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# MAYBANK BLUEWATERZ TOTAL RETURN FUND

Annual report  
For the financial year ended 31 December 2022

## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)

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## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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# MAYBANK BLUEWATERZ TOTAL RETURN FUND

## Manager's report

For the financial year ended 31 December 2022

### A. Fund Information

**1. Name of Fund**

Maybank Bluewaterz Total Return Fund (the "Fund")

**2. Type of Fund**

Growth

**3. Category of Fund**

Feeder fund (unquoted fixed income securities)

**4. Duration of Fund**

The Fund is an open-ended fund.

**5. Fund launch date**

Share Class	Launch date
RM Class	24 July 2015
USD Class	18 June 2018

**6. Fund's investment objective**

The Fund aims to achieve long-term consistent positive return by investing in the Maybank Bluewaterz Total Return Bond Fund ("Target Fund").

**7. Fund distribution policy**

The Fund is not expected to distribute income. However, incidental distribution can be declared whenever appropriate.

**8. Fund's performance benchmark**

Absolute return of 6.5% per annum ("p.a.") for RM Class and 5.0% p.a. for USD Class.

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

The Fund will invest between 80% - 98% of its Net Asset Value ("NAV") in the Class A Participating Shares of the Target Fund which is denominated in United States Dollar ("USD"). The Manager will also invest between 2% - 20% of the Fund's NAV in liquid assets.

The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure into Ringgit Malaysia ("RM") in order to manage foreign exchange currency risk.

As the Fund is a wholesale feeder fund, the investments of the Fund will consist of a single collective investment scheme, i.e. the Target Fund, and liquid assets.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2022 (cont'd)

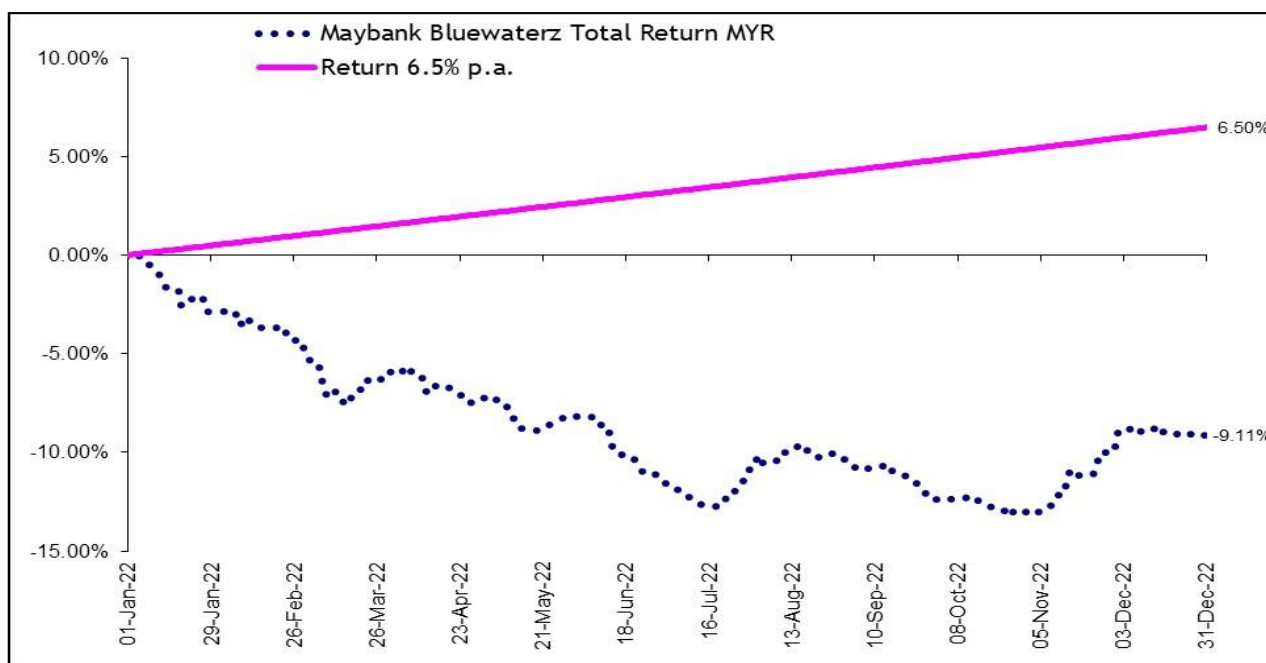
### B. Performance Review

Performance of Maybank Bluewaterz Total Return Fund - RM Class for the financial year ended 31 December 2022 are as follows:

#### RM Class

Period	The Fund %	Benchmark %
1 January 2022 to 31 December 2022	(9.11)	6.50

Performance of the RM Class for the financial year ended 31 December 2022:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 December 2022

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2022 (cont'd)

