 Fair value measurement (cont'd)

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

2.7 Functional and presentation currency

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

2.8 Unitholders' capital

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.8 Unitholders' capital (cont'd)

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund. Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to 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.

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distributions is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved.

2.9 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distributions is sourced out of distribution equalisation which is accounted for as an adjustment to the unitholders' capital. A proposed distribution is recognised as a liability in the year in which it is approved.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposit with a financial institution with original maturity of three (3) months or less which have an insignificant risk of changes in value.

2.11 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 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 rate method.

Interest income from deposits with a licensed financial institution is recognised on the accruals basis using the effective interest rate method.

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

Redemption fee income is charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units.

MAYBANK CONSTANT INCOME FUND 7

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

2.12 Income tax

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

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

Current tax expense is determined according to Malaysian tax laws at the current tax rate based upon the taxable profit earned during the financial year/period.

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

2.13 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.

2.14 Critical accounting estimates and judgments

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

No major judgements have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at 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 period.

MAYBANK CONSTANT INCOME FUND 7

3. INTEREST INCOME

15.11.2018
(date of launch)
to
31.07.2018
RM

Interest income from unquoted fixed income securities	2,487,131
Interest income from short-term deposits	645,007
Accretion of discount, net of amortisation of premium	121,184
	<u>3,253,322</u>

4. REDEMPTION FEE INCOME

The Fund is entitled to payment of redemption charges between 1.50% to 3.50% of the redemption amount for cancellation of units by unitholders before the maturity date, and is recognised upon cancellation of units.

5. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

15.11.2018
(date of launch)
to
31.07.2019
RM

Net realised gain on foreign exchange	660,266
Net unrealised gain on foreign exchange	204,398
Net realised loss on forward foreign exchange contracts	(1,453,920)
Net unrealised gain on forward foreign exchange contracts	896,333
	<u>307,077</u>

MAYBANK CONSTANT INCOME FUND 7

6. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.03% per annum ("p.a") of the NAV of the Fund, excluding foreign custodian fees and charges.

7. TAXATION

	15.11.2018 (date of launch) to 31.07.2019 RM
Tax expense for the financial period:	
Current income tax expense	<u>1,787</u>

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

Interest income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

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

The tax charge for the financial period is in relation to the taxable income earned by the Fund after deducting the permitted expenses. A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	15.11.2018 (date of launch) to 31.07.2019 RM
Net income before taxation	<u>5,847,423</u>
Tax at Malaysian statutory rate of 24%	1,403,382
Effect of income not subject to tax	(1,412,363)
Effect of expenses not deductible for tax purposes	9,546
Restriction on tax deductible expenses for unit trust funds	1,222
Tax expense for the financial period	<u>1,787</u>

MAYBANK CONSTANT INCOME FUND 7

8. CASH AT BANK

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

	15.11.2018 (date of launch) to 31.07.2019 RM
US Dollar ("USD")	9,370,611
RM	<u>93,354</u>
	<u>9,463,965</u>

9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	15.11.2018 (date of launch) to 31.07.2019 RM
Short-term placement with a maturity of less than 3 months	<u>686,080</u>

The weighted average effective interest rates ("WAEIR") and average maturity of deposit with a licensed financial institution with maturity of less than 3 months as at the reporting date were as follows:

	15.11.2018 (date of launch) to 31.01.2019	Average Maturity Days
	WAEIR % p.a.	
Deposit with a licensed financial institution	<u>3.00</u>	<u>1</u>

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL

31.01.2019
RM

Investments in financial assets at FVTPL:

Unquoted fixed income securities - local	(a)	2,102,306
Unquoted fixed income securities - foreign	(b)	95,135,950
		<u>97,238,256</u>

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2019				
(a) Unquoted fixed income securities - local				
Energy				
Serba Dinamik Holdings Bhd - 6.30% / 09.05.2022	500,000	2,071,488	2,102,306	1.82
Total unquoted fixed income securities - local	500,000	2,071,488	2,102,306	1.82
(b) Unquoted fixed income securities - foreign				
British Virgin Island				
Chouzhou International Investment Ltd - 4.00% / 05.12.2020	500,000	1,992,883	2,059,406	1.79
ENN Clean Energy International - 7.50% / 27.02.2021	1,000,000	4,012,635	4,165,838	3.61
Fortune Star BVI Ltd - 6.75% / 02.07.2023	1,000,000	4,138,000	4,227,300	3.67
Franshion Brilliant Ltd - 4.00% / Call: 03.01.2023	1,000,000	3,886,190	4,032,600	3.50
Huarong Finance Co Ltd - 4.00% /Call: 07.11.2022	500,000	1,943,498	2,052,188	1.78
- 2.88% /Call: 14.09.2021	1,000,000	3,912,190	4,021,875	3.49

