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# MAYBANK CONSTANT INCOME FUND 7

Unaudited interim report  
For the financial period from 1 February 2021 to 31 July 2021

## **CORPORATE INFORMATION**

### **MANAGER**

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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 period from 1 February 2021 to 31 July 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.

## MAYBANK CONSTANT INCOME FUND 7

### Manager's report

For the financial period from 1 February 2021 to 31 July 2021 (cont'd)

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

##### 11. Net income distribution for the financial period

The Fund did not declare any distributions during the financial period from 1 February 2021 to 31 July 2021.

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

###### Fund size

As at 31 July 2021, the size of the Fund was 104,160,567 units.

###### Breakdown of unitholdings as at 31 July 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	** 104,160	100.00
<b>Total</b>	<b>2</b>	<b>100.00</b>	<b>104,161</b>	<b>100.00</b>

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

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

## MAYBANK CONSTANT INCOME FUND 7

### Manager's report

For the financial period from 1 February 2021 to 31 July 2021 (cont'd)

### B. Performance Review

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

Category	01.02.2021 to 31.07.2021	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	9.20	24.09	21.91
- Cayman Island	13.86	19.19	12.84
- China	-	-	1.81
- Great Britain	-	1.92	-
- Hong Kong	3.00	9.20	9.99
- India	9.29	8.81	8.62
- Indonesia	-	2.34	5.13
- Mauritius	6.90	5.82	9.30
- Philippines	1.03	0.95	-
- Singapore	11.38	8.74	7.27
- South Korea	4.64	4.40	4.28
- Switzerland	-	1.43	1.35
- United States of America ("USA")	2.06	3.81	7.62
Cash and other net assets (%)	38.64	9.30	8.04
<b>Total (%)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
NAV (RM'000)	107,413	109,542	113,377
Units in circulation (units'000)	104,161	105,596	108,389
NAV per unit (RM)	1.0312	1.0374	1.0460
Highest NAV per unit (RM)	1.0417	1.0916	1.0935
Lowest NAV per unit (RM)	1.0106	0.9274	1.0000
Annual return (%) <sup>(1)</sup>			
- Capital growth (%)	(0.59)	(0.84)	4.12
- Income distribution (%)	-	5.34	4.79
Total return (%)	(0.59)	4.45	9.11
Benchmark (%)	0.95	2.18	3.23
Distribution date	NA	11 January 2021	9 January 2020
Gross distribution per unit (sen)	NA	5.50	5.01
Net distribution per unit (sen)	NA	5.50	5.00
Management Expense Ratio ("MER") (%) <sup>(2)</sup>	0.04	0.08	0.10
Portfolio Turnover Ratio ("PTR") (times) <sup>(3)</sup>	0.27	0.28	1.10

#### Note:

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

(2) The MER of the Fund during the financial period is 0.04.

(3) The PTR of the Fund during the financial period is 0.27 times.

## MAYBANK CONSTANT INCOME FUND 7

### Manager's report

For the financial period from 1 February 2021 to 31 July 2021 (cont'd)

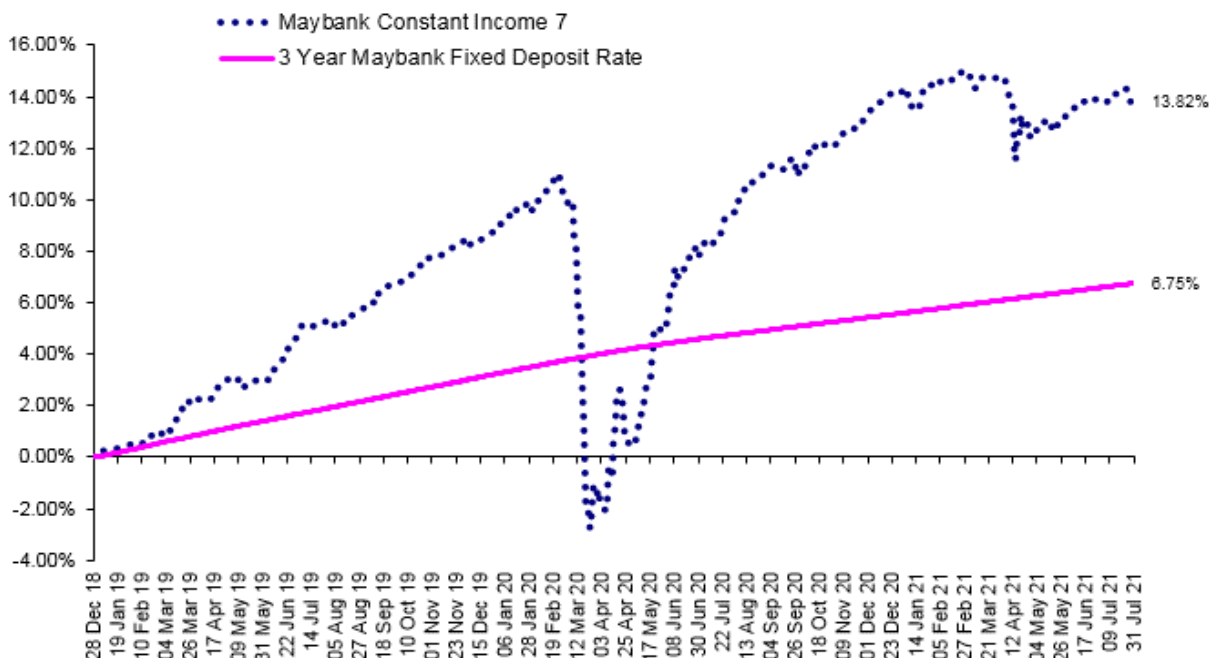
### B. Performance Review (cont'd)

