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MAYBANK CONSTANT INCOME FUND 7

Annual report
For the financial period from 15 November 2018 (date of launch)
to 31 January 2020

CORPORATE INFORMATION

MANAGER

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

BUSINESS OFFICE

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

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MAYBANK CONSTANT INCOME FUND 7

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MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020

A. Fund Information

1. Name of the Fund

Maybank Constant Income Fund 7 (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Fixed income (close-ended)

4. Duration of the Fund

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

5. Fund launch date

15 November 2018

6. Fund commencement date / maturity date

9 January 2019 / 9 January 2022

7. Fund's investment objective

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

* income will be paid out via cash payment mode

8. Fund distribution policy

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

9. Fund's performance benchmark

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020 (cont'd)

A. Fund Information (cont'd)

11. Net income distribution for the financial period from 15 November 2018 (date of launch) to 31 January 2020

The Fund distributed a total net income of RM5,422,861 to unitholders for the financial period from 15 November 2018 (date of launch) to 31 January 2020.

Below are details of distributions declared during the financial period:

Distribution date	Gross distribution per unit (sen)	Net distribution per unit (sen)
9 January 2020	5.01	5.00

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

Distribution date	Before distribution (RM)	After distribution (RM)	Changes %
9 January 2020	1.0936	1.0436	(4.57)

12. Breakdown of unitholdings by size

Fund size

As at 31 January 2020, the size of the Fund was 108,388,602 units.

Breakdown of unitholdings as at 31 January 2020

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	* 1	0.00
5,001 to 10,000 units		-		-
10,001 to 50,000 units		-		-
50,001 to 500,000 units		-		-
500,001 units and above	1	50.00	** 108,388	100.00
Total	2	100.00	108,389	100.00

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

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

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	15.11.2018 (date of launch) to 31.01.2020
Fixed income securities - local (%)	1.84
Fixed income securities - foreign (%)	
- British Virgin Island	21.91
- Cayman Island	12.84
- China	1.81
- Hong Kong	9.99
- India	8.62
- Indonesia	5.13
- Mauritius	9.30
- Singapore	7.27
- South Korea	4.28
- Switzerland	1.35
- United States of America	7.62
Cash and other net assets (%)	8.04
Total (%)	100.00
NAV (RM'000)	113,377
Units in circulation (units'000)	108,389
NAV per unit (RM)	1.0460
Highest NAV per unit (RM)	1.0935
Lowest NAV per unit (RM)	1.0000
Annual return (%) ⁽¹⁾	
- Capital growth (%)	4.12
- Income distribution (%)	4.79
Total return (%)	9.11
Benchmark (%)	3.23
Distribution date	9 January 2020
Gross distribution per unit (sen)	5.01
Net distribution per unit (sen)	5.00
Management Expense Ratio ("MER") (%)	0.10
Portfolio Turnover Ratio ("PTR") (times)	1.10

Note:

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

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

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020 (cont'd)

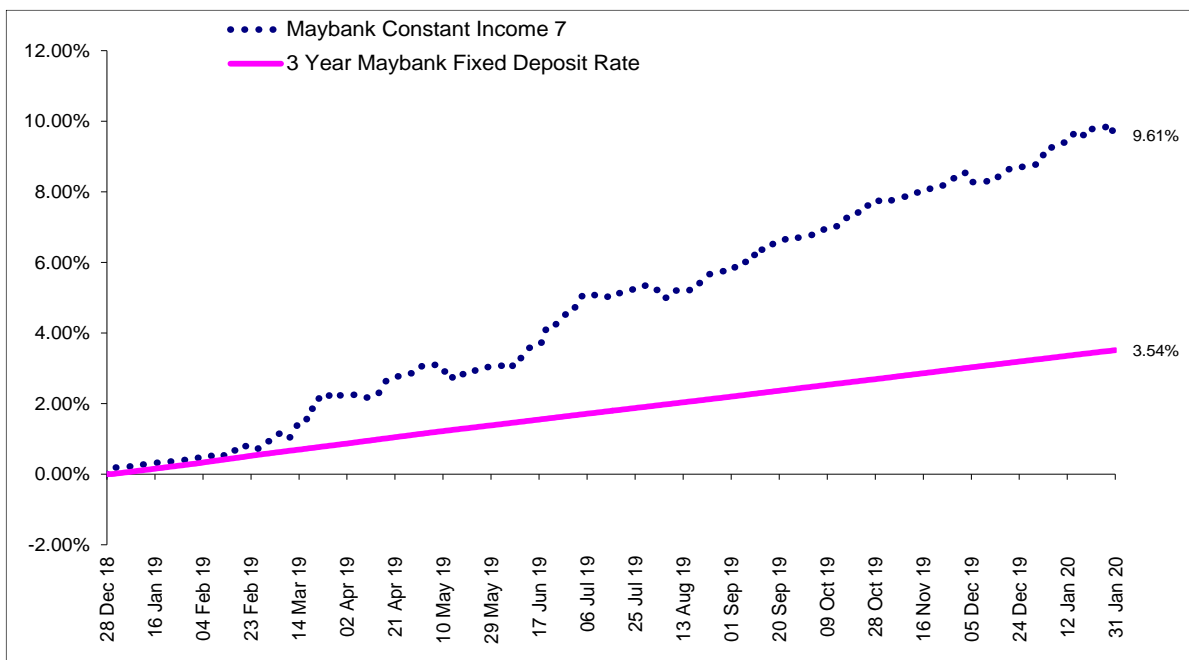
B. Performance Review (cont'd)