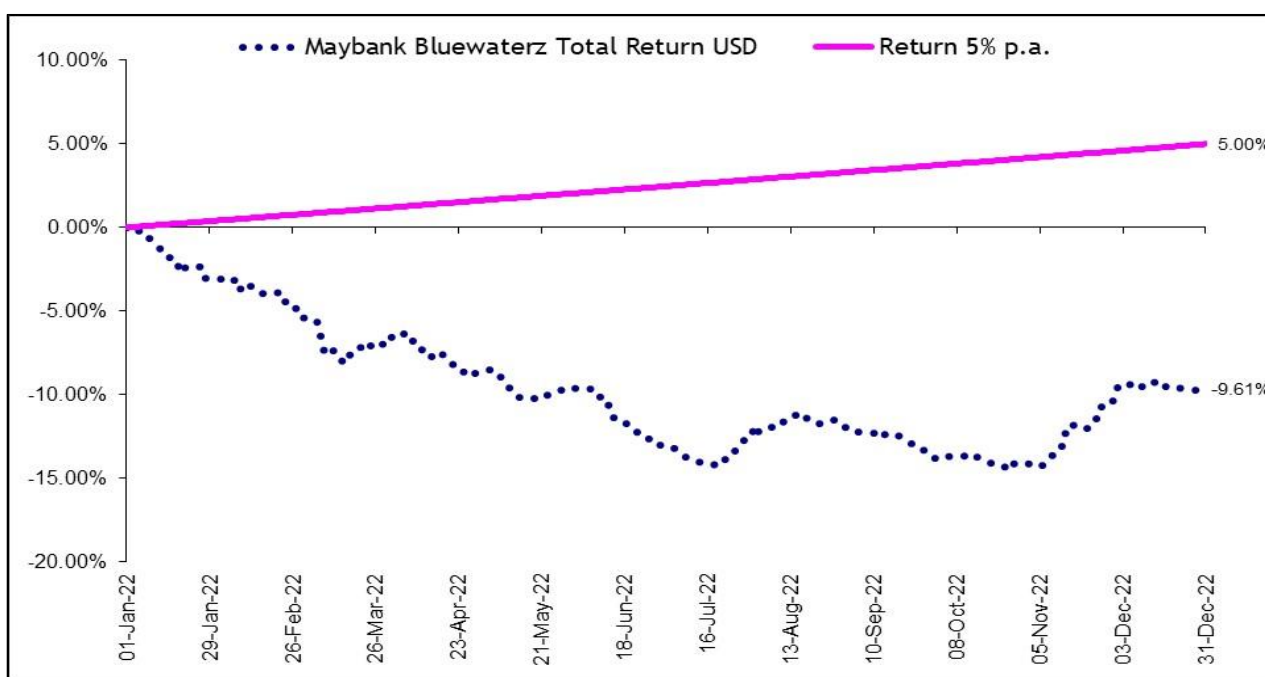
### B. Performance Review (cont'd)

Performance of Maybank Bluewaterz Total Return Fund - USD Class for the financial year ended 31 December 2022 are as follows:

#### USD Class

Period	The Fund %	Benchmark %
1 January 2022 to 31 December 2022	(9.61)	5.00

Performance of the USD Class for the financial year ended 31 December 2022:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 December 2022

*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.*

The Fund generated return of RM Class: -9.11% (USD class: -9.61%) for the financial year under review, underperforming absolute benchmark's for RM Class at 6.50% whereas USD class at 5.00%. The underperformance was due to surging inflationary pressure and quicker than expected pace of monetary tightening by United States Federal Reserve ("US Fed").

The weaker performance was due to widening of Asia credit spreads, particularly increased risk of recession globally which will spill over to Emerging Market ("EM"). Furthermore, the slowdown in China economy will increase the risk of default on China property sector. Meanwhile, forex hedging contributed negatively for the performance during the financial year under review due to higher short rates from United States ("US").

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2022 (cont'd)

#### C. Market Review

Markets began to slide early in the year, as inflation continued to rise and on 24th February 2022 Russia invaded Ukraine, which created a new supply chain crisis. The price of crude oil touched USD 129 in March 2022. The US Fed raised interest rates by 0.25% in early March 2022 to 0.50%. This was less than expected and markets rebounded through the end of the quarter. However, that first rate hike marked the start of what may be the steepest hiking cycle in history.

The second quarter 2022, inflation rates continued to rise around the world. In April 2022, the US consumer inflation rate for March 2022 was reported at 8.5%, the highest it had been since the 1980s. The US Fed raised rates by 0.5% in May 2022 to 1.0% and began to warn that rate hikes might become more aggressive.

Elsewhere around the world, central banks began to raise rates. Mortgage rates around the world began to rise sharply, and it became clear that already overheated housing markets were in trouble. The 2 year to 10 year yield curve inverted an indicator that has predicted most recessions in the past. US first quarter 2022 Gross Domestic Product ("GDP") surprised with a negative print.

Most major indexes around the world fell into bear market territory more than 20% off their highs. Unites States Treasuries ("UST") 10 year rose to 3%, double where they started the year. Only USD continued to rally for the fourth consecutive quarter. The US Fed raised interest rates by 0.75% in June 2022 meeting to 1.75%.

In third quarter 2022, the US Fed warned that rate hikes were likely to continue for some time and they raised interest rates by 0.75% in July 2022 meeting to 2.50%. The US slipped into technical recession, though policy makers said it wasn't quite there yet. In Europe and the United Kingdom ("UK"), things began to look even direr as Russia cut off gas supplies to

The Euro fell to parity with USD for the first time in 20 years, and it became likely that the UK would be in a recession by year end. Economic data in China worsened and resulted in a surprise rate cut. Global markets grew concerned that the crisis in China's property market could spread to its entire financial system. Towards the end of 3Q22 another round of selling gathered momentum when inflation rates continued to surprise to the upside. The US Fed raised interest rates by 0.75% in September 2022 meeting to 3.25%.

The 4Q22 started with the UK in turmoil. Lizz Truss the new UK Prime Minister, where her economic plan was rejected by investors. The UK financial market was hammered and the British pound touched a record low of USD 1.035. By the end of October 2022, the UK had its third Prime Minister in two months as Rishi Sunak took the reins. Economic forecasts during the 4Q22 have suggested that most countries will come close to a recession in 2023, with a recovery toward the end of the year. The US Fed raised interest rates by 0.75% in November 2022 meeting to 4.00%. and again as market predicted the US Fed raised interest rates by 0.50% in December 2022 meeting to 4.50%.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **Manager's report**

**For the financial year ended 31 December 2022 (cont'd)**

#### **D. Market Outlook & Strategies**

Inflation is falling very slowly and the market seems to be expecting rates to stop rising soon. However, the market may still be at odds with US Fed policy, as the latest projection from the central banks see interest rates at 5.1% by the end of 2023.

A hard landing would mean that central banks really struggle to bring inflation under control. If that happens, they would keep raising interest rates which would put more strain on consumer spending, investment, and ultimately on corporate profits. This would probably mean a severe recession with rising unemployment.

