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

MAYBANK ENHANCED CONSTANT INCOME FUND

Quarterly report
For the financial period from 30 June 2020 (date of launch) to 28 February 2021

CORPORATE INFORMATION

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

TRUSTEE
TMF Trustees Malaysia Bhd (200301008392 (610812-W))
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

MAYBANK ENHANCED CONSTANT INCOME FUND

CONTENT **PAGE**

Manager's report
For the financial period from 30 June 2020 (date of launch) to 28 February 2021

A. Fund Information

1. **Name of Fund**
   Maybank Enhanced Constant Income Fund (the "Fund")

2. **Type of Fund**
   Income

3. **Category of Fund**
   Fixed income fund (close-ended)

4. **Duration of Fund**
   The Fund is a close-ended fund which matured on 29 January 2024.

5. **Fund launch date**
   30 June 2020

6. **Fund commencement date/ maturity date**
   29 July 2020/ 29 January 2024

7. **Fund's investment objective**
   The Fund aims to provide unitholders with income through investments in a portfolio of Fixed Income Securities.

8. **Fund distribution policy**
   Distribution will be made on annual basis, subject to availability of income.

9. **Fund's performance benchmark**
   The prevailing 3-year Maybank fixed deposit rate as at the Commencement Date.

10. **Fund's investment policy and principal investment strategy**
    The Fund will invest a minimum of 80% of its net asset value ("NAV") in RM denominated Fixed Income Securities and/or foreign currency Fixed Income Securities and up to 20% of its NAV in liquid assets and/or collective investment scheme.

    The Fund may also invest up to 60% of its NAV in non-investment grade or high yield Fixed Income Securities.

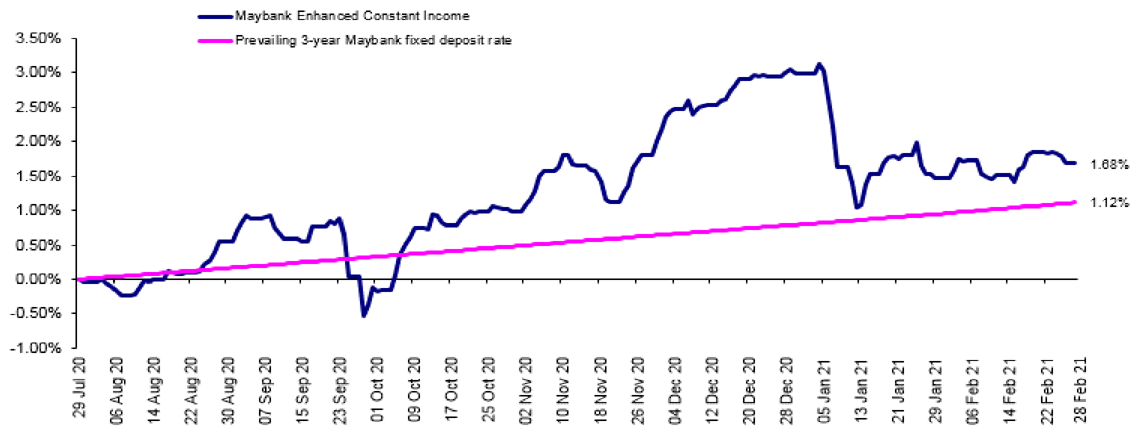
    The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure to manage the currency risk. Furthermore, the Fund may also fully or partially hedge the interest rate risk inherent in the investment of Fixed Income Securities.

Manager's report
For the financial period from 30 June 2020 (date of launch) to 28 February 2021 (cont'd)

B. Performance Review

Performance of Maybank Enhanced Constant Income Fund for the financial period from 30 June 2020 (date of launch) to 28 February 2021 are as follows:

Period	The Fund %	Benchmark %
30 June 2020 (date of launch) to 28 February 2021	1.68	1.12



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

For the period since fund's commencement under review, the Fund has generated a total return of 1.68%, as compared to the benchmark which registered a return of 1.12% over the same period. The Fund outperformed the benchmark by 56 basis points ("bps"). The portfolio's outperformance was mainly due to its fund composition to overweight in high yield and underweight in long end investment grade bonds.