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

Category	15.11.2018 (date of launch) to 31.01.2020 %
Annual total return	9.11
Benchmark	3.23

2. Performance of the Fund since inception to 31 January 2020

Category	1 year to 31.01.2020 %	Since inception to 31.01.2020 %
Capital growth	4.12	4.60
Income distribution	4.79	4.79
Total return of the Fund	9.11	9.61
Benchmark	3.23	3.54
Average total return	9.11	8.18



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 January 2020

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020 (cont'd)

B. Performance Review (cont'd)

2. Performance of the Fund since inception to 31 January 2020 (cont'd)

Has the Fund achieved its investment objective?

For the period since fund's commencement under review, the Fund has generated a total return of 9.11%, as compared to the benchmark which registered a return of 3.23% over the same period. The Fund outperformed the benchmark by 588 basis points ("bps"), benefiting from the rally in the USD credit market amidst policy easing in US, as well as income/coupon derived from the bonds held in the Fund during the period under review. Overall performance since inception of the fund saw total return at 9.61% versus the benchmark at 3.54% with an outperformance by 607bps against the benchmark.

3. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

C. Market Review

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

There were no signs of slowing down in spread compressions for Asian credits in the first three months of 2019, until the last week of March 2019, where the market saw a mild pull-back in the wake of a weaker economic outlook. Meanwhile, activity in the primary market remained strong with April being the second strongest month in 2019 to date. A total of USD34.1 billion ("bn") new US Dollars ("USD") notes were raised across Asia in April 2019, bringing total supply to USD109.6bn. As a result, the market began to show moderate signs of indigestion due to hefty supply, along with reduced participation in the Chinese, Hong Kong and Japanese markets due to holidays in April 2019. Sentiment turned increasingly cautious towards the Asian credit market in May 2019 on souring trade negotiations between the Chinese and US authorities. The failure to reach a trade deal resulted in the US administration raising the tariff on existing Chinese manufacturing goods with effect from 1 June 2019, which led to a tit-for-tat reaction from the Chinese authorities. Investor confidence was further rattled by the US administration's unexpected decision to prohibit certain interactions between US companies and China's Huawei.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020 (cont'd)

C. Market review (cont'd)

Nevertheless, risk appetite picked up again in June after a soft May 2019, due to dovish sentiment by the US Federal Reserve ("Fed") and European Central Bank ("ECB") as hopes of a near-term rate cut overrode concerns about geopolitical tensions and signs of economic weakness. The resumption of trade talk between the US and China and the pause in additional tariffs also helped ease earlier concerns. Despite this, uncertainty originating from the anticipation of the Trump-Xi meeting in G20 along with the Fed Chair Powell's Congress testimony gave July a weak kick-off, which was then made up for after comments signalling a rate cut came out later during the month. Later on, US representatives were sent to Shanghai to negotiate trade terms, which brought the Asia credit market onto another roller-coaster ride. 10-year US Treasury touched a low of 1.95% at the beginning of July 2019 before closing the month at 2.01%. Uncertainties in the ongoing trade negotiation remain a concern among global bond participants and by the end of August 2019 saw the 10-year US treasury yield dropped to a low 1.50% level as trade wars escalate further while adding new concern that the global economy could go into a recession.

Into the month of September 2019 saw the 10-year US treasury yield recover back higher at the back of a stronger than expected US economic data and some of the central banks official seen to re-evaluate the effectiveness of easing efforts while top ECB officials questioned President Mario Draghi's quantitative-easing move. However, global bond market start to back to rally again in anticipation that Fed may cut the interest. They eventually did cut the rate twice in September 2019 and October 2019 Federal Open Market Committee ("FOMC") meeting to a low 1.50% level and indicated that it would take a material assessment of the outlook for policy makers to adjust rates sending strong signal to bond market players that easing may be over for now.

The trade war negotiation made a positive progress with pause in the tariff escalation but not an end to them. The initial phase one negotiation were signed with emphasis on China commitment to strengthen its intellectual property law and both countries commitment not to manipulate its currency for economic advantage. China will also resumed its purchases of US soya beans and pork and will look into other commitments to buy more American aircraft and gas. In turn, US will agree to forego its intention to increase October 2019 tariff from 25% to 30% and will also back down from implementing another \$160bn in tariff in December 2019. The Trump administration is eager to push the idea that the initial phase will be followed by others. The reality remains that most tariff implemented initially before phase one signing still remain in place leading to higher costs for businesses and consumers while extending uncertainty and dampening the global economy all year round.

