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MAYBANK CONSTANT INCOME FUND 8

Annual report

For the financial year ended 30 November 2021

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (199701006283) (421779-M)
Level 12 Tower C
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No.1 Jalan Maarof
59000 Kuala Lumpur, Malaysia
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TRUSTEE

TMF Trustees Malaysia Berhad (200301008392) (610812-W)
10th Floor, Menara Hap Seng
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EXTERNAL INVESTMENT MANAGER

Maybank Asset Management Singapore Pte. Ltd. (200812589K)
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MAYBANK CONSTANT INCOME FUND 8

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MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021

A. Fund Information

1. Name of the Fund

Maybank Constant Income Fund 8 (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Fixed income (closed-ended)

4. Fund launch date

21 October 2019

5. Fund commencement date / maturity date

15 November 2019/15 November 2022

6. Fund's investment objective

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

7. Fund distribution policy

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

8. 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 denominated fixed income securities and the remaining balance of its NAV will be invested in liquid assets. A maximum of 20% of the Fund's NAV will be invested in Liquid Assets and/or collective investment schemes.

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

11. Net income distribution For the financial year ended 30 November 2021

There was no distribution of income declared by the Fund during the financial year ended 30 November 2021.

MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021 (cont'd)

A. Fund Information (cont'd)

12. Breakdown of unitholdings by size

Fund size

As at 30 November 2021, the size of the Fund was 53,827,270 units.

Breakdown of unitholdings as at 30 November 2021

Unitholdings	No. of unitholders	%	No. of units ('000)	%
5,000 units and below	1	33.33	* 1	-
5,001 to 10,000 units	-	-	-	-
10,001 to 50,000 units	-	-	-	-
50,001 to 500,000 units	-	-	-	-
500,001 units and above	2	66.67	** 53,826	100.00
Total	3	100.00	53,827	100.00

* Includes 1,000 units held by the Manager

** Includes units held under an Institutional Unit Trust Scheme Adviser ("IUTA")

B. Performance Review

1. Key performance data of the Fund

Category	30.11.2021	30.11.2020
Portfolio		
Fixed income securities - foreign (%)	-	94.26
Cash and other net assets (%)	100.00	5.74
Total (%)	100.00	100.00
NAV (RM'000)	54,112	236,968
Units in circulation (units'000)	53,827	240,316
NAV per unit (RM)	1.0053	0.9861
Highest NAV per unit (RM)	1.0056	1.0275
Lowest NAV per unit (RM)	0.9745	0.8338
Annual return (%) ⁽¹⁾		
- Capital growth (%)	1.95	(1.39)
- Income distribution (%)	-	2.85
Total return (%)	1.95	1.42
Benchmark (%)	1.90	2.52
Distribution date (ex-date)	-	16.11.2020
Gross/net distribution per unit (sen)	-	2.80
Management Expense Ratio ("MER") (%)	0.07	0.07
Portfolio Turnover Ratio ("PTR") (times)	1.11	0.89

MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021 (cont'd)