The soft landing would occur if inflation falls to a manageable level, allowing central banks to stop raising rates. Economic growth rates might fall to around zero (there isn't really much difference between a positive or negative 0.5% change in GDP) but would recover quite quickly. Both of these scenarios could still play out. Economic forecasts are mixed, though some are starting to improve.

Contrary to the noise around inflation, rising rates and plunging equity valuations, many major economies are expected to deliver decent growth across 2022. That's not to say that we're out of the woods just yet, with the forecasted low-point being pushed back from 2022 to 2023.

While 2023 is expected to be somewhat weak for global markets, some economies such as India and Korea are expected to deliver growth. As for the rest of the world, it appears investors will have to wait until 2024 to start seeing signs of a recovery.

The target fund manager expects buoyed sentiments in 2023 as China's reopening story continues to gather traction. While easing of restrictions may not be a straight line, this indirectly indicates a strong sign of China taking calibrated steps in reopening, which bodes well with market sentiment. The final Federal Open Market Committee ("FOMC") meeting of the year saw the Committee hiked US Fed fund target rate by another 50 basis points ("bps").

The manager then expects US Fed to slow down pace of tightening; with another three 25 bps hikes in 2023. Thus, bringing the terminal rate to 5.0% - 5.25% range. That said, the US Fed is unlikely to tilt to a premature easing in financial conditions and reverse into rate cuts soon as there is still upside risk to inflation given stickiness in the services component. Factoring in peak rates/ inflation narrative and China property easing announcement, the Fund has shifted tactical bias from defensive to small overweight.



## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2022 (cont'd)

#### D. Market Outlook & Strategies (cont'd)

Given the speed of the rally in recent weeks, the fund to remain nimble and will look to add exposure to risk assets as and when opportunity arises. Value has emerged in certain quasi sovereign credits, in particular the long end as higher probability of US recession next year may lead to further curve flattening. The manager is turning bullish on European Additional-Tier 1 ("AT-1") and selective Chinese high grade and property names.

On forex front, the manager remains constructive on Asian forex in the short term as relaxation of China zero-Coronavirus Disease 2019 ("COVID-19) policies/ property measures continues to gain traction and J.P Morgan Asia Dollar Index ("ADXY") still looks oversold on a long term

#### E. Asset Allocation

As at 31 December 2022, the Fund was 95.15% (2021: 98.52%) invested in the Target Fund, with the remaining in cash, deposit with a licensed financial institution and other net assets.

#### F. NAV as at 31 December 2022

Below is the summary of the NAV of the Fund:

##### RM Class

	2022	2021	Changes (%)
NAV (RM)	399,238,584	530,610,235	(24.76)
Units in circulation (unit)	406,597,102	478,434,631	(15.02)
NAV per unit (RM)	0.9819	1.1091	(11.47)

##### USD Class

	2022	2021	Changes (%)
NAV (RM)	23,312,131	31,950,964	(27.04)
Units in circulation (unit)	5,488,315	7,010,528	(21.71)
NAV per unit (USD)	0.9653	1.0948	(11.83)

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **Manager's report**

**For the financial year ended 31 December 2022 (cont'd)**

#### **G. Soft Commissions and Rebates**

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

During the financial year ended 31 December 2022, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAYBANK BLUEWATERZ TOTAL RETURN FUND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

We have acted as Trustee of Maybank Bluewaterz Total Return Fund (the "Fund") for the financial year ended 31 December 2022. 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 under the Deeds, the Securities Commission's Guidelines on Unlisted Capital Market Products Under the Lodge, Launch Framework and other applicable laws;
- (b) Valuation/ pricing has been carried out in accordance with the Deeds and any regulatory requirements
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distributions to the unitholders during the financial year ended 31 December 2022 are consistent with the objectives of the Fund.

For and on behalf of  
**SCBMB Trustee Berhad**

**Lor Yuen Ching**  
Trustee Services Manager

**Lee Kam Weng**  
Trustee Services Manager

Kuala Lumpur, Malaysia  
16 February 2023

## **STATEMENT BY MANAGER**

### **TO THE UNITHOLDERS OF MAYBANK BLUEWATERZ TOTAL RETURN FUND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

We, Dr Hasnita Binti Dato' Hashim and Ahmed Muzni Bin Mohamed, 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 Bluewaterz Total Return Fund as at 31 December 2022 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

**Dr Hasnita Binti Dato' Hashim**  
Chairman

**Ahmed Muzni Bin Mohamed**  
Director

Kuala Lumpur, Malaysia  
16 February 2023

## **Independent auditors' report to the Unitholders of Maybank Bluewaterz Total Return Fund**

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

#### *Opinion*

We have audited the financial statements of Maybank Bluewaterz Total Return Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2022 of the Fund, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### *Information other than the financial statements and auditors' report thereon*

The Manager is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Independent auditors' report to the Unitholders of Maybank Bluewaterz Total Return Fund**

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

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

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

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

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

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

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

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

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

## **Independent auditors' report to the Unitholders of Maybank Bluewaterz Total Return Fund**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the Unitholders of  
Maybank Bluewaterz Total Return Fund**

**Other matters**

This report is made solely to the Unitholders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Yeo Beng Yean  
03013/10/2024 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
16 February 2023