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

*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	6 months to 31.07.2021 %	1 year to 31.07.2021 %	Since inception to 31.07.2021 %
Capital growth	(0.59)	(1.35)	3.11
Income distribution	-	5.34	10.38
Total return of the Fund	(0.59)	3.92	13.82
Benchmark	0.95	1.90	6.75
Average total return	-	3.92	4.89



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

For the period since fund's commencement under review, the Fund has generated a total return of -0.59%, as compared to the benchmark which registered a return of 0.95% over the same period. The Fund underperformed the benchmark by 39 basis points ("bps"). The portfolio's underperformance against the index were mainly due to cut loss in Huarong Finance. Positively we managed to cut our Sri Rejeki Isman bond holdings early at 69.5 on price against current bond at 20 on price. China Huarong was in limelight after the company missed an end- March deadline to release its 2020 financial results while Sri Rejeki Isman undergo debt restructuring due to its inability to service its debt obligation.

## MAYBANK CONSTANT INCOME FUND 7

### Manager's report

For the financial period from 1 February 2021 to 31 July 2021 (cont'd)

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

#### 3. Annual total return of the Fund

Category	01.02.2021 to 31.07.2021 %	01.02.2020 to 31.01.2021 %	15.11.2018 (date of launch) to 31.01.2020 %
Annual total return	(0.59)	4.45	9.11
Benchmark	0.95	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 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 United States 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 United States ("US") Federal Reserve ("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 Enterprises ("SOE") bonds and local government funding vehicles ("LGFV") s 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. 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 Investment Grade ("IG") spreads tightened 8bps, it was not enough to offset the heavy sell-off in Treasury yields.



## MAYBANK CONSTANT INCOME FUND 7

### Manager's report

For the financial period from 1 February 2021 to 31 July 2021 (cont'd)

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

President Biden confirmed a fiscal stimulus package of United States Dollar ("USD") 1.9 trillion, which followed up with an additional promise of USD 2 trillion in infrastructure spending. In Europe saw the flash manufacturing Purchasing Managers Index("PMI") for March 2021 reached record high of 62.4 signalling strong growth. Global bond yield was seen to rise higher as major countries continue to rollout Coronavirus 2019 ("COVID-19") vaccination along with expectation of large US economic stimulus. The 10 year yield was seen to rise to 1.74% yield resulting curve to steepen further. USD corporate bond continue to perform well against government bond while High Yield ("HY") space perform better to produce more moderate positive return.

In the US, almost 70% of the population has now had at least one shot of the vaccine, However the sharp sell off in UST in March 2021 seen to halt due to Fed comment. The US 10-year Treasury yield declined by 11 bps to 1.63% for the month. Echoing the previous month's comments, the Fed acknowledged improvements in the economy and a better outlook, but clearly downplayed any prospect of removing policy support. The US economy grew at an annualized 6.4% in the first quarter, beating expectations. In credit space, market was seen to focus on sell off in Huarong's bond which was triggered by the group's failure to release its financial results at the end of March 2021. There had been a debate among market players if Beijing will remain firm to back the state own companies that borrow on international market. The bond price had plunged since then but recovered slightly as regulators came forward to bring some assurance on the entity commitment to uphold its bond obligation. The situation however escalated to other China SOE resulting volatile market within that space.

