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# MAYBANK BLUEWATERZ TOTAL RETURN FUND

Annual report  
For the financial year ended 31 December 2019

## **CORPORATE INFORMATION**

### **MANAGER**

Maybank Asset Management Sdn Bhd (199701006283)

### **BUSINESS OFFICE**

Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
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### **TRUSTEE**

SCBMB Trustee Berhad (1005793-T)  
Level 23, Equatorial Plaza  
Jalan Sultan Ismail  
50250 Kuala Lumpur

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2019

#### 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 NAV in the Class B Participating Shares of the Target Fund which is denominated in US 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 2019 (cont'd)

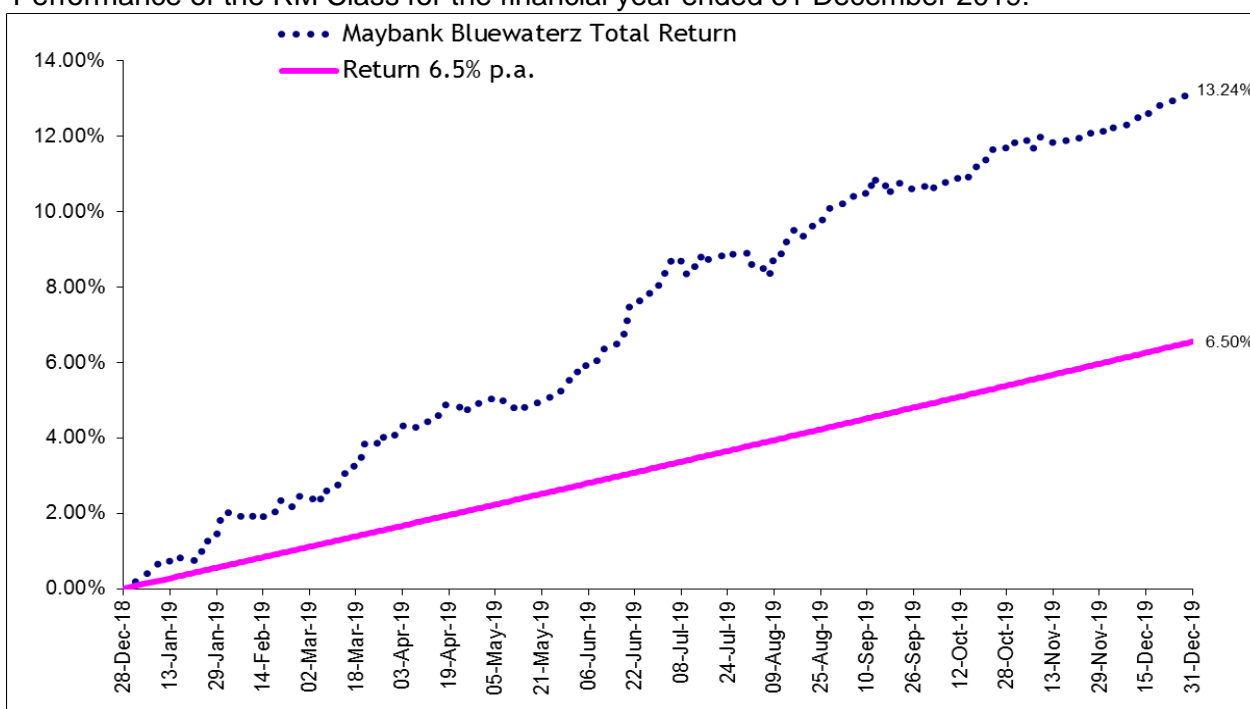
#### B. Performance Review

Performance of Maybank Bluewaterz Total Return Fund - RM Class for the financial year ended 31 December 2019 are as follows:

##### RM Class

Period	The Fund %	Benchmark %
1 January 2019 to 31 December 2019	13.24	6.50

Performance of the RM Class for the financial year ended 31 December 2019:



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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2019 (cont'd)

