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MAYBANK CONSTANT INCOME FUND 7

Annual report

For the financial year ended 31 January 2021

CORPORATE INFORMATION

MANAGER

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

BUSINESS OFFICE

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

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TRUSTEE

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MAYBANK CONSTANT INCOME FUND 7

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MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021

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 and/or collective investment schemes to facilitate the payout of the proceeds to unitholders after the maturity date.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021 (cont'd)

A. Fund Information (cont'd)

11. Net income distribution for the financial year ended 31 January 2021

The Fund distributed a total net income of RM5,810,209 to unitholders for the financial year ended 31 January 2021.

Below are details of distributions declared during the financial year:

Distribution date	Gross distribution per unit (sen)	Net distribution per unit (sen)
11 January 2021	5.50	5.50

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

Distribution date	Before distribution (RM)	After distribution (RM)	Changes %
11 January 2021	1.0849	1.0299	(5.07)

12. Breakdown of unitholdings by size

Fund size

As at 31 January 2021, the size of the Fund was 105,595,861 units.

Breakdown of unitholdings as at 31 January 2021

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	** 105,595	100.00
Total	2	100.00	105,596	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 year ended 31 January 2021 (cont'd)

B. Performance Review

1. Key performance data of the Fund

Category	01.02.2020 to 31.01.2021	15.11.2018 (date of launch) to 31.01.2020
Fixed income securities - local (%)	-	1.84
Fixed income securities - foreign (%)		
- British Virgin Island	24.09	21.91
- Cayman Island	19.19	12.84
- China	-	1.81
- Great Britain	1.92	-
- Hong Kong	9.20	9.99
- India	8.81	8.62
- Indonesia	2.34	5.13
- Mauritius	5.82	9.30
- Philippines	0.95	-
- Singapore	8.74	7.27
- South Korea	4.40	4.28
- Switzerland	1.43	1.35
- United States of America	3.81	7.62
Cash and other net assets (%)	9.30	8.04
Total (%)	100.00	100.00
NAV (RM'000)	109,542	113,377
Units in circulation (units'000)	105,596	108,389
NAV per unit (RM)	1.0374	1.0460
Highest NAV per unit (RM)	1.0916	1.0935
Lowest NAV per unit (RM)	0.9274	1.0000
Annual return (%) ⁽¹⁾		
- Capital growth (%)	(0.84)	4.12
- Income distribution (%)	5.34	4.79
Total return (%)	4.45	9.11
Benchmark (%)	2.18	3.23
Distribution date (ex-date)	11 January 2021	9 January 2020
Gross distribution per unit (sen)	5.50	5.01
Net distribution per unit (sen)	5.50	5.00
Management Expense Ratio ("MER") (%) ⁽²⁾	0.08	0.10
Portfolio Turnover Ratio ("PTR") (times) ⁽³⁾	0.28	1.10

Note:

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

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021 (cont'd)

B. Performance Review (cont'd)

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

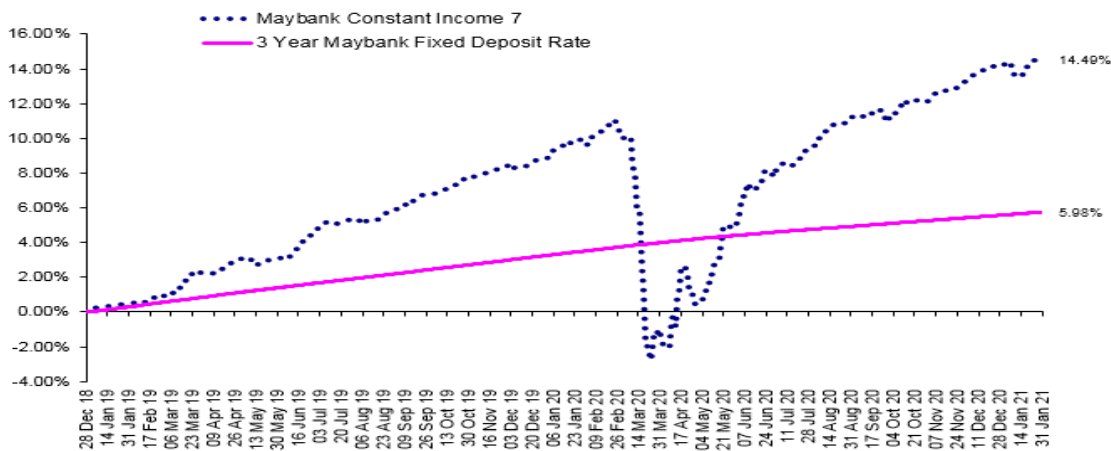
Note:

- (2) The Fund's MER reduced to 0.08% which was mainly due to lower administrative expenses during the financial year ended 31 January 2021.
- (3) The Fund's PTR reduced to 0.27 times which was mainly due to lower investing activities during the financial year ended 31 January 2021.

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 31 January 2021

Category	1 year to 31.01.2021 %	Since inception to 31.01.2021 %
Capital growth	(0.84)	3.72
Income distribution	5.34	10.38
Total return of the Fund	4.45	14.49
Benchmark	2.18	5.98
Average total return	4.45	6.30



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 January 2021

Has the Fund achieved its investment objective?

For the period where the Fund is under review, the Fund has generated a total return of 4.45%, as compared to the benchmark which registered a return of 2.18% over the same period. The Fund outperformed the benchmark by 227 basis points ("bps"), due to its focus strategy in maintaining high coupon income even during the uncertain Coronavirus Disease 2019 ("Covid-19") breakout in February 2020, but at the same time preserving the integrity of the credit profile in the portfolio. Overall performance since inception of the Fund saw total return at 14.49% versus the benchmark at 5.98% with an outperformance by 851 bps against the benchmark.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021 (cont'd)

B. Performance Review (cont'd)

Has the Fund achieved its investment objective? (cont'd)

The Fund met its objective of providing the unitholders with annual income by declaring income distribution of 5.50 sen during the period under review.

