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# **MAMG GLOBAL CONSTANT INCOME FUND**

**Unaudited interim report  
For the financial period from 1 August 2019 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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### **TRUSTEE**

SCBMB Trustee Berhad (1005793-T)  
Level 13A, Menara Standard Chartered  
30, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone +603 2117 7777  
Facsimile +603 2711 6060

### **EXTERNAL INVESTMENT MANAGER**

Mellon Capital Management Corporation  
BNY Mellon Center  
500 Grant Street  
Pittsburgh, PA 15258, United States

## **MAMG GLOBAL CONSTANT INCOME FUND**

<b>CONTENT</b>	<b>PAGE</b>
Manager's report	1 - 7
Trustee's report	8
Statement by manager	9
Unaudited statement of comprehensive income	10
Unaudited statement of financial position	11
Unaudited statement of changes in equity	12
Unaudited statement of cash flows	13
Notes to the financial statements	14 - 40

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 31 January 2020**

#### **A. Fund Information**

**1. Name of the Fund**

MAMG Global Constant Income Fund (the "Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Fixed income (closed-ended)

**4. Duration of the Fund**

The Fund is a closed-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 May 2017

**6. Fund commencement date / maturity date**

7 July 2017 / 7 July 2020

**7. Fund's investment objective**

The Fund aims to provide unitholders with 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 as 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 the remaining balance of its NAV will be invested in liquid assets.

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.

## MAMG GLOBAL CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 August 2019 to 31 January 2020 (cont'd)

#### A. Fund Information (cont'd)

##### 11. Net income distribution for the financial period from 1 August 2019 to 31 January 2020

The Fund did not declare or made any distribution for the financial period from 1 August 2019 to 31 January 2020.

##### 12. Breakdown of unitholdings by size

###### Fund size

As at 31 January 2020, the size of the Fund was 107,811,613 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	** 107,811	100.00
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>107,812</b>	<b>100.00</b>

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

\*\* Represent units held under an Institutional Unit Trust Scheme Adviser ("IUTA")

## MAMG GLOBAL CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 August 2019 to 31 January 2020 (cont'd)

### B. Performance Review

#### 1. Key performance data of the Fund

Category	01.08.2019 to 31.01.2020	01.08.2018 to 31.01.2019	15.05.2017 (date of launch) to 31.07.2018
Fixed income securities - foreign (%)			
- Australia	3.75	3.62	3.57
- Canada	1.30	-	1.88
- China	0.90	5.40	2.45
- Great Britain	3.90	-	-
- Hong Kong	1.08	1.04	1.00
- India	-	2.32	2.29
- Netherlands	-	4.24	4.22
- United Arab Emirates	0.73	0.71	0.69
- United States of America	84.10	79.33	81.25
Cash and other net assets (%)	4.24	3.34	2.64
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
NAV (RM'000)	113,144	114,346	114,705
Units in circulation (units'000)	107,812	110,680	113,915
NAV per unit (RM)	1.0495	1.0331	1.0069
Highest NAV per unit (RM)	1.0495	1.0331	1.0272
Lowest NAV per unit (RM)	1.0247	1.0074	0.9994
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	2.45	2.60	0.69
- Income distribution (%)	-	-	2.49
Total return (%)	2.45	2.60	3.20
Annual total return (%)	2.45	2.60	3.20
Benchmark (%)	1.56	1.69	3.61
Distribution date	-	-	13 July 2018
Gross distribution per unit (sen)	-	-	2.50
Net distribution per unit (sen)	-	-	2.50
Management Expense Ratio ("MER") (%) <sup>(2)</sup>	0.04	0.03	0.09
Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup>	0.42	0.14	1.20

#### 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.
- (2) The Fund recorded 0.04% MER in the current financial period ended 31 January 2020.
- (3) The Fund recorded a PTR of 0.42 times in the current financial period ended 31 January 2020.

## MAMG GLOBAL CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 August 2019 to 31 January 2020

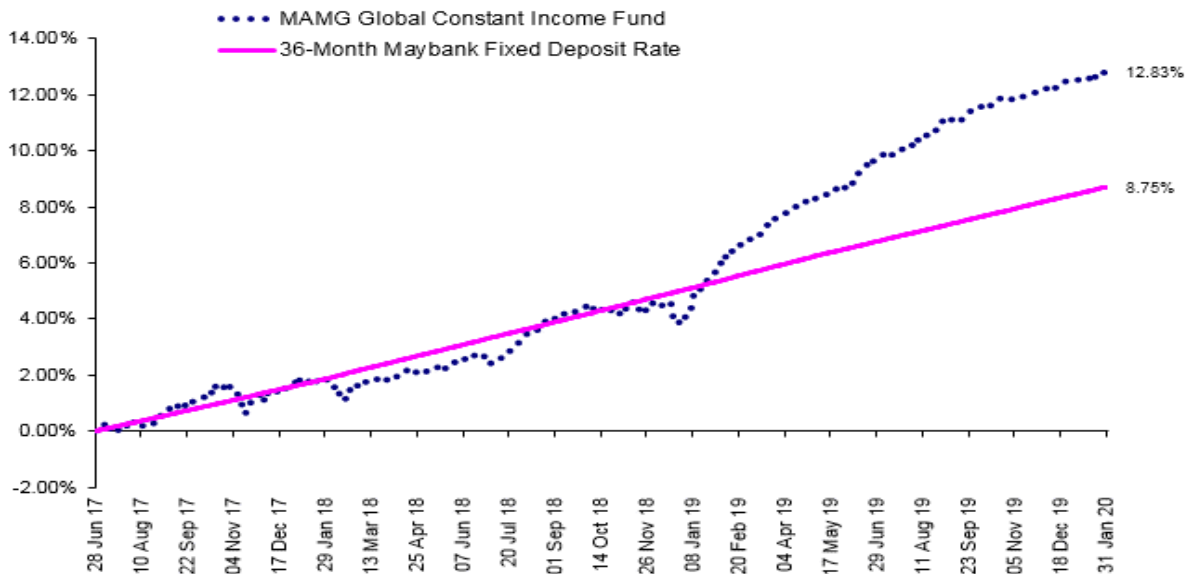
#### B. Performance Review (cont'd)