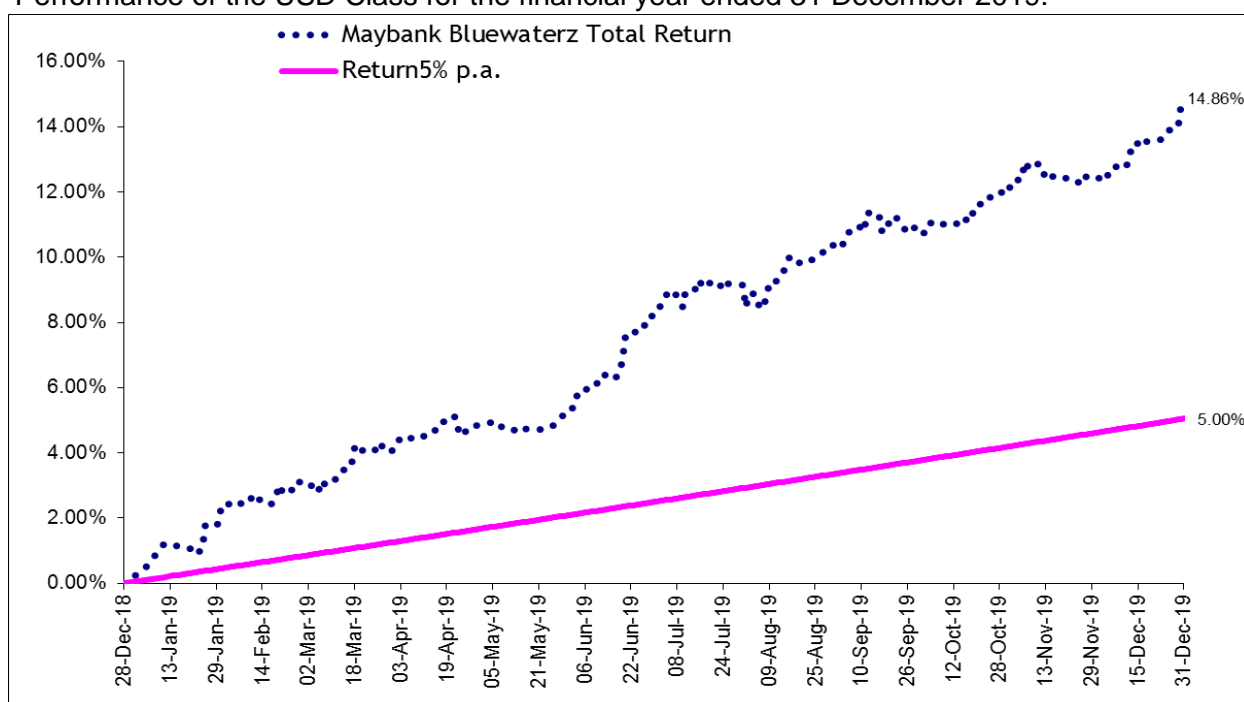
### B. Performance Review

Performance of Maybank Bluewaterz Total Return Fund - USD Class for the financial year ended 31 December 2019 are as follows:

#### USD Class

Period	The Fund %	Benchmark %
1 January 2019 to 31 December 2019	14.86	5.00

Performance of the USD Class for the financial year ended 31 December 2019:



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

*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 has generated a total return of 13.24% and 14.86% for the financial period from 1 January 2019 to 31 December 2019, compared to the benchmark of 6.50% and 5.00% over the same period for RM Class and USD Class respectively. The stronger total return can be attributed to United States ("US") Federal Reserve ("Fed") lowered its interest rate in the early of fourth quarter 2018 while US - China trade wars negotiation continue to progress positively in a slow manner, which is conducive for risk assets.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2019 (cont'd)

#### C. Market Review

2019 opened with a vengeance after a poor 2018, as accounts put cash to work. United States Dollar ("USD") weakened broadly be it against Develop Market ("DM") currencies or against Emerging Market ("EM") currencies. Likewise, stock indices were in the green globally, with US indices returning 8-9%. Commodities also rebounded, with Brent crude trading above USD60/barrel ("bbl") after staying in the low USD50/bbl range in December 2018. Risk-on sentiment got further boost as the official statement from January 2019's Federal Open Market Committee ("FOMC") meeting included the line "Fed will be patient as it determines future adjustments to the target range", with United States Treasury ("UST") yields flattening 5-7 basis points ("bps") at the belly while the long end remained stable. Across Japan and Europe, the Bank of Japan ("BoJ") and European Central Bank ("ECB") met over the month and offered no surprises to policy given well known downbeat revisions to growth and inflation prospects.

Risk sentiment remained firm in February 2019 as investors continued to ride the momentum from January 2019. USD was broadly stronger in the month on positive data which gained precedence over still dovish Fed meeting. USD's strength was more prominent against developed currencies compared to Asian currencies which was mixed. UST yields widened 6-10 bps across the curve with a slight steepening bias. Stock and commodities continued to be in the green despite the USD strength.

Risk sentiment was slightly impacted in March 2019 as global growth concerns came to the fore front after a spate of dovish central bank meetings and economic data. USD was broadly stronger in March 2019. March 2019's FOMC meeting surprised investors when the dot-plot estimates for rate rise in 2019 dropped from 2 hikes in December 2018 to 0 hikes. For ECB's meeting, rate hike expectations were pushed beyond the summer of 2019 to year end 2019. Even a new round of Targeted Longer-Term Refinancing Operations ("TLTRO") financing package for banks failed to improve sentiment. The weak sentiment in Europe gained more traction through the month post weaker than expected manufacturing Purchasing Managers' Index ("PMI"), with 10-year bund yields moving below 0%. UST yields tightened 25-30 bps across the curve given the change in macro backdrop. However, equities and commodities remained strong despite the firmer USD.

Markets gave back some of its pessimism about growth in March 2019 as DM bond curves steepened in April 2019. However, as more central banks continue to sound dovish given the lack of inflation, the USD continued to remain strong. In commodities, Brent crude increased by +6.3% to US\$73/bbl, driven by the expiration of US waiver of sanctions against countries that import Iranian oil. Equity indices globally also ended higher over the month. UST yields widened 3-10 bps across the curve with a clear steepening bias, which was felt across other DM bond curves like Bunds and Japanese Government Bonds ("JGBs").

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **Manager's report**

**For the financial year ended 31 December 2019 (cont'd)**

#### **C. Market Review (cont'd)**

Volatility returned to the markets in May 2019, following the US administration accusing its Chinese counterparts backpedalling on prior trade negotiations. As of May 2019, there remains another USD 300 billion ("bn") of Chinese imports to be levied by late June 2019 at the earliest, which the US administration may impose. UST yields rallied 34-38 bps along the curve and bull-steepened as rate cuts start to be priced in. Likewise, in Eurozone and Japan, respective 10 year yields are at lows of -0.20%/-0.10% respectively with concerns of slowing growth lingering. USD strengthened against most currencies save for the Japanese Yen ("JPY") and Indian Rupee ("INR"), which was due to the ruling National Democratic Alliance ("NDA") coalition securing a new mandate.

