

Maybank Asset Management Sdn Bhd  
199701006283 (421779-M)  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
Telephone +603 2297 7888  
Facsimile +603 2715 0071  
[www.maybank-am.com](http://www.maybank-am.com)

# **MAMG GLOBAL CONSTANT INCOME FUND**

**Annual report**

**For the financial period from 1 August 2019 to 7 July 2020 (date of maturity)**

## **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  
Telephone +603 2297 7888  
Facsimile +603 2715 0071  
[www.maybank-am.com](http://www.maybank-am.com)

### **TRUSTEE**

SCBMB Trustee Berhad (1005793-T)  
Level 23, Equatorial Plaza  
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 - 9
Trustee's report	10
Statement by manager	11
Independent auditors' report	12 - 15
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Statement of cash flows	19
Notes to the financial statements	20 - 51

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 7 July 2020 (date of maturity)**

#### **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 has matured on 7 July 2020.

**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, throughout 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 the remaining balance of its NAV will be invested in liquid assets and/or collective investment schemes.

However, as the Fund approached its maturity date, the Manager chose to invest in liquid assets and/or collective investment schemes 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 7 July 2020 (date of maturity) (cont'd)

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

##### 11. Net income distribution for the financial period from 1 August 2019 to 7 July 2020 (date of maturity)

The Fund did not declare any income distribution for the financial period from 1 August 2019 to 7 July 2020 (date of maturity).

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

###### Fund size

There were no units in circulation as the Fund matured has on 7 July 2020.

###### Breakdown of unitholdings as at 7 July 2020 (date of maturity)

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	-	-	-	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	-	-	-	-
<b>Total</b>	-	-	-	-

## MAMG GLOBAL CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 August 2019 to 7 July 2020 (date of maturity) (cont'd)

#### B. Performance Review

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

Category	01.08.2019 to 07.07.2020 (date of maturity) RM	01.08.2018 to 31.07.2019 RM	15.05.2017 (date of launch) to 31.07.2018 RM
<b>Portfolio</b>			%
Fixed income securities - foreign (%)	-	96.07	97.36
Cash and other net assets (%)	100.00	3.93	2.64
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
NAV (RM'000)	-	111,792	114,705
Units in circulation (units'000)	-	109,125	113,915
NAV per unit (RM)	-	1.0244	1.0069
Highest NAV per unit (RM)	1.0577	1.0719	1.0272
Lowest NAV per unit (RM)	1.0240	1.0021	0.9994
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	1.44	1.74	0.69
- Income distribution (%)	-	4.89	2.49
Total return (%)	1.44	6.71	3.20
Annual total return (%)	1.44	6.71	3.20
Benchmark (%)	2.67	3.36	3.61
Distribution date	-	12 July 2019	13 July 2018
Gross distribution per unit (sen)	-	5.03	2.50
Net distribution per unit (sen)	-	5.00	2.50
Management Expense Ratio ("MER") (%)	0.10	0.06	0.09
Portfolio Turnover Ratio ("PTR") (times) <sup>(2)</sup>	0.92	0.29	1.20

#### Note:

- (1) Actual return of the Fund for the financial period/year is computed based on the daily average NAV per unit, net of Trustee's fees.
- (2) The Fund's PTR increased from 0.29 times to 0.93 times as a result of the Manager liquidating the Fund's assets as the Fund approached its maturity date.

## MAMG GLOBAL CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 August 2019 to 7 July 2020 (date of maturity) (cont'd)

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

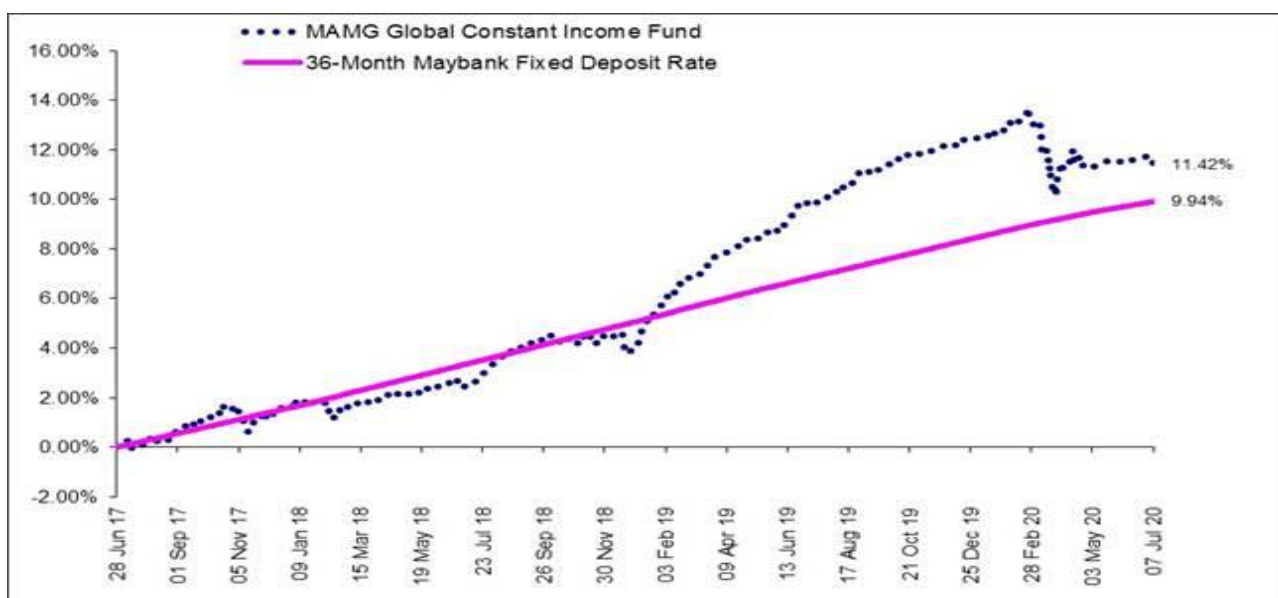
##### 1. Key performance data of the Fund (cont'd)