The global economic outlook took for another round of downturn in January 2020 following the outbreak of novel corona virus that began in Wuhan China. The outbreak will have larger impact on China Gross Domestic Product ("GDP") no with expectation to reduce Q1 GDP from 5.9% to 5.5%. With the Chinese economy today accounting for about 17% of Global GDP, there is a rising concern over what impact that could have on the global economy as government and companies around the world implement a large of coronavirus-related work stoppages and travel restriction. The outbreak was forecasted to reduce the global economic growth by 0.2% to 0.3% while market saw 10 years US Treasury yield dropped to a low 1.60% level as the event triggers risk off mode for most market players.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020 (cont'd)

D. Market Outlook

The on-going trade talks between China and US seems to be taking a turn on to a positive note moving forward. The on-going tit for tat moves by both parties that have negatively impact to everyone long enough whereby US consumers were bearing the brunt while Chinese companies were starting to absorb some of the cost. We think that it's within Trump interest to end and unwind the tariffs ahead of the presidential election and advert from getting the global economy into recession while China to act reasonably to the negotiation given their strong interest to turn its economy back into positive again .

On US monetary policy, Fed policy makers signalled a pause after the October 2019 reduction to 1.50%, we pretty much align with views that there will not be any further interest rate reduction for now unless the US economic numbers are declining significantly.

China on the other hand continue to prepare itself to use monetary policy as a tools to combat slowing economy due to trade wars. A stronger Yuan against the USD also provides more policy manoeuvres for the Chinese monetary authority and we expect China to use other monetary tools such as Statutory Reserve Requirement ("SRR") to ramp up market liquidities for insurance against uncertainty in the economy. Despite the preparation, we do notice that China has a strong intention to negotiate with US and removing the current tariff instead of adding more will be their focus.

The novel corona virus outbreak becomes the latest market focus pushing bond yield across the globe to remain low. Expectation of slowing global economic outlook may prompt central banks to further implement monetary or fiscal measures to stimulate the economy therefore could pinned down bond yield to stay low for the time being.

Newly formed Malaysian government since Pilihan Raya Umum 14 ("PRU14"), Pakatan Harapan ("PH") lost their governing power after one of the main party, Parti Pribumi Bersatu Malaysia ("PPBM") has pulled out from the coalition and the Prime Minister resigned. This has heightened the uncertainty and volatility for both equities and fixed income markets. Investors are concerns on the stability of the future government and how it will be formed i.e. another coalition or snap election. Our Fund positioning of having slightly higher cash recently should benefit from these uncertainties as it cushion the downside risk and provide opportunistic trade in the market. Beyond the short term volatility, we should expect market to come to senses and back to normal growth trajectory.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 15 November 2018 (date of launch) to 31 January 2020 (cont'd)

E. Investment Strategy

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

F. Soft Commissions and Rebates

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

During the financial period from 15 November 2018 (date of launch) to 31 January 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK CONSTANT INCOME FUND 7 FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JANUARY 2020

We have acted as Trustee of Maybank Constant Income Fund 7 (the "Fund") for the financial period from 15 November 2018 (date of launch) to 31 January 2020. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For and on behalf of
TMF TRUSTEES MALAYSIA BERHAD
(Company No: 200301008392/ 610812-W)

NORHAYATI BINTI AZIT
DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia
12 March 2020

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK CONSTANT INCOME FUND 7
FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31
JANUARY 2020**

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 set out 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 Constant Income Fund 7 as at 31 January 2020 and of its results, changes in equity and cash flows for the financial period then ended and comply with the requirements of the Deed.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
12 March 2020

Independent auditors' report to the Unitholders of Maybank Constant Income Fund 7

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Constant Income Fund 7 (the "Fund"), which comprise the statement of financial position as at 31 January 2020 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the financial period from 15 November 2018 (date of launch) to 31 January 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 January 2020 and of its financial performance and cash flows for the financial period 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 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 Constant Income Fund 7 (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 Constant Income Fund 7 (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 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. 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 Constant Income Fund 7 (cont'd)**

Other matters

This report is made solely to the unitholders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Yeo Beng Yean
03013/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
12 March 2020

MAYBANK CONSTANT INCOME FUND 7

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JANUARY 2020

		15.11.2018 (date of launch) to 31.01.2020 RM
INVESTMENT INCOME		
Interest income	3	6,372,232
Redemption fee income	4	47,723
Net gain on financial assets at fair value through profit or loss ("FVTPL")	10(c)	
- Realised gain		811,747
- Unrealised gain		2,761,181
Net gain on foreign exchange and derivatives	5	612,477
		<u>10,605,360</u>
EXPENSES		
Trustee's fee	6	39,410
Auditors' remuneration		9,000
Tax agent's fee		5,600
Administrative expenses		56,492
		<u>110,502</u>
Net income before taxation		10,494,858
Taxation	7	<u>(10,708)</u>
Net income after taxation, and total comprehensive income for the financial period		<u>10,484,150</u>
Net income after taxation is made up of the following:		
Net realised income		6,838,913
Net unrealised income		3,645,237
		<u>10,484,150</u>
Distributions for the financial period		
Net distributions	15	5,422,861
Gross distribution per unit (sen)	15	<u>5.01</u>
Net distribution per unit (sen)	15	<u>5.00</u>
Distribution date (ex-date)	15	<u>9 January 2020</u>