**MAYBANK BLUEWATERZ TOTAL RETURN FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
<b>INVESTMENT (LOSS)/ INCOME</b>			
Profit/ Interest income		130,181	204,911
Dividend income		12,204,163	24,697,558
Net loss on financial assets at fair value through profit or loss ("FVTPL")			
- Realised (loss)/ gain		(29,730,264)	870,491
- Unrealised gain/ (loss)		10,878,722	(20,177,286)
Net (loss)/ gain on foreign exchange and derivatives	3	(41,717,730)	6,316,297
		<u>(48,234,928)</u>	<u>11,911,971</u>
<b>EXPENSES</b>			
Trustee's fee	4	82,943	94,614
Auditors' remuneration		6,000	6,000
Tax agent's fee		3,900	3,900
Administrative expenses		14,469	44,454
		<u>107,312</u>	<u>148,968</u>
<b>Net result before distribution and taxation</b>		(48,342,240)	11,763,003
Distribution to unitholders			
RM Class	13(a)	(12,320,211)	(16,375,362)
USD Class	13(b)	(689,518)	(1,068,098)
<b>Net loss before taxation</b>		(61,351,969)	(5,680,457)
Taxation	5	-	-
<b>Net loss after distribution and taxation, representing total comprehensive loss for the financial year</b>		<u>(61,351,969)</u>	<u>(5,680,457)</u>
<b>Net loss after distribution and taxation is made up of the following:</b>			
Net realised (loss)/ income		(63,993,548)	8,753,551
Net unrealised income/ (loss)		2,641,579	(14,434,008)
		<u>(61,351,969)</u>	<u>(5,680,457)</u>
<b>Distribution for the financial year:</b>			
<b>RM Class</b>			
Net distributions (in Fund currency)	13	12,320,211	24,519,258
Gross/ Net distribution per unit (sen)	13	<u>2.70</u>	<u>5.70</u>
Distribution dates (ex-date)	13	<u>Refer to Note 13</u>	
<b>USD Class</b>			
Net distributions (in Fund currency)	13	689,518	1,685,286
Net distributions (USD)	13	<u>163,571</u>	<u>404,191</u>
Gross/ Net distribution per unit (USD cent)	13	<u>2.50</u>	<u>5.70</u>
Distribution dates (ex-date)	13	<u>Refer to Note 13</u>	

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
<b>ASSETS</b>			
Financial assets at FVTPL	6	402,061,657	554,249,168
Deposit with a licensed financial institution	7	6,384,037	1,230,193
Profit/ Interest receivable		962	59
Derivative assets	8	15,515,151	5,634,926
Amount due from Manager	9	-	147,059
Cash at bank	10	168,048	4,297,224
<b>TOTAL ASSETS</b>		<b>424,129,855</b>	<b>565,558,629</b>
<b>LIABILITIES</b>			
Derivative liabilities	8	704,038	328,839
Amount due to Manager	9	852,320	2,634,668
Amount due to Trustee	11	6,517	8,694
Other payables and accruals		16,265	25,229
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>1,579,140</b>	<b>2,997,430</b>
<b>NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS</b>		<b>422,550,715</b>	<b>562,561,199</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:</b>			
Unitholders' contribution	12(a)	464,184,023	542,842,538
(Accumulated losses)/ Retained earnings	12(b) & (c)	(41,633,308)	19,718,661
		<b>422,550,715</b>	<b>562,561,199</b>
<b>NET ASSET VALUE</b>			
- RM Class		399,238,584	530,610,235
- USD Class		23,312,131	31,950,964
		<b>422,550,715</b>	<b>562,561,199</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- RM Class		406,597,102	478,434,631
- USD Class		5,488,315	7,010,528
		<b>412,085,417</b>	<b>485,445,159</b>
<b>NAV PER UNIT</b>			
- RM Class		RM 0.9819	RM 1.1091
- USD Class		USD 0.9653	USD 1.0948

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

**MAYBANK BLUEWATERZ TOTAL RETURN FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	<b>Unitholders' contribution Note 12(a) RM</b>	<b>(Accumulated losses)/ Retained earnings Note 12(b) and 12(c) RM</b>	<b>Net assets attributable to unitholders RM</b>
At 1 January 2022	542,842,538	19,718,661	562,561,199
Total comprehensive loss for the financial year	-	(61,351,969)	(61,351,969)
Creation of units	37,622,161	-	37,622,161
Reinvestment of units	12,127,241	-	12,127,241
Cancellation of units	(128,407,917)	-	(128,407,917)
At 31 December 2022	<u>464,184,023</u>	<u>(41,633,308)</u>	<u>422,550,715</u>
At 1 January 2021	384,535,071	25,399,118	409,934,189
Total comprehensive loss for the financial year	-	(5,680,457)	(5,680,457)
Creation of units	328,298,476	-	328,298,476
Reinvestment of units	24,749,847	-	24,749,847
Cancellation of units	(185,979,772)	-	(185,979,772)
Distributions (Note 13)	(8,761,084)	-	(8,761,084)
At 31 December 2021	<u>542,842,538</u>	<u>19,718,661</u>	<u>562,561,199</u>

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale of investments	567,776,200	29,364,600
Net purchase of investments	(451,917,230)	(230,468,377)
Profit/ Interest received	129,278	205,388
Dividend received	12,233,180	24,791,279
Realised (loss)/ gain on forward foreign exchange contracts	(33,731,424)	1,096,172
Trustee's fee paid	(85,120)	(91,728)
Payment of other fees and expenses	(40,335)	(65,812)
Net cash generated from/ (used in) operating and investing activities	<u>94,364,549</u>	<u>(175,168,478)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	37,753,051	348,966,084
Payments for cancellation of units	(130,192,667)	(184,746,430)
Distributions to unitholders	(883,698)	(1,454,249)
Net cash (used in)/ generated from financing activities	<u>(93,323,314)</u>	<u>162,765,405</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR</b>	1,041,235	(12,403,073)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	5,527,417	17,901,425
Effect on foreign exchange	(16,567)	29,065
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u>6,552,085</u>	<u>5,527,417</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 10)	168,048	4,297,224
Deposit with a licensed financial institution with maturity of less than 3 months (Note 7)	6,384,037	1,230,193
	<u>6,552,085</u>	<u>5,527,417</u>

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

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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

Maybank Bluewaterz Total Return Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 9 April 2015, between the Manager, Maybank Asset Management Sdn. Bhd. ("MAM") and the Trustee, SCBMB Trustees Berhad and the registered holder of the Fund. Subsequently, the following Supplemental Deeds have been issued between MAM and the Trustee:

- First Supplemental Deed dated 21 May 2018
- Second Supplemental Deed dated 19 December 2018

The Deed and Supplemental Deeds are collectively referred to as "Deeds".