Category	01.08.2019 to 07.07.2020 (date of maturity) %	01.08.2018 to 31.07.2019 %	15.05.2017 (date of launch) to 31.07.2018 %
Annual total return	1.44	6.71	3.20
Benchmark	2.67	3.36	3.61

*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.*

##### 2. Performance of the Fund since inception to 7 July 2020 (date of maturity)

Category	01.08.2019 to 07.07.2020 %	1 year to 07.07.2020 %	3 years to 07.07.2020 %	Since inception to 07.07.2020 %
Capital growth	1.44	(3.38)	3.66	3.92
Income distribution	-	5.00	7.50	7.50
Total return of the Fund	1.44	1.62	11.16	11.42
Benchmark	2.67	2.88	9.85	9.94
Average total return	1.44	1.62	3.59	3.64



Source: Novagni Analytics and Advisory Sdn Bhd

## MAMG GLOBAL CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 August 2019 to 7 July 2020 (date of maturity) (cont'd)

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

##### 2. Performance of the Fund since inception to 7 July 2020 (date of maturity) (cont'd)

The Fund posted 1.44% return as against 2.67% benchmark return for period under review, underperforming the benchmark by 1.23%. The underperformance was due to a combination of higher corporate yields and widening credit spreads during the outbreak of the pandemic. The performance also affected by fund manager's defensive strategy by holding more cash in view of the closing of the Fund.

##### Has the Fund met its objective?

The Fund did not meet its objective of declaring income distribution in the final reporting period from 1 August 2019 to 7 July 2020 (date of maturity). However, since inception, the Fund has generated a total return of 11.42% (consisting of both capital and income returns) to the investors.

##### 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 2020 with a decidedly risk-off tone to the markets. In early August, US President Donald Trump ordered tariffs on United States Dollar ("USD") 200 billion of Chinese imports to increase from 10% to 25% to take effect in December 2020, 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 Donald Trump and Xi Jinping 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 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 Repo 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.



## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 7 July 2020 (date of maturity) (cont'd)**

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

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.

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 Organisation of 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 ("PM") Boris 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 ("Covid-19") that began in Wuhan China. The outbreak will have larger impact on China Gross Domestic Product ("GDP") no with expectation to reduce first quarter 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 ("UST") yield dropped to a low 1.60% level as the event triggers risk off mode for most market players.

Markets reacted with a negative tone in January 2020 as it grappled with uncertainties brought by Covid-19. Rates rallied across the bond markets, while equities were in the red, with the selloff intensifying during late January 2020. Over in commodities, despite new OPEC+ production cuts announced in December 2019, Brent crude declined by 12% given concerns of slowing Chinese consumption due to the outbreak of the virus. USD broadly turned stronger against DM currencies due to risk aversion. Against Asian currencies, USD performance was mixed. In the Asian credit space, JP Morgan Asia Credit Index ("JACI") returned +1.3% over the period as spread widening was compensated by falling UST yields, Both Investment Grade ("IG") and High Yield ("HY") delivering +1.5% and +0.7% respectively.

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 7 July 2020 (date of maturity) (cont'd)**

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

The negative impact from Covid-19 intensified in the month of February 2020 given the global spread of the virus, although the situation in China was starting to stabilise, both in lower rate of new cases and in the resumption of the economy. DM rates continued to rally with a steepening bias due to the expectations of central bank easing. Equities and commodities were all in the red for the month, while Gold continued to march higher. USD remained strong against most currencies from risk aversion throughout February, albeit softening slightly towards month end due to rate cut expectations. Despite risk aversion, Asian credit outperformed vs regions in Middle East and North Africa ("MENA") and Latin America ("LATAM").

The markets entered March 2020 with a decidedly risk off tone given the increasing impact to the global economy due to Covid-19 spread and the ensuing lockdown. The sell-off intensified in the aftermath of the failed OPEC+ meeting to cut production in 6 March 2020 and Saudi's plan to maximize crude production. Not only did crude crashed by 50% to USD 20 per barrel, the impact also extended to the US HY market and other asset classes. At the height of the panic, the entire UST curve traded at 1% or below. Equities markets went down in the range of 20-30% before recouping some losses in the last week of March on grand stimulus package of USD 2 trillion by the US and various measures taken by global central banks, among which the Fed to supply USD liquidity to foreign central banks via currency swaps. USD remained strong against most currencies, as there was capital flight from all regions into the safe haven investments, but gave back some ground as risk sentiment slightly recovered.

Risk sentiment in May 2020 continued to be firm as markets benefitted from both massive monetary and fiscal stimulus across the globe and sign of peaking in COVID-19 cases. Crude recovered sharply, with Brent moving from USD 20 per barrel area to nearing USD 40 barrel on hopes of economic revival and pickup in demand. UST generally traded in a range bound fashion but moved into a slight bear steepening bias towards the month end as risk sentiment remained firm with 10 year and 30 year yields approaching 0.70% and 1.50% respectively. USD weakened broadly in tandem with stronger markets around the globe. In Asia, USD weakness was somewhat muted with Thailand Baht ("THB"), Indonesian Rupiah ("IDR") and Philippine Pesos ("PHP") appreciating only about 1.5-2.6% against the USD while Indian Rupees ("INR"), Taiwan Dollar ("TWD"), Korean Won ("KRW") and Singapore Dollar ("SGD") remained flat. The JACI returned 2.1% in May 2020, with IG and HY sub-indices returning 1.8% and 3.0% respectively.

After two months of sustained risk-on sentiments, markets took a breather with the pace of economic recovery in question while valuations had largely looked past the damage brought by COVID-19. As such, markets were more sensitive to COVID-19 infection headlines, especially in countries that reported a resurgence in infections after exiting lock-down. Despite the increased volatility, markets remained range bound given support from massive monetary stimulus. The UST curve experienced some bull-flattening pressure over the month, with the 10 and 30-year yields lower by about 20 basis points ("bps"). USD traded in a somewhat stronger tone in June 2020 as volatility resurfaced due to geopolitical risks.

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 7 July 2020 (date of maturity) (cont'd)**

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

In Asia, USD also traded range-bound, with THB being the outperformer while IDR underperformed given debt monetization concerns due to BI considering buying zero coupon bonds. The JACI index returned 2.1% in June, with IG and HY subindices returning 1.5% and 3.9% respectively.