Commodities are generally lower – except for iron ore at USD 100/tons on reduced supply, crude oil, copper and coal prices declined. Likewise for equity indices globally.

June 2019's FOMC meeting showed a dovish tilt as the committee signalled higher likelihood of rate cuts. Furthermore, 7 out of 17 members have also pencilled in a 50 bps cut by end of 2019. Meanwhile, US President Trump had called a truce on the trade war by not imposing additional tariffs on Chinese imports and allowing US companies to selectively resume dealing with Huawei Technologies. The UST curve steepened in June 2019, with front end yields declined by 14-17 bps. This was on the back of 34-38 bps rally in yields over May 2019. Markets are currently pricing in about 2-3 rate cuts by 2019. Meanwhile, ECB President Mario Draghi has also called for "additional stimulus" given continuing weak growth and inflation, leading to speculation that policy rates will move further into negative territory. USD weakened broadly against DM and EM currencies. Commodities ended higher in response to the weaker USD and prospects of tighter crude oil supplies.

July 2019 saw a reversal in expectations of a big easing from FOMC from as much as 50 bps cut to only 25 bps. This was in response to stronger than expected domestic data (better than expected June 2019 Nonfarm Payrolls ("NFP") and Consumer Price Index ("CPI")). The G20 meeting came as a relief to markets as USA refrained from imposing additional tariffs on Chinese imports and also softened the previous antagonistic stance towards Huawei Technologies.

US-China trade tensions escalated in August 2019 with a decidedly risk-off tone to the markets. In early August 2019, US President Trump ordered tariffs on USD 200bn of Chinese imports to increase from 10% to 25% to take effect in December 2019, which met with retaliatory tariffs from China. Bond yields globally rallied as markets reeled from the trade shock given the G20 meeting was only 2 months back (when President Trump and President Xi pledged not to increase tariffs). The heightened uncertainty had the entire German Bunds curve trading below 0% yield.



## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **Manager's report**

**For the financial year ended 31 December 2019 (cont'd)**

#### **C. Market Review (cont'd)**

September 2019 saw some volatility on the rates front as some pull back of rate cut expectation from August 2019 was seen given a slew of friendlier headlines on US-China trade. Bond curves have sold off across US, Eurozone to Japan with a bear steepening bias. This comes as FOMC and ECB had largely delivered rate cuts as expected and for the ECB, the revival of its Asset Purchase Program and a new LTRO program to boost bank lending. The eventful month also saw a short-lived jump in crude oil prices given the Aramco attack by Houthi rebels but had largely died down by month end as growth concerns start to resurface and the quick resumption of crude supplies.

October 2019 was broadly characterised by risk on environment given continuing market friendly headlines arising from US-China trade talks in mid-month ("Phase 1") and United Kingdom ("UK") - European ("EU") reaching a tentative agreement on Brexit amidst another potential extension to Article 50. The market also entered into the results season which was generally supportive lending strength to equities globally. Stronger sentiment caused the developed market bond curves to sell off, with a bear steepening bias. Among Asian currencies, the theme of weaker USD was at play as most currency pairs ended stronger against the USD.

November 2019 continued with risk on/risk off environment. Sentiment had oscillated due to various headlines from US-China Phase 1 deal to the general election in UK. There has also been some stabilisation in global macro data after a few months of weakness. DM equities continue to remain firm generally while Brent crude oil was stronger on expected production cuts from Organization of the Petroleum Exporting Countries ("OPEC+") effective 2020.

December 2019 was a clear risk on after the conclusion of Phase 1 negotiations between US-China trade talks. In Europe, the Tories had a clear victory that cleared the way for Prime Minister Johnson to pursue Brexit. DM bond curves steepened with long end yields sold off while Equities and commodities gained, with Brent crude rallying by +6% after OPEC+ meeting decided to maintain the output cuts. USD was markedly weaker, both against DM and EM currencies.

#### **D. Market Outlook**

On the trade wars between US and China, with no clear path to a resolution, exchange rates appear to be the next battleground. Competitive devaluations could present a new aspect to the dispute. Trade dispute is not a lose-lose in EM as other countries and companies are able to participate in existing supply chains as tensions intensify.

About EM, there remains a subset of countries with relatively strong domestic economies that have demonstrated their resiliencies to global shocks, including potential trade disruptions. Within fixed income, we have become a bit more cautious on the broad outlook for EM, but we continue to see scope for additional valuation strengthening in specific countries. We look for countries that are going through positive structural transformations, while avoiding countries where policy is deteriorating.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### Manager's report

For the financial year ended 31 December 2019 (cont'd)

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

On the Coronavirus outbreak, given the pro-active steps taken by China as well as other countries worldwide, the correction could prove to be short-lived followed by a rapid recovery. Should the situation blow out of control, the economic impact may be more severe thus prolonging the correction. However, accommodative policy and ample liquidity should help bolster a recovery later. Hence this could provide short-term boost to fixed income performance in general.

#### E. Investment Strategies

For outlook 2020, the Target Fund's Manager is neutral on fixed income as the Target Fund's Manager expects global economic growth to pick up in first half followed by slowdown in second half. The Target Fund's Manager prefers short duration bonds and expects DM bonds to continue its steepening trend given more fiscal easing in 2020 compared to monetary easing.