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2019 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
British Virgin Island (cont'd)				
New Metro Global - 6.75% / 26.01.2020	500,000	2,044,198	2,036,513	1.77
Total British Virgin Island	<u>5,500,000</u>	<u>21,929,594</u>	<u>22,595,720</u>	<u>19.59</u>
Cayman Island				
Coastal Emerald Ltd - 4.30% / 01.08.2024	500,000	2,056,500	2,052,188	1.78
Shimao Property Holdings Ltd - 5.60% / 15.07.2026	1,000,000	4,130,415	4,141,913	3.59
	<u>1,500,000</u>	<u>6,186,915</u>	<u>6,194,101</u>	<u>5.37</u>
China				
China Life Insurance Co Company Ltd - 4.00% / 03.07.2075	500,000	2,010,733	2,057,344	1.78
Chongqing Energy Investment Group Co Ltd - 5.63% / 18.03.2022	1,000,000	4,072,118	4,240,088	3.68
	<u>1,500,000</u>	<u>6,082,851</u>	<u>6,297,432</u>	<u>5.46</u>
Hong Kong				
Agile Group Holdings Ltd - 8.50% / 18.07.2021	500,000	2,112,179	2,188,725	1.90
China Taiping Insurance Holdings Company Ltd - 5.45% / Call: 10.09.2019	1,000,000	4,074,503	4,125,000	3.58
SDG Finance Ltd - 5.25% / 23.10.2021	500,000	2,045,386	2,121,281	1.84

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2019 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
Hong Kong				
Shimao Property Holdings Ltd - 6.12% / 21.02.2024	200,000	813,000	866,910	0.75
Sino- Ocean Land Treasure IV Ltd - 5.25% / 30.04.2022	500,000	2,061,405	2,130,563	1.85
Weichai International HK Energy Group Company Ltd - 3.75% / Call: 14.09.2022	1,000,000	3,971,499	4,074,675	3.53
	<u>3,700,000</u>	<u>15,077,972</u>	<u>15,507,154</u>	<u>13.45</u>
India				
Renew Power Ltd - 6.67% / 12.03.2024	1,000,000	4,076,260	4,217,813	3.66
Shriram Transport Finance Co Ltd - 5.95% / 24.10.2022	1,000,000	4,108,000	4,228,125	3.67
	<u>2,000,000</u>	<u>8,184,260</u>	<u>8,445,938</u>	<u>7.32</u>
Indonesia				
Bukit Makmur Mandiri Utama -7.75% / 13.02.2022	200,000	854,136	839,190	0.73
PT Japfa Comfeed Indonesia Tbk -5.50% / 31.03.2022	700,000	2,834,941	2,903,959	2.52
	<u>900,000</u>	<u>3,689,077</u>	<u>3,743,149</u>	<u>3.25</u>

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2019 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
Mauritius				
Greenko Solar Energy Private Ltd -5.55% / 29.01.2021	500,000	2,055,500	2,062,499	1.79
HT Global IT Solution Holdings Ltd -7.00% / 14.07.2021	1,000,000	4,080,480	4,264,013	3.70
	<u>1,500,000</u>	<u>6,135,980</u>	<u>6,326,512</u>	<u>5.49</u>
Philippines				
SMC Global Power Holdings Ltd -6.50% / 05.04.2024	1,000,000	4,228,215	4,204,613	3.65
Singapore				
Global Prime Capital Private Ltd -5.50% / 18.10.2023	1,000,000	3,950,395	4,073,437	3.53
Jubilant Pharma Ltd -6.00% / 05.03.2024	1,000,000	4,099,842	4,243,800	3.68
	<u>2,000,000</u>	<u>8,050,237</u>	<u>8,317,237</u>	<u>7.21</u>
South Korea				
Shinhan Financial Group Co Ltd -5.88% / 13.08.2023	1,100,000	4,714,630	4,833,345	4.19

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2019 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
United States of America				
Astrea V Private Ltd - 4.50% / 20.06.2029	1,000,000	4,161,000	4,195,124	3.64
Country Garden Holdings Co Ltd - 8.00% / 27.01.2024	1,000,000	4,145,685	4,475,625	3.88
	<u>2,000,000</u>	<u>8,306,685</u>	<u>8,670,749</u>	<u>7.52</u>
Total unquoted fixed income securities - foreign	<u>22,700,000</u>	<u>92,586,416</u>	<u>95,135,950</u>	<u>82.50</u>
Total unquoted fixed income securities	<u>23,200,000</u>	<u>94,657,904</u>	<u>97,238,256</u>	<u>84.32</u>
Unrealised gain on unquoted fixed income securities*			<u>2,580,352</u>	

(c) Changes in the fair value of FVTPL investments are recognised in 'unrealised gain on FVTPL investments' in the profit and 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. See accounting policy Note 2.4 (ii) for details.

MAYBANK CONSTANT INCOME FUND 7

11. DERIVATIVE ASSETS/LIABILITIES

<u>Foreign exchange related contracts</u>	Principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
31.07.2019			
Currency forwards:			
Less than 1 year	111,743,060	934,107	37,774

As at the reporting date, there were 6 forward exchange contracts outstanding.

