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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Quarterly report
For the financial period from 1 January 2020 to
30 September 2020

CORPORATE INFORMATION

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MAYBANK BLUEWATERZ TOTAL RETURN FUND

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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2020 to 30 September 2020

A. Fund Information

1. Name of Fund

Maybank Bluewaterz Total Return Fund (the "Fund")

2. Type of Fund

Growth

3. Category of Fund

Wholesale feeder fund (unquoted fixed income securities)

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund launch date

Share Class	Launch date
RM class	24 July 2015
USD class	18 June 2018

6. Fund's investment objective

The Fund aims to achieve long-term consistent positive return by investing in the Maybank BlueWaterz Total Return Bond Fund ("Target Fund").

7. Fund distribution policy

The Fund is not expected to distribute income. However, incidental distribution can be declared whenever appropriate.

8. Fund's performance benchmark

Absolute return of 6.5% per annum of the Fund's Net asset Value ("NAV")

9. Fund's investment policy and principal investment strategy

The Fund will invest between 80% - 98% of its NAV in the Class B Participating Shares of the Target Fund which is denominated in United States Dollar ("USD"). The Manager will also invest between 2% - 20% of the Fund's NAV in liquid assets.

The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure into Ringgit Malaysia ("RM" or "MYR") in order to manage foreign exchange currency risk.

As the Fund is a wholesale feeder fund, the investments of the Fund will consist of a single collective investment scheme, i.e. the Target Fund, and liquid assets.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2020 to 30 September 2020 (cont'd)

B. Performance Review

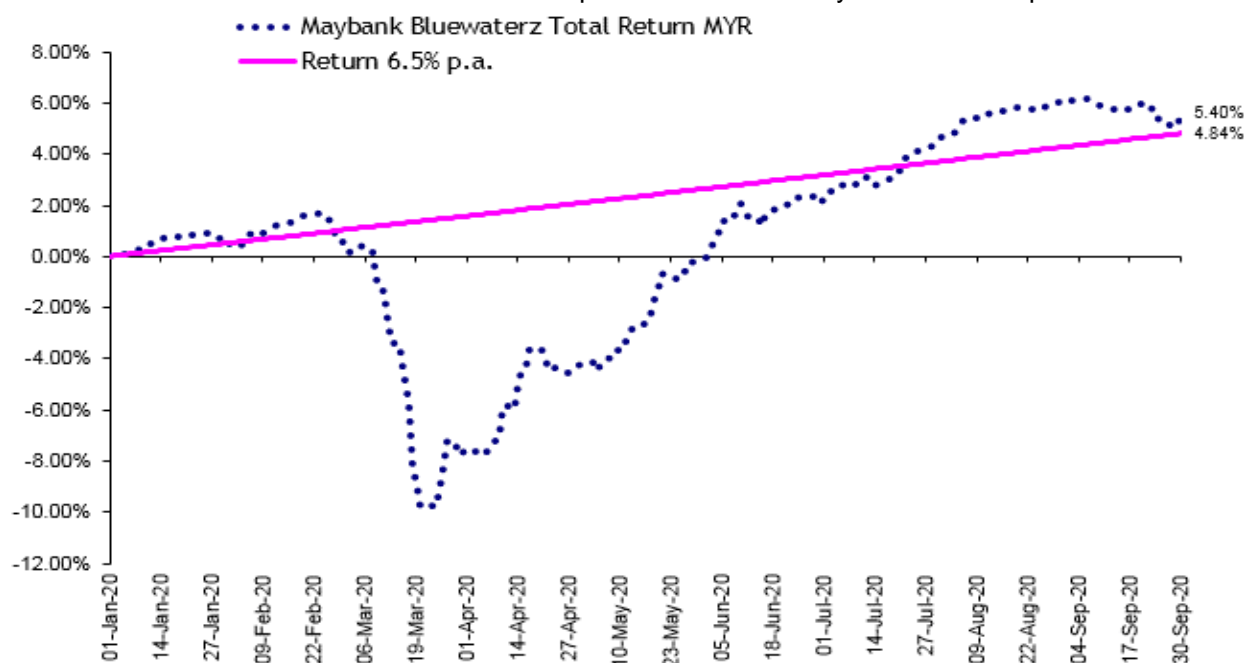
The Fund generated a return of 5.40% for the period under review, outperforming absolute benchmark's 4.84%. The outperformance was due to reducing risk aversion and USD liquidity conditions had normalised. The strong performance was also due to a combination of higher corporate yields, tightening credit spreads as well as stronger local currencies in the target fund during the period under review.

