

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.my

MAYBANK CONSTANT INCOME FUND 7

Unaudited interim report
For the financial period from 1 February 2020 to 31 July 2020

CORPORATE INFORMATION

MANAGER

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

BUSINESS OFFICE

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

Telephone +603 2297 7888

Facsimile +603 2715 0071

www.maybank-am.com

TRUSTEE

TMF Trustees Malaysia Berhad (200301008392) (610812-W)

10th Floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

Telephone +603 2382 4288

Facsimile +603 2026 1451

MAYBANK CONSTANT INCOME FUND 7

CONTENT	PAGE
Manager's report	1 - 8
Trustee's report	9
Statement by Manager	10
Unaudited statement of comprehensive income	11
Unaudited statement of financial position	12
Unaudited statement of changes in equity	13
Unaudited statement of cash flows	14
Notes to the financial statements	15 - 40

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 1 February 2020 to 31 July 2020

A. Fund Information

1. Name of the Fund

Maybank Constant Income Fund 7 (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Fixed income (close-ended)

4. Duration of the Fund

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

5. Fund launch date

15 November 2018

6. Fund commencement date / maturity date

9 January 2019 / 9 January 2022

7. Fund's investment objective

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

* income will be paid out via cash payment mode

8. Fund distribution policy

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

9. Fund's performance benchmark

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 1 February 2020 to 31 July 2020 (cont'd)

A. Fund Information (cont'd)

11. Net income distribution for the financial period from 1 February 2020 to 31 July 2020

The Fund did not declare any distribution during the financial period from 1 February 2020 to 31 July 2020.

12. Breakdown of unitholdings by size

Fund size

As at 31 July 2020, the size of the Fund was 106,263,112 units.

Breakdown of unitholdings as at 31 July 2020

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	50.00	* 1	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	1	50.00	** 106,262	100.00
Total	2	100.00	106,263	100.00

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

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

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 1 February 2020 to 31 July 2020 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	01.02.2020 to 31.07.2020	15.11.2018 (date of launch) to 31.01.2020
Fixed income securities - local (%)	-	1.84
Fixed income securities - foreign (%)		
- British Virgin Island	21.11	21.91
- Cayman Island	16.26	12.84
- China	-	1.81
- Hong Kong	8.49	9.99
- India	8.75	8.62
- Indonesia	2.43	5.13
- Mauritius	9.62	9.30
- Singapore	7.50	7.27
- South Korea	4.46	4.28
- Switzerland	1.36	1.35
- United States of America	3.88	7.62
Cash and other net assets (%)	16.14	8.04
Total (%)	100.00	100.00
NAV (RM'000)	111,080	113,377
Units in circulation (units'000)	106,263	108,389
NAV per unit (RM)	1.0453	1.0460
Highest NAV per unit (RM)	1.0596	1.0935
Lowest NAV per unit (RM)	0.9274	1.0000
Annual return (%) ⁽¹⁾		
- Capital growth (%)	(0.08)	4.12
- Income distribution (%)	-	4.79
Total return (%)	(0.08)	9.11
Benchmark (%)	1.22	3.23
Distribution date	NA	9 January 2020
Gross distribution per unit (sen)	NA	5.01
Net distribution per unit (sen)	NA	5.00
Management Expense Ratio ("MER") (%)	0.03	0.10
Portfolio Turnover Ratio ("PTR") (times)	0.08	1.10

Note:

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

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

MAYBANK CONSTANT INCOME FUND 7

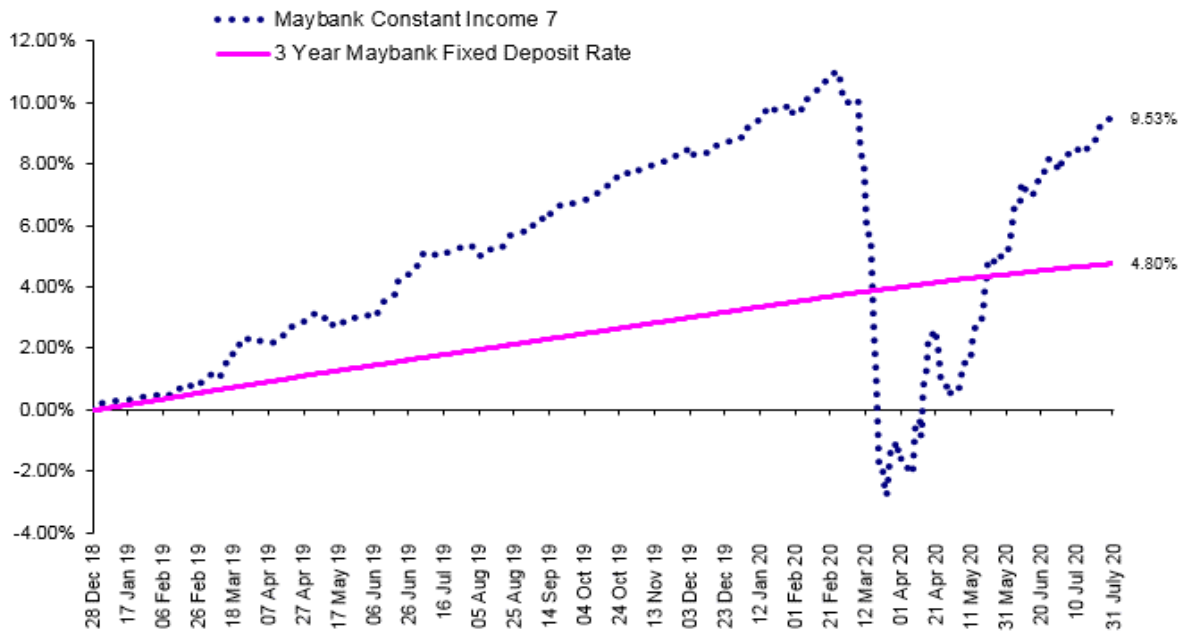
Manager's report

For the financial period from 1 February 2020 to 31 July 2020 (cont'd)

B. Performance Review (cont'd)

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

Category	6 months to 31.07.2020 %	1 year to 31.07.2020 %	Since inception to 31.07.2020 %
Capital growth	(0.08)	(0.77)	4.52
Income distribution	-	4.79	4.79
Total return of the Fund	(0.08)	3.98	9.53
Benchmark	1.22	2.80	4.80
Average total return	-	3.98	5.61



Source: Novagmi Analytics and Advisory Sdn Bhd, as at 31 July 2020

Since the Fund's commencement, the Fund generated a total return of 9.53% outperforming the benchmark of 4.80% over the same period. However, during the 6 months period to 31 July 2020, the Fund generated a return of -0.08% compared to the benchmark which registered a return of 1.22%. The underperformance of 1.30% is due to unfavourable Coronavirus Disease 2019 ("COVID-19") situation which negatively affected on the United States Dollars ("USD") credit market.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 1 February 2020 to 31 July 2020 (cont'd)

B. Performance Review (cont'd)

3. Annual total return of the Fund

Category	01.02.2020 to 31.07.2020 %	15.11.2018 (date of launch) to 31.01.2020 %
Annual total return	(0.08)	9.11
Benchmark	1.22	3.23

4. Basis of calculation made in calculating the returns:

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

An illustration of the above would be as follows:

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

C. Market Review

The global economic outlook took for another round of downturn since January 2020 following the outbreak of COVID-19 that began in Wuhan, China. The outbreak will have larger impact on China Gross Domestic Product ("GDP") no with expectation to reduce Q12020 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% and market saw 10 years United States ("US") treasury yield dropped to a low 1.60% level as the event triggers risk off mode for most market players. In early March 2020, the COVID-19 outbreak went from bad to worse, causing increased volatility in global financial markets. Further exacerbating this, the Saudi-Russia oil price war caused a collapse in oil prices and added to the volatility. All markets turned bearish, and all asset classes (equities, bonds, Asian currencies and commodities) experienced a sharp correction from 3 March 2020 and these bearish conditions have prevailed since. On 11 March 2020, the World Health Organization declared that the COVID-19 outbreak had escalated to a pandemic. In this sharp sell-off, bond prices have fallen 20% to 30% lower as compared to the levels at the end of February 2020. The 10 year US treasury was seen dropped to a low of 0.54% during this uncertainty period.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 1 February 2020 to 31 July 2020 (cont'd)

C. Market review (cont'd)

In the first two weeks of April 2020, bond markets initially started with a strong recovery as the primary and secondary corporate bond purchase facilities announced by the US Federal Reserve boosted investor confidence. Bond yields were also fairly attractive for investors to come back in again especially when US Federal Reserve ("Fed") has cut interest rates all the way to zero late March 2020. However the recovery was partly derailed in the third week of April 2020 when oil suffered an unprecedented sell-off and the West Texas Intermediate ("WTI") contract for May 2020 delivery crashed from USD 18 per barrel to negative USD 37 per barrel. Bonds continued to suffer weakness in the fourth week of April when Franklin Templeton announced that they will be closing down six of their credit bond funds in India due to large redemptions in an illiquid environment, freezing over USD 3bn in INR bond funds. While bonds prices sold off in the last two weeks of April 2020, overall for the April bond funds was still positive.

In the month of May 2020 saw the USD credit bond market recovering despite continuation of the outbreak of COVID-19 virus. The major government around the world had taken constant active approach in providing ample liquidities into financial market while providing economic stimulus package to weather the economic uncertainty due to COVID-19. Moreover there had been a plan for major countries to open up their economic activities while maintaining a strict Standard Operating Procedure ("SOP") to fight the COVID-19 outbreak effectively.

The situation in US however seems to be the opposite as new COVID-19 cases continue to rise further while the government emphasis that they will not enter into another lockdown to slow down the infection. The US had taken an approach where by the importance of having a functional economy out weight of putting a stop to the COVID-19 pandemic. The upcoming president election had also shifted Donald Trump campaign to focus in blaming the global pandemic situation on China as they are the origin of the virus resulting further strain in the relationship among the two countries. Latest fiasco saw China implementing new security law in Hong Kong sparking further tension to its foreign relation with US and United Kingdom ("UK").