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

MAYBANK CONSTANT INCOME FUND 7**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020**

	Note	31.01.2020 RM
ASSETS		
Financial assets at FVTPL	10	104,240,974
Deposit with a licensed financial institution	9	1,290,348
Derivative assets	11	1,789,312
Interest receivables		1,545,029
Cash at bank	8	4,553,710
TOTAL ASSETS		<u>113,419,373</u>
LIABILITIES		
Derivative liability	11	3,071
Amount due to Trustee	12	2,924
Provision for taxation		6,092
Other payables and accruals	13	29,945
Amount due to Manager	16	-
TOTAL LIABILITIES		<u>42,032</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>113,377,341</u>
EQUITY		
Unitholders' capital	14(a)	108,347,857
Retained earnings	14(b) & 14(c)	5,029,484
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>113,377,341</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	14(a)	<u>108,388,602</u>
NAV PER UNIT (RM)		<u>1.0460</u>

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

MAYBANK CONSTANT INCOME FUND 7

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JANUARY 2020

	Unitholders' capital Note 14(a) RM	Retained earnings Note 14(b) & 14(c) RM	Total equity RM
At 15 November 2018 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	10,484,150	10,484,150
Creation of units	110,080,524	-	110,080,524
Cancellation of units	(1,764,472)	-	(1,764,472)
Distributions (Note 15)	31,805	(5,454,666)	(5,422,861)
At 31 January 2020	<u>108,347,857</u>	<u>5,029,484</u>	<u>113,377,341</u>

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

MAYBANK CONSTANT INCOME FUND 7

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 15 NOVEMBER 2018 (DATE OF LAUNCH) TO 31 JANUARY 2020

15.11.2018
(date of launch)
to
31.01.2020
RM

CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

Net proceeds from sale and redemption of financial assets at FVTPL	73,816,041
Net payments for purchase of financial assets at FVTPL	(173,950,285)
Net realised loss on derivatives	(1,390,515)
Interest received	4,646,502
Redemption fee income received	47,723
Trustee's fee paid	(36,487)
Taxation paid	(4,616)
Payment of other fees and expenses	(41,145)
Net cash used in operating and investing activities	<u>(96,912,782)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Cash received from units created	110,080,524
Cash paid on units cancelled	(1,764,472)
Distributions to unitholders	(5,422,861)
Net cash generated from financing activities	<u>102,893,191</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD

5,980,409

CASH AND CASH EQUIVALENTS AT DATE OF LAUNCH

-

Effects of foreign exchange

(136,351)

CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD

5,844,058

Cash and cash equivalents comprise:

Cash at bank (Note 8)	4,553,710
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 9)	<u>1,290,348</u>
	<u>5,844,058</u>

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

MAYBANK CONSTANT INCOME FUND 7

NOTES TO THE FINANCIAL STATEMENTS

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

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Constant Income Fund 7 (the "Fund") was constituted pursuant to the execution of a Deed dated 23 October 2018 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, TMF Trustees Malaysia Berhad. The Fund is a three (3)-year close-ended fund with a maturity date set on the third (3rd) anniversary of the commencement date, which is on 9 January 2022.

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

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

The financial statements were authorised for issue by the Board of Directors of the Manager ("the Directors") in accordance with a resolution of the directors on 12 March 2020.

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

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

2.2 Standards and amendments to standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
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: Interest Rate Benchmark Reform	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

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 CONSTANT INCOME FUND 7

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

Classification

The Fund classifies cash and cash equivalents and interest receivables as financial assets at amortised cost, and are subsequently measured at amortised cost.

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.

(ii) Financial assets at FVTPL

Investments in unquoted fixed income securities, derivatives assets and derivatives liabilities are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is recognised at FVTPL if:

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

MAYBANK CONSTANT INCOME FUND 7

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

2.4 Financial assets (cont'd)

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

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.

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

(iii) Impairment of financial assets

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

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.

MAYBANK CONSTANT INCOME FUND 7

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

2.4 Financial assets (cont'd)

(iv) Derecognition of financial assets

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

On derecognition of financial asset classified as 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

(a) Classification

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

(b) Recognition and measurement

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instruments.

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

(c) Derecognition

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

MAYBANK CONSTANT INCOME FUND 7

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

2.6 Fair value measurement

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

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

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

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

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.

MAYBANK CONSTANT INCOME FUND 7

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

2.7 Functional and presentation 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 functional currency using the exchange rates prevailing at the dates of transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period end exchange rates of monetary assets and liabilities, denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

2.8 Unitholders' capital

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

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.10 Cash and cash equivalents

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

2.11 Revenue / Income

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

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

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

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

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

2.12 Taxation

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

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

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

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

2.13 Segment reporting

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

MAYBANK CONSTANT INCOME FUND 7

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

2.14 Critical accounting estimates and judgments

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

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

3. INTEREST INCOME

	15.11.2018 (date of launch) to 31.01.2020 RM
Interest income from unquoted fixed income securities	5,411,775
Interest income from short-term deposits	669,316
Accretion of discount, net of amortisation of premium	291,141
	<u>6,372,232</u>