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

Generally, investor sentiment has improved since the drastic sell-off during March 2020 due to the pandemic outbreak. Over past two months April-May 2020, risk assets performed very well with the Asia equity index MSCI AC Asian Ex Japan Index ("MXASJ") up 7.7% and Asia bond index JACI up 3.9% versus -12% and -5.8% respectively in March 2020. The key driver for the recovery is the massive fiscal and monetary stimulus announced by central banks globally. In addition, many governments announced direct support programs to keep local corporates and Small and Medium Enterprises ("SME") afloat during the lockdown period including freezing bank loan payments, waiving property lease payments, releasing bank capital restrictions to encourage corporate lending and even directly investing in corporate bonds to keep the corporate bond market open.

Within the Asia USD corporate bonds market, we saw that the corporate bonds out of China continue to recover in May 2020. Investors continued to avoid India corporate bonds throughout May 2020 due to headline news that Franklin Templeton will be closing down six of their credit funds in India due to large redemptions in an illiquid environment, freezing over USD 3 billion in INR bond funds. India corporate bonds caught up some of the underperformance in May but remain the weakest link within Asia due to the inherent underlying structural problems and fiscal weakness that already existed pre-Covid 19.

Even as countries globally are re-opening up in stages from June 2020 onwards, the growth outlook remains challenging. There remain risks that a second wave of infections may trigger lockdowns again. The path to recovery is not smooth and will be uneven across countries and sectors. In the Organisation of Economic Cooperation and Development ("OECD") Economic Outlook report June 2020, the agency forecasted that global economic activity to fall 6% in financial year 2020 with OECD unemployment at 9.2% versus 5.4% FY2019. OECD also expects that full recovery to economic growth fourth quarter 2019 will take two years. In June 2020, both the ECB and US Federal Reserve ("Fed") continued to demonstrate a strong resolve to support the economy and to support jobs in the current economic crisis. The ECB increased the asset purchase program by EUR 600 billion on 4 June 2020 and committed to extend the program till June 2021 or until the crisis is over. US Fed meeting minutes released on 10 June 2020 showed that the Fed expects zero interest rates through at least financial year 2022 and that a recovery of employment back to pre-COVID 19 is the key indicator.

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **Manager's report**

**For the financial period from 1 August 2019 to 7 July 2020 (date of maturity) (cont'd)**

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

There are no investment strategies going forward set by the Manager as the Fund has matured on 7 July 2020.

#### **F. Final capital repayment to unitholders**

The final repayment of capital to unitholders on 9 July 2020 represents the Fund's final NAV per unit of RM1.0392 as at 7 July 2020 (date of maturity).

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

The Manager and its delegates will not retain any form of soft commissions and rebates from or otherwise share in any commission with any broker in consideration for directing dealings in the investments of the Fund unless the 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 1 August 2019 to 7 July 2020 (date of maturity), the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

**TRUSTEE'S REPORT  
FOR FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 7 JULY 2020 (DATE OF MATURITY)**

**TO THE UNITHOLDERS OF  
MAMG GLOBAL CONSTANT INCOME FUND**

We have acted as Trustee of MAMG Global Constant Income Fund for the financial period from 1 August 2019 to 7 July 2020 (date of maturity). 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 the Trustee  
**SCBMB Trustee Berhad**

Prasad A/L S Vijayasundram  
Chief Executive Officer

Kuala Lumpur  
13 August 2020

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAMG GLOBAL CONSTANT INCOME FUND  
FOR FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 7 JULY 2020 (DATE OF MATURITY)**

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 of the Fund have been 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 MAMG Global Constant Income Fund as at 7 July 2020 and of its financial performance and cash flows for the financial period from 1 August 2019 to 7 July 2020 (date of maturity), and have complied with the requirements of the Deed.

For and on behalf of the Manager

**Dr Hasnita Binti Dato' Hashim**  
Director

Kuala Lumpur, Malaysia  
13 August 2020

**Ahmad Najib Bin Nazlan**  
Director

## **Independent auditors' report to the Unitholders of MAMG Global Constant Income Fund**

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

#### *Opinion*

We have audited the financial statements of MAMG Global Constant Income Fund (the "Fund"), which comprise the statement of financial position as at 7 July 2020 (date of maturity) of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the period from 1 August 2019 to 7 July 2020 (date of maturity), and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 51.

In our opinion, the accompanying financial statements which have been prepared on a basis other than that of a going concern, as described in Note 2.1 to the financial statements, give a true and fair view of the financial position of the Fund as at 7 July 2020 (date of maturity), and of its financial performance and cash flows for the financial period from 1 August 2019 to 7 July 2020 (date of maturity) 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 MAMG Global Constant Income Fund (cont'd)**

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

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

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

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

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so. As disclosed in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than that of a going concern.

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 MAMG Global Constant Income Fund (cont'd)**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International 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. As described in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than 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  
MAMG Global Constant Income Fund (cont'd)**

**Other matters**

This report is made solely to the Unit Holders 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  
13 August 2020

**MAMG GLOBAL CONSTANT INCOME FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 7 JULY 2020 (DATE OF MATURITY)**

	<b>Note</b>	<b>01.08.2019 to 07.07.2020 (date of maturity) RM</b>	<b>01.08.2018 to 31.07.2019 RM</b>
<b>INVESTMENT INCOME</b>			
Interest income	3	3,145,677	4,446,153
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	8(b)	(2,161,141)	2,328,076
Net gain on foreign exchange and forward currency contracts	4	585,265	689,071
Other income	5	122,168	124,384
		<u>1,691,969</u>	<u>7,587,684</u>
<b>EXPENSES</b>			
Trustee's fee	6	31,129	34,536
Auditors' remuneration		9,000	9,000
Tax agent's fee		6,150	5,550
Administrative expenses		66,099	21,866
		<u>112,378</u>	<u>70,952</u>
<b>Net income before taxation</b>		1,579,591	7,516,732
Taxation	7	(28,086)	(36,829)
<b>Net income after taxation, and total comprehensive income for the financial period/year</b>		<u>1,551,505</u>	<u>7,479,903</u>
<b>Net income after taxation is made up of the following:</b>			
Net realised (loss)/income		1,551,505	643,888
Net unrealised income		-	6,836,015
		<u>1,551,505</u>	<u>7,479,903</u>
<b>Distributions for the financial period/year</b>			
Net distribution	18	-	5,462,780
Gross distribution per unit (sen)	18	-	5.03
Net distribution per unit (sen)	18	-	5.00