US economic recovery seen to be on track with further sign of acceleration seen visible. The PMI no rose to 63.5 in April 2021 indicating significant expansion. Headline Consumer Price Index ("CPI") rose 4.2% Year-on-Year ("YoY") in April 2021 reaching highest level since September 2008 and sparked optimism among players that the Fed could initiate tighter monetary policy. The optimism however was met with some disappointment as Non Farm Payroll ("NFP") added only 266 thousand jobs in April 2021 as compared to expectation of 1 million jobs.

The US economy seen to remain in recovering mode after its first quarter Gross Domestic Product ("GDP") no grew at 6.4% quarter-on-quarter but was lower than consensus at 6.7%. The US PMI numbers for the month of June clocked at 63.9 signalling strong expansion in the US economy. In late June President Joe Biden also secured a deal on an infrastructure package worth about \$1 trillion to upgrade roads, bridges and broadband networks over the next eight years. The agreement fell short of the \$2.3 trillion infrastructure spending plan announced in March 2021, and did not address the social safety-net spending proposed in April 2021.

The 10 year UST level dropped lower from 1.47% to 1.23% at the back on concerns over the COVID-19 Delta variant along with signs that global growth moderating caused investors to shift towards risk - off mode. In the July 2021 Fed meeting, the Fed acknowledge that the economy was making progress in line with its mandate but highlighted that tapering would require additional improvements especially in the labor market. They also acknowledge that there was upside risk to the inflation outlook but retained the view that this would be transitory. In the credit space, China names continues to remain volatile as Chinese government tighten its regulatory on tech sectors. Latest casualty saw Chinese government launched an investigation into ride hailing giant Didi citing national security and cyber security concerns.

## **MAYBANK CONSTANT INCOME FUND 7**

### **Manager's report**

**For the financial period from 1 February 2021 to 31 July 2021 (cont'd)**

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

The outlook has turned murkier for the third quarter of 2021. Across the globe, countries are at different stages of vaccination and in containing the virus. Some countries are re-opening completely while others are entering another full-lock down. Generally developed countries, having managed to secure enough vaccines, are re-opening faster than the less developed emerging countries. We remain hopeful that a stronger recovery will emerge closer to fourth quarter of 2021.

Given the uneven global economic recovery for now, we remain cautious on risk going into the third quarter of 2021. In addition, while global liquidity remained relatively supportive with US and EU central banks still maintaining asset purchases and keeping interest rates low, we have seen some targeted tightening credit conditions that has resulted in increased headline risks and widening credit spreads. One major one imposed by the Chinese regulators is the "three red lines" on China property which caused Chinese property bonds to underperform massively in June 2021. Another one is Environmental, Social and Governance ("ESG") concerns that has resulted in some global banks withdrawing from syndicated loans to the Asian coal sector. In the past six months, we have seen more occurrences of idiosyncratic risks hitting individual issuers that we have seen in previous years. Therefore, we turn more cautious on credit risks and prefer to diversify across more issuers and hold stronger names even if yield is low from these bonds. Slow and steady is the name of the game for now.

As for duration risk, we think the worst could be over. As shown above in the Fed Hike versus UST Chart, historically the long end yield curve starts to flatten about 1 to 1.5 year before the start of US Fed rate hike. With the Fed signalling now that they are prepared to tighten by financial year 2023, we think long end could stabilize from here and are comfortable to add long end duration to fixed income portfolios. We continue to add to Middle East names for diversification as well as they are the main beneficiaries from high oil prices.

#### **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 period from 1 February 2021 to 31 July 2021, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services which were of demonstrable benefits to the unitholders.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAYBANK CONSTANT INCOME FUND 7 FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2021 TO 31 JULY 2021**

We have acted as Trustee of Maybank Constant Income Fund 7 (the "Fund") for the financial period from 1 February 2021 to 31 July 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; and
- (c) Creation and cancellation of units have been carried out in accordance with the Deed and relevant regulatory requirements.

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

**NORHAYATI BINTI AZIT**  
**DIRECTOR - FUND SERVICES**

Kuala Lumpur, Malaysia  
20 September 2021

**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK CONSTANT INCOME FUND 7  
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2021 TO 31 JULY 2021**

I, Ahmad Najib Bin Nazlan, being one of the Directors of Maybank Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting and International Accounting Standards 34: Interim Financial Reporting so as to give a true and fair view of the financial position of Maybank Constant Income Fund 7 as at 31 July 2021 and of its results, changes in equity and cash flows for the financial period from 1 February 2021 to 31 July 2021 and comply with the requirements of the Deed.