The Fund aims to achieve long-term consistent positive return by investing in the Maybank Bluewaterz Total Return Bond Fund ("Target Fund") offered in Singapore.

The Target Fund was incorporated as an exempted fund incorporated on 24 February 2009, under the laws of Cayman Islands with limited liability and has registered with the Cayman Islands Monetary Authority pursuant to section 4(3) of the Mutual Funds Law. The Target Fund is subject to regulation under the Mutual Funds Law. The Target Fund is managed by an investment manager, Maybank Asset Management Singapore Pte. Ltd. ("MAMS").

The principal activity of the Fund is to invest between 80% to 98% of its NAV in Class A Participating Shares of the Target Fund which is denominated in United States Dollar ("USD"). The Manager will also invest between 2% to 20% of the Fund's NAV in Liquid Assets. As the Fund is a wholesale feeder Fund, the investment of the Fund will consist of a single collective investment scheme, i.e. the Target Fund, and liquid assets.

The Fund launched 2 share classes of units as at the date of this report, which are RM Class and USD Class.

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

The Investment Manager of the Target Fund, MAMS, is a subsidiary of MAMG.

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 16 February 2023.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial year ended 31 December 2022. 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 2.15.

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

#### 2.2 Standards, amendments and interpretations 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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax Related to Assets and Liabilities arising from a single Transaction</i>	1 January 2023
Amendments to IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **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) Financial assets at amortised cost**

The Fund classifies cash and cash equivalents, interest income receivables, amount due from financial institutions, amount due from Manager of the Target Fund and amount due from Manager as financial assets at amortised cost.

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

Unless designated as at fair value through profit or loss ("FVTPL") on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

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

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

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

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

A financial asset is recognised at FVTPL if:

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

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. Accumulated unrealised gains or losses are reclassified to realised gains or losses when the associated assets are sold.

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

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

##### (iii) Impairment

Credit losses are recognised based on the Expected Credit Loss ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. The impairment model does not apply to equity investments.



## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

##### (iii) Impairment (cont'd)

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

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

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

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

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

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

##### (iv) Derecognition

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

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss. On derecognition of financial asset at amortised cost, gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### 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, and other payables and accruals as other financial liabilities.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

#### **2.5 Financial liabilities (cont'd)**

##### **(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.

The EPR/ EIR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the interest expense in profit or loss over the relevant period.

##### **(iii) Derecognition**

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### **2.6 Derivatives and hedge accounting**

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

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

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

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

#### **2.7 Fair value measurement**

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

- (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.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

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

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

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

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.

#### **2.8 Functional and foreign currency**

##### **(a) Functional and presentation currency**

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

##### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-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.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

#### **2.9 Unitholders' contribution**

The unitholders' contributions to the Fund are classified as liabilities under the requirements of MFRS 132 *Financial Instruments: Presentation* as they are puttable instruments whereby the unitholders have the right to redeem their units in the Fund at their option.

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. This amount is either refunded to unitholders by way of distribution and/ or adjusted accordingly when units are cancelled.

#### **2.10 Distributions**

Any distribution to the Fund's unitholders is accounted for as a deduction from profit or loss in the statement of comprehensive income except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' contribution. A proposed dividend is recognised as a liability in the period in which it is approved. Distribution is declared at the discretion of the Fund Manager based on the availability of distributable income. Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date which is also the time of creation.

#### **2.11 Cash and cash equivalents**

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

#### **2.12 Revenue/ Income**

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

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Profit/ Interest income from short-term deposits is recognised on the accruals basis using the EPR/ EIR method.

Dividends are recognised as revenue when the right to receive payment is established.

Realised gain or loss on disposal of investment in collective investment scheme is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments.

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### 2.13 Taxation

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.

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

#### 2.14 Segment reporting

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

#### 2.15 Critical accounting estimates and judgments

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC's Guidelines on Unit Trust Funds.

### 3. NET (LOSS)/ GAIN OF FOREIGN EXCHANGE AND DERIVATIVES

	2022 RM	2021 RM
Net realised gain on foreign exchange	335,860	105,403
Net unrealised (loss)/ gain on foreign exchange	(17,742,168)	15,449,523
Net realised (loss)/ gain on derivatives	(33,816,447)	467,616
Net unrealised gain/ (loss) on derivatives	9,505,025	(9,706,245)
	<u>(41,717,730)</u>	<u>6,316,297</u>

### 4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.018% per annum ("p.a.") of the NAV of the Fund, subject to a minimum fee of RM6,000.00 p.a. (2021: 0.018% of the NAV of the Fund, subject to a minimum fee of RM6,000.00 p.a.) before deducting the Manager's fee and Trustee's fees for that particular day.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 5. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable income for the financial year.

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, profit income earned by the Fund and dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. With effect from 1 January 2022, the current income tax exemption on foreign-sourced income ("FSI") received in Malaysia by Malaysian residents has been removed.

The tax charge for the financial year 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:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Net loss before taxation	(61,351,969)	(5,680,457)
Taxation at Malaysian statutory rate of 24% (2021: 24%)	(14,724,472)	(1,363,310)
Income not subject to tax	(5,651,742)	(6,185,510)
Loss not deductible for tax purposes	17,228,125	3,326,637
Expenses not deductible for tax purposes	3,148,089	4,222,183
Tax expense for the financial year	-	-

### 6. FINANCIAL ASSETS AT FVTPL

Details of the Fund's investments in collective investment scheme is as follows:

	<b>Quantity</b>	<b>Cost</b>	<b>Fair value</b>	<b>% of</b>
	<b>Unit</b>	<b>RM</b>	<b>RM</b>	<b>NAV</b>
<b>2022</b>				
Maybank BlueWaterz Total Return Bond Fund (Class B, USD)	561,711	404,503,961	402,061,657	95.15
Unrealised loss on investment*			(2,442,304)	
<b>2021</b>				
Maybank BlueWaterz Total Return Bond Fund (Class B, USD)	902,746	549,837,496	554,249,168	98.52
Unrealised gain on investment*			4,411,672	