For Asian credits, the Target Fund's Manager prefers high yield bonds over high grade bonds for the first half of 2020. The Target Fund's Manager continues to like Chinese high yield property bonds, Indian renewable energy sector and gold sector. For local currency government bonds, the Target Fund's Manager likes Indonesian Rupiah ("IDR") and INR for carry, Malaysian Ringgit ("MYR") and Taiwan Dollar ("TWD") for tech cycle pick up. The Target Fund's Manager continues to like selective bank T1 capital securities in Europe and Asia for carry.

#### F. Asset Allocation

As at 31 December 2019, the Fund was 92.03% (2018: 94.52%) invested in the Target Fund, with the remaining in cash, deposits and other net assets with licensed financial institutions.

#### G. NAV as at 31 December 2019

Below is the summary of the NAV of the Fund:

##### RM class

	2019	2018	Changes (%)
NAV (RM)	273,463,733	110,417,515	147.66
Units in circulation (unit)	252,301,556	108,654,555	132.21
NAV per unit (RM)	1.0839	1.0162	6.66

##### USD class

	2019	2018	Changes (%)
NAV (RM)	15,374,899	993	1,548,228.20
Units in circulation (unit)	3,469,193	1,000	346,819.30
NAV per unit (USD)	1.0838	0.9930	9.14

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **Manager's report**

**For the financial year ended 31 December 2019 (cont'd)**

#### **H. 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 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 BLUEWATERZ TOTAL RETURN FUND**

We have acted as Trustee of Maybank Bluewaterz Total Return Fund (the "Fund") for the financial year ended 31 December 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 Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements;
- (c) Creation and cancellation of units are carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns for the financial year are tied to and reflect the objectives of the Fund.

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

**Prasad Vijayasundram**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
17 February 2020

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **STATEMENT BY MANAGER**

We, Dr Hasnita Binti Dato' Hashim and Ahmad Najib Bin Nazlan, being two of the directors of Maybank Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Bluewaterz Total Return Fund as at 31 December 2019 and of its results, changes in equity and cash flows for the financial year then ended and comply with the requirements of the Deeds.

For and on behalf of the Manager

**Dr Hasnita Binti Dato' Hashim**  
Director

**Ahmad Najib Bin Nazlan**  
Director

Kuala Lumpur, Malaysia  
17 February 2020

## **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 2019 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial 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 15 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the as at 31 December 2019, and of its financial performance and cash flows for the financial 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 International Independence Standards ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

The Manager of the Fund ("the Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

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

## **Independent auditors' report to the Unitholders of Maybank Bluewaterz Total Return Fund (cont'd)**

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

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

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

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

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

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

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

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

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

## **Independent auditors' report to the Unitholders of Maybank Bluewaterz Total Return Fund (cont'd)**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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



**Independent auditors' report to the Unitholders of  
Maybank Bluewaterz Total Return Fund (cont'd)**

Other matters

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

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

Kuala Lumpur, Malaysia  
17 February 2020

**MAYBANK BLUEWATERZ TOTAL RETURN FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
<b>INVESTMENT INCOME</b>			
Interest income		213,570	189,532
Dividend income		7,076,076	-
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	6(b)		
- Realised loss		-	(203,749)
- Unrealised gain/(loss)		11,341,500	(1,036,492)
Net gains on foreign exchange and derivatives	3	602,189	884,726
		<u>19,233,335</u>	<u>(165,983)</u>
<b>EXPENSES</b>			
Trustee's fee	4	29,946	15,527
Auditors' remuneration		6,000	6,000
Tax agent's fee		3,900	2,500
Administrative expenses		8,443	2,908
		<u>48,289</u>	<u>26,935</u>
<b>Net income/(loss) before tax</b>		19,185,046	(192,918)
Taxation	5	-	-
<b>Net income/(loss) after taxation, and total comprehensive income/(loss) for the financial year</b>		<u>19,185,046</u>	<u>(192,918)</u>
<b>Net income/(loss) after tax is made up of the following:</b>			
Net realised income/(loss)		7,658,273	(2,612,375)
Net unrealised income		11,526,773	2,419,457
		<u>19,185,046</u>	<u>(192,918)</u>
Distribution for the financial year:			
<b><u>RM Class</u></b>			
Net distributions (RM)	14	8,672,362	3,092,019
Gross/net distribution per unit (sen)	14	<u>3.05</u>	<u>4.00</u>
Distribution dates (ex-date)		<u>Refer to Note 14</u>	
<b><u>USD Class</u></b>			
Net distributions (RM)	14	148,625	-
Gross/net distribution per unit (cent)	14	<u>5.70</u>	-
Distribution dates (ex-date)		<u>Refer to Note 14</u>	<u>N/A</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 2019**

	Note	2019 RM	2018 RM
<b>ASSETS</b>			
Financial assets at FVTPL	6	265,814,924	104,365,142
Deposits with a licensed financial institution	7	16,974,313	4,960,098
Interest receivable		1,418	448
Derivative assets	8	5,179,975	1,107,112
Amount due from Manager	9	280,520	-
Cash at bank	10	1,112,363	5,227
<b>TOTAL ASSETS</b>		<u>289,363,513</u>	<u>110,438,027</u>
<b>LIABILITIES</b>			
Amount due to Manager	9	372,321	8,523
Amount due to Trustee	11	4,285	1,628
Derivative liabilities	8	134,880	29
Other payables and accruals	12	13,395	10,332
<b>TOTAL LIABILITIES</b>		<u>524,881</u>	<u>20,512</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>288,838,632</u>	<u>110,417,515</u>
<b>EQUITY</b>			
Unitholders' capital	13(a)	276,810,333	111,160,118
Retained earnings/(Accumulated losses)	13(b) & (c)	12,028,299	(742,603)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>288,838,632</u>	<u>110,417,515</u>
<b>NET ASSET VALUE</b>			
- RM		273,463,733	110,413,388
- USD		15,374,899	4,127
		<u>288,838,632</u>	<u>110,417,515</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- RM		252,301,556	108,653,555
- USD		3,469,193	1,000
		<u>255,770,749</u>	<u>108,654,555</u>
<b>NAV PER UNIT</b>			
- RM		MYR 1.0839	MYR 1.0162
- USD		<u>USD 1.0838</u>	<u>USD 0.9993</u>