Performance of Maybank Bluewaterz Total Return Fund - RM Class for the financial period from 1 January 2020 to 30 September 2020 are as follows:

RM Class

Period	The Fund %	Benchmark %
1 January 2020 to 30 September 2020	5.40	4.84

Performance of the RM Class for the financial period from 1 January 2020 to 30 September 2020:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 September 2020

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

The RM class posted 5.40% return as against 4.84% benchmark return for period under review, outperforming the benchmark by 0.56%.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2020 to 30 September 2020 (cont'd)

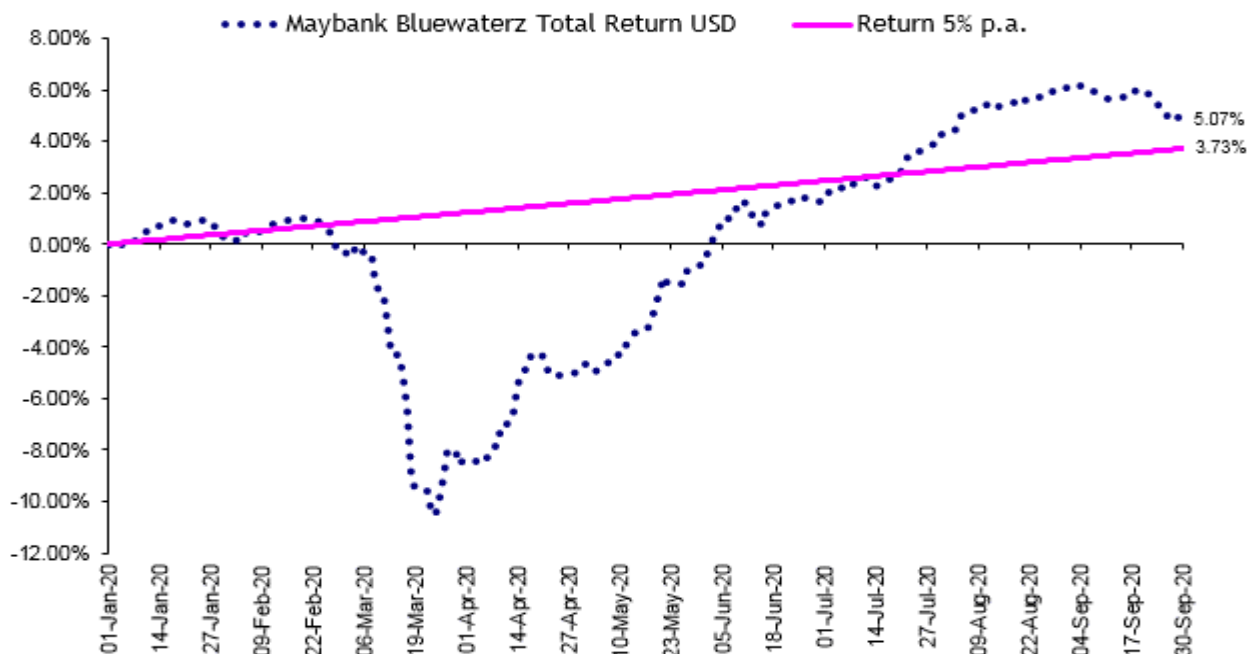
B. Performance Review (cont'd)

Performance of Maybank Bluewaterz Total Return Fund - USD Class for the financial period from 1 January 2020 to 30 September 2020 are as follows:

USD Class

Period	The Fund %	Benchmark %
1 January 2020 to 30 September 2020	5.07	3.73

Performance of the USD Class for the financial period from 1 January 2020 to 30 September 2020:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 September 2020