The COVID-19 situation remain a concern in the global space but government around the world are now quite reluctant to implement total shut down again as they foresee the importance of getting the economy to be up and running. The development of vaccines seems to be the centre focus of the government to combat COVID-19 threat and to immediately resume the global economic cycle. Until the world can come out with the vaccines, the economic data will remain sluggish and government will refrain from hiking the key interest rate.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 1 February 2020 to 31 July 2020 (cont'd)

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 2020 to May 2020, risk assets performed very well with the Asia equity index MXASJ up 7.7% and Asia bond index JACICOTR 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-sized Enterprises ("SMEs") 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 3bn in INR bond funds. India corporate bonds caught up some of the underperformance in May 2020 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 for Economic Co-operation and Development ("OECD") Economic Outlook report June 2020, the agency forecasted that global economic activity to fall 6% in FY2020 with OECD unemployment at 9.2% versus 5.4% FY2019. OECD also expects that full recovery to economic growth 4Q2019 will take two years. In June 2020, both the European Central Bank ("ECB") and 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 Euro ("EUR") 600bn 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 FY2022 and that a recovery of employment back to pre-COVID-19 is the key indicator.

In the month of July 2020, Fed Chair Jerome Powell again reiterated that the US economic outlook as deeply uncertain, with the recovery dependent on both government support as well as efforts to contain the virus. The economic recovery remain fragile given that uncertainty about when an effective vaccine becomes an availability, fears of another wave of COVID-19 and business that survive are reluctant to quickly rehire workers. The 10y US Treasury yield remain to be pinned down low at 0.52% level at the end of July 2020.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial period from 1 February 2020 to 31 July 2020 (cont'd)

E. Investment Strategy

We are in the view that the market will continue on its recovery course and it would be beneficial to investors to continue to hold on to their investment in this fund. We have been monitoring our bond holdings diligently to ensure the credit risk remain safe and have liquidated securities holding strategically align with market recovery progress since downfall in March 2020. Our focus remain intact to protect the capital and a substantial part of the returns. We believe that credit spread will converge against sovereign in due time especially in expectation that interest rate will remain low for some time due to the ongoing pandemic concern.

F. Soft Commissions and Rebates

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

During the financial period from 1 February 2020 to 31 July 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK CONSTANT INCOME FUND 7 FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 31 JULY 2020

We have acted as Trustee of Maybank Constant Income Fund 7 (the "Fund") for the financial period from 1 February 2020 to 31 July 2020. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd (the "Manager"), has operated and managed the Fund in accordance with the following:

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

For and on behalf of

TMF TRUSTEES MALAYSIA BERHAD

(Company No: 200301008392/ 610812-W)

**NORHAYATI BINTI AZIT
DIRECTOR - FUND SERVICES**

Kuala Lumpur, Malaysia
14 September 2020

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK CONSTANT INCOME FUND 7
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 31 JULY 2020**

I, Ahmad Najib Bin Nazlan, being one of the Directors of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting and International Accounting Standards 34: Interim Financial Reporting so as to give a true and fair view of the financial position of Maybank Constant Income Fund 7 as at 31 July 2020 and of its results, changes in equity and cash flows for the financial period then ended and comply with the requirements of the Deed.

For and on behalf of the Manager

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
14 September 2020

MAYBANK CONSTANT INCOME FUND 7

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 31 JULY 2020**

		01.02.2020	15.11.2018
		to	(date
		31.07.2020	of launch)
	Note	RM	to
			31.07.2019
			RM
INVESTMENT INCOME			
Interest income	3	2,846,547	3,253,322
Redemption fee income	4	51,526	8,011
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")	8(c)		
- Realised (loss)/gain		(1,293,652)	332,160
- Unrealised (loss)/gain		(1,947,236)	1,992,286
Net gain on foreign exchange and derivatives	5	155,247	307,077
		<u>(187,568)</u>	<u>5,892,856</u>
EXPENSES			
Trustee's fee	6	16,059	21,838
Auditors' remuneration		4,475	5,657
Tax agent's fee		1,740	2,202
Administrative expenses		13,922	15,736
		<u>36,196</u>	<u>45,433</u>
Net (loss)/income before taxation		(223,764)	5,847,423
Taxation	7	(12,259)	(1,787)
Net (loss)/income after taxation, and total comprehensive (loss)/income for the financial period		<u>(236,023)</u>	<u>5,845,636</u>
Net (loss)/income after taxation is made up of the following:			
Net realised income		1,381,844	2,752,619
Net unrealised (loss)/income		(1,617,867)	3,093,017
		<u>(236,023)</u>	<u>5,845,636</u>

MAYBANK CONSTANT INCOME FUND 7

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020**

	Note	31.07.2020 RM	31.01.2020 RM
ASSETS			
Financial assets at FVTPL	8	93,184,855	104,240,974
Deposit with a licensed financial institution	9	930,666	1,290,348
Derivative assets	10	347,134	1,789,312
Interest receivables		1,287,504	1,545,029
Redemption fee receivables		78	-
Cash at bank	11	16,599,036	4,553,710
TOTAL ASSETS		<u>112,349,273</u>	<u>113,419,373</u>
LIABILITIES			
Derivative liabilities	10	1,228,068	3,071
Amount due to Manager	12	3,069	-
Amount due to Trustee	13	2,801	2,924
Provision for taxation		9,350	6,092
Other payables and accruals	14	25,720	29,945
TOTAL LIABILITIES		<u>1,269,008</u>	<u>42,032</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>111,080,265</u>	<u>113,377,341</u>
EQUITY			
Unitholders' capital	15(a)	106,286,804	108,347,857
Retained earnings	15(b) & 15(c)	4,793,461	5,029,484
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>111,080,265</u>	<u>113,377,341</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	15(a)	<u>106,263,112</u>	<u>108,388,602</u>
NAV PER UNIT (RM)		<u>1.0453</u>	<u>1.0460</u>