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

**MAYBANK BLUEWATERZ TOTAL RETURN FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<b>Unitholders' capital Note 13(a) RM</b>	<b>(Accumulated losses)/ Retained earnings Note 13(b) and 13(c) RM</b>	<b>Total equity RM</b>
At 1 January 2019	111,160,118	(742,603)	110,417,515
Total comprehensive income for the financial year	-	19,185,046	19,185,046
Creation of units	195,098,988	-	195,098,988
Reinvestment of units	7,112,265	-	7,112,265
Cancellation of units	(34,154,195)	-	(34,154,195)
Distributions (Note 14)	(2,406,843)	(6,414,144)	(8,820,987)
At 31 December 2019	<u>276,810,333</u>	<u>12,028,299</u>	<u>288,838,632</u>
At 1 January 2018	67,749,282	1,383,197	69,132,479
Total comprehensive loss for the financial year	-	(192,918)	(192,918)
Creation of units	78,501,024	-	78,501,024
Reinvestment of units	2,917,922	-	2,917,922
Cancellation of units	(36,852,969)	-	(36,852,969)
Distributions (Note 14)	(1,159,137)	(1,932,882)	(3,092,019)
At 31 December 2018	<u>111,160,118</u>	<u>(742,603)</u>	<u>110,417,515</u>

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

**MAYBANK BLUEWATERZ TOTAL RETURN FUND****STATEMENT OF CASH FLOWS  
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net payment for purchases of financial assets at FVTPL	(153,814,159)	(56,370,250)
Net proceeds from sales of financial assets at FVTPL	-	18,391,150
Interest received	212,600	190,004
Dividend income received	7,109,760	-
Net gain/(loss) on derivatives	347,009	(2,210,538)
Trustee's fee paid	(27,290)	(16,385)
Payment of other fees and expenses	(15,285)	(15,951)
Net cash used in from operating and investing activities	<u>(146,187,365)</u>	<u>(40,031,970)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	194,831,857	81,422,942
Payment for redemption of units	(33,790,397)	(36,844,446)
Distributions to unitholders	(1,708,694)	(3,092,019)
Net cash generated from financing activities	<u>159,332,766</u>	<u>41,486,477</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR</b>	13,145,401	1,454,507
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	4,965,325	3,611,846
Effects of foreign exchange	(24,050)	(101,028)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u>18,086,676</u>	<u>4,965,325</u>
Cash and cash equivalents comprise:		
Cash at bank	1,112,363	5,227
Deposits with a licensed financial institution with maturity of less than 3 months (Note 7)	16,974,313	4,960,098
	<u>18,086,676</u>	<u>4,965,325</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 PERIOD 31 DECEMBER 2018**

#### **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. ("Maybank AM") and the Trustee, SCBMB Trustees Berhad and the registered holder of the Fund. Subsequently, the following Supplemental Deeds have been issued between Maybank AM 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 B 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 Maybank AM, 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 Maybank AM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur. Maybank AM 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 of the Manager ("the Directors") on 17 February 2020.

## 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 2019. 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, 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.

Description	Effective for annual periods beginning on or after
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: <i>Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17: <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

#### 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 BLUEWATERZ TOTAL RETURN FUND

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

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

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

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

##### (i) Classification of financial assets

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

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

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

The Fund classifies cash and cash equivalents, amount due from Manager and interest receivable as loans and receivable, and are subsequently measured at amortised cost. Investments in collective investment scheme, derivative assets and derivative liabilities (i.e. forward currency contracts and spot contracts) are classified as FVTPL.

##### (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 held for trading 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.



## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

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

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

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

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

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

##### **(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.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

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

##### **(iii) Impairment of financial assets (cont'd)**

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 (e.g. amount due from Manager), full impairment will be recognised on uncollected balances after the grace period.

#### **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.

##### **(ii) Recognition and measurement**

Financial liabilities, within the scope of MFRS 139, 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.

##### **(iii) Derecognition of financial assets**

The Fund derecognises financial liabilities when, and only when, the Fund's obligation 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.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

#### **2.6 Fair value measurement**

The Manager measures the Fund's financial instruments at fair value, at each reporting date of the Fund. 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.

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.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### 2.7 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.

#### 2.8 Unitholders' capital

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

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

The outstanding units are carried at the redemption amount that is payable at each financial 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. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

#### **2.9 Distributions**

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution 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 period in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the income payment date, which is also the time of creation.

#### **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**

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.

Interest income from short-term deposits is recognised on the accruals basis using the effective interest rate 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.

#### **2.12 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.

#### **2.13 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.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### 2.14 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.