3. Annual total return of the Fund

Category	01.02.2020 to 31.01.2021 %	15.11.2018 (date of launch) to 31.01.2020 %
Annual total return	4.45	9.11
Benchmark	2.18	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

During February 2020, the Covid-19 outbreak has hit its toll on the United States ("US") market as stocks plunged due to fear of the growing number of cases around the world. The Dow Jones Industrial Average ("DJIA") 25,409.36 (-10.1%); S&P 500 Index ("S&P") 2,954.2 (-8.4%); The Nasdaq Composite ("NASDAQ") 8,567.37 (-6.4%). The growing number of cases outside China and Asia has caused concerns on impact to US and global economy. Market is now expecting rate cut to come in the near term, as soon as April 2020. By year end 2020, market now expects about three rate cuts compared to one cut assumption back in January 2020. Meanwhile, oil price also fell following the virus outbreak with the West Texas Intermediate ("WTI") closed -16% to US Dollar ("USD") 44.76 per barrel in the last week of February 2020, the worst weekly performance since December 2008 and lowest level since mid-2017.

During 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 ("WHO") 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 uncertain period.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021 (cont'd)

C. Market review (cont'd)

During April 2020, the bond markets initially started with a strong recovery as the primary and secondary corporate bond purchase facilities announced by the US Federal Reserve ("Fed") boosted investor confidence. Bond yields were also fairly attractive for investors to come back in again especially when the 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 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 2020 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 3 billion in Indian rupee ("INR") bond funds. While bonds prices sold off in the last two weeks of April 2020, overall for the April 2020 bond funds were still positive.

During May 2020, despite the rising geopolitical tension with China and weak macro data, the US market continued to report gains in May 2020 supported by news on vaccines and reopening of the economy. DJIA 25,383.1 (+4.3%); S&P 3,044.3 (+4.5%); NASDAQ 9,489.9 (+6.8%). Hopes in economy reopening and global supply cuts helped support the oil price, which recovered by over 60% during the month. On the other hand, macro data such as unemployment rate reported very weak at 14.7% in April 2020 and is expected to increase in May 2020. Consumer spending also fell by 13.6% in April 2020 compared to 7.5% in March 2020. Meanwhile, tension is on the rise as China passed the new National Security Law on Hong Kong which could trigger sanctions and remove the trade status by the US.

During June 2020, USD credit bond market recovered mildly outpacing government bond despite continuation of the outbreak of Covid-19 virus as market players seek for stronger appetite. Most government around the world had taken active approach in providing ample liquidities into financial market, there had been plan for some countries to open up their economic activities while maintaining a strict standard operating procedures to fight the Covid-19 outbreak effectively. However, US Covid-19 cases continue to rise further but the government emphasis that they will not enter into another lockdown to slow down the infection. In Europe saw the European Commission president Ursula Von der Leyen called for the European Union ("EU") to borrow Euro ("EUR") 750 billion for a recovery fund to support the worst affected EU regions. This would be in additional to a EUR 540 billion rescue package agreed in April 2020. The European Central Bank also offered support, expanding its pandemic emergency purchase program to EUR 1.35 trillion. On the commodities, the energy component posted a sharp gain as Organization of the Petroleum Exporting Countries ("OPEC") and Russia agreed to make temporary production cuts. This masked volatility in April 2020 caused by oversupply and storage concern.

During July 2020, US Commerce Department reported that their Gross Domestic Product ("GDP") shrank 9.5% in the second quarter from the first, casting doubt over its path to economic recovery. The US unemployment data also took a turn unexpectedly rose to 1.4 million ending the declining trend in the past week. However, US consumer spending continue to rise in June 2020 to 5.6% as more businesses reopened. The Eurozone GDP also contracted by 12.1% in the 2Q but Flash Composite Purchasing Manager ("PMI") number showed an increase to 54.8 from 48.5 indicating that activities are in expansion mode given that it's above 50. The EU recovery fund which was mooted in June 2020 was also approved whereby it will be made up of EUR 390 billion of grants and EUR 360 billion of loans to be distributed among EU member states.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021 (cont'd)

C. Market review (cont'd)

During August 2020, the global equity market rallied with S&P reached new peak at the back of optimistic on the development of the vaccines along with signs of an economic turnaround in the 3Q 2020. The US-China relationship however took a downturn as what began as the two nations exchanging trade blows has now developed into restriction on diplomats and military posturing. Positively, the ongoing standoff was overshadowed through the month by US economic data that suggest that the economic recovery is continuing. In Europe, the recovery momentum seen to slow down as PMI number for the month of August 2020 came out lower at 51.6 vs last month number. Nonetheless, the number is still above 50 suggesting economy remain in expansion mode.

During September 2020, the US economy continues to recover and the Fed will now use average inflation targeting ("AIT") in setting the policy interest rate, allowing for temporary overshoots in inflation. The new policy means the Fed is willing to wait until inflation has gone above 2% until it responds. Furthermore, the latest dot plot - the Fed's own projection of the future path of interest rates - suggests that policymakers see rates at the zero lower bound through to and including year 2023. However, US markets was seen jittery in the quarter amid a resurgence in European Covid-19 cases, as well as questions over refreshed fiscal stimulus measures along with uncertainty over a smooth transition of power if President Trump loses his re-election bid.

During October 2020, the US equities declined in October 2020, primarily due to the continued rise in Covid-19 cases in many states. Market optimism over additional fiscal stimulus also waxed and waned, contributing to stock market movements. As the deadline for stimulus negotiations drew near, the unpredictability of the 3 November 2020 presidential election added to the wider sense of uncertainty. President Trump hinted more than once that stimulus would be announced post the election, should he win a second term. From an economic perspective, data continued to indicate industrial activity was expanding in both the manufacturing and service sectors. Initial jobless claims also reached their lowest number since March 2020. Even so, the Fed maintained the message that it will keep rates unchanged until inflation stabilizes at 2%, and will tolerate a moderate overshoot. Further, the Fed reiterated that additional fiscal stimulus was required. In Europe, data showed that the eurozone economy expanded by 12.7% in the third quarter of 2020 as activity rebounded over the summer. However, this still leaves the economy 4.3% smaller than it was at the same time last year and expectations are that the new lockdowns will weigh on economic activity in the coming months. Indeed, business activity contracted in October 2020 according to the PMI which fell to 49.4. from 50.4 in September 2020.