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

The USD Class posted 5.07% return as against 3.73% benchmark return for period under review, underperforming the benchmark by 1.34%.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2020 to 30 September 2020 (cont'd)

C. Market Review

Markets reacted with a negative tone in January 2020 as it grappled with uncertainties brought by the new coronavirus from China. 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 Organization of the Petroleum Exporting Countries Plus ("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. United States Dollar ("USD") broadly turned stronger against Developed Market ("DM") currencies due to risk aversion. Against Asian currencies, USD performance was mixed. In the Asian credit space, JP Morgan Asia Credit Index returned +1.3% over the period as spread widening was compensated by falling United States Treasury ("UST") yields, Both IG and HY delivering +1.5% and +0.7% respectively.

The negative impact from the Coronavirus 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 2020, 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 Coronavirus Disease ("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/bbl, the impact also extended to the US High-Yield 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 USA 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 recovered from late March 2020 and into April 2020, given aggressive easing by central banks and stimulus measures by the governments across the globe. However, commodities like oil continued to trade weak, as surging crude supplies found it hard to secure storage. Over in rates, UST generally traded in a range bound fashion despite prospects of increased issuance thanks to Federal Reserve's ("Fed")'s unlimited Quantitative easing ("QE"). USD weakened slightly in April 2020 along with improved risk sentiment. Indonesia Rupiah ("IDR") was the outperformer in April 2020 with 8-9% appreciation against the USD. Other Asian currencies were relatively subdued in contrast, appreciating only 1-2% against the USD. In terms of credit, JPM Asia Credit Index returned 1.8% in April 2020.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2020 to 30 September 2020 (cont'd)

C. Market Review (cont'd)

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/bbl area to nearing USD 40/bbl 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"), IDR and Philippine Peso ("PHP") appreciating only about 1.5- 2.6% against the USD while INR, Taiwan New Dollar ("TWD"), Korean Won ("KRW") and Singapore Dollar ("SGD") remained flat. The JP Morgan Asia Credit Index ("JACI") index 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 bps. USD traded in a somewhat stronger tone in June as volatility resurfaced due to Geopolitical risks. 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 sub indices returning 1.5% and 3.9% respectively.

Risk sentiment remained firm during July 2020, prompted by the passing of the EUR 750 billion Eurozone pandemic recovery fund and Fed's dovish stance. The UST curve bull flattened, with the 10 year and 30 year yields tightened by 10-20 basis points ("bps") to 0.60% and 1.20%. USD took another leg lower broadly against G10 currencies as real yields dip further into negative territory, with the US Dollar Index ("DXY") dropping 3.1% over the period while Gold nearly touched USD 2000/ounce. Credit continued to be strong, supported by net bond fund inflow and better risk sentiments.

The highlight of the month was the Fed symposium in Jackson Hole, where Powell announced average inflation targeting of 2% overtime and the employment mandate by allowing employment to run at or above its maximum level before raising rate. While the US Treasury curve bear steepened leading up to Jackson Hole on reprising of inflation expectations, both 10 year and 30 year yields further sold off to 0.75% and 1.50% before retracing slightly into the month end. Commodities like Crude oil and gold held steady while equities continued to inch higher. USD was broadly weaker given the dovish outlook by Fed, with the DXY dropping 0.6% over the month. Among Asian currencies, Australian Dollar ("AUD") and Indian Rupee ("INR") outperformed. In Credit, while inflows remained supportive, returns were affected by rates selling off.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2020 to 30 September 2020 (cont'd)

C. Market Review (cont'd)

September 2020 was a moderately risk off month given focus on the US Presidential elections. USD was broadly stronger except versus the North Asian currencies (CNY, TWD, KRW) given strong trade data from China benefiting the region. UST yields stayed range bound across the curve. Equities underperformed given profit taking from sectors with sky high valuations but the spill over impact was measured. In commodities, gold and Brent crude also declined by about 4-5% given stronger USD. The highlight in September 2020 in Asia credit was real estate developer China Evergrande. While the concerns on its financials are not new, rumours on the feasibility of its planned listings in onshore equity markets caused a stir even though the company managed to calm nerves down.