### 3. NET GAINS OF FOREIGN EXCHANGE AND DERIVATIVES

	2019 RM	2018 RM
Net realised foreign exchange gain/(loss)	69,907	(463,469)
Net unrealised foreign exchange (loss)/gain	(3,752,739)	3,486,578
Net realised gain/(loss) on derivatives	347,009	(2,107,753)
Net unrealised gain/(loss) on derivatives	3,938,012	(30,630)
	<u>602,189</u>	<u>884,726</u>

### 4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.018% p.a. of the NAV of the Fund, subject to a minimum fee of RM6,000.00 p.a. (2018: 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.

### 5. TAXATION

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

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

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 5. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to net income/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Net income/(loss) before tax	19,185,046	(192,918)
Tax at Malaysian statutory rate of 24% (2018: 24%)	4,604,411	(46,300)
Effects of income not subject to tax	(4,616,000)	(882,267)
Effect of expenses not deductible for tax purposes	11,589	928,567
Tax expense for the financial year	-	-

### 6. FINANCIAL ASSETS AT FVTPL

(a) 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>RM</b>	<b>RM</b>	<b>NAV</b>
<b>2019</b>				
Maybank BlueWaterz Total Return Bond Fund (Class B, USD)	437,495	258,666,151	265,814,924	92.03
Unrealised gain on investment*			7,148,773	
<b>2018</b>				
Maybank BlueWaterz Total Return Bond Fund (Class B, USD)	183,542	104,851,472	104,365,142	94.52
Unrealised loss on investment*			(486,330)	

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

(b) Changes in the fair value of FVTPL investments are recognised in 'unrealised gain/(loss) on financial assets at FVTPL' in the profit and loss. Accumulated unrealised gains or losses are reclassified to 'realised loss on financial assets at FVTPL' in the profit and loss when the associated assets are sold. See accounting policy 2.4(ii) for details.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 7. DEPOSITS WITH A LICENSED FINANCIAL INSTITUTION

	2019 RM	2018 RM
Short-term placements with maturity of less than 3 months	16,974,313	4,960,098

The weighted average effective interest rates (“WAEIR”) per annum and average maturity of deposits with financial institutions as at the reporting date was as follows:

	2019		2018	
	WAEIR % p.a.	Average Maturity Days	WAEIR % p.a.	Average Maturity Days
Deposits with licensed financial institutions	3.05	1	3.30	2

### 8. DERIVATIVE ASSETS/LIABILITIES

	Principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
<b>2019</b>			
<u>Foreign exchange related contracts</u>			
Currency forwards:			
- Less than 1 year	258,069,606	5,179,975	(132,880)
Currency spots:			
- Less than 1 year	8,180,000	-	(2,000)
Total	<u>266,249,606</u>	<u>5,179,975</u>	<u>(134,880)</u>

#### 2018

<u>Foreign exchange related contracts</u>			
Currency forwards:			
- Less than 1 year	98,417,164	1,107,112	(29)

As at the reporting date, there were 49 forward exchange contracts and 1 spot contract (2018: 18 forward exchange contracts and NIL spot contract) outstanding.

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.



## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

Effective 10 April 2017, the Manager has decided to waive the Manager's fee charged to the Fund.

### 10. CASH AT BANK

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

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
USD	813,733	863
RM	298,630	4,364
	<u>1,112,363</u>	<u>5,227</u>

### 11. AMOUNT DUE TO TRUSTEE

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 (2018: 15 days).

### 12. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Due to external auditors	6,890	6,000
Due to tax agent	4,505	2,500
Other payables	2,000	1,832
	<u>13,395</u>	<u>10,332</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 13. TOTAL EQUITY

	Note	2019 RM	2018 RM
Unitholders' capital	(a)	276,810,333	111,160,118
Accumulated realised loss	(b)	(175,273)	(1,419,402)
Accumulated unrealised income	(c)	12,203,572	676,799
		<u>288,838,632</u>	<u>110,417,515</u>

#### (a) Unitholders' capital

The units are distributed based on the following share classes:

	2019		2018	
	Units	RM	Units	RM
(i) RM class	252,301,556	261,651,055	108,653,555	111,156,122
(ii) USD class	3,469,193	15,159,278	1,000	3,996
	<u>255,770,749</u>	<u>276,810,333</u>	<u>108,654,555</u>	<u>111,160,118</u>

#### (i) RM class

	2019		2018	
	No. of units	RM	No. of units	RM
At beginning of the financial year	108,653,555	111,156,122	65,023,963	67,749,282
Creation of units	169,185,913	180,031,102	77,089,572	78,501,024
Reinvestment of units	6,673,594	6,963,668	2,869,266	2,917,922
Cancellation of units	(32,211,506)	(34,154,195)	(36,329,246)	(36,852,969)
Distribution equalisation (Note 14)	-	(2,345,642)	-	(1,159,137)
At end of the financial year	<u>252,301,556</u>	<u>261,651,055</u>	<u>108,653,555</u>	<u>111,156,122</u>

#### (ii) USD class

	2019		2018	
	No. of units	RM	No. of units	RM
At beginning of the financial year	1,000	3,996	-	-
Creation of units	3,434,243	15,067,886	1,000	3,996
Reinvestment of units	33,950	148,598	-	-
Distribution equalisation (Note 14)	-	(61,202)	-	-
At end of the financial year	<u>3,469,193</u>	<u>15,159,278</u>	<u>1,000</u>	<u>3,996</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 13. TOTAL EQUITY (cont'd)

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

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

	2019		2018	
	No of units	RM	No of units	RM
The Manager (RM class)	1,177	1,275	1,110	1,127
The ultimate holding company of the Manager	5,519,134	5,977,774	5,204,179	5,283,283
	<u>5,520,311</u>	<u>5,979,049</u>	<u>5,205,289</u>	<u>5,284,410</u>