For and on behalf of the Manager

**Ahmad Najib Bin Nazlan**  
Director

Kuala Lumpur, Malaysia  
20 September 2021

**MAYBANK CONSTANT INCOME FUND 7**

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2021 TO 31 JULY 2021**

	Note	01.02.2021 to 31.07.2021 RM	01.02.2020 to 31.07.2020 RM
<b>INVESTMENT LOSS</b>			
Interest income	3	2,176,500	2,846,547
Redemption fee income	4	22,272	51,526
Net loss on financial assets at fair value through profit or loss ("FVTPL")			
- Realised loss		(1,684,335)	(1,293,652)
- Unrealised loss		(565,294)	(1,947,236)
Net (loss)/gain on foreign exchange and derivatives	5	(544,944)	155,247
		<u>(595,801)</u>	<u>(187,568)</u>
<b>EXPENSES</b>			
Trustee's fee	6	16,066	16,059
Auditors' remuneration		4,463	4,475
Tax agent's fee		1,736	1,740
Administrative expenses		21,623	13,922
		<u>43,888</u>	<u>36,196</u>
<b>Net loss before taxation</b>		(639,689)	(223,764)
Taxation	7	(4,866)	(12,259)
<b>Net loss after taxation, and total comprehensive income for the financial period</b>		<u>(644,555)</u>	<u>(236,023)</u>
<b>Net loss after taxation is made up of the following:</b>			
Net realised (loss)/income		(3,408,086)	1,381,844
Net unrealised income/(loss)		2,763,531	(1,617,867)
		<u>(644,555)</u>	<u>(236,023)</u>

**MAYBANK CONSTANT INCOME FUND 7****UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2021**

	<b>Note</b>	<b>31.07.2021 RM</b>	<b>31.01.2020 RM</b>
<b>ASSETS</b>			
Financial assets at FVTPL	8	65,911,303	99,330,010
Deposit with a licensed financial institution	9	1,776,821	993,826
Derivative assets	10	-	3,630,832
Interest receivables		1,052,045	1,415,467
Redemption fee receivables		758	308
Tax recoverable		2,025	-
Cash at bank	11	41,411,447	4,231,400
<b>TOTAL ASSETS</b>		<b>110,154,399</b>	<b>109,601,843</b>
<b>LIABILITIES</b>			
Derivative liabilities	10	2,671,699	10,999
Amount due to Manager	12	50,544	20,531
Amount due to Trustee	13	2,743	2,822
Provision for taxation		-	2,560
Other payables and accruals		16,771	22,947
<b>TOTAL LIABILITIES</b>		<b>2,741,757</b>	<b>59,859</b>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<b>107,412,642</b>	<b>109,541,984</b>
<b>EQUITY</b>			
Unitholders' capital	14(a)	104,178,647	105,663,434
Retained earnings	14(b) & 14(c)	3,233,995	3,878,550
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>107,412,642</b>	<b>109,541,984</b>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>	14(a)	<b>104,160,567</b>	<b>105,595,861</b>
<b>NAV PER UNIT (RM)</b>		<b>1.0312</b>	<b>1.0374</b>

**MAYBANK CONSTANT INCOME FUND 7****UNAUDITED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2021 TO 31 JULY 2021**

	<b>Unitholders' capital Note 14(a) RM</b>	<b>Retained earnings Note 14(b) &amp; 14(c) RM</b>	<b>Total equity RM</b>
At 1 February 2021	105,663,434	3,878,550	109,541,984
Total comprehensive loss for the financial period	-	(644,555)	(644,555)
Cancellation of units	(1,484,787)	-	(1,484,787)
At 31 July 2021	<u>104,178,647</u>	<u>3,233,995</u>	<u>107,412,642</u>
At 1 February 2020	108,347,857	5,029,484	113,377,341
Total comprehensive loss for the financial period	-	(236,023)	(236,023)
Cancellation of units	(2,061,053)	-	(2,061,053)
At 31 July 2020	<u>106,286,804</u>	<u>4,793,461</u>	<u>111,080,265</u>

**MAYBANK CONSTANT INCOME FUND 7****UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2021 TO 31 JULY 2021**

	<b>01.02.2021 to 31.07.2021 RM</b>	<b>01.02.2020 to 31.07.2020 RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net proceeds from sale and redemption of financial assets at FVTPL	34,490,137	14,882,238
Net payments for purchase of financial assets at FVTPL	(825,820)	(2,996,750)
Net realised gain/(loss) on derivatives	2,279,070	(915,166)
Interest received	2,489,117	2,843,433
Redemption fee income received	21,822	51,447
Trustee's fee paid	(16,146)	(16,183)
Taxation paid	(9,451)	(9,002)
Payment of other fees and expenses	(33,992)	(24,364)
Net cash generated from operating and investing activities	<u>38,394,737</u>	<u>13,815,653</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid on units cancelled	<u>(1,454,774)</u>	<u>(2,057,982)</u>
Net cash used in financing activities	<u>(1,454,774)</u>	<u>(2,057,982)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD</b>		
	36,939,963	11,757,671
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>		
	5,225,226	5,844,058
Effects of foreign exchange	<u>1,023,079</u>	<u>(73,027)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>		
	<u>43,188,268</u>	<u>17,528,702</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 11)	41,411,447	16,599,036
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 9)	<u>1,776,821</u>	<u>930,666</u>
	<u>43,188,268</u>	<u>17,529,702</u>