During November 2020, the market players seen to take more risk as several vaccine breakthroughs sparked investor optimism that a return to economic normality is in sight. The optimism on vaccines development overshadow President-elect Joe Biden's victory in the US presidential election, and concerns over the smooth transition of power. The US stock market rose sharply with Energy, Financials, Industrials and Materials stocks seen to rise up. The USD seen declined against major currencies as players seen to take on more risk due to vaccines optimism. In Europe, there were also encouraging signs that Covid-19 infection rates are slowing in several European countries, enabling governments to start easing lockdown restrictions.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021 (cont'd)

C. Market review (cont'd)

During December 2020, US announced USD 900 billion rescue package and saw the Fed reinforced its supportive message and vowe to continue with its current levels of qualitative easing. In Europe, Covid-19 infections seen to bounce back higher leading to some of the European countries to tighten back its restrictions. EU leaders approved the landmark EUR 1.8 trillion budget package, including the EUR 750 billion recovery fund, after overcoming opposition from Hungary and Poland. The EU also agreed a Brexit trade deal with United Kingdom ("UK"). The US 10-year yield was 25bps higher, finishing at 0.91%, while the German 10-year yield fell by 5bps to -0.57%.

During January 2021, the yield curve steepened as reflation risks come back into play with Biden pushing for a substantially larger USD 1.9 trillion Covid-19 relief package. Janet Yellen has fully endorsed the large stimulus package, calling it the best way to get the US economy back to pre-pandemic levels. If the package is passed, she expects US to get back to full employment next year. Besides inflation risks, there are also risks of increased Treasury bond issuance to fund the relief package. This drove US Treasury 10 year yield up from 0.91% end December 2020 to 1.04% end January 2021.

D. Market Outlook

The 10 year US Treasuries yields continued to climb and briefly touched 1.20% before settling at 1.17% as of 9 February 2021. For general outlook on bond market, we feel that there is more upside risk to US Treasuries and see the 10 year to trade between 1% and 1.3% for 1Q2021. While we still feel that interest rates overall should stay low, high supply will keep the curves steep. Therefore, we continue to prefer to position in the belly of the curve up to 10 years while underweighting the long end.

During January 2021, credit markets also traded relatively weak especially the high yield bonds. While investment grade bond spreads saw some tightening, offsetting some of the rise in Treasury yields, there was broad based weakness in Asian high yield bonds, specifically China property high yield. China property bonds were shunned by investors as the high profile restructuring case of China Fortune Land ("CFLD") unfolded dramatically in January 2021. Weaker China Local Government Financing Vehicles were also sold off in tandem. Overall we saw China high yield property bonds sell off around 2 points lower while the high beta ones dropped up about 10 points. Investors are also net sellers of China risk as we approach the long Chinese New Year holidays middle of February 2021.

Despite the disappointing bond performance early FY2021, we still believe that the overall credit bond markets can deliver 4% to 5% total returns for FY2021. With improving economic outlooks and monetary policies remaining supportive, high yield bonds averaging 6% provide attractive returns as default risks remain low. Unlike the surprise default of Yongcheng Coal & Electricity Holding Group in November 2020, the Hebei government, China regulators and major banks, together with strategic shareholder Ping An Life Insurance, moved quickly late January 2021 to set up a creditor committee to ask creditors to support the extension of CFLD's debt to avoid default. This suggests that Chinese policy makers are concerned on the negative impact from a general loss of investor confidence in China credit bonds and will step in when appropriate. Hence, we do not think the Chinese government will allow these idiosyncratic risks to become systemic risks.

MAYBANK CONSTANT INCOME FUND 7

Manager's report

For the financial year ended 31 January 2021 (cont'd)

E. 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 year ended 31 January 2021, 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 YEAR ENDED 31 JANUARY 2021

We have acted as Trustee of Maybank Constant Income Fund 7 (the "Fund") for the financial year ended 31 January 2021. 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;
- (c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements; and
- (d) The distribution of returns for the period were tied to and reflect the objectives of the Fund.

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

NORHAYATI BINTI AZIT
DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia
16 March 2021

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK CONSTANT INCOME FUND 7
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

We, Dato' Idris Bin Kechot 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 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Constant Income Fund 7 as at 31 January 2021 and of its results, changes in equity and cash flows for the financial year ended 31 January 2021 and comply with the requirements of the Deed.

For and on behalf of the Manager

Dato' Idris Bin Kechot
Chairman

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
16 March 2021

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Constant Income Fund 7 ("the Fund"), which comprise the statement of financial position as at 31 January 2021 of the Fund, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 16 to 53.

In our opinion, the accompanying financial statements which have been prepared on a basis other than that 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 31 January 2021, and of its financial performance and cash flows for the financial year ended 31 January 2021 in accordance with Malaysian Financial Reporting Standards and International 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

Maybank Asset Management Sdn Bhd (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 which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

**Independent auditors' report to the Unitholders of
Maybank Constant Income Fund 7 (cont'd)**

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

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

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

Responsibilities of the Manager and Trustee for the financial statements

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

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so. As described in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than 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
Maybank Constant Income Fund 7 (cont'd)**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. 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
Maybank Constant Income Fund 7 (cont'd)**

Other matters

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

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

Yeo Beng Yean
03013/10/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
16 March 2021