C. Market Review

In July 2020, United States ("US") Commerce Department's 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 PMI ("Flash composite purchasing manager's index") number showed an increase to 54.8 from 48.5 indicating that activities are in expansion mode given that it's above 50. The European Union ("EU") recovery fund which was mooted in June 2020 was also approved whereby it will be made up of Euro ("EUR") 390 billion of grants and EUR 360 billion of loans to be distributed among EU member states.

In August 2020, the global equity market rallied with Standard & Poor's ("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.

In September 2020, the US economy continues to recover and the Federal Reserve Board ("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 2023. However, US markets was seen jittery in the quarter amid a resurgence in European Coronavirus Disease 2019 ("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.

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, 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 .

Manager’s report
For the financial period from 30 June 2020 (date of launch) to 28 February 2021 (cont'd)

C. Market Review (cont'd)

In November 2020 , 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 US dollar ("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.

In December 2020, the US announced USD 900 billion rescue package in late December 2020 and saw the Fed reinforced its supportive message and vouge 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 EUR1.8 trillion budget package, including the €750 billion recovery fund, after overcoming opposition from Hungary and Poland. The EU also agreed a Brexit trade deal with the United Kingdom ("UK"). The US 10-year yield was 25 basis points ("bps") higher, finishing at 0.91%, while the German 10-year yield fell by 5bps to -0.57%.

During the month of January 2021, the yield curve steepened as reflation risks come back into play with Biden pushing for a substantially larger USD 1.9trillion Covid-19 relief package. 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.

During February 2021, the bond market continued to be plagued with volatility both from rising bond yields and negative credit headlines. On the back of continued inflation concerns, the US Treasury ("UST") 10 year which started the year at 0.91% closed at 1.41% end February 2021. Even the 5-year UST yield doubled from 0.35% beginning of the year to over 0.70% end of February 2021. This all occurred even as US Fed Chairman reiterated to the congress on 24th February 2021 that the central bank would not start to trim its $120 billion in monthly bond purchases, or hike the benchmark interest rate, until “substantial further progress” has been made toward the Fed’s goals on inflation and employment. Specifically, that would mean US inflation reaching and running slightly above the 2% level, with employment falling to a level viewed as maximum employment. On the credit front, there continued to be some negative spillover effects from the China Fortune Land restructuring event. The financial markets turned more cautious on China property high yield as they worry about tightening policies and negative investor sentiment which will impact almost all major onshore and offshore funding channels, including bank loans, bonds issuance and trust loans. Concerns arose again on the government’s Three Red Lines policy rollout implications on property developers. Weak local state owned enterprise ("SOE") bonds and local government funding vehicles (“LGFV”) also traded weaker in a market where there were no buyers. It did not help that liquidity was poor during the one-week Chinese New Year holiday mid-February 2021. China high yield shaded about 0.5% to 1% lower while Indonesia and India high yield outperformed.

Manager's report
For the financial period from 30 June 2020 (date of launch) to 28 February 2021 (cont'd)

C. Market Review (cont'd)

Overall, the JP Morgan Asia Credit Index fell 0.79% in February 2021, with the investment grade bonds down 1.17% and the high yield bonds up 0.46%. While IG spreads tightened 8bps, it was not enough to offset the heavy sell-off in Treasury yields.

D. Market Outlook & Strategy

Treasury yields continued to climb higher in March 2021 and UST 10 year rose to 1.60% as February 2021 non-farm payroll numbers came in stronger than expected at 379k versus 200k survey forecast. Rising vaccinations, declining Covid-19 cases and loosening of business restrictions all contributed to the positive data. We expect Treasury yields to continue to face upward pressure as President Biden's signature USD 1.9 trillion stimulus bill, the American Rescue Plan Act, passed the Senate 50-49 on March 7th 2021 and looks set to be approved by the House coming Tuesday. Yellen expects this stimulus bill to enable US to return back to full employment by FY2022. Despite the improving macro outlook, credit bonds continued to selloff early March 202 as higher interest rates and increasing liquidity concerns overwhelmed investor sentiments. Both higher rated long end property names and shorter but weaker property bonds sold off 5% versus February 2021 month end. Non-Chinese high yield was not spared as well with prices about 2% lower as investors tried to pare down risk while dealers were reluctant to add. One bright spot under this current volatile environment was that there was very little new issuance in the market. With improving macro fundamentals, bonds look oversold with 3 to 5-year high yield bonds at high 6% to 7%. However, we acknowledge the current weak technical and will be very selective in adding risk. Current cash is about 11.64%. We also want to position more defensively ahead of the US Federal Open Market Committee ('FOMC") meeting on March 18th 2021. Credit markets need US Treasury yields to stabilize before they can perform again.