## MAYBANK CONSTANT INCOME FUND 7

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2021 TO 31 JULY 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 ("Maybank AM") and the Trustee, TMF Trustees Malaysia Berhad. The Fund is a three (3)-year close-ended fund with a maturity date set on the third (3rd) anniversary of the commencement date, which is on 9 January 2022.

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

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

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

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

## MAYBANK CONSTANT INCOME FUND 7

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

The Manager of the Fund is 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").

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

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

#### 2.2 Standards and amendments to standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
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, and are subsequently measured at amortised cost.

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

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

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

##### **(ii) Financial assets at FVTPL**

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

A financial asset is recognised at FVTPL if:

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

## MAYBANK CONSTANT INCOME FUND 7

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

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

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

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

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

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

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

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);
- Financial assets that are credit-impaired at the reporting date:  
As the difference between the gross carrying amount and the present value of estimated future cash flows.

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

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

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

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

## **MAYBANK CONSTANT INCOME FUND 7**

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

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

##### **(iv) Derecognition**

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

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

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

#### **2.5 Financial liabilities**

##### **(a) Classification**

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

##### **(b) Recognition and measurement**

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

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

##### **(c) Derecognition**

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

## MAYBANK CONSTANT INCOME FUND 7

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

#### 2.6 Fair value measurement

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

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

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

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

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

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

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

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

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

## MAYBANK CONSTANT INCOME FUND 7

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

#### 2.7 Functional and presentation currency

##### (a) Functional and presentation currency

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

##### (b) Transactions and balances

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

#### 2.8 Unitholders' capital

The unitholders' capital 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 in profit or loss as a deduction from realised reserves except where dividend is 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**

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

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

#### **2.12 Taxation**

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

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

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

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

#### **2.13 Segment reporting**

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



## MAYBANK CONSTANT INCOME FUND 7

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

#### 2.14 Critical accounting estimates and judgments

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

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

### 3. INTEREST INCOME

	<b>01.02.2021 to 31.07.2021 RM</b>	<b>01.02.2020 to 31.07.2020 RM</b>
Interest income from unquoted fixed income securities	2,263,176	2,700,249
Interest income from short-term deposits	18,006	8,032
Accretion of discount, net of amortisation of premium	(104,682)	138,266
	<u>2,176,500</u>	<u>2,846,547</u>

### 4. REDEMPTION FEE INCOME

The Fund is entitled to payment of redemption charges between 1.50% to 3.50% (01.02.2020 to 31.07.2020: 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 (LOSS)/GAIN ON FOREIGN EXCHANGE AND DERIVATIVES

	<b>01.02.2021 to 31.07.2021 RM</b>	<b>01.02.2020 to 31.07.2020 RM</b>
Net realised gain on foreign exchange	140,534	741,043
Net unrealised gain on foreign exchange	3,328,825	2,996,544
Net realised gain/(loss) on derivatives	2,277,228	(915,165)
Net unrealised loss on derivatives	(6,291,531)	(2,667,175)
	<u>(544,944)</u>	<u>155,247</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") (01.02.2020 to 31.07.2020: 0.03% p.a.) of the NAV of the Fund, excluding foreign custodian fees and charges.

### 7. TAXATION

	<b>01.02.2020 to 31.07.2021 RM</b>	<b>01.02.2020 to 31.07.2020 RM</b>
Tax expense for the financial period:		
Current income tax expense	<u>4,866</u>	<u>12,259</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.02.2020 to 31.07.2020: 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 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 loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>01.02.2021 to 31.07.2021 RM</b>	<b>01.02.2020 to 31.07.2020 RM</b>
Net loss before taxation	<u>(639,689)</u>	<u>(223,764)</u>
Tax at Malaysian statutory rate of 24% (01.02.2020 to 31.07.2020: 24%)	(153,525)	(53,703)
Income not subject to tax	148,338	57,383
Expenses not deductible for tax purposes	11,607	7,613
Restriction on tax deductible expenses for unit trust funds	(1,554)	966
Tax expense for the financial period	<u>4,866</u>	<u>12,259</u>