4. REDEMPTION FEE INCOME

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

5. NET GAIN ON FOREIGN EXCHANGE AND DERIVATIVES

	15.11.2018 (date of launch) to 31.01.2020 RM
Net realised gain on foreign exchange	993,620
Net unrealised loss on foreign exchange	(902,184)
Net realised loss on derivatives	(1,265,199)
Net unrealised gain on derivatives	1,786,240
	<u>612,477</u>

MAYBANK CONSTANT INCOME FUND 7

6. TRUSTEE'S FEE

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

7. TAXATION

	15.11.2018 (date of launch) to 31.01.2020 RM
Tax expense for the financial period:	
Current income tax expense	<u>10,708</u>

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

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

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

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

	15.11.2018 (date of launch) to 31.01.2020 RM
Net income before taxation	<u>10,494,858</u>
Tax at Malaysian statutory rate of 24%	2,518,766
Effect of income not subject to tax	(2,533,833)
Effect of expenses not deductible for tax purposes	19,065
Restriction on tax deductible expenses for unit trust funds	<u>6,710</u>
Tax expense for the financial period	<u>10,708</u>

MAYBANK CONSTANT INCOME FUND 7

8. CASH AT BANK

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

	31.01.2020
	RM
US Dollar ("USD")	4,543,756
RM	<u>9,954</u>
	<u><u>4,553,710</u></u>

9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	31.01.2020
	RM
Short-term placement with a maturity of less than 3 months	<u>1,290,348</u>

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

	15.11.2018 (date of launch) to 31.01.2020	
	WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	<u>2.75</u>	<u>3</u>

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL

	31.01.2020
	RM
Investments in financial assets at FVTPL:	
Unquoted fixed income securities - local	(a) 2,082,046
Unquoted fixed income securities - foreign	(b) 102,158,928
	104,240,974

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020				
(a) Unquoted fixed income securities - local				
Serba Dinamik Holdings Bhd - 6.30% / 09.05.2022	500,000	2,071,802	2,082,046	1.84
(b) Unquoted fixed income securities - foreign				
British Virgin Island				
Chouzhou International Investment Ltd - 4.00% / 05.12.2020	500,000	2,007,992	2,053,985	1.81
ENN Clean Energy International - 7.50% / 27.02.2021	1,000,000	4,029,009	4,210,383	3.71
Franshion Brilliant Ltd - 4.00% / Call: 03.01.2023	1,000,000	3,911,612	4,117,392	3.63
Huigao Xintai Capital - 4.30% / 08.10.2022	500,000	2,088,500	2,042,310	1.80
Huarong Finance Co Ltd - 4.00% / Call: 07.11.2022	500,000	1,956,648	2,073,443	1.83
- 2.88% / Call: 14.09.2021	1,000,000	3,951,478	4,065,776	3.59
RKPF Overseas Ltd - 6.70% / 30.09.2024	1,000,000	4,210,390	4,238,239	3.74

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
British Virgin Island (cont'd)				
Wanda Properties Overseas Ltd - 6.95% / 05.12.2022	500,000	2,062,819	2,040,671	1.80
Total British Virgin Island	6,000,000	24,218,448	24,842,199	21.91
Cayman Island				
China State Construction International Holdings - 4.30% / 01.08.2024	500,000	2,084,486	2,068,733	1.82
CIFI Holdings Group - 6.45% / Call: 07.11.2024	500,000	2,090,500	2,048,250	1.81
Coastal Emerald Ltd - 4.30% / 01.08.2024	500,000	2,056,500	2,068,937	1.82
Shimao Property Holdings Ltd - 5.60% / 15.07.2026	1,000,000	4,129,880	4,282,891	3.78
Soar Wise Ltd - 3.45% / 23.10.2022	500,000	2,089,000	2,046,202	1.80
TMB Bank - 4.90% / Call: 02.12.2024	500,000	2,088,500	2,050,093	1.81
	3,500,000	14,538,866	14,565,106	12.84
China				
China Life Insurance Co Company Ltd - 4.00% / 03.07.2075	500,000	2,028,535	2,049,684	1.81

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
Hong Kong				
Agile Group Holdings Ltd - 8.50% / 18.07.2021	500,000	2,093,487	2,150,663	1.90
Bank of East Asia Ltd - 5.63% / 18.05.2022	500,000	2,090,889	2,094,540	1.85
Haitong International Securities Ltd - 3.13% / 18.05.2025	500,000	2,055,924	2,083,480	1.84
Shimao Property Holdings Ltd - 6.12% / 21.02.2024	200,000	813,000	862,313	0.76
Weichai International HK Energy Group Company Ltd - 3.75% / Call: 14.09.2022	1,000,000	3,996,474	4,127,224	3.64
	<u>2,700,000</u>	<u>11,049,774</u>	<u>11,318,220</u>	<u>9.99</u>
India				
Renew Power Ltd - 6.67% / 12.03.2024	1,000,000	4,080,216	4,296,000	3.79
- 6.45% / 27.09.2022	300,000	1,261,207	1,272,086	1.12
Shriram Transport Finance Co Ltd - 5.95% / 24.10.2022	1,000,000	4,108,000	4,200,961	3.71
	<u>2,300,000</u>	<u>9,449,423</u>	<u>9,769,047</u>	<u>8.62</u>
Indonesia				
Bayan Resources Tbk - 6.13% / 24.01.2023	500,000	2,030,500	1,991,718	1.76
Bukit Makmur Mandiri Utama -7.75% / 13.02.2022	200,000	819,011	839,946	0.74
Sri Rejeki Isman Tbk -7.25% / 16.01.2025	700,000	2,935,814	2,977,664	2.63
	<u>1,400,000</u>	<u>5,785,325</u>	<u>5,809,328</u>	<u>5.13</u>