MAYBANK CONSTANT INCOME FUND 7**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 31 JULY 2020**

	Unitholders' capital Note 15(a) RM	Retained earnings Note 15(b) & 15(c) RM	Total equity RM
At 15 November 2018 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	5,845,636	5,845,636
Creation of units	110,080,524		110,080,524
Cancellation of units	(609,369)	-	(609,369)
At 31 July 2019	<u>109,471,155</u>	<u>5,845,636</u>	<u>115,316,791</u>
Ast 1 February 2020	108,347,857	5,029,484	113,377,341
Total comprehensive loss for the financial period	-	(236,023)	(236,023)
Cancellation of units	(2,061,053)	-	(2,061,053)
At 31 July 2020	<u>106,286,804</u>	<u>4,793,461</u>	<u>111,080,265</u>

MAYBANK CONSTANT INCOME FUND 7**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 31 JULY 2020**

	01.02.2020	15.11.2018
	to	(date
	31.07.2020	of launch)
	RM	to
		31.07.2019
		RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale and redemption of financial assets at FVTPL	14,883,238	35,249,799
Net payments for purchase of financial assets at FVTPL	(2,996,750)	(134,877,757)
Net realised loss on derivatives	(915,166)	(1,576,420)
Interest received	2,843,433	2,121,785
Redemption fee income received	51,447	8,011
Trustee's fee paid	(16,183)	(18,905)
Taxation paid	(9,002)	(88)
Payment of other fees and expenses	(24,364)	(15,737)
Net cash generated from/(used in) operating and investing activities	<u>13,816,653</u>	<u>(99,109,312)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	-	110,080,524
Cash paid on units cancelled	<u>(2,057,982)</u>	<u>(609,369)</u>
Net cash (used in)/generated from financing activities	<u>(2,057,982)</u>	<u>109,471,155</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD		
	11,758,671	10,361,843
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		
	5,844,058	-
Effects of foreign exchange	<u>(73,027)</u>	<u>(211,798)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		
	<u>17,529,702</u>	<u>10,150,045</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 11)	16,599,036	9,463,965
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 9)	930,666	686,080
	<u>17,529,702</u>	<u>10,150,045</u>

MAYBANK CONSTANT INCOME FUND 7

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2020 TO 31 JULY 2020

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

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

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting ("MFRS 134"), International Accounting Standards 34 Interim Financial Reporting, the Deed and any regulatory requirement.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") which have become effective during the financial period. The adoption of the new pronouncements did not result in any material impact to the financial statements.

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

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

2.2 Standards and amendments to standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 17: <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

MAYBANK CONSTANT INCOME FUND 7

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

2.3 Financial instruments

Financial assets and liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.4 Financial assets

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

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

(i) Financial assets at amortised cost

Classification

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

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

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

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

(ii) Financial assets at FVTPL

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

A financial asset is recognised at FVTPL if:

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

MAYBANK CONSTANT INCOME FUND 7

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

2.4 Financial assets (cont'd)

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

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

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

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

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

(iii) Impairment of financial assets

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

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

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

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.4 Financial assets (cont'd)

(iv) Derecognition of financial assets

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

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

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

2.5 Financial liabilities

(a) Classification

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

(b) Recognition and measurement

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

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

(c) Derecognition

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

MAYBANK CONSTANT INCOME FUND 7

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

2.6 Fair value measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.7 Functional and presentation currency

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.8 Unitholders' capital

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

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.9 Distributions

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

2.10 Cash and cash equivalents

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

2.11 Revenue / Income

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

- Interest income from unquoted fixed income securities includes amortisation of premium and accretion of discount, and is recognised using the effective interest rate method.
- Interest income from deposits with a licensed financial institution is recognised on the accruals basis using the effective interest rate method.
- Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation or premium.
- Redemption fee income is charged to unitholders on cancellation of units before the maturity date and is recognised upon cancellation of units.

2.12 Taxation

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

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

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

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

2.13 Segment reporting

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

MAYBANK CONSTANT INCOME FUND 7

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

2.14 Critical accounting estimates and judgments

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

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

3. INTEREST INCOME

	01.02.2020 to 31.07.2020 RM	15.11.2018 (date of launch) to 31.07.2019 RM
Interest income from unquoted fixed income securities	2,700,249	2,487,131
Interest income from short-term deposits	8,032	645,007
Accretion of discount, net of amortisation of premium	138,266	121,184
	<u>2,846,547</u>	<u>3,253,322</u>

4. REDEMPTION FEE INCOME

The Fund is entitled to payment of redemption charges between 1.50% to 3.50% (15.11.2018 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.