B. Performance Review (cont'd)

1. Key performance data of the Fund

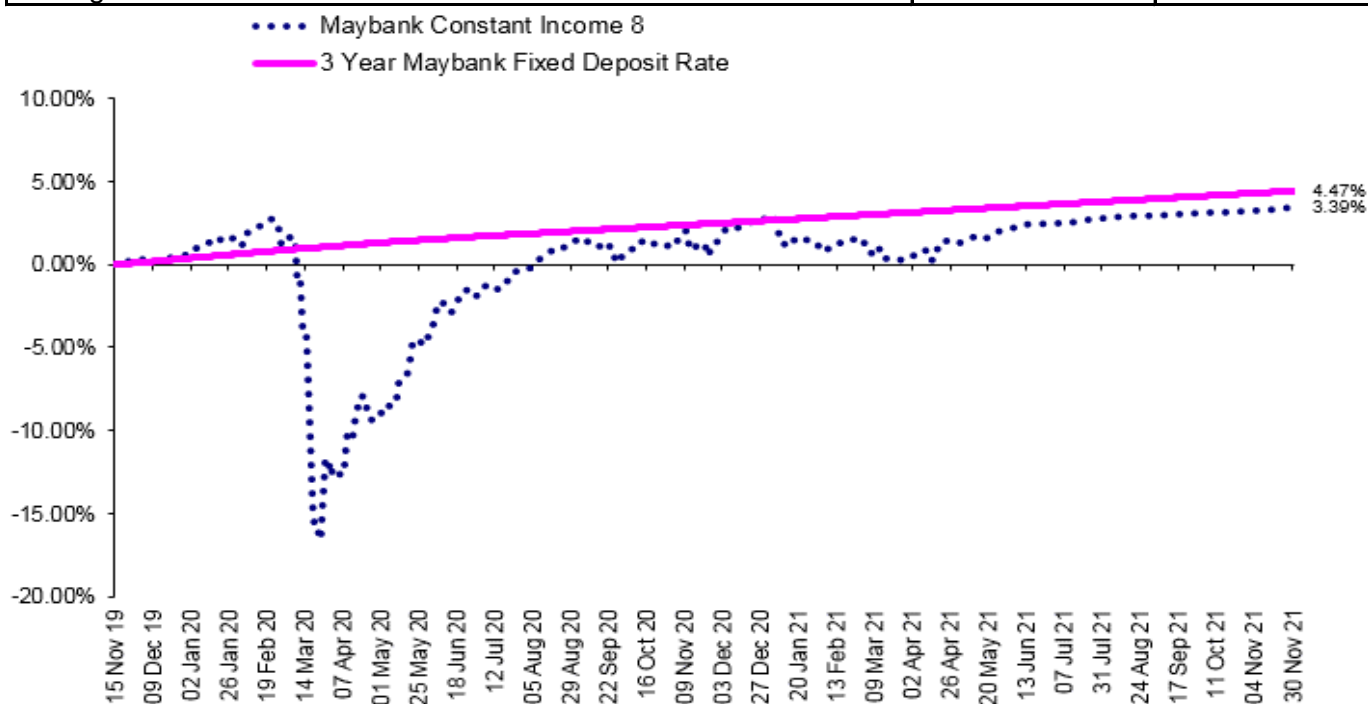
Investors are reminded that past performance of the Fund is not necessarily an indicative of its future performance and that unit prices and investment returns may fluctuate.

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.
- (2) The Fund's MER remains at 0.07% during the current financial year.
- (3) The Fund's PTR increased due to increase in investing activities during the current financial year.

2. Performance of the Fund up to 30 November 2021

Category	1 year to 30.11.2021 %	Since inception to 30.11.2021 %
Capital growth	1.95	0.53
Income distribution	-	2.85
Total return of the Fund	1.95	3.39
Benchmark	1.90	4.47
Average total return	1.95	1.64



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 November 2021

MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021 (cont'd)

2. Performance of the Fund up to 30 November 2021 (cont'd)

Has the Fund met its investment objective?

For the period under review, the Fund has generated a total return of 1.95%, as compared to the benchmark which registered a return of 1.90% over the same period. The Fund outperformed the benchmark (3-year Maybank fixed deposits rate) by 5 basis points ("bps"). However, the performance since inception generated total return of 3.39% as compared to benchmark which registered a return of 4.47%. The under performance of the fund since inception was largely due to:

1. Realised losses from the Coronavirus Disease 2019 ("COVID-19") lockdown during March 2020 to June 2020.
2. Realised losses on China Fortune Land and Huarong bonds.
3. Mark to market (unrealised losses) resulting from the contagion effect from China Fortune Land's issue on other Chinese local government funding vehicles (local government financing vehicles ("LGFV")) bonds held by the Fund, such as bonds issued by ZhongYuan Asset Management and Yunnan Metropolitan Construction Investment Group.

3. Total return of the Fund

For the financial year/period ended	30.11.2021 %	30.11.2020 %
Capital growth	1.95	(1.39)
Income distribution	-	2.85
Total return	1.95	1.42
Benchmark	1.90	2.52

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:

$$\begin{aligned}\text{Capital return} &= (\text{NAV per unit end} / \text{NAV per unit begin}) - 1 \\ \text{Income return} &= \text{Income distribution per unit} / \text{NAV per unit ex-date} \\ \text{Total return} &= (1 + \text{Capital return}) \times (1 + \text{Income return}) - 1\end{aligned}$$

C. Market Review

December 2020 – The United States ("US") announced \$900 billion ("bln") rescue package in late December 2020 and saw Federal Reserve System ("FED") reinforced its supportive message and vowe to continue with its current levels of qualitative easing. In Europe Coronavirus Disease 2019 ("COVID-19") infections seen to bounce back higher leading to some of the European ("EU") countries to tighten back its restrictions. EU leaders approved the landmark €1.8 trillion ("trn") budget package, including the €750bln 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 25bps higher, finishing at 0.91%, while the German 10 year yield fell by 5bps to -0.57%.

MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021 (cont'd)

C. Market Review (cont'd)

January 2021 - During the month of January 2021 the yield curve steepened as reflation risks come back into play with Biden pushing for a substantially larger \$1.9trn 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 ("UST") 10 year yield up from 0.91% end December 2020 to 1.04% end January 2021.

February 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 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 \$120bln 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. 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.

March 2021 – President Biden confirmed a fiscal stimulus package of \$1.9trn, which followed up with an additional promise of \$2trn in infrastructure spending. In Europe saw the flash manufacturing Purchasing Managers' Index ("PMI") for March 2021 reached record high of 62.4 signaling strong growth. Global bond yield was seen to rise higher as major countries continue to rollout COVID 19 vaccinations 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. US Dollars ("USD") corporate bond continue to perform well against government bond while High-Yield ("HY") space perform better to produce more moderate positive return.

MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021 (cont'd)

C. Market Review (cont'd)

April 2021 - In US, almost 70% of the population has now had at least one shot of the vaccine, However the sharp selloff in UST in March 2021 seen to halt due to FED comment. The US 10 year Treasury yield declined by 11bps 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 Q1, 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.

May 2021 – 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% YoY in April 2021 reaching highest level since September 2008 and sparked optimism among players that FED could initiate tighter monetary policy. The optimism however was met with some disappointment as NonFarm Payrolls (“NFP”) no added only 266k job in April 2021 as compared to expectation of a 1 million job.

June 2021 – The US economy seen to remain in recovering mode after its Q1 Gross domestic product (“GDP”) no grew at 6.4% (qoq) but was lower than consensus at 6.7%. The US PMI numbers for the month of June 2021 clocked at 63.9 signaling strong expansion in the US economy. In late June 2021 President Joe Biden also secured a deal on an infrastructure package worth about \$1trn to upgrade roads, bridges and broadband networks over the next eight years. The agreement fell short of the \$2.3trn infrastructure spending plan announced in March 2021, and did not address the social safety-net spending proposed in April 2021.

July 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.

August 2021 - Jerome Powell struck a cautious note in his statement at the Jackson Hole Symposium, stating that while the US economy had made progress on some important targets – specifically on inflation - tapering too aggressively could derail progress at a sensitive time, reiterating a desire to see further progress in the labor market. The comments were consistent with expectations that tapering could begin this year, but were broadly perceived as dovish. The US 10 year yield was 8bps higher at 1.31%, having twice come close to 1.38% during the course of the month. Data showed still healthy levels of expansion, but with momentum moderating. US consumer price inflation remained elevated in July 2021, but rose more slowly.

MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021 (cont'd)

C. Market Review (cont'd)

September 2021 – The FED stated that bond tapering will be announced at the November 2021 meeting, as expected, and will finish by mid-2022. Meanwhile, the FED funds rate projections now show a faster rate hiking schedule than they did in June 2021. In UK the 10 year gilts rise from 0.72% to 1.02% as policy makers among the Bank of England (“BOE”) seen to become more hawkish suggesting that rate rise might warranted before the end of the year. In China, the Chinese property bond spark major concern among the investors over the ability of property group Evergrande to service its debts sending yield to move higher. Power outages in China and the rationing of energy also spooked investors, hurting production of key commodities. The downside risks in China have significantly increased against a backdrop of slowing economic activity and concerns that recent regulatory policies will further weigh on growth.

October 2021 –The 10 year UST yield continue to rise higher from 1.49% to 1.56% as FED bond tapering draws near admit rising inflationary pressure. China property bond slightly recover in the mid of October 2021 but plunge back lower towards the month end as concern seen to build up over their abilities to raise fund to rollover their debt that due to mature with consideration that the sales on property market in china had significantly slow down during the pandemic time.

November 2021 – This month saw investors grappled with both a hawkish tilt on commentary from the FED and the emergence of a new coronavirus variant. The reappointed FED chairman Jerome Powell pointed out the positive momentum growth of US economy along with threat from high inflation no and he will be looking at swifter tapering of asset purchases. The US unemployment data was also seen to have been on fallen trend from 4.8% in September 2021 to 4.6% in October 2021. Government yields fell and the US dollar rallied, while stocks and high yield credit sold off. The oil price fell sharply due to concern over global demand after the emergence of new COVID-19 variant named Omicron.

D. Market Outlook & Strategy

The selling on China property bonds continued during the first week of November 2021 and the JP Morgan China High Yield Index was down -9.5% for the month ending 9 November 2021. There was some recovery after positive headlines from the China Plenum meeting on 8th to 11th November 2021. Media reports suggested that regulators will reopen the onshore asset-backed securities (“ABS”) issuance while relaxing issuance restrictions on the onshore bond markets. In addition, more developers announced asset sales and share placements to raise funds in the current stressed liquidity backdrop. Property bonds recovered most of the selloff and the JP Morgan China High Yield Index ended the month down by just -1%.