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 7. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2022 RM	2021 RM
Short-term placements with maturity of less than 3 months	6,384,037	1,230,193

The weighted average effective profit rates ("WAEPR")/ weighted average effective interest rates ("WAEIR") per annum and average maturity of deposit with a licensed financial institution at the reporting date was is follows:

	2022 WAEPR/ WAEIR % p.a.	Average Maturity Days	2021 WAEPR/ WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	2.75	4	1.75	3

### 8. DERIVATIVE ASSETS/ (LIABILITIES)

	Notional Principal amount	←-----Fair Value-----→ Assets                      Liabilities	
<b>2022</b>			
<u>Foreign exchange related contracts</u>	USD	RM	RM
USD Currency forwards:			
- Less than 1 year	92,710,000	15,515,151	-
RM Currency forwards:	RM	RM	RM
- Less than 1 year	24,049,059	-	(704,038)
<b>2021</b>			
<u>Foreign exchange related contracts</u>	USD	RM	RM
USD Currency forwards:			
- Less than 1 year	130,431,000	5,634,926	(44,306)
RM Currency forwards:	RM	RM	RM
- Less than 1 year	34,793,854	-	(284,533)

As at the reporting date, there are 21 forward exchange contracts (2021: 30 forward exchange contracts) outstanding.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

The derivative contracts entered into during the financial year were for hedging against the currencies exposure arising mainly from investments denominated in USD. As the Fund has not adopted hedge accounting during the financial year, the changes in the fair value of the derivative contracts were recognised immediately in the statement of comprehensive income.

### 9. AMOUNT DUE FROM/ (TO) MANAGER

The amount due from/ (to) Manager represents amount receivable from/ (payable to) the Manager for units created/ cancelled.

There is no management fees charged for the financial year ended 31 December 2022. As the Fund is investing in the Target Fund, the Target Fund's Manager fee is charged at 1.50% p.a. (2021:1.50%) on the net asset value of the Target Fund, hence there will be no double charging of the annual management fees.

		<b>2022</b>	<b>2021</b>
		<b>RM</b>	<b>RM</b>
Amount due from Manager			
- Subscription of units	(i)	-	147,059
Amount due to Manager:			
- Cancellation of units	(ii)	852,320	2,634,668

- (i) The amount represents amount receivable from the Manager for units subscribed.  
(ii) The amount represents amount payable to the Manager for units redeemed or cancelled.

### 10. CASH AT BANK

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

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
USD	119,323	4,291,599
RM	48,725	5,625
	<u>168,048</u>	<u>4,297,224</u>

### 11. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable to the Trustee arising from the accrued Trustee's fee at the end of the financial year. The normal credit term for Trustee's fee is 15 days (2021: 15 days).



## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 12. NET ASSET ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

	Note	2022 RM	2021 RM
Unitholders' contribution	(a)	464,184,023	542,842,538
Accumulated realised (loss)/ income	(b)	(53,665,140)	10,328,408
Accumulated unrealised income	(c)	12,031,832	9,390,253
		<u>422,550,715</u>	<u>562,561,199</u>

#### (a) Unitholders' contribution

The units are distributed based on the following share classes:

	2022		2021	
	No. of units	RM	No. of units	RM
(i) RM Class	406,597,102	440,169,959	478,434,631	512,249,209
(ii) USD Class	5,488,315	24,014,064	7,010,528	30,593,329
	<u>412,085,417</u>	<u>464,184,023</u>	<u>485,445,159</u>	<u>542,842,538</u>

#### (i) RM Class

	2022		2021	
	No. of units	RM	No. of units	RM
At beginning of the financial year	478,434,631	512,249,209	340,420,524	363,862,607
Creation of units	34,303,336	35,998,652	264,906,365	300,497,872
Reinvestment of units	11,351,395	11,531,882	20,879,944	23,263,691
Cancellation of units	(117,492,260)	(119,609,784)	(147,772,202)	(167,231,065)
Distribution equalisation (Note 13)	-	-	-	(8,143,896)
As at end of the financial year	<u>406,597,102</u>	<u>440,169,959</u>	<u>478,434,631</u>	<u>512,249,209</u>

#### (ii) USD Class

	2022		2021	
	No. of units	RM	No. of units	RM
At beginning of the financial year	7,010,528	30,593,329	4,770,257	20,672,464
Creation of units	377,851	1,623,509	5,984,733	27,800,604
Reinvestment of units	141,894	595,359	322,752	1,486,156
Cancellation of units	(2,041,958)	(8,798,133)	(4,067,214)	(18,748,707)
Distribution equalisation (Note 13)	-	-	-	(617,188)
At end of the financial year	<u>5,488,315</u>	<u>24,014,064</u>	<u>7,010,528</u>	<u>30,593,329</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 12. NET ASSET ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

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

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

	2022		2021	
	No. of units	RM	No. of units	RM
The Manager (RM Class)	1,334	1,310	1,299	1,441
The ultimate holding company of the Manager (RM Class)	6,251,847	6,138,689	6,089,991	6,754,134
	<u>6,253,181</u>	<u>6,139,999</u>	<u>6,091,290</u>	<u>6,755,575</u>

	2022		2021	
	No. of units	USD	No. of units	USD
The Manager (USD Class)	<u>1,195</u>	<u>1,154</u>	<u>1,166</u>	<u>1,277</u>

#### (b) Accumulated realised (loss)/ income

	2022	2021
	RM	RM
At the beginning of the financial year	10,328,408	1,574,857
Net realised (loss)/ income for the financial year	(63,993,548)	8,753,551
At the end of the financial year	<u>(53,665,140)</u>	<u>10,328,408</u>

#### (c) Accumulated unrealised income

	2022	2021
	RM	RM
At the beginning of the financial year	9,390,253	23,824,261
Net unrealised income/ (loss) for the financial year	2,641,579	(14,434,008)
At the end of the financial year	<u>12,031,832</u>	<u>9,390,253</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 13. DISTRIBUTIONS