5. NET GAIN ON FOREIGN EXCHANGE AND DERIVATIVES

	01.02.2020 to 31.07.2020 RM	15.11.2018 (date of launch) to 31.07.2019 RM
Net realised gain on foreign exchange	741,043	660,266
Net unrealised gain on foreign exchange	2,996,544	204,398
Net realised loss on derivatives	(915,165)	(1,453,920)
Net unrealised (loss)/gain on derivatives	<u>(2,667,175)</u>	<u>896,333</u>
	<u>155,247</u>	<u>307,077</u>

MAYBANK CONSTANT INCOME FUND 7

6. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.03% per annum ("p.a") (15.11.2018 to 31.07.2019: 0.03% p.a.) of the NAV of the Fund, excluding foreign custodian fees and charges.

7. TAXATION

	01.02.2020 to 31.07.2020 RM	15.11.2018 (date of launch) to 31.07.2019 RM
Tax expense for the financial period:		
Current income tax expense	<u>12,259</u>	<u>1,787</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (15.11.2018 to 31.07.2019: 24%) of the estimated assessable income for the financial period.

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

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

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

	01.02.2020 to 31.07.2020 RM	15.11.2018 (date of launch) to 31.07.2019 RM
Net (loss)/income before taxation	<u>(223,764)</u>	<u>5,847,423</u>
Tax at Malaysian statutory rate of 24% (15.11.2018 to 31.07.2019: 24%)	(53,703)	1,403,382
Effect of income not subject to tax	57,383	(1,412,363)
Effect of expenses not deductible for tax purposes	7,613	9,546
Restriction on tax deductible expenses for unit trust funds	966	1,222
Tax expense for the financial period	<u>12,259</u>	<u>1,787</u>

8. FINANCIAL ASSETS AT FVTPL

	31.07.2020 RM	31.01.2020 RM
Investments in financial assets at FVTPL:		
Unquoted fixed income securities - foreign (a)	93,184,855	102,158,928
Unquoted fixed income securities - local (b)	-	2,082,046
	<u>93,184,855</u>	<u>104,240,974</u>

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2020				
(a) Unquoted fixed income securities - foreign				
British Virgin Island				
Chouzhou International Investment Ltd - 4.00% / 05.12.2020	500,000	2,024,487	2,124,047	1.91
ENN Clean Energy International - 7.50% / 27.02.2021	1,000,000	4,045,732	4,265,891	3.84
Franshion Brilliant Ltd - 4.00% / Call: 03.01.2023	1,000,000	3,939,104	4,237,500	3.81
Huarong Finance Co Ltd - 4.00% / Call: 07.11.2022	500,000	1,970,926	2,137,819	1.92
- 2.88% / Call: 14.09.2021	1,000,000	3,994,735	4,195,125	3.78
RKPF Overseas Ltd - 6.70% / 30.09.2024	1,000,000	4,206,830	4,364,625	3.93
Wanda Properties Overseas Ltd - 6.95% / 05.12.2022	500,000	2,066,248	2,137,819	1.92
	<u>5,500,000</u>	<u>22,248,062</u>	<u>23,462,826</u>	<u>21.11</u>
Cayman Island				
China State Construction International Holdings - 4.30% / 01.08.2024	500,000	2,084,732	2,120,869	1.91
CIFI Holdings Group - 6.45% / Call: 07.11.2024	500,000	2,090,500	2,188,033	1.97
Coastal Emerald Ltd - 4.30% / 01.08.2024	500,000	2,056,500	2,152,014	1.94
Country Garden Holdings Company Ltd - 5.40% / 27.05.2025	200,000	870,240	888,773	0.80
Seazen Group - 6.45% / 11.06.2022	500,000	2,136,350	2,145,234	1.93
Shimao Property Holdings Ltd - 5.60% / 15.07.2026	1,000,000	4,128,008	4,507,429	4.06

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2020 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Cayman Island (cont'd)				
Soar Wise Ltd - 3.45% / 23.10.2022	500,000	2,089,000	2,086,545	1.88
TMB Bank - 4.90% / Call: 02.12.2024	500,000	2,088,500	1,965,988	1.77
	<u>4,200,000</u>	<u>17,543,830</u>	<u>18,054,885</u>	<u>16.26</u>
Hong Kong				
Agile Group Holdings Ltd - 8.50% / 18.07.2021	500,000	2,071,353	2,198,203	1.98
Bank of East Asia Ltd - 5.63% / 18.05.2022	500,000	2,088,767	2,092,266	1.88
Shimao Property Holdings Ltd - 6.12% / 21.02.2024	200,000	813,000	897,503	0.81
Weichai International HK Energy Group Company Ltd - 3.75% / Call: 14.09.2022	1,000,000	4,023,397	4,243,009	3.82
	<u>2,200,000</u>	<u>8,996,517</u>	<u>9,430,981</u>	<u>8.49</u>
India				
Renew Power Ltd - 6.67% / 12.03.2024	1,000,000	4,083,039	4,356,150	3.92
- 6.45% / 27.09.2022	300,000	1,259,565	1,293,497	1.16
Shriram Transport Finance Co Ltd - 5.95% / 24.10.2022	1,000,000	4,108,000	4,076,899	3.67
	<u>2,300,000</u>	<u>9,450,604</u>	<u>9,726,546</u>	<u>8.75</u>
Indonesia				
Sri Rejeki Isman Tbk -7.25% / 16.01.2025	700,000	2,937,233	2,700,771	2.43