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

**MAMG GLOBAL CONSTANT INCOME FUND****STATEMENT OF FINANCIAL POSITION  
AS AT 7 JULY 2020 (DATE OF MATURITY)**

		<b>07.07.2020</b> <b>(date of</b> <b>maturity)</b>	<b>31.07.2019</b>
	<b>Note</b>	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>			
Financial assets at FVTPL	8	-	107,403,754
Derivative assets	9	-	582,292
Deposit with a licensed financial institution	10	-	1,293,831
Interest receivable		-	1,600,672
Amount due from brokers	11	-	846,954
Other receivables	12	3,138	104
Cash at bank	13	107,335,278	94,234
<b>TOTAL ASSETS</b>		<b>107,338,416</b>	<b>111,821,841</b>
<b>LIABILITIES</b>			
Amount due to Trustee	14	3,251	2,895
Amount due to Manager	15	107,275,166	-
Other payables and accruals	16	55,079	15,584
Provision for taxation		4,920	10,975
<b>TOTAL LIABILITIES</b>		<b>107,338,416</b>	<b>29,454</b>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<b>-</b>	<b>111,792,387</b>
<b>EQUITY</b>			
Unitholders' capital	17(a)	-	109,076,856
Retained earnings	17(b) & 17(c)	-	2,715,531
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>-</b>	<b>111,792,387</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>		<b>-</b>	<b>109,124,514</b>
<b>NAV PER UNIT (RM)</b>		<b>-</b>	<b>1.0244</b>

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

**MAMG GLOBAL CONSTANT INCOME FUND****STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 7 JULY 2020 (DATE OF MATURITY)**

	<b>Unitholders' capital Note 17(a) RM</b>	<b>Retained earnings Notes 17(b) &amp; 17(c) RM</b>	<b>Total equity RM</b>
At 1 August 2018	113,914,389	790,803	114,705,192
Total comprehensive income for the financial year	-	7,479,903	7,479,903
Cancellation of units	(4,929,928)	-	(4,929,928)
Distributions (Note 18)	92,395	(5,555,175)	(5,462,780)
At 31 July 2019	<u>109,076,856</u>	<u>2,715,531</u>	<u>111,792,387</u>
At 1 August 2019	109,076,856	2,715,531	111,792,387
Total comprehensive income for the financial year	-	1,551,505	1,551,505
Cancellation of units	(113,343,892)	-	(113,343,892)
Transfer of retained earnings to unitholders capital on termination date	4,267,036	(4,267,036)	-
At 7 July 2020 (date of maturity)	<u>-</u>	<u>-</u>	<u>-</u>

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

**MAMG GLOBAL CONSTANT INCOME FUND****STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 7 JULY 2020 (DATE OF MATURITY)**

	<b>01.08.2019</b> to <b>07.07.2020</b> (date of maturity) RM	<b>01.08.2018</b> to <b>31.07.2019</b> RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale of financial assets at FVTPL	157,994,901	35,785,112
Net payments for purchase of financial assets at FVTPL	(47,458,022)	(29,967,356)
Net realised loss on forward foreign exchange contracts	(2,675,050)	(3,159,810)
Interest received	4,387,528	6,292,648
Redemption fee income received	91,031	126,311
Trustee's fee paid	(30,773)	(34,588)
Taxation paid	(34,141)	(27,672)
Payment of other fees and expenses	(41,336)	(32,335)
Net cash generated from operating and investing activities	<u>112,234,138</u>	<u>8,982,310</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid on units cancelled	(6,068,727)	(5,114,329)
Distributions to unitholders	-	(5,462,780)
Net cash used in financing activities	<u>(6,068,727)</u>	<u>(10,577,109)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD/YEAR</b>	106,165,411	(1,594,799)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>	1,388,065	2,956,101
Effects of foreign exchange	(218,198)	26,763
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR</b>	<u>107,335,278</u>	<u>1,388,065</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 13)	107,335,278	94,234
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 10)	-	1,293,831
	<u>107,335,278</u>	<u>1,388,065</u>

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

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE FINANCIAL PERIOD FROM 1 AUGUST 2019 TO 7 JULY 2020 (DATE OF MATURITY)**

##### **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 approached its maturity date, the Manager chose to invest in liquid assets to facilitate the payout of proceeds to unitholders after the maturity date.

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **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").

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.

The Fund matured on 7 July 2020. As such, the going concern assumption can no longer be used for the preparation of the financial statements.

The financial statements were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 13 August 2020.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 BASIS OF PREPARATION**

The Fund matured on 7 July 2020. The financial statements of the Fund have been prepared on a basis other than going concern, whereby the carrying values of assets were stated at estimated realisable values and liabilities, including estimated expenses, were recorded to reflect remaining obligation, upon maturity of the Fund.

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"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deed and any regulatory requirements.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial period. The adoption of 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 2.2 to Note 2.13 in the financial statements.

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



## **MAMG GLOBAL CONSTANT INCOME FUND**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.2 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 FVTPL are recognised immediately in profit or loss.

#### **2.3 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**

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

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

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

The Fund classifies cash and cash equivalents, interest receivable, amount due from brokers, and other receivable, as subsequently measured at amortised cost. These assets are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. The EIR is a method of calculating the amortised cost of the financial asset and of allocating and recognising the interest income in profit and loss over the relevant period.

##### **(ii) Financial assets at fair value through profit or loss ("FVTPL")**

Investments in unquoted fixed income securities, derivative assets and derivative liabilities 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

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

##### (ii) Financial assets at fair value through profit or loss ("FVTPL") (cont'd)

A financial asset is held for trading if :

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

Interest income on debt instruments classified as FVTPL (unquoted fixed income securities and deposits with licensed financial institutions) is disclosed separately in the profit or loss.