For the full year, the JP Morgan China High Yield Index has sold off 23% end 7 December 2021, a mini-bounce up from the trough of -30% end 9 November 2021. At current credit spread levels, the implied default rate in the China property sector is estimated to be 40% which seems excessive and a potential systemic risk. The China real estate sector accounts for 25% to 30% of China GDP if we include in commodities, construction, property services and furnishing. Home ownership is high, averaging 90% in the past 10 years. Hence while the Chinese government wants to continue with the policy objective of reducing sector leverage, they also know that without any government easing or support, a hard landing in the property sector could potentially derail the overall social and economic stability that they have been trying so hard to sustain in the current fight against the global pandemic.

MAYBANK CONSTANT INCOME FUND 8

Manager's report

For the financial year ended 30 November 2021 (cont'd)

D. Market Outlook & Strategy (cont'd)

In the December 2021 Poliburo meeting, the underlying tone on the China real estate sector has eased. The government dropped the policy rhetoric of “houses are for living and not for speculation” and replaced with emphasis on promoting affordable housing, supporting commercial housing market to meet demands for living and promoting the healthy development and virtuous circle of the real estate industry. This suggests that China stands ready to fine tune their policies to avoid a undesirable hard landing.

Overall we are positive that the China property sector should recover in FY2022. At average yields of 20%, China property bonds offer the best value within Asia and possibly globally. However, the sector is also facing a lot of near term headline risks given huge maturity wall of \$30bln for offshore bonds in 1H2022 and more defaults. Property sales continue to disappoint with November 2021 down almost 40% year on year. Still we believe that there will be survivors in this downturn and the key is to sift out the wheat from chaff. Other than China, we are turning more positive on India, Indonesia and Philippines as vaccination rates increase for emerging Asia and economies open fully in FY2022.

The fund had undergone a rebalancing process whereby after recovering its principal, it has place out 100% of its assets in cash until the maturity of the fund on the 15 November 2022.

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 30 November 2021, the Manager and its delegates did not receive any rebates from the 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 8 FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

We have acted as Trustee of Maybank Constant Income Fund 8 for the financial year ended 30 November 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 Deed, the Securities Commission Malaysia Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 ("CMSA") and other applicable laws;
- (b) Valuation/pricing of units of the Fund has been carried out in accordance with the Deed and any regulatory requirements; and
- (c) Creation and cancellation of units are carried out in accordance with the Deed and relevant regulatory requirements.

For and on behalf of
TMF Trustees Malaysia Berhad
(Company No.: 200301008392)

NORHAYATI BINTI AZIT
DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia
20 January 2022

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK CONSTANT INCOME FUND 8
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 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 8 as at 30 November 2021 and of its results, changes in equity and cash flows for the financial year ended 30 November 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
20 January 2022

Independent auditors' report to the Unitholders of Maybank Constant Income Fund 8

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Constant Income Fund 8 (the "Fund"), which comprise the statement of financial position as at 30 November 2021 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year ended 30 November 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 48.

In our opinion, the accompanying financial statements which have been prepared on a basis other than that of a going concern as disclosed in Note 2.1 to the financial statements, give a true and fair view of the financial position of the Fund as at 30 November 2021 and of its financial performance and cash flows for the year ended 30 November 2021 in accordance with Malaysian Financial Reporting Standards and International Financial 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.

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 8 (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 that of a 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 8 (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 that of a 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 8 (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
20 January 2022

MAYBANK CONSTANT INCOME FUND 8

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021**

	Note	01.12.2020 to 30.11.2021 RM	21.10.2019 (date of launch) to 30.11.2020 RM
INVESTMENT INCOME			
Interest income	3	5,476,305	12,474,143
Redemption fee income	4	52,726	52,618
Net loss on financial assets at fair value through profit or loss ("FVTPL")			
- Realised loss		(5,348,305)	(5,014,698)
- Unrealised gain/(loss)		4,169,603	(4,169,603)
Net (loss)/gain on foreign exchange and derivatives	5	(369,717)	56,371
Other Income		18,243	-
		<u>3,998,855</u>	<u>3,398,831</u>
EXPENSES			
Trustee's fee	6	58,257	74,248
Auditors' remuneration		9,000	9,000
Tax agent's fee		3,900	4,900
Administrative expenses		71,378	81,063
		<u>142,535</u>	<u>169,211</u>
Net income before taxation		3,856,320	3,229,620
Taxation	7	(16,469)	(11,906)
Net income after taxation, and total comprehensive income for the financial year/period		<u>3,839,851</u>	<u>3,217,714</u>
Net income after taxation is made up of the following:			
Realised (loss)/income		(2,198,737)	9,251,150
Unrealised income/(loss)		6,038,588	(6,033,436)
		<u>3,839,851</u>	<u>3,217,714</u>
Distribution for the financial year/period			
Net distribution	15	-	6,742,505
Gross/Net distribution per unit (sen)	15	-	2.80
Distribution date (ex-date)	15	-	16 November 2020