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
Mauritius				
Azura Power Solar Energy -5.65% / 24.09.2022	1,000,000	4,192,439	4,223,901	3.73
Greenko Solar Energy Private Ltd -5.55% / 29.01.2021	500,000	2,055,500	2,096,794	1.85
HT Global IT Solution Holdings Ltd -7.00% / 14.07.2021	1,000,000	4,078,355	4,212,841	3.72
	<u>2,500,000</u>	<u>10,326,294</u>	<u>10,533,536</u>	<u>9.30</u>
Singapore				
Global Prime Capital Private Ltd -5.50% / 18.10.2023	500,000	2,003,080	2,036,780	1.80
Indika Energy Capital III Pte Ltd -5.88% / 09.11.2024	500,000	2,004,189	1,919,005	1.69
Jubilant Pharma Ltd -6.00% / 05.03.2024	1,000,000	4,098,882	4,286,168	3.78
	<u>2,000,000</u>	<u>8,106,151</u>	<u>8,241,953</u>	<u>7.27</u>
South Korea				
Shinhan Financial Group Co Ltd -5.88% / 13.08.2023	1,100,000	4,691,511	4,856,278	4.28
Switzerland				
UBS Group Ag -4.85% / 04.09.2024	500,000	1,516,300	1,529,961	1.35

MAYBANK CONSTANT INCOME FUND 7

10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
(b) Unquoted fixed income securities - foreign (cont'd)				
United States of America				
Astrea V Private Ltd - 4.50% / 20.06.2029	1,000,000	4,161,000	4,198,913	3.70
Country Garden Holdings Co Ltd - 8.00% / 27.01.2024	1,000,000	4,137,018	4,444,703	3.92
	<u>2,000,000</u>	<u>8,298,018</u>	<u>8,643,616</u>	<u>7.62</u>
Total unquoted fixed income securities - foreign	<u>24,500,000</u>	<u>100,008,645</u>	<u>102,158,928</u>	<u>90.12</u>
Total unquoted fixed income securities	<u>25,000,000</u>	<u>102,080,447</u>	<u>104,240,974</u>	<u>91.96</u>
Unrealised gain on unquoted fixed income securities*			<u>2,160,527</u>	

* The unrealised gain on unquoted fixed income securities comprise the amounts arising from changes in fair values and effects from foreign exchange.

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

MAYBANK CONSTANT INCOME FUND 7

11. DERIVATIVE ASSETS/LIABILITY

Foreign exchange related contracts	Principal amount RM	Fair Value	
		Assets RM	Liability RM
31.01.2020			
Currency forwards:			
Less than 1 year	113,187,225	1,789,312	3,071

As at the reporting date, there were 7 forward exchange contracts outstanding.

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

12. AMOUNT DUE TO TRUSTEE

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

13. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	31.01.2020 RM
Due to external auditors	10,441
Due to tax agent	4,505
Other payables and accruals	14,999
	<u>29,945</u>

MAYBANK CONSTANT INCOME FUND 7

14. TOTAL EQUITY

	Note	31.01.2020 RM
Unitholders' capital	14(a)	108,347,857
Accumulated realised income	14(b)	1,384,247
Accumulated unrealised income	14(c)	3,645,237
		<u>113,377,341</u>

(a) Unitholders' capital

	15.11.2018 (date of launch) to 31.01.2020	
	No. of units	RM
At the beginning of the financial period	-	-
Creation of units	110,080,524	110,080,524
Cancellation of units	(1,691,922)	(1,764,472)
Distribution equalisation (Note 15)	-	31,805
At the end of the financial period	<u>108,388,602</u>	<u>108,347,857</u>

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

	15.11.2018 (date of launch) to 31.01.2020	
	No. of units	RM
The Manager	<u>1,000</u>	<u>1,046</u>

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

(b) Accumulated realised income

	15.11.2018 (date of launch) to 31.01.2020 RM
At the beginning of the financial period	-
Net realised income for the financial period	6,838,913
Distributions out of retained earnings (Note 15)	<u>(5,454,666)</u>
At the end of the financial period	<u>1,384,247</u>

MAYBANK CONSTANT INCOME FUND 7

14. TOTAL EQUITY (CONT'D)

(c) Accumulated unrealised income

	15.11.2018 (date of launch) to 31.01.2020 RM
At the beginning of the financial period	-
Net unrealised gain for the financial period	3,645,237
At the end of the financial period	<u>3,645,237</u>