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

Category	01.08.2019 to 31.01.2020 %	01.08.2018 to 31.01.2019 %	15.05.2017 (Date of launch) to 31.07.2018 %
Annual total return (%)	2.45	2.60	3.20
Benchmark (%)	1.56	1.69	3.61

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

Category	6 months to 31.01.2020 %	1 year to 31.01.2020 %	Since inception to 31.01.2020 %
Capital growth	2.45	1.59	4.95
Income distribution	-	4.89	7.51
Total return of the Fund	2.45	6.56	12.83
Benchmark	1.56	3.23	8.75
Average total return	-	6.56	4.63



Source: Lipper

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.

## MAMG GLOBAL CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 August 2019 to 31 January 2020

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

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

The Fund posted 2.45% total against as against 1.56% for period under review, outperforming the benchmark by 89 basis points ("bps"). The outperformance was due to a combination of stronger returns benefitting from lower yields and tightening credit spreads as well as income derived from the bonds held in the Fund during the period under review.

##### 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

United States ("US") - China trade tensions escalated in August 2019 with a decidedly risk-off tone to the markets. In early August 2019, US President Donald Trump ordered tariffs on United States Dollar ("USD") 200 billion ("bn") 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 Trump and Xi pledged not to increase tariffs). The heightened uncertainty had the entire German Bunds curve trading below 0% yield.

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 Federal Open Market Committee ("FOMC") and European Central Bank ("ECB") had largely delivered rate cuts as expected and for the ECB, the revival of its Asset Purchase Program and a new Long-Term Refinancing Operations ("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 Union ("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.



## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 31 January 2020**

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

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. Developed Market ("DM") equities continue to remain firm generally while Brent crude oil was stronger on expected production cuts from The 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 Emerging Market ("EM") currencies.

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's Gross Domestic Product ("GDP") no with expectation to reduce quarter one 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.

#### **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 President 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, the Federal Reserve ("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 Chinese Yuan ("CNY") 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.

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 31 January 2020**

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

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.

#### **E. Investment Strategy**

The Fund invests mainly in USD global 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 Ringgit Malaysia ("RM") to minimise foreign exchange risks. The Fund will continue its buy-and-maintain philosophy and manage the portfolio much like a bullet portfolio management strategy. In other words, at high-level, it buys and maintains a portfolio of bonds that have similar maturity as the Fund. That said, the Fund Manager will monitor and trade whenever the opportunities arise.

#### **F. Soft Commissions and Rebates**

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

During the financial period from 1 August 2019 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 MAMG GLOBAL CONSTANT INCOME FUND**

We have acted as Trustee of MAMG Global Constant Income Fund for the financial period 1 August 2019 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 Deed, the Securities Commission Malaysia's ("SC") Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/pricing of units of the Fund has been carried out in accordance with the Deed and any regulatory requirements; and
- (c) Creation and cancellation of units are carried out in accordance with the Deed and relevant regulatory requirements.

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

**Prasad A/L S Vijayasundram**  
Chief Executive Officer

Kuala Lumpur, Malaysia  
12 March 2020

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAMG GLOBAL CONSTANT INCOME FUND  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020**

I, Ahmad Najib Bin Nazlan, being a Director of Maybank Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements of the Fund have been drawn up in accordance with Malaysian Financial Reporting Standards 134 Interim Financial Reporting and International Financial Reporting Standards 34 Interim Financial Reporting so as to 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 from 1 August 2019 to 31 January 2020, and have complied with the requirements of the Deed.