#### (a) RM Class

Sources of the distribution declared in the current and previous financial year is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Profit/ Interest income	16,144	130,742
Dividend income	-	15,758,158
Realised gain on sale of investments	3,160,999	555,413
Prior year's net realised income*	9,209,825	-
Less: Expenses	(66,757)	(68,951)
Distributions out of realised income	<u>12,320,211</u>	<u>16,375,362</u>
Effects of distribution equalisation (Note 12(a)(i))	-	8,143,896
Distributions for the financial year	<u>12,320,211</u>	<u>24,519,258</u>
Analysed by:		
Cash distribution	788,329	1,255,567
Reinvestment of units	11,531,882	23,263,691
Distributions for the financial year	<u>12,320,211</u>	<u>24,519,258</u>

\*Part of the distribution in the current financial year were made from prior year's net income

The Gross/ Net distribution per unit and the distribution dates (ex-dates) are as follows:

#### 2022

	<b>Gross/ Net distribution per unit (sen)</b>
<b>Distribution date (ex-date)</b>	
29 March 2022	<u>2.70</u>

#### 2021

<b>Distribution dates (ex-dates)</b>	
29 March 2021	2.90
27 September 2021	<u>2.80</u>
	<u>5.70</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 13. DISTRIBUTIONS (CONT'D)

#### (b) USD Class

Sources of the distribution declared in the current financial year is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Profit/ Interest income	923	8,532
Dividend income	-	1,028,316
Realised gains on sale of investments	44,811	36,244
Prior year's net realised income*	654,054	-
Less: Expenses	(10,270)	(4,994)
Distributions out of realised income	<u>689,518</u>	<u>1,068,098</u>
Effects of distribution equalisation (Note 12(a)(ii))	-	617,188
Distributions for the financial year	<u><u>689,518</u></u>	<u><u>1,685,286</u></u>
Analysed by:		
Cash distribution *	94,159	199,130
Reinvestment of units	<u>595,359</u>	<u>1,486,156</u>
Distributions for the financial year	<u><u>689,518</u></u>	<u><u>1,685,286</u></u>

\*Actual cash distribution for USD Class were made in USD currency. The difference of RM1,210 (2021: RM 448) is due to the effect of foreign exchange resulting from the conversion of the Fund's reporting currency in RM.

The Gross/ Net distribution per unit and the distribution dates (ex-dates) are as follows:

#### 2022

<b>Distribution date (ex-date)</b>	<b>Gross/ Net distribution per unit (USD cent)</b>
29 March 2022	<u>2.50</u>

#### 2021

<b>Distribution dates (ex-dates)</b>	<b>Gross/ Net distribution per unit (USD cent)</b>
29 March 2021	2.90
27 September 2021	<u>2.80</u>
	<u><u>5.70</u></u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 14. TRANSACTIONS WITH FINANCIAL INSTITUTION

The Manager bought and sold the units in the Target Fund directly from the Manager of the Target Fund in the previous and current financial year.

Details of transactions, primarily deposit with licensed financial institution are as follows:

	2022		2021	
	Transaction value RM	Percentage of total placements %	Transaction value RM	Percentage of total placements %
Public Islamic Bank Berhad	1,609,976,251	90.87	2,607,204,423	87.57
Malayan Banking Berhad ("MBB") *	130,351,568	7.36	358,849,224	12.05
Maybank Islamic Berhad ("MIB") **	31,485,699	1.77	11,261,640	0.38
	<u>1,771,813,518</u>	<u>100.00</u>	<u>2,977,315,287</u>	<u>100.00</u>

\* MBB is the ultimate holding company of the Manager.

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

### 15. 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 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.

	2022 RM	2021 RM
<u>Significant related party transactions</u>		
MBB:		
Profit/ Interest income from deposit	<u>11,791</u>	<u>27,830</u>
MIB:		
Profit income from deposit	<u>1,964</u>	<u>815</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

<u>Significant related party balances</u>	<b>2022</b> <b>RM</b>	<b>2021</b> <b>RM</b>
MBB:		
Derivative assets *	9,757,441	3,216,686
Derivative liabilities *	<u>(106,947)</u>	<u>(6,866)</u>

\* The principal amount of the outstanding contracts is USD 92,710,000 and RM 24,049,059 (2021: USD130,431,000 and RM34,793,854).

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

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

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Trustee's fee and other administrative expenses. For the financial year ended 31 December 2022, the TER of the Fund was 0.02% (2021: 0.03%).

### 17. 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 average NAV of the Fund calculated on a daily basis. For the financial year ended 31 December 2022, the PTR of the Fund stood at 1.11 times (2021: 0.25 times).

### 18. SEGMENT REPORTING

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

The chief operating decision-maker is responsible for the performance of the Fund by investing between 80% to 98% of its NAV in Class B Participating Shares of the Target Fund and between 2% to 20% of the Fund's NAV 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 of the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 19. 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 Note 2.15 describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

	<b>Financial instruments at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>2022</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	402,061,657	-	-	402,061,657
Deposit with a licensed financial institution	-	6,384,037	-	6,384,037
Profit/ Interest receivable	-	962	-	962
Derivative assets	15,515,151	-	-	15,515,151
Cash at bank	-	168,048	-	168,048
Total financial assets	<u>417,576,808</u>	<u>6,553,047</u>	<u>-</u>	<u>424,129,855</u>
<b>Financial liabilities</b>				
Derivative liabilities	704,038	-	-	704,038
Amount due to Manager	-	-	852,320	852,320
Amount due to Trustee	-	-	6,517	6,517
Other payables and accruals	-	-	16,265	16,265
Total financial liabilities	<u>704,038</u>	<u>-</u>	<u>875,102</u>	<u>1,579,140</u>
<b>2021</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	554,249,168	-	-	554,249,168
Deposit with a licensed financial institution	-	1,230,193	-	1,230,193
Profit/ Interest receivable	-	59	-	59
Derivative assets	5,634,926	-	-	5,634,926
Amount due from Manager	-	147,059	-	147,059
Cash at bank	-	4,297,224	-	4,297,224
Total financial assets	<u>559,884,094</u>	<u>5,674,535</u>	<u>-</u>	<u>565,558,629</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 19. FINANCIAL INSTRUMENTS (CONT'D)