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

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

ECL are 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.

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

For balances with short-term nature (e.g. interest receivable and other receivable), 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, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

#### **2.4 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 Trustee, amount due to Manager, 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 EIR method.

## MAMG GLOBAL CONSTANT INCOME FUND

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.4 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.

#### 2.5 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/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.

#### 2.6 Income / Revenue

Revenue is measured at the fair value of consideration received or receivable:

- Interest income from unquoted fixed income securities and deposits with licensed financial institutions are recognised on the accruals basis using the EIR 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 of premium.
- Redemption fee income is charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units.
- Other income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

## **MAMG GLOBAL CONSTANT INCOME FUND**

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

#### **2.7 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.

#### **2.8 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 rate based upon the taxable profit earned during the financial period.

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

In some jurisdictions, investment income is subject to withholding tax deducted at the source of the income. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income and is not significant for the Fund. The Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income.

#### **2.9 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell 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. The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## **MAMG GLOBAL CONSTANT INCOME FUND**

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

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

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:

- 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 period.

#### **2.10 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 financial period/year in which it is approved.

#### **2.11 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 ("RM"), 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 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.

#### **2.12 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 the allocating resources and assessing performance of the operating segments.

## MAMG GLOBAL CONSTANT INCOME FUND

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

#### 2.13 Critical accounting estimates and judgements

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

No major 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 year.

### 3. INTEREST INCOME

	<b>01.08.2019</b> to <b>07.07.2020</b> (date of maturity) RM	<b>01.08.2018</b> to <b>31.07.2019</b> RM
Interest income from unquoted fixed income securities	3,035,793	5,641,295
Interest income from short-term deposits	769,902	39,073
Amortisation of premium, net of accretion of discount	(660,018)	(1,234,215)
	<u>3,145,677</u>	<u>4,446,153</u>

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

	<b>01.08.2019</b> to <b>07.07.2020</b> (date of maturity) RM	<b>01.08.2018</b> to <b>31.07.2019</b> RM
Realised foreign exchange gain/(loss)	1,063,445	(563,907)
Unrealised foreign exchange gain	2,764,787	2,351,350
Realised loss on forward contracts	(2,660,675)	(3,163,410)
Unrealised (loss)/gain on forward contracts	(582,292)	2,065,038
	<u>585,265</u>	<u>689,071</u>

## MAMG GLOBAL CONSTANT INCOME FUND

### 5. OTHER INCOME

		<b>01.08.2019</b> to <b>07.07.2020</b> (date of maturity) RM	<b>01.08.2018</b> to <b>31.07.2019</b> RM
	<b>Note</b>		
Redemption fee income	(a)	94,169	124,384
Other income	(b)	27,999	-
		<u>122,168</u>	<u>124,384</u>

(a) The Fund is entitled to payment of redemption charges between 1.50% to 3.50% (01.08.2018 to 31.07.2019: 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.

(b) Other income (e.g. consent fee) is recognised when the right to receive has been established.

### 6. TRUSTEE'S FEE

The Trustee's fee is computed and accrued daily based on 0.03% (01.08.2018 to 31.07.2019: 0.03%) per annum of the NAV of the Fund, excluding foreign custodian fees and charges.

### 7. TAXATION

		<b>01.08.2019</b> to <b>07.07.2020</b> (date of maturity) RM	<b>01.08.2018</b> to <b>31.07.2019</b> RM
Tax expense for the financial period/year:			
Current income tax expense		28,086	29,498
Under provision in prior period/year		-	7,331
		<u>28,086</u>	<u>36,829</u>

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

The tax expense for the financial period/year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, interest income earned by the Fund and 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.



**MAMG GLOBAL CONSTANT INCOME FUND**

**7. TAXATION (CONT'D)**

	<b>01.08.2019 to 07.07.2020 (date of maturity) RM</b>	<b>01.08.2018 to 31.07.2019 RM</b>
Net income before taxation	<u>1,579,591</u>	<u>7,516,732</u>
Tax at Malaysian statutory rate of 24% (01.08.2018 to 31.07.2019: 24%)	379,102	1,804,016
Effect of income not subject to tax	(376,752)	(1,791,192)
Effect of expenses not deductible for tax purposes	14,754	14,730
Restriction on tax deductible expenses for unit trust funds	10,982	1,944
Under provision in prior period/year	-	7,331
Tax expense for the financial period/year	<u>28,086</u>	<u>36,829</u>

**8. FINANCIAL ASSETS AT FVTPL**

(a) Financial assets at FVTPL comprise investments in unquoted USD-denominated fixed income securities. As at 7 June 2020 (date of maturity), the Fund did not hold any financial assets at FVTPL.

Details on the investments held as at 31 July 2019 are as follows:

	<b>31.07.2019 RM</b>
Investments in financial assets at FVTPL:	
Unquoted fixed income securities - foreign	<u>107,403,754</u>

<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</b>				
<b>31.07.2019</b>				
<b>Australia</b>				
Newcrest Finance Pty Ltd - 4.45% / 15.11.2021	<u>1,000,000</u>	<u>4,413,080</u>	<u>4,270,613</u>	<u>3.82</u>

**MAMG GLOBAL CONSTANT INCOME FUND**

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

(a) Details on the investments held as at 31 July 2019 are as follows: (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>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	<u>447,000</u>	<u>1,835,700</u>	<u>1,849,324</u>	<u>1.66</u>
<b>Great Britain</b>				
Jaguar Land Rover Automotive Plc - 3.50% / 15.03.2020	<u>1,080,000</u>	<u>4,389,647</u>	<u>4,424,261</u>	<u>3.96</u>
<b>Hong Kong</b>				
Shanghai (Hong Kong) International Investment Ltd - 3.88% / 20.04.2020	<u>300,000</u>	<u>1,170,195</u>	<u>1,224,135</u>	<u>1.10</u>
<b>India</b>				
JSW Steel Ltd - 4.75% / 12.11.2019	<u>450,000</u>	<u>1,872,965</u>	<u>1,857,178</u>	<u>1.66</u>
<b>United Arab Emirates</b>				
ICICI Bank Ltd - 3.13% / 12.08.2020	<u>200,000</u>	<u>787,182</u>	<u>826,155</u>	<u>0.74</u>
<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