For and on behalf of the Manager

**Ahmad Najib Bin Nazlan**  
Director

Kuala Lumpur, Malaysia  
12 March 2020

**MAMG GLOBAL CONSTANT INCOME FUND**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020**

		<b>01.08.2019 to 31.01.2020 RM</b>	<b>01.08.2018 to 31.01.2019 RM</b>
<b>INVESTMENT INCOME</b>			
Interest income	3	1,985,300	2,219,200
Net gain on financial assets at fair value through profit or loss ("FVTPL")	10(b)		
- Realised gain/(loss)		607,993	(169,571)
- Unrealised (loss)/gain		(100,474)	516,300
Net gain on foreign exchange and forward currency contracts	4	256,154	342,180
Redemption fee income	5	20,470	84,419
Other income		1,044	-
		<u>2,770,487</u>	<u>2,992,528</u>
<b>EXPENSES</b>			
Trustee's fee	6	17,006	17,362
Auditors' remuneration		4,525	4,537
Tax agent's fee		1,759	2,269
Administrative expenses		26,234	13,227
		<u>49,524</u>	<u>37,395</u>
<b>Net income before taxation</b>		2,720,963	2,955,133
Taxation	7	(4,579)	(20,261)
<b>Net income after taxation, and total comprehensive income for the financial period</b>		<u>2,716,384</u>	<u>2,934,872</u>
<b>Net income after taxation is made up of the following:</b>			
Net realised income/(loss)		3,990,006	(1,235,316)
Net unrealised (loss)/income		(1,273,622)	4,170,188
		<u>2,716,384</u>	<u>2,934,872</u>

**MAMG GLOBAL CONSTANT INCOME FUND****UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2020**

	Note	31.01.2020 RM	31.07.2019 RM
<b>ASSETS</b>			
Financial assets at FVTPL	10	108,331,799	107,403,754
Deposit with a licensed financial institution	9	2,584,808	1,293,831
Derivative assets	14	604,293	582,292
Interest receivable		1,216,743	1,600,672
Other receivables	11	457	104
Amount due from brokers		-	846,954
Tax recoverable		9,253	-
Cash at bank	8	441,535	94,234
<b>TOTAL ASSETS</b>		<b>113,188,888</b>	<b>111,821,841</b>
<b>LIABILITIES</b>			
Amount due to Trustee	12	2,872	2,895
Amount due to Manager	13	30,494	-
Other payables and accruals	15	11,426	15,584
Provision for taxation		-	10,975
<b>TOTAL LIABILITIES</b>		<b>44,792</b>	<b>29,454</b>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<b>113,144,096</b>	<b>111,792,387</b>
<b>EQUITY</b>			
Unitholders' capital	16(a)	107,712,181	109,076,856
Retained earnings	16(b) & 16(c)	5,431,915	2,715,531
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>113,144,096</b>	<b>111,792,387</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>	16(a)	<b>107,811,613</b>	<b>109,124,514</b>
<b>NAV PER UNIT (RM)</b>		<b>1.0495</b>	<b>1.0244</b>

**MAMG GLOBAL CONSTANT INCOME FUND****UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020**

	<b>Unitholders' capital Note 16(a) RM</b>	<b>Retained earnings Notes 16(b) &amp; 16(c) RM</b>	<b>Total equity RM</b>
At 1 August 2019	109,076,856	2,715,531	111,792,387
Total comprehensive income for the financial period	-	2,716,384	2,716,384
Cancellation of units	(1,364,675)	-	(1,364,675)
At 31 January 2020	<u>107,712,181</u>	<u>5,431,915</u>	<u>113,144,096</u>
At 1 August 2018	113,914,389	790,803	114,705,192
Total comprehensive income for the financial period	-	2,934,872	2,934,872
Cancellation of units	(3,294,465)	-	(3,294,465)
At 31 January 2019	<u>110,619,924</u>	<u>3,725,675</u>	<u>114,345,599</u>

**MAMG GLOBAL CONSTANT INCOME FUND****UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 31 JANUARY 2020**

	<b>01.08.2019</b>	<b>01.08.2018</b>
	<b>to</b>	<b>to</b>
	<b>31.01.2020</b>	<b>31.01.2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale and redemption of financial assets at FVTPL	46,934,820	16,947,891
Net payments for purchase of financial assets at FVTPL	(47,464,890)	(15,234,387)
Net realised gain/(loss) on forward foreign exchange contracts	996,185	(3,214,600)
Interest received	2,725,490	2,933,920
Redemption fee income received	20,012	80,494
Other income received	1,044	-
Trustee's fee paid	(17,030)	(17,403)
Taxation paid	(24,807)	(2,585)
Payment of other fees and expenses	(36,573)	(22,335)
Net cash generated from operating and investing activities	<u>3,134,251</u>	<u>1,470,995</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid on units cancelled	<u>(1,334,181)</u>	<u>(2,954,416)</u>
Net cash used in financing activities	<u>(1,334,181)</u>	<u>(2,954,416)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD</b>	<b>1,800,070</b>	<b>(1,483,421)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>1,388,064</b>	<b>2,956,101</b>
Effects of foreign exchange	(161,791)	18,796
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>3,026,343</u></b>	<b><u>1,491,476</u></b>
Cash and cash equivalents comprise:		
Cash at bank (Note 8)	441,535	301,457
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 9)	2,584,808	1,190,019
	<u>3,026,343</u>	<u>1,491,476</u>



## **MAMG GLOBAL CONSTANT INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FROM 1 AUGUST 2019 TO 31 JANUARY 2020**

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

MAMG Global Constant Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 31 March 2017 between the Manager, Maybank Asset Management Sdn Bhd ("Maybank AM") and the Trustee, SCBMB Trustee Berhad. The Fund is a three (3)-year closed-ended fund with a maturity date set on the third (3rd) anniversary of the commencement date, which is on 7 July 2020.

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 'BBB' 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.

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").