D. Market Outlook & Strategy (cont'd)

The global economy has continued to recover with broad data beating expectation since recent months by the widest margin in nearly a decade. That said, recovery to pre COVID levels likely won't occur until at least 2021 and partially hinges on the development of an effective and widely distributed vaccine, which remains uncertain. A plethora of geopolitical risks also cloud the horizon, including the US election, US fiscal cliff and US/China tensions. Despite these risks, we believe the path for risk assets is probably higher, supported by record global stimulus and a nascent economic recovery. However, upside is more limited from here after a record run in markets and we expect a bumpier ride in the final quarter of the year. Overall, our preference is to maintain balanced exposure, favoring select credit sectors and owning some downside protection through cash and longer-term treasuries.

E. Investment Strategies

The target fund manager remains bullish on fixed income. The manager prefers High Yield over High Grade bonds for carry. For High Grade bonds the manager likes the credit spread and hence will buy High Grade bonds and hedge the treasury risk. The manager also expects curve to steepen across the Globe as rate cut cycles is almost over and higher fiscal deficit across most of the countries. Also positive vaccine news will create curve to steepen as investors will start pricing in growth and inflation expectations. The manager is very bearish on USD from medium term perspective. The manager will be looking to add Asian currencies like SGD, INR, KRW, before the elections. However no matter who wins the election, long term fundamentals of Asian credits remain strong and inflows will continue in the market. She also believes after the knee jerk reaction on strong dollar, USD will weaken again given Fed's Balance sheet, and lower for longer short term rates.

F. Asset Allocation

As at 30 September 2020, the Fund was 95.44% (31.12.2019: 92.03%) invested in the Target Fund, with the remaining in cash, deposits with licensed financial institutions and other net assets .

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2020 to 30 September 2020 (cont'd)

G. NAV as at 30 September 2020

Below is the summary of the NAV of the Fund:

RM Class	30.09.2020	31.12.2019	Changes (%)
NAV (RM)	322,633,962	273,463,733	17.98
Units in circulation (unit)	295,947,943	252,301,556	17.30
NAV per unit (RM)	1.0902	1.0839	0.58

USD Class	30.09.2020	31.12.2019	Changes (%)
NAV (RM)	19,402,278	15,374,899	26.19
Units in circulation (unit)	4,294,708	3,469,193	23.80
NAV per unit (USD)	1.0864	1.0838	0.24

H. Soft Commissions and Rebates

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

During the financial period from 1 January 2020 to 30 September 2020, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 SEPTEMBER 2020