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

12. AMOUNT DUE FROM BROKER

Amount due from broker relates to the amount receivable from a broker arising from the sale of unquoted fixed income securities. The settlement period for these receivables are within 3 working days from the deal date.

13. AMOUNT DUE TO TRUSTEE

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

14. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	31.07.2019 RM
Due to external auditors	5,658
Due to tax agent	2,202
	<u>7,860</u>

MAYBANK CONSTANT INCOME FUND 7

15. TOTAL EQUITY

	Note	31.07.2019 RM
Unitholders' capital	15(a)	109,471,155
Accumulated realised income	15(b)	2,752,619
Accumulated unrealised income	15(c)	3,093,017
		<u>115,316,791</u>

(a) Unitholders' capital

	15.11.2018 (date of launch) to 31.07.2019	
	No. of units	RM
At the beginning of the financial period	-	-
Creation of units	110,080,524	110,080,524
Cancellation of units	(603,039)	(609,369)
At the end of the financial period	<u>109,477,485</u>	<u>109,471,155</u>

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

	15.11.2018 (date of launch) to 31.07.2019	
	No. of units	RM
The Manager	<u>1,000</u>	<u>1,053</u>

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

(b) Accumulated realised income

	15.11.2018 (date of launch) to 31.07.2019 RM
At the beginning of the financial period	-
Net realised income for the financial period	2,752,619
At the end of the financial period	<u>2,752,619</u>

MAYBANK CONSTANT INCOME FUND 7

15. TOTAL EQUITY (CONT'D)

(c) Accumulated unrealised income

	15.11.2018 (date of launch) to 31.07.2019 RM
At the beginning of the financial period	-
Net unrealised gain for the financial period	<u>3,093,017</u>
At the end of the financial period	<u><u>3,093,017</u></u>

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS/BROKERS/DEALERS

Details of transactions with financial institutions/brokers/dealers for the current financial period are as follows:

	15.11.2018 (date of lauunch) to 31.07.2019	Percentage of total placements %
Financial institutions	Value of placements RM	
Public Bank Bhd	998,063,000	22.71
Public Islamic Bank Bhd	270,322,393	6.15
Malayan Banking Bhd ("MBB") *	1,331,896,415	30.29
Maybank Islamic Bhd ("MIB") **	680,414,205	15.47
Hong Leong Islamic Bank Bhd	680,414,205	15.47
CIMB Bank Bhd	<u>435,763,364</u>	<u>9.91</u>
	<u><u>4,396,873,582</u></u>	<u><u>100.00</u></u>

* MBB is the ultimate holding company of the Manager.

** MIB is a subsidiary of Malayan Banking Bhd, the ultimate holding company of the Manager.

MAYBANK CONSTANT INCOME FUND 7

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

Details of transactions with top 10 brokers and dealers for the current period are as follows:

Brokers/dealers	15.11.2018 (date of launch) to 31.07.2019	
	Value of trades RM	Percentage of total trades %
Guotai Junan Securities (Hong Kong) Ltd	33,914,122	21.29
Standard Chartered Bank Bhd	22,015,756	13.82
Citibank Bhd	21,684,842	13.61
Haitong International Securities Ltd	20,441,771	12.83
HSBC Bank Malaysia Bhd	18,170,293	11.41
Bank of America Merrill Lynch	10,075,104	6.33
J.P. Morgan Chase Bank Bhd	9,608,319	6.03
SC Lowy Primary Investments Ltd	8,686,511	5.45
ANZ Banking Group Ltd	8,416,771	5.28
DBS Bank Ltd	6,269,868	3.95
Others	<u>159,283,357</u>	<u>100.00</u>

17. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

(a) Significant related party transactions

Interest income from deposits placed with:	15.11.2018 (date of launch) to 31.07.2019	
	RM	
- MBB		<u>181,308</u>
- MIB		<u>133,236</u>

MAYBANK CONSTANT INCOME FUND 7

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

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

In addition to the related party information disclosed elsewhere in the financial statements, there are no other related party transactions and balances of the Fund.

18. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Trustee's fee and other administrative expenses. For the financial period from 15 November 2018 (date of launch) to 31 July 2019, the MER of the Fund stood at 0.04%.

19. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial period from 15 November 2018 (date of launch) to 31 July 2019, the PTR of the Fund stood at 0.83 times.

20. 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 a minimum of 80% of the Fund's NAV in RM-denominated fixed income securities and/or foreign currency fixed income securities. The remaining balance of the Fund's NAV will be invested in liquid assets.

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

The internal reporting 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 change in the reportable operating segments during the financial period.

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21. FAIR VALUE HIERARCHY

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM
31.07.2019			
Financial assets at FVTPL	-	97,238,256	-
Derivative assets	-	934,107	-
Derivative liabilities	-	37,774	-

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

23. COMPARATIVE

There are no comparative figures presented as this is the Fund's first set of interim statements since the Fund was launched on 15 November 2018.