**MAMG GLOBAL CONSTANT INCOME FUND**

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

(a) Details on the investments held as at 31 July 2019 are as follows: (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>United States of America (cont'd)</b>				
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
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

**MAMG GLOBAL CONSTANT INCOME FUND**

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

(a) Details on the investments held as at 31 July 2019 are as follows: (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</b>				
<b>31.07.2019</b>				
<b>United States of America (cont'd)</b>				
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
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

## MAMG GLOBAL CONSTANT INCOME FUND

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

(a) Details on the investments held as at 31 July 2019 are as follows: (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>United States of America (cont'd)</b>				
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 - 6.00% / 01.10.2020	1,050,000 120,000	4,178,473 488,938	4,381,926 511,335	3.92 0.46
Universal Health Services Inc - 4.75% / 01.08.2022	1,200,000	5,161,866	5,001,975	4.47
Xerox Corp - 4.50% / 15.05.2021	950,000	4,132,255	4,013,976	3.59
<b>Total United States of America</b>	<b>21,997,000</b>	<b>93,472,739</b>	<b>92,952,088</b>	<b>83.13</b>
Total unquoted fixed income securities - foreign	<b>25,474,000</b>	<b>107,941,508</b>	<b>107,403,754</b>	<b>96.07</b>
Unrealised loss on unquoted fixed income securities*			<b>(537,754)</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 gain/(loss) on FVTPL investments' in the profit and loss. Accumulated unrealised gains or losses are reclassified to 'realised loss on FVTPL investments' in the profit or loss when the associated assets are sold. See accounting policy Note 2.4 (ii) for details.

## MAMG GLOBAL CONSTANT INCOME FUND

### 9. DERIVATIVE ASSETS

The Fund did not have any outstanding forward contracts as at 7 July 2020 (date of maturity). Details of the outstanding forward contracts as at 31 July 2019 is as follows:

	Principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
<u>Foreign exchange related contracts</u>			
Currency forwards:			
Less than 1 year	112,615,450	582,292	-

There were 4 outstanding forward currency contracts as at 31 July 2019.

The forward currency contracts entered into during the financial year/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 year/period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

### 10. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

The Fund did not have any outstanding deposits as at 7 July 2020 (date of maturity). The details of the deposits as at 31 July 2019 is as follows:

	31.07.2019 RM
Short-term placement with a maturity of less than 3 months	<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:

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

### 11. AMOUNT DUE FROM BROKERS

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

## MAMG GLOBAL CONSTANT INCOME FUND

### 12. OTHER RECEIVABLES

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

### 13. CASH AT BANK

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

	<b>07.07.2020</b> <b>(date of</b> <b>maturity)</b> <b>RM</b>	<b>31.07.2019</b> <b>RM</b>
US Dollar ("USD")	-	92,006
RM	107,335,278	2,228
	<u>107,335,278</u>	<u>94,234</u>

### 14. 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 year. The normal credit term for Trustee's fee is 15 days.

### 15. AMOUNT DUE TO MANAGER

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

	<b>07.07.2019</b> <b>(date of</b> <b>maturity)</b> <b>RM</b>	<b>31.07.2019</b> <b>RM</b>
Cancellation of units/repayment of capital*	<u>107,275,166</u>	<u>-</u>

\* The final repayment of capital of the unitholders of RM 107,275,166 which represents the Fund's NAV as at 7 July 2020 was subsequently settled on 9 July 2020.

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

## MAMG GLOBAL CONSTANT INCOME FUND

### 16. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	07.07.2020 (date of maturity) RM	31.07.2019 RM
Due to external auditors	10,494	10,441
Due to tax agent	12,741	5,141
Other payables and accruals	31,844	-
	<u>55,079</u>	<u>15,584</u>

### 17. TOTAL EQUITY

	Note	07.07.2020 (date of maturity) RM	31.07.2019 RM
Unitholders' capital	17(a)	-	109,076,856
Accumulated realised income	17(b)	-	4,553,235
Accumulated unrealised loss	17(c)	-	(1,837,704)
		<u>-</u>	<u>111,792,387</u>

#### (a) Unitholders' capital

	01.08.2019 to 07.07.2020 (date of maturity)		01.08.2018 to 31.07.2019	
	No. of units	RM	No. of 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	(109,124,514)	(113,343,892)	(4,790,374)	(4,929,928)
Distribution equalisation (Note 18)	-	-	-	92,395
Transfer from accumulated realised income upon termination of the Fund	-	4,267,036	-	-
At the end of the financial period/year	<u>-</u>	<u>-</u>	<u>109,124,514</u>	<u>109,076,856</u>



## MAMG GLOBAL CONSTANT INCOME FUND

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

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

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

	01.08.2019 to 07.07.2020 (date of maturity)		01.08.2018 to 31.07.2019	
	No. of units	RM	No. of units	RM
The Manager	-	-	1,000	1,024

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

	01.08.2019 to 07.07.2020 (date of maturity) RM	01.08.2018 to 31.07.2019 RM
At the beginning of the financial period/year	4,553,235	9,464,522
Net realised (loss)/income for the financial period/year	1,551,505	643,888
Distributions out of retained earnings (Note 18)	-	(5,555,175)
Transfer from accumulated unrealised loss reserve	(1,837,704)	
Transferred to unitholders' capital upon termination of the Fund	(4,267,036)	-
At the end of the financial period/year	<u>-</u>	<u>4,553,235</u>

#### (c) Accumulated unrealised loss

	01.08.2019 to 07.07.2020 (date of maturity) RM	01.08.2018 to 31.07.2019 RM
At the beginning of the financial period/year	(1,837,704)	(8,673,719)
Net unrealised income for the financial period/year	-	6,836,015
Transfer to accumulated realised income reserve	1,837,704	-
At the end of the financial period/year	<u>-</u>	<u>(1,837,704)</u>

## MAMG GLOBAL CONSTANT INCOME FUND

### 18. DISTRIBUTIONS

There was no distribution declared during the financial period from 1 August 2019 to 7 July 2020 (date of maturity).