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

MAYBANK CONSTANT INCOME FUND 8**STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2021**

	Note	30.11.2021 RM	30.11.2020 RM
ASSETS			
Financial assets at FVTPL	8	-	223,314,539
Deposit with a licensed financial institution	9	52,159,195	270,000
Derivative assets	10	-	4,509,380
Interest receivables		2,289	3,548,692
Redemption fee receivables		-	4,770
Tax recoverable		2,014	-
Cash at bank	11	2,654,506	5,560,830
TOTAL ASSETS		54,818,004	237,208,211
LIABILITIES			
Amount due to Manager	12	672,941	190,790
Amount due to Trustee	13	1,426	5,889
Provision for taxation		-	7,462
Other payables and accruals		31,299	36,536
TOTAL LIABILITIES		705,666	240,677
NET ASSET VALUE ("NAV") OF THE FUND		54,112,338	236,967,534
EQUITY			
Unitholders' capital	14(a)	53,798,513	240,493,560
Retained earnings/(Accumulated losses)	14(b)&(c)	313,825	(3,526,026)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		54,112,338	236,967,534
NUMBER OF UNITS IN CIRCULATION (UNIT)		53,827,270	240,315,948
NAV PER UNIT (RM)		1.0053	0.9861

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

MAYBANK CONSTANT INCOME FUND 8

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021**

	Unitholders' capital Note 14(a) RM	Retained earnings/ (Accumulated losses) Note 14(b) & 14(c) RM	Total equity RM
At 1 December 2020	240,493,560	(3,526,026)	236,967,534
Total comprehensive income for the financial year	-	3,839,851	3,839,851
Cancellation of units	(186,695,047)	-	(186,695,047)
At 30 November 2021	<u>53,798,513</u>	<u>313,825</u>	<u>54,112,338</u>
At 21 October 2019 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	3,217,714	3,217,714
Creation of units	242,353,997	-	242,353,997
Cancellation of units	(1,861,672)	-	(1,861,672)
Distribution (Note 15)	1,235	(6,743,740)	(6,742,505)
At 30 November 2020	<u>240,493,560</u>	<u>(3,526,026)</u>	<u>236,967,534</u>

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

MAYBANK CONSTANT INCOME FUND 8**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021**

	01.12.2020 to 30.11.2021 RM	21.10.2019 (date of launch) to 30.11.2020 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of investments	327,301,048	92,017,608
Net purchase of investments	(103,508,518)	(329,339,032)
Realised loss on forward foreign exchange contracts	(635,542)	(821,232)
Interest received	11,969,573	11,121,244
Redemption fee income received	57,496	47,848
Trustee's fee paid	(62,720)	(68,359)
Payment of other fees and expenses	(93,117)	(62,865)
Net cash generated from/(used in) operating and investing activities	<u>235,028,220</u>	<u>(227,104,788)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	-	242,353,997
Payments for cancellation of units	(186,212,893)	(1,670,882)
Distributions to unitholders	-	(6,742,505)
Net cash (used in)/generated from financing activities	<u>(186,212,893)</u>	<u>233,940,610</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR/PERIOD		
	48,815,327	6,835,822
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		
	5,830,830	-
Effect on foreign exchange	167,544	(1,004,992)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD		
	<u>54,813,701</u>	<u>5,830,830</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 11)	2,654,506	5,560,830
Deposit with a licensed financial institution with maturity of less than 3 months (Note 9)	52,159,195	270,000
	<u>54,813,701</u>	<u>5,830,830</u>

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

MAYBANK CONSTANT INCOME FUND 8

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Constant Income Fund 8 (the "Fund") was constituted pursuant to the execution of a Deed dated 24 September 2019 between the Manager, Maybank Asset Management Sdn Bhd ("MAM") and the Trustee, TMF Trustees Malaysia Berhad. The Fund is a three (3)-year closed-ended fund with a maturity date set on the third (3rd) anniversary of the commencement date, which is on 15 November 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 denominated 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, 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 denominated fixed income securities, the Fund will invest in foreign currency denominated 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 will be 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.