## MAMG GLOBAL CONSTANT INCOME FUND

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

Maybank AM has appointed Mellon Capital Management Corporation ("MCM") as the External Investment Manager for the Fund. MCM is a wholly owned, indirect subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"). BNY Mellon is a publicly held financial holding company organized under the laws of the State of Delaware and supervised by the Board of Governors of the Federal Reserve System. The role and responsibilities of MCM is to manage the investment portfolio in accordance with the investment objective of the Fund and subject to the Act, the Guidelines and the terms and conditions of the investment management agreement between MCM and the Manager. MCM is an investment advisor registered with the United States Securities and Exchange Commission.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements for the six-month period ended 31 January 2020 have been prepared in accordance with Malaysian Financial Reporting Standard 134: Interim Financial Reporting ("MFRS 134"), International Accounting Standards 34 Interim Financial Reporting, the Deed and any regulatory requirement.

The Fund had adopted the MFRS, Amendments to Standards and IC Interpretations which have become effective during the financial period from 1 August 2019 to 31 January 2020. 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 2.14 to the financial statements.

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: <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

## **MAMG GLOBAL CONSTANT INCOME FUND**

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

#### **2.3 Financial instruments**

Financial assets and financial 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, interest receivables, amount due from brokers and other receivables as loan and receivables, 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 and derivative assets are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

## **MAMG GLOBAL CONSTANT INCOME FUND**

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

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

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

A financial asset is recognised at FVTPL if:

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

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

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

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.

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.

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

ECL are 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.

## **MAMG GLOBAL CONSTANT INCOME 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, full impairment will be recognised on uncollected balances after the grace period.

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

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

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

On derecognition of financial asset at amortised cost, gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### **2.5 Financial liabilities**

##### **(i) Classification**

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

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

## **MAMG GLOBAL CONSTANT INCOME FUND**

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

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

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

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

#### **2.6 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:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- 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 period if unitholder exercises the right to put the unit back to the Fund. Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

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

#### **2.7 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 the 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 deposit with licensed financial institutions are accounted for on an accrual basis based on effective interest rate method.

Realised gain on disposal of investments is measured as the difference between the net proceeds and its carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.

Other income such as consent fee are recognised on an accrual basis when the right to receive has been established.

## **MAMG GLOBAL CONSTANT INCOME FUND**

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

#### **2.8 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, deposit at call and highly liquid instruments with maturities of 3 months or less , which have an insignificant risk of changes in value.

#### **2.9 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 period.

No deferred tax is recognised as there are no material temporary differences.

#### **2.10 Fair value measurement**

The Fund measures its investments at FVTPL 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 or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- 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 to 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 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:

## **MAMG GLOBAL CONSTANT INCOME FUND**

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

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

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

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

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

#### **2.11 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 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.

#### **2.12 Segment information**

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

#### **2.13 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.



## MAMG GLOBAL CONSTANT INCOME FUND

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

#### 2.14 Significant 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 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.

### 3. INTEREST INCOME

	01.08.2019 to 31.01.2020 RM	01.08.2018 to 31.01.2019 RM
Interest income from unquoted fixed income securities	2,477,404	2,857,360
Interest income from short term deposits	20,072	17,266
Amortisation of premium, net accretion of discount	(512,176)	(655,426)
	<u>1,985,300</u>	<u>2,219,200</u>

### 4. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

	01.08.2019 to 31.01.2020 RM	01.08.2018 to 31.01.2019 RM
Realised foreign exchange gain/(loss)	433,117	(149,268)
Unrealised foreign exchange (loss)/gain	(1,195,149)	1,023,771
Realised gain/(loss) on forward contracts	996,185	(3,162,440)
Unrealised gain on forward contracts	22,001	2,630,117
	<u>256,154</u>	<u>342,180</u>

### 5. REDEMPTION FEE INCOME

The Fund is entitled to payment of redemption charges between 1.50% to 3.50% (01.08.2018 to 31.01.2019: 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.

### 6. TRUSTEE'S FEE

The Trustee's fee is computed and accrued daily based on 0.03% (01.08.2018 to 31.01.2019: 0.03%) per annum of the NAV of the Fund, excluding foreign custodian fees and charges.

## MAMG GLOBAL CONSTANT INCOME FUND

### 7. TAXATION

<b>01.08.2019</b>	<b>01.08.2018</b>
<b>to</b>	<b>to</b>
<b>31.01.2020</b>	<b>31.01.2019</b>
<b>RM</b>	<b>RM</b>

Tax expense for the financial period:

Current income tax expense	<u>4,579</u>	<u>20,261</u>
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Income tax is calculated at the Malaysian statutory tax rate of 24% (01.08.2018 to 31.01.2019: 24%) of the estimated assessable income for the financial period.