Details of distribution declared to unitholders in the previous financial year are as follows:

	<b>01.08.2018 to 31.07.2019 RM</b>
Prior years net realised income *	5,674,572
Less:	
Expenses	(91,009)
Tax expense	(28,388)
Distribution out of retained earnings (Note 17(b))	<u>5,555,175</u>
Effects of distribution equalisation (Note 17(a))	(92,395)
Distribution for the financial year/period	<u>5,462,780</u>

\* Part of the distributions in the current financial year were made from prior period's net realised income.

The gross and net distribution per unit declared in the previous financial year is as follows:

	<b>Gross distribution per unit (sen)</b>	<b>Net distribution per unit (sen)</b>
<b>31.07.2019</b>		
<b>Distribution date</b>		
12 July 2019	<u>5.03</u>	<u>5.00</u>

## MAMG GLOBAL CONSTANT INCOME FUND

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

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

Brokers/dealers	01.08.2019 to 07.07.2020 (date of maturity)		01.08.2018 to 31.07.2019	
	Value of trades RM	Percentage of total trades %	Value of trades RM	Percentage of total trades %
Bank of America Merrill Lynch	2,137,300	1.33	-	-
Barclays Capital Group	3,419,680	2.12	1,581,363	3.56
CITI Group Global Markets Inc	30,589,038	18.99	-	-
Credit Agricole CIB London	-	-	1,678,714	3.78
Credit Suisse Securities USA LLC	-	-	1,468,514	3.31
C.L. King & Associates Inc, USA	1,709,840	1.06	-	-
Deutsche Bank	-	-	3,019,825	6.80
Goldman Sachs	4,625,117	2.87	-	-
Hong Kong Shanghai Bank USA	18,167,050	11.28	-	-
JP Morgan Securities LLC	18,021,714	11.19	1,855,675	4.18
MarketAxess	29,751,216	18.47	17,740,995	39.94
Millennium Advisors, LLC	8,459,433	5.25	2,502,310	5.63
Mitsubishi UFJ Securities (USA) Inc	6,394,802	3.97	-	-
Mizuho Securities USA, LLC	2,137,300	1.33	-	-
Morgan Stanley	8,438,060	5.24	-	-
Nomura Ltd	-	-	774,407	1.74
RBC Capital Markets LLC	2,137,300	1.33	-	-
SMBC Nikko Securities America	3,911,259	2.43	2,559,494	5.76
Societe Generale Group	-	-	3,071,289	6.91
SumRidge Partners LLC	4,060,870	2.52	4,647,069	10.46
Susquehanna International Group LLC	4,274,600	2.65	-	-
UBS Financial Services	51,295	0.03	842,261	1.90
US Bancorp Investments Inc	4,274,600	2.65	2,674,021	6.03
Wells Fargo Securities LLC	8,515,003	5.29	-	-
	<b>161,075,477</b>	<b>100.00</b>	<b>44,415,937</b>	<b>100.00</b>

## MAMG GLOBAL CONSTANT INCOME FUND

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

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

Financial institutions	01.08.2019 to 07.07.2020 (date of maturity)		01.08.2018 to 31.07.2019	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Public Bank Berhad	20,000,000	3.61	-	-
Malayan Banking Berhad *	470,021,658	84.86	297,794,566	100.00
Maybank Islamic Berhad **	23,130,000	4.18	-	-
CIMB Islamic Berhad	20,000,000	3.61	-	-
CIMB Bank Berhad	20,692,000	3.74	-	-
	<u>553,843,658</u>	<u>100.00</u>	<u>297,794,566</u>	<u>100</u>

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

\*\* Maybank Islamic Berhad is a subsidiary of Malayan Banking Berhad, the ultimate holding company of the Manager.

### 20. 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 year:

#### (a) Significant related party transactions

	01.08.2019 to 07.07.2020 (date of maturity) RM	01.08.2018 to 31.07.2019 RM
<u>Interest income from deposit placement</u>		
Malayan Banking Berhad ("MBB")	<u>130,257</u>	<u>39,073</u>
Maybank Islamic Berhad	<u>144,276</u>	<u>-</u>

## MAMG GLOBAL CONSTANT INCOME FUND

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

	07.07.2020 (date of maturity) RM	31.07.2019 RM
(b) <u>Significant related party balances</u>		
MBB:		
Deposit with a licensed financial institution	-	1,293,831
MBB:		
Derivative asset	-	166,022

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.

### 21. 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 1 August 2019 to 7 July 2020 (date of maturity) , the MER of the Fund stood at 0.10% (01.08.2018 to 31.07.2019: 0.06%).

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

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial period from 1 August 2019 to 7 July 2020 (date of maturity), the PTR of the Fund stood at 0.92 times (01.08.2018 to 31.07.2019: 0.29 times).

### 23. SEGMENT INFORMATION

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

The PMC is responsible for the performance of the Fund by investing a minimum of 80% of the Fund's NAV in RM-denominated fixed income securities and/or foreign currency fixed income securities. The remaining balance of the Fund's NAV will be invested in liquid assets. On this basis, the PMC considers the business of the Fund to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investments strategy and the Fund's performance is evaluated on an overall basis.

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

## MAMG GLOBAL CONSTANT INCOME FUND

### 24. 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 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.

07.07.2020 (date of maturity)	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Assets</b>				
Other receivables	-	3,138	-	3,138
Cash at bank	-	107,335,278	-	107,335,278
<b>Total financial assets</b>	<b>-</b>	<b>107,338,416</b>	<b>-</b>	<b>107,338,416</b>
<b>Liabilities</b>				
Amount due to Trustee	-	-	3,251	3,251
Amount due to Manager	-	-	107,275,166	107,275,166
Other payables and accruals	-	-	55,079	55,079
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>107,333,496</b>	<b>107,333,496</b>

**MAMG GLOBAL CONSTANT INCOME FUND**

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

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

<b>31.07.2019</b>	<b>Financial assets and liabilities at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities at amortised cost RM</b>	<b>Total RM</b>
<b>Assets</b>				
Financial assets at FVTPL	107,403,754	-	-	107,403,754
Derivative assets	582,292	-	-	582,292
Deposit with a licensed financial institution	-	1,293,831	-	1,293,831
Interest receivable	-	1,600,672	-	1,600,672
Amount due from broker	-	846,954	-	846,954
Other receivables	-	104	-	104
Cash at bank	-	94,234	-	94,234
<b>Total financial assets</b>	<b>107,986,046</b>	<b>3,835,795</b>	<b>-</b>	<b>111,821,841</b>
<b>Liabilities</b>				
Amount due to Trustee	-	-	2,895	2,895
Other payables and accruals	-	-	15,584	15,584
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>18,479</b>	<b>18,479</b>

**(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

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/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.