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2020 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Mauritius				
Azura Power Solar Energy -5.65% / 24.09.2022	1,000,000	4,191,224	4,304,029	3.87
Greenko Solar Energy Private Ltd -5.55% / 29.01.2021	500,000	2,055,500	2,134,853	1.92
HT Global IT Solution Holdings Ltd -7.00% / 14.07.2021	1,000,000	4,074,777	4,252,331	3.83
	<u>2,500,000</u>	<u>10,321,501</u>	<u>10,691,213</u>	<u>9.62</u>
Singapore				
Global Prime Capital Private Ltd -5.50% / 18.10.2023	500,000	2,033,610	2,092,266	1.88
Indika Energy Capital III Pte Ltd -5.88% / 09.11.2024	500,000	2,025,808	1,949,038	1.75
Jubilant Pharma Ltd -6.00% / 05.03.2024	1,000,000	4,096,358	4,299,791	3.87
	<u>2,000,000</u>	<u>8,155,776</u>	<u>8,341,095</u>	<u>7.50</u>
South Korea				
Shinhan Financial Group -5.88% / 13.08.2023	1,100,000	4,664,420	4,951,180	4.46
Switzerland				
UBS Group Ag -4.85% / 04.09.2024	500,000	1,516,300	1,513,702	1.36
United States of America				
Astrea V Private Ltd - 4.50% / 20.06.2029	1,000,000	4,161,000	4,311,656	3.88

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.07.2020 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Total unquoted fixed income securities - foreign	<u>22,000,000</u>	<u>89,995,243</u>	<u>93,184,855</u>	<u>83.86</u>
Unrealised gain on unquoted fixed income securities*			<u>3,189,612</u>	
31.01.2020				
(a) Unquoted fixed income securities - foreign				
British Virgin Island				
Chouzhou International Investment Ltd - 4.00% / 05.12.2020	500,000	2,007,992	2,053,985	1.81
ENN Clean Energy International - 7.50% / 27.02.2021	1,000,000	4,029,009	4,210,383	3.71
Franshion Brilliant Ltd - 4.00% / Call: 03.01.2023	1,000,000	3,911,612	4,117,392	3.63
Huigao Xintai Capital - 4.30% / 08.10.2022	500,000	2,088,500	2,042,310	1.80
Huarong Finance Co Ltd - 4.00% / Call: 07.11.2022 - 2.88% / Call: 14.09.2021	500,000 1,000,000	1,956,648 3,951,478	2,073,443 4,065,776	1.83 3.59
RKPF Overseas Ltd - 6.70% / 30.09.2024	1,000,000	4,210,390	4,238,239	3.74
Wanda Properties Overseas Ltd - 6.95% / 05.12.2022	500,000	2,062,819	2,040,671	1.80
	<u>6,000,000</u>	<u>24,218,448</u>	<u>24,842,199</u>	<u>21.91</u>

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Cayman Island				
China State Construction International Holdings - 4.30% / 01.08.2024	500,000	2,084,486	2,068,733	1.82
CIFI Holdings Group - 6.45% / Call: 07.11.2024	500,000	2,090,500	2,048,250	1.81
Coastal Emerald Ltd - 4.30% / 01.08.2024	500,000	2,056,500	2,068,937	1.82
Shimao Property Holdings Ltd - 5.60% / 15.07.2026	1,000,000	4,129,880	4,282,891	3.78
Soar Wise Ltd - 3.45% / 23.10.2022	500,000	2,089,000	2,046,202	1.80
TMB Bank - 4.90% / Call: 02.12.2024	500,000	2,088,500	2,050,093	1.81
	<u>3,500,000</u>	<u>14,538,866</u>	<u>14,565,106</u>	<u>12.84</u>
China				
China Life Insurance Co Company Ltd - 4.00% / 03.07.2075	<u>500,000</u>	<u>2,028,535</u>	<u>2,049,684</u>	<u>1.81</u>
Hong Kong				
Agile Group Holdings Ltd - 8.50% / 18.07.2021	500,000	2,093,487	2,150,663	1.90
Bank of East Asia Ltd - 5.63% / 18.05.2022	500,000	2,090,889	2,094,540	1.85
Haitong International Securities Ltd - 3.13% / 18.05.2025	500,000	2,055,924	2,083,480	1.84
Shimao Property Holdings Ltd - 6.12% / 21.02.2024	200,000	813,000	862,313	0.76