	01.01.2020 to 30.09.2020 RM	01.01.2019 to 30.09.2019 RM
INVESTMENT INCOME		
Interest income	176,501	139,877
Dividend income	18,836,253	7,076,076
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL"):		
- realised (loss)/gain	(1,354,008)	24,412
- unrealised (loss)/gain	(6,058,948)	5,763,033
Net gain on foreign exchange and forward contracts	2,153,675	740,882
	<u>13,753,473</u>	<u>13,744,280</u>
EXPENSES		
Trustee's fee	43,311	18,771
Auditors' remuneration	4,491	4,488
Tax agent's fee	2,619	2,618
Administrative expenses	10,999	3,150
	<u>61,420</u>	<u>29,027</u>
Net income before taxation	13,692,053	13,715,253
Taxation	-	-
Net income after taxation, total comprehensive income for the financial period	<u>13,692,053</u>	<u>13,715,253</u>
Net income after taxation is made up of the following:		
Realised	15,987,760	7,736,263
Unrealised	(2,295,707)	5,978,990
	<u>13,692,053</u>	<u>13,715,253</u>
Distributions for the period:		
<u>RM Class</u>		
Net distributions (RM)	8,373,661	8,672,362
Gross/net distributions per unit (sen)	<u>4.90</u>	<u>6.20</u>
<u>USD Class</u>		
Net distributions (SGD)	514,090	149,625
Gross/net distributions per unit (sen)	<u>4.90</u>	<u>5.70</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	30.09.2020	31.12.2019
	RM	RM
ASSETS		
Financial assets at FVTPL	326,454,325	265,814,924
Deposit with licensed financial institution	8,252,385	16,974,313
Derivative assets	5,115,937	5,179,975
Amount due from Manager	1,290,655	280,520
Amount due from brokers	9,148,260	-
Amount due from financial institution	1,337,950	-
Interest receivable	396	1,418
Cash at bank	345,325	1,112,363
TOTAL ASSETS	<u>351,945,233</u>	<u>289,363,513</u>
LIABILITIES		
Derivative liabilities	100,276	134,880
Amount due to Manager	642,784	372,321
Amount due to Trustee	5,058	4,285
Amount due to financial institution	9,148,260	-
Other payables and accruals	12,615	13,395
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	<u>9,908,993</u>	<u>524,881</u>
NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS OF THE FUND	<u>342,036,240</u>	<u>288,838,632</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' capital	332,045,988	276,810,333
Retained earnings	9,990,252	12,028,299
	<u>342,036,240</u>	<u>288,838,632</u>
NET ASSET VALUE (RM)		
- RM class	322,633,962	273,463,733
- USD class	19,402,278	15,374,899
	<u>342,036,240</u>	<u>288,838,632</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)		
- RM class	295,947,943	252,301,556
- USD class	4,294,708	3,469,193
	<u>300,242,651</u>	<u>255,770,749</u>
NAV PER UNIT IN RESPECTIVE CURRENCIES		
- RM class	<u>MYR 1.0902</u>	<u>MYR 1.0839</u>
- USD class	<u>USD 1.0864</u>	<u>USD 1.0838</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 SEPTEMBER 2020**

	Unitholders' capital RM	Retained earnings RM	Net assets attributable to unitholders RM
At 1 January 2020	276,810,333	12,028,299	288,838,632
Total comprehensive income for the period	-	13,692,053	13,692,053
Creation of units	170,010,359	-	170,010,359
Reinvestment of units	12,999,351	-	12,999,351
Cancellation of units	(127,857,500)	-	(127,857,500)
Distributions	83,445	(15,730,100)	(15,646,655)
At 30 September 2020	<u>332,045,988</u>	<u>9,990,252</u>	<u>342,036,240</u>
At 1 January 2019	111,160,118	(742,603)	110,417,515
Total comprehensive income for the period	-	13,715,253	13,715,253
Creation of units	93,869,313	-	93,869,313
Reinvestment of units	3,152,741	-	3,152,741
Cancellation of units	(21,496,358)	-	(21,496,358)
Distributions	(2,406,843)	(6,414,144)	(8,820,987)
At 30 September 2019	<u>184,278,971</u>	<u>6,558,506</u>	<u>190,837,477</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2020 TO 30 SEPTEMBER 2020

	01.01.2020	01.01.2019
	to	to
	30.09.2020	30.09.2019
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net payment for purchase of investments	(106,732,767)	(72,765,871)
Net proceeds from sale of investments	44,431,880	-
Interest income received	177,523	7,109,760
Dividend income received	19,036,832	139,676
Net realised gain on forward foreign exchange contracts	(5,066,461)	533,705
Trustee's fee paid	(42,539)	(17,636)
Payment of other fees and expenses	(18,889)	(13,488)
Net cash used in operating and investing activities	<u>(48,214,421)</u>	<u>(65,013,854)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	181,991,314	90,394,591
Cash paid on units cancelled	(127,577,229)	(21,432,913)
Distributions for the period	(15,661,178)	(802,447)
Net cash generated from financing activities	<u>38,752,907</u>	<u>68,159,231</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	(9,461,514)	3,145,377
Effect on foreign exchange	18,086,676	4,965,325
	(27,452)	54,996
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>8,597,710</u>	<u>8,165,698</u>
Cash and cash equivalents comprise:		
Cash at bank	345,325	510,143
Deposits with licensed financial institutions with original maturity of less than 3 months	8,252,385	7,655,555
	<u>8,597,710</u>	<u>8,165,698</u>