	2019		2018	
	No of units	USD	No of units	USD
The Manager (USD class)	<u>1,056</u>	<u>1,141</u>	<u>1,000</u>	<u>997</u>

#### (b) Accumulated realised loss

	2019 RM	2018 RM
At the beginning of the financial year	(1,419,402)	3,125,854
Net realised income/(loss) for the financial year	7,658,273	(2,612,374)
Distributions out of retained earnings (Note 14)	(6,414,144)	(1,932,882)
At the end of the financial year	<u>(175,273)</u>	<u>(1,419,402)</u>

#### (c) Accumulated unrealised income

	2019 RM	2018 RM
At the beginning of the financial year	676,799	(1,742,657)
Net unrealised income for the financial year	11,526,773	2,419,456
At the end of the financial year	<u>12,203,572</u>	<u>676,799</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 14. DISTRIBUTIONS

#### (a) RM CLASS

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

	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Dividend income	5,833,806	-
Interest income	116,208	-
Realised gains on sale of investments	435,991	-
Prior year's net realised income*	-	1,932,882
Less: Expenses	(59,285)	-
Distributions out of retained earnings (Note13(b))	<u>6,326,720</u>	<u>1,932,882</u>
Effects of distribution equalisation (Note 13(a))	<u>2,345,642</u>	<u>1,159,137</u>
Distributions for the financial year	<u><u>8,672,362</u></u>	<u><u>3,092,019</u></u>
Analysed by:		
Cash distribution	1,708,694	174,097
Reinvestment of units (Note 13(a))	6,963,668	2,917,922
Distributions for the financial year	<u><u>8,672,362</u></u>	<u><u>3,092,019</u></u>

The gross/net distribution per unit and the distribution dates are as follows:

<b>2019</b>		<b>2018</b>	
<b>Distribution dates</b>	<b>Gross/net distribution per unit (sen)</b>	<b>Distribution dates</b>	<b>Gross/net distribution per unit (sen)</b>
29 March 2019	0.35	2 March 2018	3.00
30 September 2019	2.70	14 September 2018	1.00
	<u>3.05</u>		<u>4.00</u>

\* The distributions in the previous financial year were made from prior years net realised income.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 14. DISTRIBUTIONS (CONT'D)

#### (b) USD CLASS

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

	<b>2019 RM</b>
Interest income	66,699
Dividend income	766
Realised gains on sale of investments	7,532
Other income	12,586
Less: Expenses	(160)
Distributions out of retained earnings (Note 13(b))	<u>87,423</u>
Effects of distribution equalisation (Note 13(a))	<u>61,202</u>
Distributions for the financial year	<u><u>148,625</u></u>

The gross/net distribution per unit and the distribution dates are as follows:

<b>Distribution dates</b>	<b>Gross/net distribution per unit (cent)</b>
<b>2019</b>	
29 March 2019	3.00
30 September 2019	<u>2.70</u>
	<u><u>5.70</u></u>

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

There was no distribution declared for USD Class in the previous financial year.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

### 15. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

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 deposits with a licensed financial institutions are as follows:

	2019		2018	
	Transaction value RM	Percentage of total placements %	Transaction value RM	Percentage of total placements %
Public Bank Berhad	-	-	282,425,000	19.28
Public Islamic Bank Berhad	1,243,683,595	74.51	-	-
Malayan Banking Berhad*	425,528,347	25.49	1,182,121,477	80.72
	<u>1,669,211,942</u>	<u>100.00</u>	<u>1,464,546,477</u>	<u>100.00</u>

\* Malayan Banking Berhad is the ultimate holding company of the Manager.

### 16. 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.

	2019 RM	2018 RM
<u>Significant related party transactions</u>		
MBB:		
Interest income from deposit	57,839	155,013
Realised gain/(loss) on forward foreign exchange contracts	11,087	(1,395,880)
Distributions	327,462	176,627
	<u>327,462</u>	<u>176,627</u>
<u>Significant related party balances</u>		
MBB:		
Deposit with a licensed financial institution	-	4,960,098
Interest receivable	-	448
Derivative assets *	2,206,985	209,845
	<u>2,206,985</u>	<u>209,845</u>

\* The principal amount of the outstanding contracts is RM108,009,010 (2018: RM21,281,420).

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

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.

### **17. 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 Manager's fee, Trustee's fee and other administrative expenses. For the financial year ended 31 December 2019, the MER of the Fund was 0.03% (2018: 0.03%).

### **18. 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 2019, the PTR of the Fund stood at 0.46 times (2018: 0.40 times).