The tax charge for the financial period 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 Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

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 of the Fund is as follows:

<b>01.08.2019</b>	<b>01.08.2018</b>
<b>to</b>	<b>to</b>
<b>31.01.2020</b>	<b>31.01.2019</b>
<b>RM</b>	<b>RM</b>

Net income before taxation	<u>2,720,963</u>	<u>2,955,133</u>
Taxation at Malaysian statutory rate of 24% (01.08.2018 to 31.01.2019: 24%)	653,031	709,232
Effect of income not subject to tax	(659,754)	(697,946)
Expenses not deductible for tax purposes	6,039	8,975
Restriction on tax deductible expenses for unit trust funds	5,263	-
Tax expense for the financial period	<u>4,579</u>	<u>20,261</u>

## MAMG GLOBAL CONSTANT INCOME FUND

### 8. CASH AT BANK

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

	<b>31.01.2020</b>	<b>31.07.2019</b>
	<b>RM</b>	<b>RM</b>
USD	439,534	92,006
RM	2,001	2,228
	<u>441,535</u>	<u>94,234</u>

### 9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	<b>31.01.2020</b>	<b>31.07.2019</b>
	<b>RM</b>	<b>RM</b>
Short-term placement with a maturity of less than 3 months	<u>2,584,808</u>	<u>1,293,831</u>

The weighted average effective interest rates ("WAEIR") p.a 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:

	<b>31.01.2020</b>		<b>31.07.2019</b>	
	<b>WAEIR</b>	<b>Average</b>	<b>WAEIR</b>	<b>Average</b>
	<b>% p.a.</b>	<b>Maturity</b>	<b>% p.a.</b>	<b>Maturity</b>
		<b>Days</b>		<b>Days</b>
Deposit with a licensed financial institution	<u>2.80</u>	<u>2</u>	<u>2.90</u>	<u>1</u>

## MAMG GLOBAL CONSTANT INCOME FUND

### 10. FINANCIAL ASSETS AT FVTPL

(a) Financial assets at FVTPL comprise investments in unquoted USD-denominated fixed income securities.

	31.01.2020 RM	31.07.2019 RM
Investments in financial assets at FVTPL:		
Unquoted fixed income securities - foreign	108,331,799	107,403,754

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>Unquoted fixed income securities - foreign</b>				
<b>31.01.2020</b>				
<b>Australia</b>				
Newcrest Finance Pty Ltd - 4.45% / 15.11.2021	1,000,000	4,388,392	4,247,251	3.75
<b>Canada</b>				
Enbridge Inc - 2.819 / 16.06.2020	358,000	1,500,698	1,469,480	1.30
<b>China</b>				
CAR Inc - 6.13% / 04.02.2020	250,000	977,230	1,013,884	0.90
<b>Great Britain</b>				
Jaguar Land Rover Automotive Plc - 3.50% / 15.03.2020	1,080,000	4,405,799	4,416,256	3.90
<b>Hong Kong</b>				
Shanghai (Hong Kong) International Investment Ltd - 3.88% / 20.04.2020	300,000	1,172,547	1,224,772	1.08

**MAMG GLOBAL CONSTANT INCOME FUND**

**10. FINANCIAL ASSETS AT FVTPL (CONT'D)**

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>31.01.2020 (cont'd)</b>				
<b>United Arab Emirates</b>				
ICICI Bank Ltd - 3.13% / 12.08.2020	200,000	790,249	821,758	0.73
<b>United States of America</b>				
Ally Financial Inc - 8.00% / 15.03.2020	500,000	2,076,475	2,061,768	1.82
- 4.25% / 15.04.2021	300,000	1,275,728	1,259,920	1.11
Arconic Inc - 6.15% / 15.08.2020	575,000	2,388,573	2,399,771	2.12
AT&T Inc - 3.03% / 30.06.2020	500,000	2,075,522	2,054,804	1.82
Dell International LLC - 4.42% / 15.06.2021	800,000	3,151,709	3,373,222	2.98
- 5.88% / 15.06.2021	396,000	1,704,934	1,640,383	1.45
Deutsche Bank AG - 4.25% / 14.10.2021	1,000,000	4,038,647	4,215,299	3.73
EQT Corp - 2.87% / 01.10.2020	331,000	1,385,551	1,354,992	1.20
Ford Motor Credit Co LLC - 5.09% / 07.01.2021	400,000	1,649,788	1,679,073	1.48
- 2.43% / 12.06.2020	440,000	1,842,183	1,802,280	1.59
Jefferies Group LLC - 6.88% / 15.04.2021	190,000	767,465	821,299	0.73
MPT Operating Partnership LP - 6.38% / 01.03.2024	850,000	3,943,465	3,600,762	3.18
Nissan Motor Acceptance Corp - 2.39% / 13.07.2020	500,000	2,069,940	2,049,274	1.81

**MAMG GLOBAL CONSTANT INCOME FUND**

**10. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>Name of issuer</b>	<b>Quantity Unit</b>	<b>Aggregate Cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>31.01.2020 (cont'd)</b>				
<b>United States of America (cont'd)</b>				
Nordstrom Inc - 4.00% / 15.10.2021	1,000,000	4,360,680	4,204,648	3.72
Pitney Bowes Inc - 3.38% / 01.10.2021	650,000	2,788,648	2,713,317	2.40
Plains All American Pipeline LP - 5.00% / 01.02.2021	1,000,000	4,152,562	4,179,249	3.69
Reliance Holding USA Inc - 4.50% / 19.10.2020	250,000	995,926	1,039,384	0.92
Rockies Express Pipeline LLC - 5.63% / 15.04.2020	700,000	2,878,133	2,883,322	2.55
Santander Holdings USD Inc - 2.65% / 17.04.2020	500,000	2,078,764	2,048,660	1.81
Senior Housing Properties Trust - 6.75% / 15.12.2021	1,000,000	4,512,049	4,331,639	3.83
Southern Co - 2.75% / 15.06.2020	600,000	2,521,477	2,464,045	2.18
Spectra Energy Partners - 2.59% / 05.06.2020	300,000	1,243,427	1,230,916	1.09
Spectrum Management Holding Company LLC - 4.00% / 01.09.2021	915,000	3,721,869	3,834,134	3.39