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").

MAM has appointed Maybank Asset Management Singapore Pte. Ltd. ("MAMS") as the external investment manager for the Fund. MAMS is a wholly-owned subsidiary of MAMG and is licensed and regulated by the Monetary Authority of Singapore.

MAYBANK CONSTANT INCOME FUND 8

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (cont'd)

The role and responsibilities of MAMS is to manage the investment portfolio in accordance with the investment objective of the Fund and subject to the CMSA, the Guidelines and the terms and conditions of the investment management agreement between MAMS and the Manager.

The financial statements were authorised for issue by the Board of Directors (the "Directors") of the Manager in accordance with a resolution of the Directors on 20 January 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Based on the Trust Deed, the Fund shall be automatically terminated and wound-up on the third (3rd) anniversary of the Commencement Date of 15 November 2019. As such, the Fund is scheduled to be matured and terminated on 15 November 2022. Accordingly, the financial statements of the Fund have been prepared on a basis other than that of a going concern. Where appropriate, the carrying values of the assets are written down to their recoverable amounts and liabilities are recorded to the extent that such costs were committed at the end of the reporting period. All assets and liabilities have been classified as current.

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 Fund had adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year ended 30 November 2021. The adoption of the new pronouncements did not result in any material impact to the financial statements.

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 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

MAYBANK CONSTANT INCOME FUND 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Standards and amendments to standards issued but not yet effective (cont'd)

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.

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, dividend receivables and other receivables as financial assets at amortised cost. These assets are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. The EIR is a method of calculating the amortised cost of the financial asset and of allocating and recognising the interest income (or profit income) in profit or loss over 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 profit 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.

MAYBANK CONSTANT INCOME FUND 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial assets (cont'd)

(ii) Financial assets at fair value through profit or loss ("FVTPL")

Investments in unquoted fixed income securities and derivatives assets 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 instrument 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.

(iii) Impairment of financial assets

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

ECL are 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.

MAYBANK CONSTANT INCOME FUND 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

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 of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained profit 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

(i) 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 Manager, amount due to Trustee, other payables and accruals and amount due to broker as financial liabilities.

(ii) 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 instrument.

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 8

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

2.5 Financial liabilities (cont'd)

(iii) 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 Derivatives and hedge accounting

Derivatives are financial assets or liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy for FVTPL.

The Fund does not apply hedge accounting to the forward currency contracts entered during the financial year. However, future events or conditions may cause the Fund to apply hedge accounting in the future.

2.7 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.

MAYBANK CONSTANT INCOME FUND 8

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

2.7 Fair value measurement (cont'd)

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.

2.8 Functional and foreign 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 the 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.

2.9 Unitholders' capital

The unitholders' contributions to the Fund are classified as liabilities under MFRS 132 *Financial Instruments: Presentation*.

The outstanding units are carried at the redemption amount that is payable at each financial period if unitholders 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 8

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

2.10 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as an adjustment to unitholders' capital. A proposed distribution is recognised as a liability in the financial period 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.

2.11 Cash and cash equivalents

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

2.12 Revenue / Income

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

Interest income from unquoted fixed income securities and deposits with a licensed financial institution are recognised on the accruals basis using the effective interest rate method.

Realised gain or loss on disposal of unquoted fixed income securities are measured as the difference between the net proceeds and its carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation of premium.

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.

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

2.13 Income tax

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.

2.14 Segment information

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 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 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 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

	01.12.2020 to 30.11.2021 RM	21.10.2019 (date of launch) to 30.11.2020 RM
Interest income from short-term deposits	729,506	929,889
Interest income from unquoted fixed income securities	7,281,152	12,512,065
Amortisation of premium, net of accretion of discount	(2,534,353)	(967,811)
	<u>5,476,305</u>	<u>12,474,143</u>

4. REDEMPTION FEE INCOME

The Fund is entitled to payment of redemption charges between 1.50% to 3.50% (21.10.2019 (date of launch) to 30.11.2020: 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

	01.12.2020 to 30.11.2021 RM	21.10.2019 (date of launch) to 30.11.2020 RM
Net realised gain on foreign exchange	4,635,370	2,746,445
Net unrealised gain/(loss) on foreign exchange	6,378,365	(6,373,213)
Net realised loss on derivatives	(6,874,072)	(826,241)
Net unrealised (loss)/gain on derivatives	(4,509,380)	4,509,380
	<u>(369,717)</u>	<u>56,371</u>

6. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.03% per annum (21.10.2019 (date of launch) to 30.11.2020: 0.03% p.a.) of the NAV of the Fund, excluding foreign custodian fees and charges.