## MAMG GLOBAL CONSTANT INCOME FUND

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

#### (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).

As at 7 July 2020 (date of maturity), the Fund did not have any financial instruments measured at fair value.

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value as at 31 July 2019.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.07.2019</b>				
Financial assets at FVTPL	-	107,403,754	-	107,403,754
Derivative assets	-	582,292	-	582,292

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

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

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

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

#### (a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unit Trust Funds and CMSA.



## MAMG GLOBAL CONSTANT INCOME FUND

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

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's 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.

#### (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.

As at 7 July 2020 (date of maturity), the Fund is not exposed to foreign exchange risk as all financial assets and liabilities were denominated in RM.

The table below analyses the net position of the Fund's financial assets and financial liability (excluding derivative assets/liabilities) which are exposed to foreign exchange risk as at 31 July 2019. As the Fund's functional currency is RM, the financial assets and financial liability (excluding derivative assets/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.

	<b>USD RM</b>	<b>Total RM</b>
<b>31.07.2019</b>		
<b>Assets</b>		
Financial assets at FVTPL	107,403,754	107,403,754
Amount due from broker	846,954	846,954
Interest receivable	1,600,672	1,600,672
Cash at bank	92,006	92,006
<b>Total assets</b>	<u>109,943,386</u>	<u>109,943,386</u>
<b>Net on-balance sheet open position</b>	<u>109,943,386</u>	<u>109,943,386</u>
<b>Forward exchange contracts - principal amount (Note 9) *</b>	<u>112,615,450</u>	<u>112,615,450</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.

## MAMG GLOBAL CONSTANT INCOME FUND

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

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

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

The table below summarises the sensitivity of the Fund's net on-balance sheet open position (excluding derivative assets/liabilities) to movements in exchange rates as at 31 July 2019. The analysis is based on the assumptions that the exchange rates will increase or decrease by 5% with all other variables held constant.

Currencies	31.07.2019	
	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM
USD	+5	5,497,169
	-5	(5,497,169)

##### (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.

As at 7 July 2020 (date of maturity), the Fund is not exposed to interest rate risk as the Fund had fully disposed its investments in unquoted fixed income 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 as at 31 July 2019. 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.

Financial assets at FVTPL	31.07.2019	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
	+1	(1,770,299)
	-1	1,818,055

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

## MAMG GLOBAL CONSTANT INCOME FUND

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

#### (c) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will 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.

#### (ii) Credit risk concentration

As at 7 July 2020 (date of maturity), the Fund's exposure to credit risk is solely from the cash at bank as the Fund has fully disposed its investments in unquoted fixed income securities.

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 S&P or its equivalent rating by Moody's and/or Fitch, 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	31.07.2019	
	RM	As a percentage of NAV %
AAA	1,388,168	1.24
BBB+	4,277,121	3.83
BBB	11,516,128	10.30
BBB-	39,187,493	35.05
BB+	21,046,222	18.83
BB	18,908,414	16.91
BB-	9,131,833	8.17
B+	4,937,215	4.42
	<u>110,392,594</u>	<u>98.75</u>

## MAMG GLOBAL CONSTANT INCOME FUND

### 25. 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:

	<b>Less than 1 month RM</b>	<b>More than 1 month RM</b>	<b>Total RM</b>
<b>07.07.2020 (date of maturity)</b>			
<b>Financial assets</b>			
Other receivable	3,138	-	3,138
Cash at bank	107,335,278	-	107,335,278
Total undiscounted financial assets	<u>107,338,416</u>	<u>-</u>	<u>107,338,416</u>
<b>Financial liabilities and unitholders' equity</b>			
Amount due to Trustee	3,251	-	3,251
Amount due to Manager	107,275,166	-	107,275,166
Other payables and accruals	55,079	-	55,079
Total undiscounted financial liabilities and unitholders' equity	<u>107,333,496</u>	<u>-</u>	<u>107,333,496</u>
Liquidity surplus	<u>4,920</u>	<u>-</u>	<u>4,920</u>

## MAMG GLOBAL CONSTANT INCOME FUND

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

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

31.07.2019	Less than 1 month RM	More than 1 month RM	Total RM
<b>Financial assets</b>			
Financial assets at FVTPL	18,588,203	88,815,551	107,403,754
Derivative assets	416,270	166,022	582,292
Deposit with a licensed financial institution	1,293,831	-	1,293,831
Interest receivable	1,600,672	-	1,600,672
Amount due from broker	846,954	-	846,954
Other receivable	104	-	104
Cash at bank	94,234	-	94,234
Total undiscounted financial assets	<u>22,840,268</u>	<u>88,981,573</u>	<u>111,821,841</u>
<b>Financial liabilities and unitholders' equity</b>			
Amount due to Trustee	2,895	-	2,895
Other payables and accruals	15,584	-	15,584
Unitholders' equity	<u>111,792,387</u>	<u>-</u>	<u>111,792,387</u>
Total undiscounted financial liabilities and unitholders' equity	<u>111,810,866</u>	<u>-</u>	<u>111,810,866</u>
Liquidity (gap)/surplus	<u>(88,970,598)</u>	<u>88,981,573</u>	<u>10,975</u>

#### (i) Financial assets

The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised. Financial assets exclude tax-related matters such as tax recoverable.

#### (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.

## **MAMG GLOBAL CONSTANT INCOME FUND**

### **26. 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.

As the Fund matured on 7 July 2020 (date of maturity), the Fund is no longer required to raise new capital.