### **19. SEGMENT REPORTING**

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

### **20. FINANCIAL INSTRUMENTS**

#### **(a) Classification of financial instruments**

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

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

**MAYBANK BLUEWATERZ TOTAL RETURN FUND**

**20. FINANCIAL INSTRUMENTS (CONT'D)**

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

<b>2019</b>	<b>Financial assets at financial FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Financial Assets</b>				
Financial assets at FVTPL	265,814,924	-	-	265,814,924
Deposits with a licensed financial institution	-	16,974,313	-	16,974,313
Interest receivable	-	1,418	-	1,418
Derivative assets	5,179,975	-	-	5,179,975
Amount due from Manager	-	280,520	-	280,520
Cash at bank	-	1,112,363	-	1,112,363
<b>Total financial assets</b>	<b>270,994,899</b>	<b>18,368,614</b>	<b>-</b>	<b>289,363,513</b>
<b>Financial Liabilities</b>				
Amount due to Manager	-	-	372,321	372,321
Amount due to Trustee	-	-	4,285	4,285
Derivative liabilities	-	-	134,880	134,880
Other payables and accruals	-	-	13,395	13,395
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>524,881</b>	<b>524,881</b>
<b>2018</b>				
<b>Financial Assets</b>				
Financial assets at FVTPL	104,365,142	-	-	104,365,142
Deposits with a licensed financial institution	-	4,960,098	-	4,960,098
Interest receivable	-	448	-	448
Derivative assets	1,107,112	-	-	1,107,112
Cash at bank	-	5,227	-	5,227
<b>Total financial assets</b>	<b>105,472,254</b>	<b>4,965,773</b>	<b>-</b>	<b>110,438,027</b>
<b>Financial Liabilities</b>				
Amount due to Manager	-	-	8,523	8,523
Amount due to Trustee	-	-	1,628	1,628
Derivative liabilities	-	-	29	29
Other payables and accruals	-	-	10332	10332
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>20,512</b>	<b>20,512</b>



## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### (b) Financial instruments that are carried at fair value (cont'd)

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.

#### (c) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>2019</b>			
Financial assets at FVTPL	265,814,924	-	-
Derivative assets	-	5,179,975	-
Derivative liabilities	-	(134,880)	-
<b>2018</b>			
Financial assets at FVTPL	104,365,142	-	-
Derivative assets	-	1,107,112	-
Derivative liabilities	-	(29)	-

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

### **20. FINANCIAL INSTRUMENTS (CONT'D)**

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

Other than its financial assets at FVTPL 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.

### **21. 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.

#### **(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.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

##### (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 31 December 2019. 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>2019</b>	<b>2018</b>
	<b>USD</b>	<b>USD</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Financial assets at FVTPL	265,814,924	104,365,142
Cash at bank	813,733	863
<b>Total assets</b>	<u>266,628,657</u>	<u>104,366,005</u>
<b>Net on-balance sheet open position</b>	<u>266,628,657</u>	<u>104,366,005</u>
<b>Principal amount of forward exchange contracts (Note 8) *</b>	<u>258,069,606</u>	<u>98,417,164</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

### 21. 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.

	2019		2018	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
USD	+5	13,331,433	+5	5,218,300
	-5	(13,331,433)	-5	(5,218,300)

The impact to net income/(loss) 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:

	2019		2018	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
Collective investment scheme	+5	13,290,746	+5	5,218,257
	-5	(13,290,746)	-5	(5,218,257)

The impact to net income/(loss) after taxation and NAV is expected to be the same.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

#### (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.

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 institutions and interest receivables by rating categories. The rating is obtained from RAM Holdings Berhad.

Deposits with a licensed financial institution, cash at bank and interest receivables	2019		2018	
	RM	As a % of NAV	RM	As a % of NAV
AAA	18,088,094	6.26	4,965,773	4.50

#### (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.

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

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.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise of cash, deposits with financial institutions 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' capital 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.

2019	Less than 1 month RM	More than 1 month RM	Total RM
<b>Financial assets</b>			
Financial assets at FVTPL	265,814,924	-	265,814,924
Deposits with a licensed financial institution	16,974,313	-	16,974,313
Interest receivables	1,418	-	1,418
Derivative assets	1,672,727	3,507,247	5,179,975
Amount due from Manager	280,520	-	280,520
Cash at bank	1,112,363	-	1,112,363
Total undiscounted financial assets	<u>285,856,265</u>	<u>3,507,247</u>	<u>289,363,513</u>
<b>Financial liabilities and unitholders' equity</b>			
Amount due to Manager	372,321	-	372,321
Amount due to Trustee	4,285	-	4,285
Derivative liabilities	96,859	38,021	134,880
Other payables and accruals	13,395	-	13,395
Unitholders' equity	288,838,632	-	288,838,632
Total undiscounted financial liabilities and unitholders' equity	<u>289,325,492</u>	<u>38,021</u>	<u>289,363,513</u>
Liquidity (gap)/surplus	<u>(3,469,226)</u>	<u>3,469,226</u>	<u>-</u>

## MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

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

2018	Less than 1 month RM	More than 1 month RM	Total RM
<b>Financial assets</b>			
Financial assets at FVTPL	104,365,142	-	104,365,142
Deposits with a licensed financial institution	4,960,098	-	4,960,098
Interest receivable	448	-	448
Derivative assets	424,290	682,822	1,107,112
Cash at bank	5,227	-	5,227
Total undiscounted financial assets	<u>109,755,205</u>	<u>682,822</u>	<u>110,438,027</u>
<b>Financial liabilities and unitholders' equity</b>			
Derivative liability	29	-	29
Amount due to Manager	8,523	-	8,523
Amount due to Trustee	1,628	-	1,628
Other payables and accruals	10,332	-	10,332
Unitholders' equity	110,417,515	-	110,417,515
Total undiscounted financial liabilities and unitholders' equity	<u>110,438,027</u>	<u>-</u>	<u>110,438,027</u>
Liquidity (gap)/surplus	<u>(682,822)</u>	<u>682,822</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.

## **MAYBANK BLUEWATERZ TOTAL RETURN FUND**

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

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

##### **(iii) Unitholders' total equity**

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".

As at 31 December 2019, the Fund has no liquidity (gap)/surplus.

### **22. CAPITAL MANAGEMENT**

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

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its information memorandum;
- (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 make the operations of the Fund cost-efficient.

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