MAYBANK CONSTANT INCOME FUND 7

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

		01.02.2020 to 31.01.2021 RM	15.11.2018 (date of launch) to 31.01.2020 RM
INVESTMENT INCOME			
Interest income	3	5,472,440	6,372,232
Redemption fee income	4	68,687	47,723
Net (loss)/gain on financial assets at fair value through profit or loss ("FVTPL")			
- Realised (loss)/gain		(1,106,553)	811,747
- Unrealised (loss)/gain		(220,155)	2,761,181
Net gain on foreign exchange and derivatives	5	627,787	612,477
		<u>4,842,206</u>	<u>10,605,360</u>
EXPENSES			
Trustee's fee	6	33,067	39,410
Auditors' remuneration		9,000	9,000
Tax agent's fee		4,300	5,600
Administrative expenses		37,666	56,492
		<u>84,033</u>	<u>110,502</u>
Net income before taxation		4,758,173	10,494,858
Taxation	7	(17,493)	(10,708)
Net income after taxation, and total comprehensive income for the financial year		<u>4,740,680</u>	<u>10,484,150</u>
Net income after taxation is made up of the following:			
Net realised income		5,985,982	6,838,913
Net unrealised (loss)/income		(1,245,302)	3,645,237
		<u>4,740,680</u>	<u>10,484,150</u>
Distributions for the financial year			
Net distributions	16	5,810,209	5,422,861
Gross distribution per unit (sen)	16	5.50	5.01
Net distribution per unit (sen)	16	5.50	5.00
Distribution date (ex-date)	16	11 January 2021	9 January 2020

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

MAYBANK CONSTANT INCOME FUND 7

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2021**

	Note	31.01.2021 RM	31.01.2020 RM
ASSETS			
Financial assets at FVTPL	8	99,330,010	104,240,974
Deposit with a licensed financial institution	9	993,826	1,290,348
Derivative assets	10	3,630,832	1,789,312
Interest receivables		1,415,467	1,545,029
Redemption fee receivables		308	-
Cash at bank	11	4,231,400	4,553,710
TOTAL ASSETS		<u>109,601,843</u>	<u>113,419,373</u>
LIABILITIES			
Derivative liabilities	10	10,999	3,071
Amount due to Manager	12	20,531	-
Amount due to Trustee	13	2,822	2,924
Provision for taxation		2,560	6,092
Other payables and accruals	14	22,947	29,945
TOTAL LIABILITIES		<u>59,859</u>	<u>42,032</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>109,541,984</u>	<u>113,377,341</u>
EQUITY			
Unitholders' capital	15(a)	105,663,434	108,347,857
Retained earnings	15(b) & 15(c)	3,878,550	5,029,484
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>109,541,984</u>	<u>113,377,341</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)	15(a)	<u>105,595,861</u>	<u>108,388,602</u>
NAV PER UNIT (RM)		<u>1.0374</u>	<u>1.0460</u>

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

MAYBANK CONSTANT INCOME FUND 7**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

	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	-	10,484,150	10,484,150
Creation of units	110,080,524	-	110,080,524
Cancellation of units	(1,764,472)	-	(1,764,472)
Distribution (Note 16)	31,805	(5,454,666)	(5,422,861)
At 31 January 2020	<u>108,347,857</u>	<u>5,029,484</u>	<u>113,377,341</u>
At 1 February 2020	108,347,857	5,029,484	113,377,341
Total comprehensive income for the financial year	-	4,740,680	4,740,680
Cancellation of units	(2,765,828)	-	(2,765,828)
Distribution (Note 16)	81,405	(5,891,614)	(5,810,209)
At 31 January 2021	<u>105,663,434</u>	<u>3,878,550</u>	<u>109,541,984</u>

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

MAYBANK CONSTANT INCOME FUND 7

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021**

	01.02.2020	15.11.2018
	to	(date
	31.01.2021	of launch)
	RM	to
		31.01.2020
		RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale and redemption of financial assets at FVTPL	32,398,713	73,816,041
Net payments for purchase of financial assets at FVTPL	(29,232,624)	(173,950,285)
Net realised income / (loss) on derivatives	207,971	(1,390,515)
Interest received	5,350,482	4,646,502
Redemption fee income received	68,379	47,723
Trustee's fee paid	(33,169)	(36,487)
Taxation paid	(21,024)	(4,616)
Payment of other fees and expenses	(57,976)	(41,145)
Net cash generated from / (used in) operating and investing activities	<u>8,680,752</u>	<u>(96,912,782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	-	110,080,524
Cash paid on units cancelled	(2,745,294)	(1,764,472)
Distributions to unitholders	(5,810,209)	(5,422,861)
Net cash (used in) / generated from financing activities	<u>(8,555,503)</u>	<u>102,893,191</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD		
	125,249	5,980,409
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		
	5,844,058	-
Effects of foreign exchange	(744,081)	(136,351)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		
	<u>5,225,226</u>	<u>5,844,058</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 11)	4,231,400	4,553,710
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 9)	993,826	1,290,348
	<u>5,225,226</u>	<u>5,844,058</u>

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

MAYBANK CONSTANT INCOME FUND 7

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

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 ("MAM") 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 '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 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 the default is low, the Manager may at its discretion based on their understanding of the credit fundamentals of the issuer, continue to hold the downgraded fixed income securities up to the maturity date of the fixed income securities or the maturity date of the Fund, whichever is earlier. 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 and/or collective investment schemes.

As the Fund approaches its maturity date, the Manager may choose to invest in liquid assets and/or collective investment schemes 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 MAM, 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 MAM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

The financial statements were authorised for issue by the Board of Directors of the Manager ("the Directors") in accordance with a resolution of the directors on 16 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Fund have been prepared on a basis other than going concern as this Fund will mature on 9 January 2022.

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year. 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.

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
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform Phase 2</i>	1 January 2021
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
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

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

These assets are subsequently measure using the effective interest rate ("EIR") method and are subject to impairment. The EIR is a method of calculating the amortised cost of financial asset and of allocating and recognising the interest income in profit or loss of the relevant period.

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.

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)

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 instruments or a financial guarantee.

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

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

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

The carrying cost of unquoted fixed income securities denominated in RM are revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency ("BPA") registered with the Securities Commission Malaysia ("SC"). Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted fixed income securities differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- record its basis for using a non-BPA price;
- obtain necessary internal approvals to the use of non-BPA price; and
- keeps an audit trail of all decisions and basis for adopting the market yield.

Changes in the fair value of FVTPL investments are recognised in 'unrealised gain on FVTPL investments' in profit or loss. Accumulated unrealised gains or losses are reclassified to 'realised gain on FVTPL investments' in profit or loss when the associated assets are sold.

(iii) Impairment

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);

MAYBANK CONSTANT INCOME FUND 7

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

2.4 Financial assets (cont'd)

(iii) Impairment (cont'd)

- 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.

(iv) Derecognition

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

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.