E. Asset Allocation

Asset allocation	**28.02.2021**	
	RM	**%**
Financial assets at FVTPL	38,371,687	86.98
Cash and cash equivalents, and other net assets	5,745,924	13.02
Total NAV	**44,117,611**	**100.00**

F. Soft Commissions and Rebates

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

During the financial period from 30 June 2020 (date of launch) to 28 February 2021, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

MAYBANK ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 30 JUNE 2020 (DATE OF LAUNCH) TO 28 FEBRUARY 2021

	30.06.2020 (date of launch) to 28.02.2021 RM
INVESTMENT INCOME	
Interest income	1,230,776
Net (loss) from financial assets at fair value through profit or loss ("FVTPL"):	
- realised loss	(1,092,940)
- unrealised gain	495,553
Net gain on foreign currency exchange and derivatives	140,900
Other income	3,735
	778,024
EXPENSES	
Trustee's fee	7,742
Auditors' remuneration	5,378
Tax agent's fee	1,881
Administrative expenses	7,525
	22,526
Net income before taxation	755,498
Taxation	(1,432)
Net income after taxation, total comprehensive income for the financial period	754,066
Net income after taxation is made up of the following:	
Net realised income	1,829,346
Net unrealised loss	(1,075,280)
	754,066

MAYBANK ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

	28.02.2021
	RM
ASSETS	
Financial assets at FVTPL	38,371,687
Derivative assets	115,468
Deposit with licensed financial institution	583,049
Interest receivable	560,646
Cash at bank	6,519,529
TOTAL ASSETS	46,150,379
LIABILITIES	
Amount due to Trustee	1,015
Amount due to financial institution	2,023,062
Other payables and accruals	8,691
TOTAL LIABILITIES	2,032,768
NET ASSET VALUE ("NAV") OF THE FUND	44,117,611
EQUITY	
Unitholders' capital	43,363,545
Retained earnings	754,066
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	44,117,611
NUMBER OF UNITS IN CIRCULATION (UNIT)	43,365,085
NAV PER UNIT (RM)	1.0174

MAYBANK ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 30 JUNE 2020 (DATE OF LAUNCH) TO 28 FEBRUARY 2021

	Unitholders' capital RM	Retained earnings RM	Total equity RM
At 30 June 2020 (date of launch)	-	-	-
Total comprehensive income for the period	-	754,066	754,066
Creation of units	43,481,590	-	43,481,590
Cancellation of units	(118,045)	-	(118,045)
At 28 February 2021	43,363,545	754,066	44,117,611

MAYBANK ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 30 JUNE 2020 (DATE OF LAUNCH) TO 28 FEBRUARY 2021

	30.06.2020 (date of launch) to 28.02.2021 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES	
Net payment for purchase of investments	(55,984,264)
Net proceeds from sale of investments	17,146,798
Interest income received	1,191,294
Net realised gain on forward foreign exchange contracts	1,686,631
Trustee's fee paid	(6,727)
Other income received	3,735
Payment of other fees and expenses	(7,525)
Net cash used in operating and investing activities	(35,970,058)
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash received from units created	43,481,590
Cash paid on units cancelled	(118,045)
Net cash generated from financing activities	43,363,545
NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	7,393,487
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	-
Effect on foreign exchange	(290,909)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	7,102,578
Cash and cash equivalents comprise:	
Cash at bank	6,519,529
Deposits with licensed financial institutions with original maturity of less than 3 months	583,049
	7,102,578