15. DISTRIBUTIONS

Details of distributions declared to unitholders are as follows:

	15.11.2018 (date of launch) to 31.01.2020 RM
Interest income	5,094,781
Realised gains on sale of investments	404,035
Other income	36,053
Less:	
Expenses	(71,725)
Tax expense	<u>(8,478)</u>
Distributions out of retained earnings (Note 14(b))	5,454,666
Effects of distribution equalisation (Note 14(a))	<u>(31,805)</u>
Distributions for the financial period	<u>5,422,861</u>

The gross and net distribution per unit declared in the current financial period are as follows:

	Gross distribution per unit (sen)	Net distribution per unit (sen)
31.01.2020		
Distribution date (ex-date)		
9 January 2020	<u>5.01</u>	<u>5.00</u>

The distribution declared is paid in cash.

16. AMOUNT DUE TO MANAGER

No management fee was charged to the Fund in accordance with the Prospectus dated 23 October 2018.

MAYBANK CONSTANT INCOME FUND 7

17. TRANSACTIONS WITH FINANCIAL INSTITUTIONS/BROKERS/DEALERS

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

	15.11.2018 (date of launch)	
	to	
	31.01.2020	
Financial institutions	Value of placements RM	Percentage of total placements %
CIMB Bank Bhd	435,763,364	8.92
Hong Leong Islamic Bank Bhd	880,848,789	18.01
Malayan Banking Bhd ("MBB") *	1,331,896,415	27.24
Maybank Islamic Bhd ("MIB") **	972,655,209	19.89
Public Bank Bhd	998,063,000	20.41
Public Islamic Bank Bhd	270,322,393	5.53
	<u>4,889,549,170</u>	<u>100.00</u>

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

	15.11.2018 (date of launch)	
	to	
	31.01.2020	
Brokers/dealers	Value of trades RM	Percentage of total trades %
Guotai Junan Securities (Hong Kong) Ltd	37,687,800	17.40
Haitong International Securities Ltd	24,988,650	11.54
HSBC Bank Malaysia Bhd	24,169,350	11.16
J.P. Morgan Chase Bank Bhd	23,759,700	10.97
Citibank Bhd	21,711,450	10.03
Standard Chartered Bank Bhd	21,163,750	9.77
SC Lowy Primary Investments Ltd	14,747,400	6.81
Bank of America Merrill Lynch	11,060,550	5.11
DBS Bank Ltd	10,241,250	4.73
ANZ Banking Group Ltd	8,193,000	3.78
Nomura Securities Malaysia Sdn Bhd	4,915,800	2.27
CITIC Group Corporation Ltd	4,096,500	1.89
BNP Paribas Malaysia Bhd	3,072,375	1.42
Morgan Stanley	2,867,550	1.32
Mizuho Securities Asia Ltd	2,867,550	1.32
ING Bank Singapore	1,024,125	0.48
Total	<u>216,566,800</u>	<u>100.00</u>

MAYBANK CONSTANT INCOME FUND 7

18. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

(a) Significant related party transactions

	15.11.2018 (date of launch) to 31.01.2020 RM
Interest income from deposits placed with:	
- MBB	181,308
- MIB	<u>133,236</u>

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

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

19. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Trustee's fee and other administrative expenses. For the financial period from 15 November 2018 (date of launch) to 31 January 2020, the MER of the Fund stood at 0.10%.

20. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial period from 15 November 2018 (date of launch) to 31 January 2020, the PTR of the Fund stood at 1.10 times.

MAYBANK CONSTANT INCOME FUND 7

21. SEGMENT INFORMATION

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 PMC is responsible for the performance of the Fund by investing a minimum of 80% of the Fund's NAV in RM-denominated fixed income securities and/or foreign currency fixed income securities. The remaining balance of the Fund's NAV will be invested in liquid assets.

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

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

There were no change in the reportable operating segments during the financial period.

22. 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 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

31.01.2020	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	104,240,974	-	-	104,240,974
Deposit with a licensed financial institution	-	1,290,348	-	1,290,348
Derivative assets	1,789,312	-	-	1,789,312
Interest receivables	-	1,545,029	-	1,545,029
Cash at bank	-	4,553,710	-	4,553,710
Total financial assets	106,030,286	7,389,087	-	113,419,373

MAYBANK CONSTANT INCOME FUND 7

22. FINANCIAL INSTRUMENTS (CONT'D)

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

31.01.2020 (cont'd)	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Liabilities				
Derivative liability	3,071	-	-	3,071
Amount due to Trustee	-	-	2,924	2,924
Other payables and accruals	-	-	29,945	29,945
Total financial liabilities	3,071	-	32,869	35,940

(b) Financial instruments that are carried at fair value

The Fund's financial assets at FVTPL are carried at fair value.

Unquoted fixed income securities

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

Foreign unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the average price quoted by at least three (3) independent and reputable financial institutions.

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).

MAYBANK CONSTANT INCOME FUND 7

22. FINANCIAL INSTRUMENTS (CONT'D)

(c) 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
31.01.2020			
Financial assets at FVTPL	-	104,240,974	-
Derivative assets	-	1,789,312	-
Derivative liability	-	3,071	-

(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 liability, 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.