MAYBANK CONSTANT INCOME FUND 7

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

2.5 Financial liabilities (cont'd)

(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.

2.6 Fair value measurement

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

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

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

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

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

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

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

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

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

MAYBANK CONSTANT INCOME FUND 7

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

2.7 Functional and presentation currency

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.8 Unitholders' capital

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

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

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

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

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 are sourced out of distribution equalisation, which is accounted for as a deduction from unitholders' capital. A proposed dividend 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

Income 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.

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

Other revenue / 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.

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.

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

MAYBANK CONSTANT INCOME FUND 7

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

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.

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 year.

3. INTEREST INCOME

	01.02.2020 to 31.01.2021 RM	15.11.2018 (date of launch) to 31.01.2020 RM
Interest income from unquoted fixed income securities	5,274,753	5,411,775
Interest income from short-term deposits	12,566	669,316
Accretion of discount, net of amortisation of premium	185,121	291,141
	<u>5,472,440</u>	<u>6,372,232</u>

4. REDEMPTION FEE INCOME

The Fund is entitled to payment of redemption charges between 1.50% to 3.50% (15.11.2018 to 31.01.2020: 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 31.01.2021 RM	15.11.2018 (date of launch) to 31.01.2020 RM
Net realised gain on foreign exchange	1,440,364	993,620
Net unrealised loss on foreign exchange	(2,858,740)	(902,184)
Net realised gain / (loss) on derivatives	212,570	(1,265,199)
Net unrealised gain on derivatives	1,833,593	1,786,240
	<u>627,787</u>	<u>612,477</u>

MAYBANK CONSTANT INCOME FUND 7

6. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.03% per annum ("p.a") (15.11.2018 to 31.01.2020: 0.03% p.a.) of the NAV of the Fund, excluding foreign custodian fees and charges.

7. TAXATION

	01.02.2020 to 31.01.2021 RM	15.11.2018 (date of launch) to 31.01.2020 RM
Tax expense for the financial year/period:		
Current income tax expense	<u>17,493</u>	<u>10,708</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (15.11.2018 to 31.01.2020: 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 year/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 31.01.2021 RM	15.11.2018 (date of launch) to 31.01.2020 RM
Net income before taxation	<u>4,758,173</u>	<u>10,494,858</u>
Tax at Malaysian statutory rate of 24% (15.11.2018 to 31.01.2020: 24%)	1,141,962	2,518,766
Income not subject to tax	(1,145,645)	(2,533,833)
Expenses not deductible for tax purposes	17,866	19,065
Restriction on tax deductible expenses for unit trust funds	3,310	6,710
Tax expense for the financial year/period	<u>17,493</u>	<u>10,708</u>

8. FINANCIAL ASSETS AT FVTPL

		31.01.2021 RM	31.01.2020 RM
Investments in financial assets at FVTPL:			
Unquoted fixed income securities - foreign	(a)	99,330,010	102,158,928
Unquoted fixed income securities - local	(b)	-	2,082,046
		<u>99,330,010</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 %
31.01.2021				
(a) Unquoted fixed income securities - foreign				
British Virgin Island				
Bluestar Finance Holdings Ltd - 3.88% / 24.06.2023	1,000,000	4,032,692	4,022,650	3.67
ENN Clean Energy International - 7.50% / 27.02.2021	1,000,000	4,061,207	4,038,804	3.69
Fortune Star (BVI) Ltd - 5.95% / 19.10.2025	250,000	1,030,425	1,058,061	0.97
China Huaneng (Hong Kong) Treasury Management Holding Ltd - 2.85% / 09.12.2023	200,000	814,900	813,738	0.74
Huarong Finance Co Ltd - 4.00% / Call: 07.11.2022	500,000	1,982,861	2,059,584	1.88
- 2.88% / Call: 14.09.2021	1,000,000	4,030,197	4,042,842	3.69
NWD Finance BVI Ltd - 4.80% / 09.09.2023	500,000	2,037,250	1,968,720	1.80
RKPF Overseas Ltd - 6.70% / 30.09.2024	1,000,000	4,205,120	4,284,339	3.91
Wanda Properties Overseas Ltd - 6.95% / 05.12.2022	1,000,000	4,141,200	4,098,976	3.74
	6,450,000	26,335,852	26,387,714	24.09
Cayman Island				
China State Construction International Holdings - 4.00% / 03.12.2024	500,000	2,085,387	2,023,238	1.85
CIFI Holdings Group - 6.45% / Call: 07.11.2024	500,000	2,090,500	2,157,919	1.97
Coastal Emerald Ltd - 4.30% / 01.08.2024	500,000	2,056,500	2,047,469	1.87

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 %
31.01.2021 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Cayman Island (cont'd)				
Country Garden Holdings Company Ltd				
- 5.40% / 27.05.2025	200,000	870,240	872,375	0.80
- 7.25% / 08.04.2026	1,000,000	4,593,885	4,563,392	4.17
Logan Group Co Ltd				
- 4.85% / 14.12.2026	200,000	814,060	820,684	0.75
Seazen Group Ltd				
- 6.45% / 11.06.2022	500,000	2,136,350	2,074,728	1.89
Shimao Property Holdings Ltd				
- 5.60% / 15.07.2026	1,000,000	4,127,512	4,436,182	4.05
TMB Bank				
- 4.90% / Call: 02.12.2024	500,000	2,088,500	2,017,787	1.84
	<u>4,900,000</u>	<u>20,862,934</u>	<u>21,013,774</u>	<u>19.19</u>
Great Britain				
HSBC Holdings plc				
- 6.25% / 23.03.2023	500,000	2,122,437	2,107,439	1.92
Hong Kong				
Agile Group Holdings Ltd				
- 8.50% / 18.07.2021	500,000	2,054,348	2,064,834	1.88
Airport Authority Hong Kong				
- 2.10% / 08.03.2026	250,000	1,019,275	1,016,970	0.93
Bank of East Asia Ltd				
- 5.63% / 18.05.2022	500,000	2,087,491	2,058,776	1.88
Shimao Property Holdings Ltd				
- 6.12% / 21.02.2024	200,000	813,000	855,091	0.78