MAYBANK CONSTANT INCOME FUND 8

7. TAXATION

	01.12.2020 to 30.11.2021 RM	21.10.2019 (date of launch) to 30.11.2020 RM
Tax expense for the financial year/period:		
Current income tax expense	<u>16,805</u>	<u>11,906</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (21.10.2019 (date of launch) to 30.11.2020: 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 loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	01.12.2020 to 30.11.2021 RM	21.10.2019 (date of launch) to 30.11.2020 RM
Net income before taxation	<u>3,856,320</u>	<u>3,229,620</u>
Tax at Malaysian statutory rate of 24% (21.10.2019 (date of launch) to 30.11.2020: 24%)	925,517	775,109
Income not subject to tax	(2,315,018)	(3,007,323)
Loss not deductible for tax purposes	1,372,325	2,204,232
Expenses not deductible for tax purposes	31,868	33,393
Restriction on tax deductible expenses for unit trust funds	<u>2,113</u>	<u>6,495</u>
Tax expense for the financial year/period	<u>16,805</u>	<u>11,906</u>

8. FINANCIAL ASSETS AT FVTPL

As at 30 November 2021, the Fund did not hold any investments at FVTPL.

Details of the funds investments at FVTPL as at 30 November 2020 is as follows:

	30.11.2020 RM
Unquoted fixed income securities	<u>223,314,539</u>

MAYBANK CONSTANT INCOME FUND 8

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2020	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
British Virgin Island				
Bluestar Finance Holdings - 3.875% / 24.06.2023	500,000	2,077,046	2,013,511	0.85
ENN Clean Energy International Ltd - 7.50% / 27.02.2021	1,000,000	4,288,439	4,086,871	1.72
Greenland Global Investment Ltd - 6.125% / 22.04.2023	1,000,000	4,243,018	3,747,724	1.58
Huarong Finance Ltd - 4.00% / PERP	1,000,000	4,237,580	4,130,435	1.74
New Metro Global Ltd - 6.80% / 05.08.2023	750,000	3,025,282	3,180,578	1.34
- 7.50% / 16.12.2021	1,200,000	4,972,229	5,001,471	2.11
Peak Re BVI Holdings Ltd - 5.35% / 28.10.2025	600,000	2,485,800	2,503,667	1.06
RKPF Overseas 2019 (A) Ltd - 6.70% / PERP	500,000	2,110,138	2,121,403	0.90
Wanda Properties Overseas Ltd - 6.88% / 23.07.2023	1,100,000	4,483,955	4,429,276	1.87
- 6.95% / 05.12.2022	1,000,000	4,139,636	4,071,400	1.72
	8,650,000	36,063,123	35,286,335	14.89
Cayman Island				
Bright Scholar Education Holdings - 7.45% / 31.07.2022	1,000,000	4,216,110	4,211,863	1.78
Central China Real Estate Ltd - 7.65% / 27.08.2023	500,000	2,087,543	2,050,968	0.87

MAYBANK CONSTANT INCOME FUND 8

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2020 (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
Cayman Island (cont'd)				
CFLD (Cayman) Investment Ltd - 6.90% / 13.01.2023	2,000,000	8,150,000	7,084,236	2.99
China State Construction International Holdings Ltd - 4.00% / 03.12.2024	800,000	3,339,365	3,262,657	1.38
Coastal Emerald Ltd - 4.30% / 01.08.2024	1,500,000	6,262,876	6,183,439	2.61
Country Garden Holdings Co Ltd - 7.25% / 08.04.2026	2,000,000	9,054,982	9,093,879	3.84
Ronshine China Ltd - 6.75% / 05.08.2024	500,000	2,118,750	2,015,343	0.85
Seazen Group Ltd - 6.45% / 11.06.2022	400,000	1,706,200	1,661,131	0.70
Sunac China Holdings Ltd - 6.50% / 09.07.2023	700,000	2,976,044	2,860,525	1.21
TMB Bank Public Co Ltd - 4.90% / 02.12.2024	600,000	2,508,600	2,313,125	0.98
Zhenro Properties Group Ltd - 7.35% / 05.02.2025	500,000	2,057,793	2,007,606	0.85
	10,500,000	44,478,263	42,744,773	18.06
China				
Bi Hai Co Ltd - 6.25% / 05.03.2022	1,000,000	4,204,826	3,925,644	1.66
Country Garden Holdings Co Ltd - 6.15% / 17.09.2025	500,000	2,148,272	2,244,359	0.95