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Hong Kong (cont'd)				
Weichai International HK Energy Group Company Ltd - 3.75% / Call: 14.09.2022	1,000,000	3,996,474	4,127,224	3.64
	<u>2,700,000</u>	<u>11,049,774</u>	<u>11,318,220</u>	<u>9.99</u>
India				
Renew Power Ltd - 6.67% / 12.03.2024	1,000,000	4,080,216	4,296,000	3.79
- 6.45% / 27.09.2022	300,000	1,261,207	1,272,086	1.12
Shriram Transport Finance Co Ltd - 5.95% / 24.10.2022	1,000,000	4,108,000	4,200,961	3.71
	<u>2,300,000</u>	<u>9,449,423</u>	<u>9,769,047</u>	<u>8.62</u>
Indonesia				
Bayan Resources Tbk - 6.13% / 24.01.2023	500,000	2,030,500	1,991,718	1.76
Bukit Makmur Mandiri Utama -7.75% / 13.02.2022	200,000	819,011	839,946	0.74
Sri Rejeki Isman Tbk -7.25% / 16.01.2025	700,000	2,935,814	2,977,664	2.63
	<u>1,400,000</u>	<u>5,785,325</u>	<u>5,809,328</u>	<u>5.13</u>
Mauritius				
Azura Power Solar Energy -5.65% / 24.09.2022	1,000,000	4,192,439	4,223,901	3.73
Greenko Solar Energy Private Ltd -5.55% / 29.01.2021	500,000	2,055,500	2,096,794	1.85

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Mauritius (cont'd)				
HT Global IT Solution Holdings Ltd -7.00% / 14.07.2021	1,000,000	4,078,355	4,212,841	3.72
	<u>2,500,000</u>	<u>10,326,294</u>	<u>10,533,536</u>	<u>9.30</u>
Singapore				
Global Prime Capital Private Ltd -5.50% / 18.10.2023	500,000	2,003,080	2,036,780	1.80
Indika Energy Capital III Pte Ltd -5.88% / 09.11.2024	500,000	2,004,189	1,919,005	1.69
Jubilant Pharma Ltd -6.00% / 05.03.2024	1,000,000	4,098,882	4,286,168	3.78
	<u>2,000,000</u>	<u>8,106,151</u>	<u>8,241,953</u>	<u>7.27</u>
South Korea				
Shinhan Financial Group Co Ltd -5.88% / 13.08.2023	1,100,000	4,691,511	4,856,278	4.28
Switzerland				
UBS Group Ag -4.85% / 04.09.2024	500,000	1,516,300	1,529,961	1.35
United States of America				
Astrea V Private Ltd - 4.50% / 20.06.2029	1,000,000	4,161,000	4,198,913	3.70
Country Garden Holdings Co Ltd - 8.00% / 27.01.2024	1,000,000	4,137,018	4,444,703	3.92
	<u>2,000,000</u>	<u>8,298,018</u>	<u>8,643,616</u>	<u>7.62</u>

MAYBANK CONSTANT INCOME FUND 7

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
31.01.2020 (cont'd)				
Total unquoted fixed income securities - foreign	<u>24,500,000</u>	<u>100,008,645</u>	<u>102,158,928</u>	<u>90.12</u>
(b) Unquoted fixed income securities - local				
Serba Dinamik Holdings Bhd - 6.30% / 09.05.2022	<u>500,000</u>	<u>2,071,802</u>	<u>2,082,046</u>	<u>1.84</u>
Total unquoted fixed income securities	<u>25,000,000</u>	<u>102,080,447</u>	<u>104,240,974</u>	<u>91.96</u>
Unrealised gain on unquoted fixed income securities*			<u>2,160,527</u>	

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

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

9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	31.07.2020 RM	31.01.2020 RM
Short-term placement with a maturity of less than 3 months	<u>930,666</u>	<u>1,290,348</u>

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

	31.07.2020		31.01.2020	
	WAEIR % p.a.	Average Maturity Days	WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	<u>1.65</u>	<u>4</u>	<u>2.75</u>	<u>3</u>

MAYBANK CONSTANT INCOME FUND 7

10. DERIVATIVE ASSETS/LIABILITY

Foreign exchange related contracts	Principal amount RM	Fair Value	
		Assets RM	Liability RM
31.07.2020			
Currency forwards:			
Less than 1 year	102,816,220	347,134	1,228,068
31.01.2020			
Currency forwards:			
Less than 1 year	113,187,225	1,789,312	3,071

As at the reporting date, there were 7 (31.01.2020: 6) forward exchange contracts outstanding.

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

11. CASH AT BANK

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

	31.07.2020 RM	31.01.2020 RM
United States Dollar ("USD")	16,595,411	4,543,756
RM	3,625	9,954
	<u>16,599,036</u>	<u>4,553,710</u>

12. AMOUNT DUE TO MANAGER

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

No management fee was charged to the Fund in accordance with the Prospectus dated 15 November 2018.

13. AMOUNT DUE TO TRUSTEE

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

MAYBANK CONSTANT INCOME FUND 7

14. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise the following:

	31.07.2020 RM	31.01.2020 RM
Due to external auditors	4,475	10,441
Due to tax agent	6,245	4,505
Other payables and accruals	15,000	14,999
	<u>25,720</u>	<u>29,945</u>

15. TOTAL EQUITY

	Note	31.07.2020 RM	31.01.2020 RM
Unitholders' capital	14(a)	106,286,804	108,347,857
Accumulated realised income	14(b)	2,766,091	1,384,247
Accumulated unrealised income	14(c)	2,027,370	3,645,237
		<u>111,080,265</u>	<u>113,377,341</u>