**MAMG GLOBAL CONSTANT INCOME FUND**

**10. FINANCIAL ASSETS AT FVTPL (CONT'D)**

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>31.01.2020 (cont'd)</b>				
<b>United States of America (cont'd)</b>				
T Mobile USA Inc - 6.50% / Perpetual	600,000	-	-	-
Tupperware Brands Corp - 4.75% / 01.06.2021	1,000,000	4,228,944	4,046,523	3.58
United States Treasury - 1.58% / 31.07.2020	5,478,000	22,467,614	22,438,383	19.83
Universal Health Services Inc - 4.75% / 01.08.2022	1,200,000	5,161,827	4,965,450	4.39
Williams Companies Inc - 5.25% / 15.03.2020	600,000	2,502,419	2,466,257	2.18
Xerox Corp - 4.50% / 15.05.2021	950,000	4,105,207	3,979,624	3.52
<b>Total United States of America</b>	<b>23,525,000</b>	<b>96,089,526</b>	<b>95,138,398</b>	<b>84.10</b>
Total unquoted fixed income securities - foreign	<b>26,713,000</b>	<b>109,324,441</b>	<b>108,331,799</b>	<b>95.76</b>
Unrealised loss on unquoted fixed income securities*			<b>(992,642)</b>	

**MAMG GLOBAL CONSTANT INCOME FUND**

**10. FINANCIAL ASSETS AT FVTPL (CONT'D)**

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>Unquoted fixed income securities - foreign</b>				
<b>31.07.2019</b>				
<b>Australia</b>				
Newcrest Finance Pty Ltd - 4.45% / 15.11.2021	1,000,000	4,413,080	4,270,613	3.82
<b>China</b>				
CAR Inc - 6.13% / 04.02.2020	250,000	977,324	1,024,753	0.92
Health and Happiness (H&H) International Holdings Ltd - 7.25% / 21.06.2021	197,000	858,376	824,571	0.74
Total China	447,000	1,835,700	1,849,324	1.66
<b>Great Britain</b>				
Jaguar Land Rover Automotive Plc - 3.50% / 15.03.2020	1,080,000	4,389,647	4,424,261	3.96
<b>Hong Kong</b>				
Shanghai (Hong Kong) International Investment Ltd - 3.88% / 20.04.2020	300,000	1,170,195	1,224,135	1.10



**MAMG GLOBAL CONSTANT INCOME FUND**

**10. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>Name of issuer</b>	<b>Quantity Unit</b>	<b>Aggregate Cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>31.07.2019 (cont'd)</b>				
<b>India</b>				
JSW Steel Ltd - 4.75% / 12.11.2019	450,000	1,872,965	1,857,178	1.66
<b>United Arab Emirates</b>				
ICICI Bank Ltd - 3.13% / 12.08.2020	200,000	787,182	826,155	0.74
<b>United States of America</b>				
ADT Corp - 6.25% / 15.10.2021	600,000	2,704,739	2,633,400	2.36
Ally Financial Inc - 4.25% / 15.04.2021	300,000	1,281,780	1,263,735	1.13
Arconic Inc - 6.15% / 15.08.2020	575,000	2,411,756	2,445,878	2.19
Avnet Inc - 3.75% / 01.12.2021	950,000	3,792,945	3,992,031	3.57
Cantor Fitzgerald LP - 7.88% / 15.10.2019	360,000	1,560,171	1,499,256	1.34
CF Industries Inc - 3.40% / 01.12.2021	475,000	1,848,902	1,982,496	1.77
Dell International LLC - 4.42% / 15.06.2021	800,000	3,163,200	3,392,400	3.03
- 5.88% / 15.06.2021	600,000	2,583,234	2,517,075	2.25
Deutsche Bank AG - 4.25% / 14.10.2021	1,000,000	4,056,287	4,172,438	3.73

**MAMG GLOBAL CONSTANT INCOME FUND**

**10. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>Name of issuer</b>	<b>Quantity Unit</b>	<b>Aggregate Cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>31.07.2019 (cont'd)</b>				
<b>United States of America (cont'd)</b>				
Ford Motor Credit Co LLC - 5.09% / 07.01.2021	400,000	1,656,936	1,697,520	1.52
GLP Capital - 4.88% / 01.11.2020	380,000	1,594,134	1,595,871	1.43
Icahn Enterprises LP - 6.00% / 01.08.2020	350,000	1,504,845	1,443,894	1.29
Iron Mountain Inc - 6.00% / 15.08.2023	600,000	2,581,099	2,525,738	2.26
Jefferies Group LLC - 6.88% / 15.04.2021	190,000	780,820	836,105	0.75
MGM Resorts International - 6.63% / 15.12.2021	700,000	3,156,621	3,120,809	2.79
Microchip Technology Inc - 3.92% / 01.06.2021	800,000	3,314,036	3,359,070	3.00
Midcontinent Express Pipeline LLC - 6.70% / 15.09.2019	900,000	3,888,564	3,732,918	3.34
MPT Operating Partnership LP - 6.38% / 01.03.2024	850,000	3,943,242	3,679,809	3.29
Nabors Industries Inc - 5.00% / 15.09.2020	82,000	342,637	338,149	0.30
NCL Corporation Ltd - 4.75% / 15.12.2021	375,000	1,578,906	1,570,388	1.40