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

2021 (cont'd)	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Financial liabilities</b>				
Derivative liabilities	328,839	-	-	328,839
Amount due to Manager	-	-	2,634,668	2,634,668
Amount due to Trustee	-	-	8,694	8,694
Other payables and accruals	-	-	25,229	25,229
Total financial liabilities	328,839	-	2,668,591	2,997,430

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

#### Collective investment scheme

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

#### Derivative assets and liabilities

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

#### (b) 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).



## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 19. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Fair value hierarchy (cont'd)

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
<b>2022</b>			
Financial assets at FVTPL	402,061,657	-	-
Derivative assets	-	15,515,151	-
	<u>402,061,657</u>	<u>15,515,151</u>	<u>-</u>
Derivative liabilities	-	704,038	-
	<u>-</u>	<u>704,038</u>	<u>-</u>
<b>2021</b>			
Financial assets at FVTPL	554,249,168	-	-
Derivative assets	-	5,634,926	-
	<u>554,249,168</u>	<u>5,634,926</u>	<u>-</u>
Derivative liabilities	-	328,839	-
	<u>-</u>	<u>328,839</u>	<u>-</u>

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

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

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

### 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and CMSA.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### (b) Market risk

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

#### (i) Interest rate risk

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

#### (ii) Foreign exchange risk

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

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

	<b>2022</b>	<b>2021</b>
	<b>USD</b>	<b>USD</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Financial assets at FVTPL	402,061,657	554,249,168
Cash at bank	119,323	4,291,599
<b>Total assets</b>	<u>402,180,980</u>	<u>558,540,767</u>
<b>Net on-balance sheet open position</b>	<u>402,180,980</u>	<u>558,540,767</u>
	<b>2022</b>	<b>2021</b>
	<b>USD</b>	<b>USD</b>
<b>Principal amount of forward exchange contracts</b>		
<b>(Note 8) *</b>	<u>92,710,000</u>	<u>130,431,000</u>

\* The Fund has entered into forward currency contracts to hedge its USD exposure arising mainly from the Fund's investment in the class B participating shares of the Target Fund.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

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

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

	2022		2021	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
USD	+5	20,109,049	+5	27,927,038
	-5	(20,109,049)	-5	(27,927,038)

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

##### (iii) Price risk

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

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

	2022		2021	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
Collective investment scheme	+5	20,103,083	+5	27,712,458
	-5	(20,103,083)	-5	(27,712,458)

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

#### (c) Credit risk

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

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

#### (ii) Credit risk exposure

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

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

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

Financial assets	2022		2021	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	6,553,047	1.55	5,527,476	0.98

#### (d) Liquidity risk

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

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

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### (d) Liquidity risk (cont'd)

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

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

2022	Less than 1 month RM	More than 1 month RM	Total RM
<b>Financial assets</b>			
Financial assets at FVTPL	402,061,657	-	402,061,657
Deposit with a licensed financial institution	6,384,037	-	6,384,037
Profit/ Interest receivable	962	-	962
Derivative assets	5,345,965	10,169,186	15,515,151
Cash at bank	168,048	-	168,048
Total undiscounted financial assets	<u>413,960,669</u>	<u>10,169,186</u>	<u>424,129,855</u>
<b>Financial liabilities and net assets attributable to unitholders of the Fund</b>			
Derivative liabilities	597,091	106,947	704,038
Amount due to Manager	852,320	-	852,320
Amount due to Trustee	6,517	-	6,517
Other payables and accruals	16,265	-	16,265
NAV attributable to unitholders	422,550,715	-	422,550,715
Total undiscounted financial liabilities and net assets attributable to unitholders	<u>424,022,908</u>	<u>106,947</u>	<u>424,129,855</u>
Liquidity (gap)/ surplus	<u>(10,062,239)</u>	<u>10,062,239</u>	<u>-</u>
<b>2021</b>			
<b>Financial assets</b>			
Financial assets at FVTPL	554,249,168	-	554,249,168
Deposit with a licensed financial institution	1,230,193	-	1,230,193
Profit/ Interest receivable	59	-	59
Derivative assets	-	5,634,926	5,634,926
Amount due from Manager	147,059	-	147,059
Cash at bank	4,297,224	-	4,297,224
Total undiscounted financial assets	<u>559,923,703</u>	<u>5,634,926</u>	<u>565,558,629</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### (d) Liquidity risk (cont'd)

2021	Less than 1 month RM	More than 1 month RM	Total RM
<b>Financial liabilities and net assets attributable to unitholders of the Fund</b>			
Derivative liabilities	-	328,839	328,839
Amount due to Manager	2,634,668	-	2,634,668
Amount due to Trustee	8,694	-	8,694
Other payables and accruals	25,229	-	25,229
NAV attributable to unitholders	562,561,199	-	562,561,199
Total undiscounted financial liabilities and net assets attributable to unitholders	<u>565,229,790</u>	<u>328,839</u>	<u>565,558,629</u>
Liquidity (gap)/ surplus	<u>(5,306,087)</u>	<u>5,306,087</u>	<u>-</u>

#### (i) Financial 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.

Financial assets exclude tax-related matters such as tax recoverable, if any.

#### (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.

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

#### (iii) Unitholders' contribution

As unitholders can request for cancellation on their units by giving the Manager a 10-day notice period, the unitholders' total equity has been categorised as having a maturity of "less than 1 month".

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **21. UNITHOLDERS' CONTRIBUTION MANAGEMENT**

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

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

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

No changes were made to the unitholders' contribution management objectives, policies or processes in the current financial year.