23. 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 Deed, SC's Guidelines on Unit Trust Funds 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 investments in unquoted fixed income securities denominated in foreign currencies, and other financial assets and liabilities denominated in foreign currencies. The Fund is also exposed to interest rate risk arising from its financial assets at FVTPL and deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

MAYBANK CONSTANT INCOME FUND 7

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

(b) Market risk (cont'd)

(i) 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 position of the Fund's financial assets and financial liabilities (excluding derivative assets and derivative liability) which are exposed to foreign exchange risks as at 31 January 2020. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and derivative liabilities) denominated 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 liability of the Fund that may affect the value of the NAV attributable to unitholders.

	SGD RM	USD RM	Total RM
31.01.2020			
Assets			
Cash at bank	-	4,543,756	4,543,756
Financial assets at FVTPL	1,529,961	102,711,013	104,240,974
Interest receivables	29,908	1,515,024	1,544,932
Total assets	<u>1,559,869</u>	<u>108,769,793</u>	<u>110,329,662</u>
Net on-balance sheet open position	<u>1,559,869</u>	<u>108,769,793</u>	<u>110,329,662</u>
Forward exchange contracts			
- principal amount (Note 11) *	<u>-</u>	<u>113,187,225</u>	<u>113,187,225</u>

* The Fund has entered into forward currency contracts to hedge against its USD exposure arising mainly from the Fund's investments in USD-denominated unquoted fixed income securities.

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.

	31.01.2020	
Currencies	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM
SGD	+5	77,993
	-5	(77,993)
USD	+5	5,438,490
	-5	(5,438,490)

The impact to net income after tax is expected to be the same as the effects on NAV.

MAYBANK CONSTANT INCOME FUND 7

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

(b) Market risk (cont'd)

(ii) Interest rate risk

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

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

	31.01.2020	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
Financial assets at FVTPL	+1	(2,457,532)
	-1	2,544,247

The impact to net income after tax is expected to be the same as the effects on NAV.

The Fund's deposit with a licensed financial institution carries fixed rate and is short-term in nature, and therefore is not affected by movements in market interest rate.

(c) Credit risk

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

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

(i) 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 assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

MAYBANK CONSTANT INCOME FUND 7

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

(c) Credit risk

(ii) Credit risk concentration

The following table analyses the Fund's investments in unquoted fixed income securities, cash at bank, deposit with a licensed financial institution, interest receivable on unquoted fixed income securities and interest receivable on deposit with a licensed financial institution by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and interest receivable on unquoted fixed income securities were obtained from Moody's, Fitch, S&P and MARC while the ratings for cash at bank, deposit with a licensed financial institution and interest receivable on deposit with a licensed financial institution were obtained from RAM's official website.

Financial assets	31.01.2020	
	RM	As a percentage of NAV %
A	4,219,908	3.72
A-	2,112,974	1.86
A3	2,056,056	1.81
Baa1	8,268,594	7.29
Baa2	2,096,459	1.85
Baa3	11,176,689	9.86
Ba2	2,117,903	1.87
Ba3	18,906,348	16.68
BBB+	2,081,933	1.84
BBB	6,255,638	5.52
BBB-	11,295,156	9.96
BB+	4,266,636	3.76
BB	19,513,789	17.21
BB-	11,417,823	10.07
AAA	5,844,155	5.15
	<u>111,630,061</u>	<u>98.45</u>

MAYBANK CONSTANT INCOME FUND 7

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

(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 unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deed.

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 cash at bank, deposit with a licensed 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 financial assets, liabilities and unitholders' capital to provide a complete view of the Fund's contractual commitments and liquidity:

	Less than 1 month RM	More than 1 month RM	Total RM
31.01.2020			
Financial assets			
Financial assets at FVTPL	-	104,240,974	104,240,974
Deposit with a licensed financial institution	1,290,348	-	1,290,348
Derivative assets	-	1,789,312	1,789,312
Interest receivable	364,583	1,180,446	1,545,029
Cash at bank	4,553,710	-	4,553,710
Total undiscounted financial assets	<u>6,208,641</u>	<u>107,210,732</u>	<u>113,419,373</u>
Financial liabilities and unitholders' equity			
Derivative liability	3,071	-	3,071
Amount due to Trustee	2,924	-	2,924
Other payables and accruals	29,945	-	29,945
Unitholders' equity	113,377,341	-	113,377,341
Total undiscounted financial liabilities and unitholders' equity	<u>113,413,281</u>	<u>-</u>	<u>113,413,281</u>
Liquidity (gap)/surplus	<u>(107,204,640)</u>	<u>107,210,732</u>	<u>6,092</u>

MAYBANK CONSTANT INCOME FUND 7

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

(d) Liquidity risk (cont'd)

(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.

(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 provision for taxation.

(iii) Unitholders' total equity

As unitholders can request for redemption 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 a result, it appears that the Fund has a liquidity gap within "less than 1 month". However, the Fund believes that it would be able to liquidate its investments should the need arise to satisfy all the redemption requirements.

24. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

25. COMPARATIVE

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