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 %
31.01.2021 (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	4,046,132	4,084,842	3.73
	<u>2,450,000</u>	<u>10,020,246</u>	<u>10,080,513</u>	<u>9.20</u>
India				
Renew Power Ltd - 6.67% / 12.03.2024	1,000,000	4,086,755	4,258,089	3.89
- 6.45% / 27.09.2022	300,000	1,258,536	1,256,952	1.15
Shriram Transport Finance Co Ltd - 5.95% / 24.10.2022	1,000,000	4,108,000	4,129,264	3.77
	<u>2,300,000</u>	<u>9,453,291</u>	<u>9,644,305</u>	<u>8.81</u>
Indonesia				
Sri Rejeki Isman Tbk -7.25% / 16.01.2025	700,000	2,937,998	2,558,326	2.34
Mauritius				
Azura Power Solar Energy -5.65% / 24.09.2022	1,000,000	4,190,159	4,290,800	3.92
Greenko Solar Energy Private Ltd -5.55% / 29.01.2025	500,000	2,055,500	2,078,968	1.90
	<u>1,500,000</u>	<u>6,245,659</u>	<u>6,369,768</u>	<u>5.82</u>
Philippines				
SMC Global Power Holdings -7.00% / 21.10.2025	250,000	1,042,417	1,045,441	0.95

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 %
31.01.2021 (cont'd)				
(a) Unquoted fixed income securities - foreign (cont'd)				
Singapore				
Global Prime Capital Private Ltd -5.50% / 18.10.2023	500,000	2,042,279	2,045,046	1.87
Indika Energy Capital III Pte Ltd -5.88% / 09.11.2024	500,000	2,046,532	2,056,959	1.88
Jubilant Pharma Ltd -6.00% / 05.03.2024	1,000,000	4,095,522	4,248,397	3.88
United Overseas Bank Ltd -1.75% / 16.03.2031	300,000	1,246,657	1,219,879	1.11
	<u>2,300,000</u>	<u>9,430,990</u>	<u>9,570,281</u>	<u>8.74</u>
South Korea				
Shinhan Financial Group -5.88% / 13.08.2023	<u>1,100,000</u>	<u>4,643,459</u>	<u>4,820,275</u>	<u>4.40</u>
Switzerland				
UBS Group Ag -4.85% / 04.09.2024	<u>500,000</u>	<u>1,516,300</u>	<u>1,562,527</u>	<u>1.43</u>
United States of America				
Astrea V Private Ltd - 4.50% / 20.06.2029	<u>1,000,000</u>	<u>4,161,000</u>	<u>4,169,647</u>	<u>3.81</u>
Total unquoted fixed income securities - foreign	<u>23,950,000</u>	<u>98,772,583</u>	<u>99,330,010</u>	<u>90.70</u>
Unrealised gain on unquoted fixed income securities*			<u>557,427</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				
(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
	6,000,000	24,218,448	24,842,199	21.91

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
	2,700,000	11,049,774	11,318,220	9.99
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
	2,300,000	9,449,423	9,769,047	8.62
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
	1,400,000	5,785,325	5,809,328	5.13
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	24,500,000	100,008,645	102,158,928	90.12
(b) Unquoted fixed income securities - local				
Serba Dinamik Holdings Bhd - 6.30% / 09.05.2022	500,000	2,071,802	2,082,046	1.84
Total unquoted fixed income securities	25,000,000	102,080,447	104,240,974	91.96
Unrealised gain on unquoted fixed income securities*			2,160,527	

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

9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	31.01.2021 RM	31.01.2020 RM
Short-term placement with a maturity of less than 3 months	993,826	1,290,348

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:

	31.01.2021		31.01.2020	
	WAEIR % p.a.	Average Maturity Days	WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	1.77	4	2.75	3

MAYBANK CONSTANT INCOME FUND 7

10. DERIVATIVE ASSETS/LIABILITIES

Foreign exchange related contracts	Principal amount RM	Fair Value	
		Assets RM	Liabilities RM
31.01.2021			
Currency forwards:			
Less than 1 year	117,020,360	3,630,832	10,999
31.01.2020			
Currency forwards:			
Less than 1 year	113,187,225	1,789,312	3,071

As at the reporting date, there were 9 (31.01.2020: 7) forward exchange contracts outstanding.

The forward currency contracts entered into during the financial year 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, 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:

	31.01.2021 RM	31.01.2020 RM
United States Dollar ("USD")	4,224,432	4,543,756
RM	6,968	9,954
	<u>4,231,400</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 year. The normal credit term for Trustee's fee is 15 days. (31.01.2020: 15 days)

MAYBANK CONSTANT INCOME FUND 7

14. OTHER PAYABLES AND ACCRUALS

	31.01.2021	31.01.2020
	RM	RM
Due to external auditors	10,441	10,441
Due to tax agent	4,505	4,505
Other payables and accruals	8,001	14,999
	<u>22,947</u>	<u>29,945</u>

15. TOTAL EQUITY

	Note	31.01.2021	31.01.2020
		RM	RM
Unitholders' capital	15(a)	105,663,434	108,347,857
Accumulated realised income	15(b)	1,478,615	1,384,247
Accumulated unrealised income	15(c)	2,399,935	3,645,237
		<u>109,541,984</u>	<u>113,377,341</u>

(a) Unitholders' capital

	31.01.2021		31.01.2020	
	No. of units	RM	No. of units	RM
At the beginning of the financial year	108,388,602	108,347,857	-	-
Creation of units	-	-	110,080,524	110,080,524
Cancellation of units	(2,792,741)	(2,765,828)	(1,691,922)	(1,764,472)
Distribution equalisation (Note 16)	-	81,405	-	31,805
At the end of the financial year	<u>105,595,861</u>	<u>105,663,434</u>	<u>108,388,602</u>	<u>108,347,857</u>

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

	31.01.2021		31.01.2020	
	No. of units	RM	No. of units	RM
The Manager	<u>1,000</u>	<u>1,037</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