(a) Unitholders' capital

	31.07.2020		31.01.2020	
	No. of units	RM	No. of units	RM
At the beginning of the financial period	108,388,602	108,347,857	-	-
Creation of units	-	-	110,080,524	110,080,524
Cancellation of units	(2,125,490)	(2,061,053)	(1,691,922)	(1,764,472)
Distribution equalisation (Note 15)	-	-	-	31,805
At the end of the financial period	<u>106,263,112</u>	<u>106,286,804</u>	<u>108,388,602</u>	<u>108,347,857</u>

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

	31.07.2020		31.01.2020	
	No. of units	RM	No. of units	RM
The Manager	<u>1,000</u>	<u>1,045</u>	<u>1,000</u>	<u>1,046</u>

MAYBANK CONSTANT INCOME FUND 7

15. TOTAL EQUITY (CONT'D)

(a) Unitholders' capital (cont'd)

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

	31.07.2020 RM	31.01.2020 RM
At the beginning of the financial period	1,384,247	6,838,913
Net realised income/(loss) for the financial period	<u>1,381,844</u>	<u>(5,454,666)</u>
At the end of the financial period	<u>2,766,091</u>	<u>1,384,247</u>

(c) Accumulated unrealised income

	31.07.2020 RM	31.07.2019 RM
At the beginning of the financial period	3,645,237	-
Net unrealised gain/(loss) for the financial period	<u>(1,617,867)</u>	<u>3,645,237</u>
At the end of the financial period	<u>2,027,370</u>	<u>3,645,237</u>

16. DISTRIBUTIONS

Details of distributions declared to unitholders are as follows:

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

MAYBANK CONSTANT INCOME FUND 7

16. DISTRIBUTIONS (CONT'D)

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

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

The distribution declared is paid in cash.

17. TRANSACTIONS WITH FINANCIAL INSTITUTIONS/BROKERS/DEALERS

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

Financial institutions	01.02.2020 to 31.07.2020		15.11.2018 (date of launch) to 31.07.2020	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Hong Leong Islamic Bank Bhd	72,493,152	86.33	680,414,205	15.47
Malayan Banking Bhd ("MBB") *	11,483,615	13.67	1,331,896,415	30.29
Public Bank Bhd	-	-	998,063,000	22.71
Public Islamic Bank Bhd	-	-	270,322,393	6.15
Maybank Islamic Bhd ("MIB") **	-	-	680,414,205	15.47
CIMB Bank Bhd	-	-	435,763,364	9.91
	<u>83,976,767</u>	<u>100.00</u>	<u>4,396,873,582</u>	<u>100.00</u>

MAYBANK CONSTANT INCOME FUND 7

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

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

Brokers/dealers	01.02.2020 to 31.07.2020		15.11.2018 (date of launch) to 31.07.2020	
	Value of trades RM	Percentage of total trades %	Value of trades RM	Percentage of total trades %
Credit Suisse Securities	4,237,500	22.73	-	-
SC Lowy Primary Investments Ltd	2,966,250	15.91	8,686,511	5.45
Guotai Junan Securities (Hong Kong) Ltd	-	-	33,914,122	21.29
ANZ Banking Group Ltd	2,118,750	11.36	8,416,771	5.28
Mizuho Securities Asia Ltd	2,118,750	11.36		
Nomura Ltd	2,118,750	11.36		
Kotak Mahindra (UK) Ltd	2,118,750	11.36		
Haitong International Securities Ltd	2,118,750	11.36	20,441,771	12.83
HSBC Bank Malaysia Bhd	847,500	4.56	18,170,293	11.41
Standard Chartered Bank Bhd	-	-	22,015,756	13.82
Citibank Bhd	-	-	21,684,842	13.61
Bank of America Merrill Lynch	-	-	10,075,104	6.33
J.P. Morgan Chase Bank Bhd	-	-	9,608,319	6
DBS Bank Ltd	-	-	6,269,868	3.95
Total	18,645,000	100.00	159,283,357	100.00

18. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

MAYBANK CONSTANT INCOME FUND 7

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

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

(a) Significant related party transactions

	01.02.2020 to 31.07.2020 RM	15.11.2018 (date of launch) to 31.07.2019 RM
Interest income from deposits placed with:		
- MBB	752	181,308
- MIB	-	133,236
	<u>752</u>	<u>314,544</u>

(b) Significant related party balances

	31.07.2020 RM	31.07.2019 RM
Deposits with financial institutions:		
- MBB	<u>930,666</u>	<u>-</u>

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

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

19. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Trustee's fee and other administrative expenses. For the financial period from 1 February 2020 to 31 July 2020, the MER of the Fund stood at 0.03% (15.11.2018 to 31.07.2019: 0.04%).

20. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial period from 1 February 2020 to 31 July 2020, the PTR of the Fund stood at 0.08 times (15.11.2018 to 31.07.2019: 0.83 times).

MAYBANK CONSTANT INCOME FUND 7

21. SEGMENT INFORMATION

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

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

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

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

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

22. FAIR VALUE HIERARCHY

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM
31.07.2020			
Financial assets at FVTPL	-	93,184,855	-
Derivative assets	-	347,134	-
Derivative liabilities	-	1,228,068	-
31.01.2020			
Financial assets at FVTPL	-	104,240,974	-
Derivative assets	-	1,789,312	-
Derivative liabilities	-	3,071	-

MAYBANK CONSTANT INCOME FUND 7

23. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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