### 8. FINANCIAL ASSETS AT FVTPL

	<b>31.07.2021 RM</b>	<b>31.01.2021 RM</b>
Unquoted fixed income securities - foreign	<u>65,911,303</u>	<u>99,330,010</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 %
<b>31.01.2021</b>				
<b>Unquoted fixed income securities - foreign</b>				
<b>Cayman Island</b>				
CIFI Holdings Group - 6.45% / Call: 07.11.2024	500,000	2,109,227	2,182,437	2.03
Country Garden Holdings Co Ltd - 5.40% / 27.05.2025	200,000	843,735	881,126	0.82
- 7.25% / 08.04.2026	1,000,000	4,387,466	4,555,526	4.24
Seazen Group Ltd - 6.45% / 11.06.2022	500,000	2,109,361	2,124,976	1.98
Shimao Property Holdings Ltd - 5.60% / 15.06.2026	500,000	2,111,230	2,151,301	2.00
- 6.45% / 21.02.2024	200,000	843,755	858,023	0.80
TMB Bank Co Ltd - 4.90% / 02.12.2024	500,000	2,109,332	2,140,121	1.99
<b>Total Cayman Island</b>	<b>3,400,000</b>	<b>14,514,106</b>	<b>14,893,510</b>	<b>13.86</b>
<b>Hong Kong</b>				
Bank of East Asia Ltd - 5.63% / 18.05.2049	500,000	2,109,552	2,155,900	2.01
Hong Kong Airport Authority - 2.10% / 08.12.2049	250,000	1,054,726	1,061,254	0.99
	<b>750,000</b>	<b>3,164,278</b>	<b>3,217,154</b>	<b>3.00</b>
<b>India</b>				
Renew Clean Energy Private Ltd - 6.67% / 12.03.2024	1,000,000	4,218,590	4,403,350	4.10
Renew Power Ltd - 6.45% / 27.09.2022	300,000	1,268,438	1,298,021	1.21
Shriram Transport Finance Co Ltd - 5.95% / 24.10.2022	1,000,000	4,218,519	4,280,327	3.98
	<b>2,300,000</b>	<b>9,705,547</b>	<b>9,981,698</b>	<b>9.29</b>

**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 %
<b>31.01.2021 (cont'd)</b>				
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>Mauritius Island</b>				
Azure Power Solar Energy Private Ltd - 5.65% / 24.12.2024	1,000,000	4,221,767	4,425,837	4.12
Clean Renewable Power Private Ltd - 4.25% / 25.03.2027	200,000	843,740	839,409	0.78
Greenko Solar (Mauritius) Ltd - 5.55% / 29.01.2025	500,000	2,109,559	2,144,319	2.00
<b>Total Mauritius Island</b>	<b>1,700,000</b>	<b>7,175,066</b>	<b>7,409,565</b>	<b>6.90</b>
<b>Philippines</b>				
SMC Global Power Holdings Corp - 7.00% / 21.10.2049	250,000	1,061,035	1,103,622	1.03
<b>Singapore</b>				
Astrea V Private Ltd - 4.50% / 20.06.2029	1,000,000	4,218,945	4,429,845	4.12
Global Prime Capital Private Ltd - 5.50% / 18.10.2023	500,000	2,109,351	2,132,063	1.98
Jubilant Pharma Ltd - 6.00% / 05.03.2024	1,000,000	4,221,653	4,399,089	4.10
United Overseas Bank Ltd - 1.75% / 16.03.2031	300,000	1,264,123	1,264,771	1.18
	<b>2,800,000</b>	<b>11,814,072</b>	<b>12,225,768</b>	<b>11.38</b>
<b>South Korea</b>				
Shinhan Financial Group Co Ltd - 5.88% / 13.08.2049	1,100,000	4,657,778	4,980,032	4.64