**MAMG GLOBAL CONSTANT INCOME FUND**

**10. FINANCIAL ASSETS AT FVTPL (CONT'D)**

<b>Name of issuer</b>	<b>Quantity Unit</b>	<b>Aggregate Cost RM</b>	<b>Market Value RM</b>	<b>Percentage of NAV %</b>
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>31.07.2019 (cont'd)</b>				
<b>United States of America (cont'd)</b>				
Nordstrom Inc - 4.00% / 15.10.2021	1,000,000	4,380,360	4,228,538	3.78
NuStar Logistics LP - 6.75% / 01.02.2021	1,200,000	5,288,917	5,173,739	4.63
Pitney Bowes Inc - 3.38% / 01.10.2021	1,200,000	5,147,598	4,837,140	4.33
Plains All American Pipeline LP - 5.00% / 01.02.2021	1,000,000	4,187,426	4,237,613	3.79
Reliance Holding USA Inc - 4.50% / 19.10.2020	250,000	999,258	1,052,700	0.94
Rockies Express Pipeline LLC - 5.63% / 15.04.2020	400,000	1,633,450	1,679,700	1.50
Senior Housing Properties Trust - 6.75% / 15.12.2021	1,000,000	4,579,658	4,370,850	3.91
Spectrum Management Holding Company LLC - 4.00% / 01.09.2021	915,000	3,735,851	3,854,391	3.45
Starwood Property Trust - 5.00% / 15.02.2021	425,000	1,813,835	1,809,225	1.62
Tenet Healthcare Corp - 4.75% / 01.06.2020	1,050,000	4,178,473	4,381,926	3.92
- 6.00% / 01.10.2020	120,000	488,938	511,335	0.46
Universal Health Services Inc - 4.75% / 01.08.2022	1,200,000	5,161,866	5,001,975	4.47

## MAMG GLOBAL CONSTANT INCOME FUND

### 10. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>31.07.2019 (cont'd)</b>				
Xerox Corp - 4.50% / 15.05.2021	950,000	4,132,255	4,013,976	3.59
<b>Total United States of America</b>	<u>21,997,000</u>	<u>93,472,739</u>	<u>92,952,088</u>	<u>83.13</u>
Total unquoted fixed income securities - foreign	<b><u>25,474,000</u></b>	<b><u>107,941,508</u></b>	<b><u>107,403,754</u></b>	<b><u>96.07</u></b>
Unrealised loss on unquoted fixed income securities*			<b><u>(537,754)</u></b>	

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

- (b) Changes in the fair value of FVTPL investments are recognised in 'unrealised (loss)/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.

### 11. OTHER RECEIVABLES

The amount represents redemption fee income receivable for units redeemed/cancelled.

### 12. AMOUNT DUE TO TRUSTEE

Amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee's fee is 15 days (01.08.2018 to 31.01.2019: 15 days).

## MAMG GLOBAL CONSTANT INCOME FUND

### 13. AMOUNT DUE TO MANAGER

The amount represents amount payable to the Manager for units redeemed/cancelled.

	31.01.2020 RM	31.07.2019 RM
Redemption of units	<u>30,494</u>	<u>-</u>

No management fee was charged to the Fund in accordance with the Fund's Prospectus dated 15 May 2017.

### 14. DERIVATIVE ASSETS

	Principal amount RM	<-----Fair Value-----> Assets RM	Liabilities RM
<b>31.01.2020</b>			
<u>Foreign exchange related contracts</u>			
Currency forwards:			
Less than 1 year	<u>100,518,055</u>	<u>604,293</u>	<u>-</u>
<b>31.07.2019</b>			
<u>Foreign exchange related contracts</u>			
Currency forwards:			
Less than 1 year	<u>112,615,450</u>	<u>582,292</u>	<u>-</u>

As at the reporting date, there were 3 (31.07.2019: 3) 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.

## MAMG GLOBAL CONSTANT INCOME FUND

### 15. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	31.01.2020 RM	31.07.2019 RM
Due to external auditors	4,526	10,441
Due to tax agent	6,900	5,141
	<u>11,426</u>	<u>15,582</u>

### 16. TOTAL EQUITY

	Note	01.08.2019 to 31.01.2020 RM	01.08.2018 to 31.07.2019 RM
Unitholders' capital	(a)	107,712,181	109,076,856
Accumulated realised income	(b)	8,543,241	4,553,235
Accumulated unrealised loss	(c)	(3,111,326)	(1,837,704)
		<u>113,144,096</u>	<u>111,792,387</u>

#### (a) Unitholders' capital

	01.08.2019 to 31.01.2020		01.08.2018 to 31.07.2019	
	Units	RM	Units	RM
At the beginning of the financial period/year	109,124,514	109,076,856	113,914,888	113,914,389
Cancellation of units	(1,312,901)	(1,364,675)	(4,790,374)	(4,929,928)
Distribution equalisation	-	-	-	92,395
At the end of the financial period/year	<u>107,811,613</u>	<u>107,712,181</u>	<u>109,124,514</u>	<u>109,076,856</u>

## MAMG GLOBAL CONSTANT INCOME FUND

### 16. TOTAL EQUITY (CONT'D)

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

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

	01.08.2019 to 31.01.2020		01.08.2018 to 31.07.2019	
	No. of Units	Valued at NAV	No. of Units	Valued at NAV
Manager	1,000	1,049	1,000	1,024

The units are held beneficially by the Manager for booking purposes, and are within the prescribed limit allowed by the SC's Guidelines on Unit Trust Funds. Other than the above, there were no units held by the directors or parties related to the Manager.