	31.01.2021 RM	31.01.2020 RM
At the beginning of the financial year	1,384,247	-
Net realised income for the financial year	5,985,982	6,838,913
Distributions out of retained earnings (Note 16)	<u>(5,891,614)</u>	<u>(5,454,666)</u>
At the end of the financial year	<u>1,478,615</u>	<u>1,384,247</u>

(c) Accumulated unrealised income

	31.01.2021 RM	31.01.2020 RM
At the beginning of the financial year	3,645,237	-
Net unrealised (loss)/income for the financial year	<u>(1,245,302)</u>	<u>3,645,237</u>
At the end of the financial year	<u>2,399,935</u>	<u>3,645,237</u>

16. DISTRIBUTIONS

Details of distributions declared to unitholders are as follows:

	01.02.2020 to 31.01.2021 RM	15.11.2018 (date of launch) to 31.01.2020 RM
Interest income	7,410,588	5,094,781
Realised (loss)/gain on sale of investments	(1,498,456)	404,035
Other income	93,014	36,053
Less:		
Expenses	(97,192)	(71,725)
Tax expense	<u>(16,340)</u>	<u>(8,478)</u>
Distributions out of retained earnings (Note 15(b))	5,891,614	5,454,666
Effects of distribution equalisation (Note 15(a))	<u>(81,405)</u>	<u>(31,805)</u>
Distributions for the financial year	<u>5,810,209</u>	<u>5,422,861</u>
Gross distribution per unit (sen)	<u>5.50</u>	<u>5.01</u>
Net distribution per unit (sen)	<u>5.50</u>	<u>5.00</u>
Distribution dates	<u>11/01/2021</u>	<u>09/01/2020</u>

The distribution declared is paid in cash.

MAYBANK CONSTANT INCOME FUND 7

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 31.01.2021		15.11.2018 (date of launch) to 31.01.2020	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
CIMB Bank Bhd	-	-	435,763,364	8.92
Hong Leong Islamic Bank Bhd	72,493,152	48.71	880,848,789	18.01
Malayan Banking Bhd ("MBB") *	76,327,674	51.29	1,331,896,415	27.24
Maybank Islamic Bhd ("MIB") **	-	-	972,655,209	19.89
Public Bank Bhd	-	-	998,063,000	20.41
Public Islamic Bank Bhd	-	-	270,322,393	5.53
Total	148,820,826	100.00	4,889,549,170	100.00

* MBB is the ultimate holding company of the Manager.

** MIBB is a subsidiary of Malayan Banking Berhad, the ultimate holding company of the Manager.

Transactions with top 10 stockbroking companies / brokers / dealers are as follows:

Brokers/dealers	01.02.2020 to 31.01.2021		15.11.2018 (date of launch) to 31.01.2020	
	Value of trades RM	Percentage of total trades %	Value of trades RM	Percentage of total trades %
Guotai Junan Securities (Hong Kong) Ltd	12,922,880	21.55	37,687,800	17.40
Credit Suisse Securities USA LLC	7,067,200	11.78	-	0.00
HSBC Bank Malaysia Bhd	5,048,000	8.42	24,169,350	11.16
Citibank Berhad	4,038,400	6.73	21,711,450	10.03
SC Lowy Primary Investments Ltd	2,826,880	4.71	14,747,400	6.81
ANZ Banking Group Ltd	2,019,200	3.37	8,193,000	3.78
Haitong International Securities Co Ltd	2,019,200	3.37	24,988,650	11.54
Kotak Mahindra (UK) Ltd	2,019,200	3.37	-	0.00
Mizuho Securities Asia Ltd	2,019,200	3.37	2,867,550	1.32
Nomura Securities Malaysia Sdn Bhd	2,019,200	3.37	4,915,800	2.27
Others	17,970,880	29.97	77,285,800	35.69
Total	59,970,240	100.00	216,566,800	100.00

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18. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	01.02.2020	15.11.2018
	to	(date
	31.01.2021	of launch)
	RM	to
		31.01.2020
		RM
Interest income from deposits placed with:		
- MBB	5,227	181,308
- MIB	-	133,236
	<u>5,227</u>	<u>314,544</u>

(b) Significant related party balances

	31.01.2021	31.01.2020
	RM	RM
Deposits with financial institutions:		
- MBB	<u>993,826</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 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 year ended 31 January 2021, the MER of the Fund stood at 0.08% (15.11.2018 to 31.01.2020: 0.10%).

20. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial year ended 31 January 2021, the PTR of the Fund stood at 0.27 times (15.11.2018 to 31.01.2020: 1.10 times).

MAYBANK CONSTANT INCOME FUND 7

21. SEGMENT INFORMATION

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

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

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

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

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

22. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.14 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

31.01.2021	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	99,330,010	-	-	99,330,010
Deposit with a licensed financial institution	-	993,826	-	993,826
Derivative assets	3,630,832	-	-	3,630,832
Interest receivables	-	1,415,467	-	1,415,467
Redemption fee receivables	-	308	-	308
Cash at bank	-	4,231,400	-	4,231,400
Total financial assets	102,960,842	6,641,001	-	109,601,843

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22. FINANCIAL INSTRUMENTS (CONT'D)

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

	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
31.01.2021 (cont'd)				
Financial Liabilities				
Derivative liabilities	10,999	-	-	10,999
Amount due to Manager	-	-	20,531	20,531
Amount due to Trustee	-	-	2,822	2,822
Other payables and accruals	-	-	22,947	22,947
Total financial liabilities	10,999	-	46,300	57,299
31.01.2020				
Financial assets				
Financial assets at FVTPL	104,240,974	-	-	104,240,974
Deposit with a licensed financial institution	-	1,290,348	-	1,290,348
Derivative assets	1,789,312	-	-	1,789,312
Interest receivables	-	1,545,029	-	1,545,029
Cash at bank	-	4,553,710	-	4,553,710
Total financial assets	106,030,286	7,389,087	-	113,419,373
Financial Liabilities				
Derivative liabilities	3,071	-	-	3,071
Amount due to Trustee	-	-	2,924	2,924
Other payables and accruals	-	-	29,945	29,945
Total financial liabilities	3,071	-	32,869	35,940