**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 %
<b>31.01.2021 (cont'd)</b>				
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>United States</b>				
HSBC Holdings PLC - 6.25% / PERP	500,000	2,119,758	2,216,505	2.06
<b>Virgins Islands</b>				
Huarong Finance Co Ltd - 4.00% / PERP	500,000	2,106,144	1,424,849	1.33
Road King Infrastructure - 6.70% / 30.09.2024	1,000,000	4,222,633	4,396,009	4.09
Wanda Properties Overseas Ltd - 6.95% / 05.12.2022	1,000,000	4,248,164	4,062,591	3.78
	<u>2,500,000</u>	<u>10,576,941</u>	<u>9,883,449</u>	<u>9.20</u>
<b>Total unquoted fixed income securities - foreign</b>	<u>15,300,000</u>	<u>64,788,581</u>	<u>65,911,303</u>	<u>61.36</u>
<b>Unrealised gain on unquoted fixed income securities*</b>			<u>1,122,722</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 %
<b>31.01.2021</b>				
<b>(a) Unquoted fixed income securities - foreign</b>				
<b>British Virgin Island</b>				
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 - 2.88% / Call: 14.09.2021	500,000 1,000,000	1,982,861 4,030,197	2,059,584 4,042,842	1.88 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
	<b>6,450,000</b>	<b>26,335,852</b>	<b>26,387,714</b>	<b>24.09</b>
<b>Cayman Island</b>				
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 %
<b>31.01.2021 (cont'd)</b>				
<b>(a) Unquoted fixed income securities - foreign (cont'd)</b>				
<b>Cayman Island (cont'd)</b>				
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>
<b>Great Britain</b>				
HSBC Holdings plc				
- 6.25% / 23.03.2023	500,000	2,122,437	2,107,439	1.92
<b>Hong Kong</b>				
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 %
<b>31.01.2021 (cont'd)</b>				
<b>(a) Unquoted fixed income securities - foreign (cont'd)</b>				
<b>Hong Kong (cont'd)</b>				
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>
<b>India</b>				
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>
<b>Indonesia</b>				
Sri Rejeki Isman Tbk -7.25% / 16.01.2025	700,000	2,937,998	2,558,326	2.34
<b>Mauritius</b>				
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% / 29.01.2021	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>
<b>Philippine</b>				
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 %
<b>31.01.2021 (cont'd)</b>				
<b>(a) Unquoted fixed income securities - foreign (cont'd)</b>				
<b>Singapore</b>				
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>
<b>South Korea</b>				
Shinhan Financial Group -5.88% / 13.08.2023	1,100,000	4,643,459	4,820,275	4.40
<b>Switzerland</b>				
UBS Group Ag -4.85% / 04.09.2024	500,000	1,516,300	1,562,527	1.43
<b>United States of America</b>				
Astrea V Private Ltd - 4.50% / 20.06.2029	1,000,000	4,161,000	4,169,647	3.81
<b>Total unquoted fixed income securities - foreign</b>	<u>23,950,000</u>	<u>98,772,583</u>	<u>99,330,010</u>	<u>90.70</u>
<b>Unrealised gain on unquoted fixed income securities*</b>			<u>557,427</u>	

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

## MAYBANK CONSTANT INCOME FUND 7

### 9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	31.07.2021 RM	31.01.2020 RM
Short-term placement with a maturity of less than 3 months	<u>1,776,821</u>	<u>993,826</u>

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

	31.07.2021		31.01.2021	
	WAEIR % p.a.	Average Maturity Days	WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	<u>1.65</u>	<u>3</u>	<u>1.77</u>	<u>4</u>

### 10. DERIVATIVE ASSETS/LIABILITY

	Principal amount RM	←-----Fair Value----->	
		Assets RM	Liability RM
<b>Foreign exchange related contracts</b>			
<b>31.07.2021</b>			
Currency forwards:			
Less than 1 year	<u>104,234,360</u>	-	<u>2,671,699</u>
<b>31.01.2021</b>			
Currency forwards:			
Less than 1 year	<u>117,020,360</u>	<u>3,630,832</u>	<u>10,999</u>

As at the reporting date, there were 5 (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.

## MAYBANK CONSTANT INCOME FUND 7

### 11. CASH AT BANK

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

	<b>31.07.2021</b>	<b>31.01.2021</b>
	<b>RM</b>	<b>RM</b>
United States Dollar ("USD")	41,370,198	4,224,432
Singapore Dollars ("SGD")	37,464	-
RM	3,785	6,968
	<u>41,411,447</u>	<u>4,231,400</u>

### 12. AMOUNT DUE TO MANAGER

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

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

### 13. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee's fee is 15 days (31.01.2021: 15 days).

## MAYBANK CONSTANT INCOME FUND 7

### 14. TOTAL EQUITY

	Note	31.01.2021 RM	31.01.2020 RM
Unitholders' capital	14(a)	104,178,647	105,663,433
Accumulated realised (loss)/income	14(b)	(1,929,471)	1,478,615
Accumulated unrealised income	14(c)	5,163,466	2,399,935
		<u>107,412,642</u>	<u>109,541,983</u>