#### (b) Accumulated realised income

	01.08.2019 to 31.01.2020 RM	01.08.2018 to 31.07.2019 RM
As at beginning of the financial period/year	4,553,235	9,464,522
Net realised income for the financial period/year	3,990,006	643,888
Distribution out of retained earnings	-	(5,555,175)
As at end of the financial period/year	8,543,241	4,553,235

#### (c) Accumulated unrealised loss

	01.08.2019 to 31.01.2020 RM	01.08.2018 to 31.07.2019 RM
As at beginning of the financial period/year	(1,837,704)	(8,673,719)
Net unrealised (loss)/gain for the financial period/year	(1,273,622)	6,836,015
As at end of the financial period/year	(3,111,326)	(1,837,704)

## MAMG GLOBAL CONSTANT INCOME FUND

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

The transactions with brokers/dealers for the current and previous financial period are as follows:

Brokers	01.08.2019 to 31.01.2020		01.08.2018 to 31.01.2019	
	Value of trade RM	Percent of total trade %	Value of trade RM	Percent of total trade %
Barclays Capital Group	797,019	4.68	-	0.00
CITI Group Global Markets Inc	5,476,904	32.13	-	0.00
Credit Suisse Securities USA LLC	-	-	1,468,514	6.55
Deutsche Bank	-	-	3,019,825	13.46
Goldman Sachs	82,763	0.49	-	0.00
JP Morgan Securities LLC	470,716	2.76	-	0.00
MarketAxess	4,437,248	26.03	9,464,732	42.19
Millennium Advisors, LLC	96,863	0.57	2,502,310	11.16
Mitsubishi UFJ Securities (USA) Inc	1,110,100	6.51	-	0.00
Morgan Stanley	978,255	5.74	-	0.00
Nomura Ltd	-	-	774,407	3.45
RBC Capital Markets LLC	500,415	2.94	-	0.00
Societe Generale Group	-	-	3,071,289	13.69
SumRidge Partners LLC	-	-	2,130,443	9.50
Susquehanna International Group LLC	1,020,720	5.99	-	0.00
Wells Fargo Securities LLC	2,074,215	12.16	-	0.00
	<u>17,045,217</u>	<u>100.00</u>	<u>22,431,521</u>	<u>100.00</u>

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

Financial institutions	01.08.2019 to 31.01.2020		01.08.2018 to 31.01.2019	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Malayan Banking Berhad *	165,385,570	100.00	297,794,566	100.00
	<u>165,385,570</u>	<u>100.00</u>	<u>297,794,566</u>	<u>100.00</u>

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



## MAMG GLOBAL CONSTANT INCOME FUND

### 18. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

For the purpose of these 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 maybe 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 period/year.

	<b>01.08.2019</b>	<b>01.08.2018</b>
	<b>to</b>	<b>to</b>
	<b>31.01.2020</b>	<b>31.07.2019</b>
	<b>RM</b>	<b>RM</b>
(a) <u>Significant related party transactions</u>		
Malayan Banking Berhad:		
Interest income from deposits	20,072	39,073
	<b>01.08.2019</b>	<b>01.08.2018</b>
	<b>to</b>	<b>to</b>
	<b>31.01.2020</b>	<b>31.07.2019</b>
	<b>RM</b>	<b>RM</b>
(b) <u>Significant related party balances</u>		
Malayan Banking Berhad:		
Deposit with a licensed financial institution	2,584,808	1,293,831
Derivative assets	42,240	166,022
	<b>2,627,048</b>	<b>1,459,853</b>

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.

### 19. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial period from 1 August 2019 to 31 January 2020, the MER of the Fund stood at 0.04% (01.08.2018 to 31.01.2019: 0.03%).

### 20. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average of the total acquisitions and disposals of the investment in the Fund for the financial period to the daily average NAV of the Fund. For the financial period from 1 August 2019 to 31 January 2020, the PTR of the Fund stood at 0.42 times (0.1.08.2018 to 31.01.2019: 0.14 times).

## MAMG GLOBAL CONSTANT INCOME FUND

### 21. FAIR VALUE HIERARCHY

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>31.01.2019</b>				
Financial assets at FVTPL	-	108,331,799	-	108,331,799
Derivative assets	-	604,293	-	604,293
<b>31.07.2019</b>				
Financial assets at FVTPL	-	107,403,754	-	107,403,754
Derivative assets	-	582,292	-	582,292

### 22. SEGMENTAL 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 achieves its targeted returns with an acceptable level of risk within the portfolio.

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

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

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

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **23. 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.

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