(b) Financial instruments that are carried at fair value

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

Unquoted fixed income securities

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

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

MAYBANK CONSTANT INCOME FUND 7

22. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments that are carried at fair value (cont'd)

Derivative assets and liabilities

The fair value of over-the-counter forward foreign exchange contracts are obtained by using valuation models which incorporate various observable market inputs such as changes in spot rate, and changes in the forward points. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

(c) Fair value hierarchy

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM
31.01.2021			
Financial assets at FVTPL	-	99,330,010	-
Derivative assets	-	3,630,832	-
	-	<u>102,960,842</u>	-
Derivative liabilities	-	<u>10,999</u>	-
31.01.2020			
Financial assets at FVTPL	-	104,240,974	-
Derivative assets	-	1,789,312	-
	-	<u>106,030,286</u>	-
Derivative liabilities	-	<u>3,071</u>	-

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

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

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

MAYBANK CONSTANT INCOME FUND 7

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

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

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's investments in unquoted fixed income securities denominated in foreign currencies, and other financial assets and liabilities denominated in foreign currencies. The Fund is also exposed to interest rate risk arising from its financial assets at FVTPL and deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below analyses the net position of the Fund's financial assets and financial liabilities (excluding derivative assets and derivative liability) which are exposed to foreign exchange risks as at 31 January 2021. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and derivative liabilities) denominated in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liability of the Fund that may affect the value of the NAV attributable to unitholders.

	SGD RM	USD RM	Total RM
31.01.2021			
Assets			
Cash at bank	-	4,224,432	4,224,432
Financial assets at FVTPL	1,562,527	97,767,483	99,330,011
Total assets	<u>1,562,527</u>	<u>101,991,915</u>	<u>103,554,443</u>
Net on-balance sheet open position	<u>1,562,527</u>	<u>101,991,915</u>	<u>103,554,443</u>
Forward exchange contracts			
- principal amount (Note 10) *	<u>-</u>	<u>117,020,360</u>	<u>117,020,360</u>

MAYBANK CONSTANT INCOME FUND 7

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(b) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

	SGD RM	USD RM	Total RM
31.01.2020			
Assets			
Cash at bank	-	4,543,756	4,543,756
Financial assets at FVTPL	1,529,961	102,711,013	104,240,974
Interest receivables	29,908	1,515,024	1,544,932
Total assets	<u>1,559,869</u>	<u>108,769,793</u>	<u>110,329,662</u>
Net on-balance sheet open position	<u>1,559,869</u>	<u>108,769,793</u>	<u>110,329,662</u>
Forward exchange contracts			
- principal amount (Note 10) *	<u>-</u>	<u>113,187,225</u>	<u>113,187,225</u>

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

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

	31.01.2021		31.01.2020	
	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM
Currencies				
SGD	+5	78,126	+5	77,993
	-5	(78,126)	-5	(77,993)
		<u> </u>		<u> </u>
USD	+5	5,099,596	+5	5,438,490
	-5	(5,099,596)	-5	(5,438,490)
		<u> </u>		<u> </u>

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

MAYBANK CONSTANT INCOME FUND 7

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

(b) Market risk (cont'd)

(ii) Interest rate risk

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

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

	31.01.2021		31.01.2020	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
Financial assets at FVTPL	+1	(82,685)	+1	(2,457,532)
	-1	83,048	-1	2,544,247

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

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

(c) Credit risk

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

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

(i) Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

MAYBANK CONSTANT INCOME FUND 7

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

(c) Credit risk

(ii) Credit risk concentration

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

Financial assets	31.01.2021		31.01.2020	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
A	5,418,175	4.95	4,219,908	3.72
A-	2,090,882	1.91	2,112,974	1.86
A3	-	-	2,056,056	1.81
Baa1	6,165,456	5.63	8,268,594	7.29
Baa2	-	-	2,096,459	1.85
Baa3	7,094,376	6.48	11,176,689	9.86
Ba2	2,081,808	1.90	2,117,903	1.87
Ba3	8,523,133	7.78	18,906,348	16.68
BBB+	2,036,251	1.86	2,081,933	1.84
BBB	4,142,473	3.78	6,255,638	5.52
BBB-	12,451,584	11.37	11,295,156	9.96
BB+	4,194,007	3.83	4,266,636	3.76
BB	19,379,685	17.69	19,513,789	17.21
BB-	6,730,437	6.14	11,417,823	10.07
AAA	5,225,371	4.77	5,844,155	5.15
Not rated	20,437,065	18.66	-	-
	105,970,703	96.75	111,630,061	98.45

MAYBANK CONSTANT INCOME FUND 7

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

(d) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected.

The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deed.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise cash at bank, deposit with a licensed financial institution and other instruments which are capable of being converted into cash within 7 days.

The following table summarises the maturity profile of the Fund's financial assets, liabilities and unitholders' capital to provide a complete view of the Fund's contractual commitments and liquidity:

	Less than 1 month RM	More than 1 month RM	Total RM
31.01.2021			
Financial assets			
Financial assets at FVTPL	-	99,330,010	99,330,010
Deposit with a licensed financial institution	993,826	-	993,826
Derivative assets	-	3,630,832	3,630,832
Interest receivable	349,298	1,066,169	1,415,467
Redemption fee receivables	-	308	308
Cash at bank	4,231,400	-	4,231,400
Total undiscounted financial assets	<u>5,574,524</u>	<u>104,027,319</u>	<u>109,601,843</u>
Financial liabilities and unitholders' equity			
Derivative liabilities	10,999	-	10,999
Amount due to Manager	20,531	-	20,531
Amount due to Trustee	2,822	-	2,822
Other payables and accruals	22,947	-	22,947
Unitholders' equity	<u>109,541,984</u>	<u>-</u>	<u>109,541,984</u>
Total undiscounted financial liabilities and unitholders' equity	<u>109,599,283</u>	<u>-</u>	<u>109,599,283</u>
Liquidity (gap)/surplus	<u>(104,024,758)</u>	<u>104,027,319</u>	<u>2,560</u>

MAYBANK CONSTANT INCOME FUND 7

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

(d) Liquidity risk (cont'd)

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

(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.

MAYBANK CONSTANT INCOME FUND 7

24. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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