#### (a) Unitholders' capital

	31.07.2021		31.01.2021	
	No. of units	RM	No. of units	RM
At the beginning of the financial period/year	105,595,861	105,663,434	108,388,602	108,347,857
Cancellation of units	(1,435,294)	(1,484,787)	(2,792,741)	(2,765,828)
Distribution equalisation	-	-	-	81,405
At the end of the financial period/year	<u>104,160,567</u>	<u>104,178,647</u>	<u>105,595,861</u>	<u>105,663,434</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:

	31.07.2021		31.01.2021	
	No. of units	RM	No. of units	RM
The Manager	<u>1,000</u>	<u>1,031</u>	<u>1,000</u>	<u>1,037</u>

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 (loss)/income

	31.07.2021 RM	31.01.2021 RM
At the beginning of the financial period/year	1,478,615	1,384,247
Net realised income for the financial period/year	(3,408,086)	5,985,982
Distributions out of retained earnings	-	(5,891,614)
At the end of the financial period/year	<u>(1,929,471)</u>	<u>1,478,615</u>

#### (c) Accumulated unrealised income

	31.07.2021 RM	31.01.2021 RM
At the beginning of the financial period/year	2,399,935	3,645,237
Net unrealised loss for the financial period/year	2,763,531	(1,245,302)
At the end of the financial period/year	<u>5,163,466</u>	<u>2,399,935</u>

## MAYBANK CONSTANT INCOME FUND 7

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

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

Financial institutions	01.02.2021 to 31.07.2021		01.02.2020 to 31.07.2021	
	Value of placements RM	Percentage of total placements %	Value of placements RM	Percentage of total placements %
Hong Leong Islamic Bank Bhd	-	-	72,493,152	86.33
Malayan Banking Bhd ("MBB") *	258,740,403	100.00	11,483,615	13.67
<b>Total</b>	<b>258,740,403</b>	<b>100.00</b>	<b>83,976,767</b>	<b>100.00</b>

\* MBB is the ultimate holding company of the Manager.

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

Brokers/dealers	01.02.2021 to 31.07.2021		01.02.2020 to 31.07.2020	
	Value of trades RM	Percentage of total trades %	Value of trades RM	Percentage of total trades %
Guotai Junan Securities (Hong Kong) Ltd	7,084,901	25.72	-	-
Credit Suisse Securities USA LLC	1,061,258	3.85	4,237,500	22.74
HSBC Bank Malaysia Bhd	-	-	847,500	4.55
SC Lowy Primary Investments Ltd	2,759,700	10.02	2,966,250	15.91
ANZ Banking Group Ltd	2,216,381	8.05	2,118,750	11.36
Haitong International Securities Co Ltd	-	-	2,118,750	11.36
Kotak Mahindra (UK) Ltd	-	-	2,118,750	11.36
Mizuho Securities Asia Ltd	6,393,793	23.21	2,118,750	11.36
Nomura Securities Malaysia Sdn Bhd	2,804,660	10.18	2,118,750	11.36
J.P. Morgan Chase Bank Bhd	2,805,451	10.18	-	-
DBS Singapore Ltd	2,419,960	8.79	-	-
<b>Total</b>	<b>27,546,104</b>	<b>100.00</b>	<b>18,645,000</b>	<b>100.00</b>

## MAYBANK CONSTANT INCOME FUND 7

### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

#### (a) Significant related party transactions

	01.02.2020 to 31.07.2021 RM	01.02.2020 to 31.07.2020 RM
Interest income from deposits placed with:		
- MBB	156	752

#### (b) Significant related party balances

	31.07.2021 RM	31.01.2021 RM
Deposits with financial institutions:		
- MBB	1,776,821	993,826

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

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

### 17. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Trustee's fee and other administrative expenses. For the financial period from 1 February 2021 to 31 July 2021, the MER of the Fund stood at 0.04% (01.02.2020 to 31.07.2020: 0.03%).

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

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the daily average NAV of the Fund. For the financial period from 1 February 2021 to 31 July 2021, the PTR of the Fund stood at 0.27 times (01.02.2020 to 31.07.2020: 0.08 times).

## MAYBANK CONSTANT INCOME FUND 7

### 19. 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.

### 20. 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	Total RM
<b>31.07.2021</b>				
Financial assets at FVTPL	-	65,911,303	-	65,911,303
Derivative liabilities	-	2,671,699	-	2,671,699
<b>31.01.2021</b>				
Financial assets at FVTPL	-	99,330,010	-	99,330,010
Derivative assets	-	3,630,832	-	3,630,832
Derivative liabilities	-	10,999	-	10,999

## **MAYBANK CONSTANT INCOME FUND 7**

### **21. 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.