MAYBANK CONSTANT INCOME FUND 8

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2020 (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
China (cont'd)				
E-house (China) Holdings Ltd - 7.625% / 18.04.2022	400,000	1,699,500	1,639,146	0.69
Ronshine China Holdings Ltd - 8.10% / 09.06.2023	900,000	3,761,853	3,747,072	1.58
Zhenro Properties Group Ltd - 8.70% / 03.08.2022	500,000	2,143,586	2,091,885	0.88
Zhongyuan Asset Management Co Ltd - 4.20% / 29.11.2022	1,700,000	7,020,055	4,997,236	2.11
	5,000,000	20,978,092	18,645,342	7.87
France				
BNP Paribas SA - 6.62% / 25.03.2024	3,400,000	15,008,048	15,088,608	6.37
Great Britain				
BP Capital Markets PLC - 4.375% / 22.06.2025	400,000	1,710,200	1,734,416	0.73
HSBC Holdings PLC - 6.62% / 25.03.2024	1,500,000	6,490,161	6,359,323	2.68
Phoenix Group Holdings PLC - 5.62% / 29.01.2025	3,000,000	12,727,506	12,607,497	5.32
Standard Chartered PLC - 5.62% / 29.01.2025	500,000	2,137,762	2,178,198	0.92
	5,400,000	23,065,629	22,879,435	9.65

MAYBANK CONSTANT INCOME FUND 8

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2020 (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
Hong Kong				
Caiyun International Investment Ltd - 5.50% / 08.04.2022	1,800,000	7,499,579	5,091,856	2.15
CCCI Treasure Ltd - 3.43% / PERP	1,500,000	6,212,771	5,969,690	2.52
China Everbright Ltd - 3.80% / 27.10.2023	600,000	2,491,899	2,453,100	1.04
CNAC Hong Kong Finbridge Co Ltd - 3.80% / 27.10.2023	1,200,000	4,954,800	4,813,372	2.03
Far East Horizon Ltd - 4.35% / 14.06.2022	1,000,000	4,138,140	4,010,329	1.69
Shimao Property Holdings Ltd - 5.20% / 30.01.2025	1,000,000	4,236,298	4,274,970	1.80
	7,100,000	29,533,487	26,613,317	11.23
India				
Muthoot Finance Ltd - 6.13% / 31.10.2022	1,000,000	4,235,275	4,253,392	1.79
Renew Clean Energy Power Ltd - 6.67% / 12.03.2024	1,000,000	4,176,904	4,309,577	1.82
Renew Power Ltd - 6.45% / 27.09.2022	800,000	3,370,928	3,379,263	1.43
	2,800,000	11,783,106	11,942,231	5.04
Indonesia				
Sri Rejeki Isman Tbk Pt - 7.25% / 16.01.2025	1,500,000	6,371,935	6,197,485	2.62

MAYBANK CONSTANT INCOME FUND 8
8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2020 (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
Mauritius				
Azure Power Solar Energy Private Ltd - 5.65% / 24.09.2022	1,000,000	4,225,154	4,327,491	1.83
India Green Energy Holdings - 5.38% / 29.04.2024	600,000	2,485,800	2,537,134	1.07
	1,600,000	6,710,954	6,864,625	2.90
Philippines				
San Miguel Corporation - 5.50% / PERP	750,000	3,193,050	3,057,825	1.29
SMC Global Power Holdings Corporation - 5.95% / 05.05.2025	700,000	2,887,362	2,826,610	1.19
	1,450,000	6,080,412	5,884,435	2.48
South Korea				
Heungkuk Life Insurance Co Ltd - 4.48% / 09.11.2047	600,000	2,484,112	2,441,619	1.03
Singapore				
Global Prime Capital Pte Ltd - 5.50% / 18.10.2023	1,200,000	4,990,464	4,863,694	2.05
- 5.95% / 23.01.2025	800,000	3,255,600	3,188,395	1.35
Golden Energy and Resources Ltd - 9.00% / 14.02.2023	600,000	2,485,715	2,040,260	0.86
Indika Energy III Pte Ltd - 5.88% / 09.11.2024	1,500,000	6,112,426	6,166,950	2.60
	4,100,000	16,844,205	16,259,299	6.86

MAYBANK CONSTANT INCOME FUND 8

8. FINANCIAL ASSETS AT FVTPL (CONT'D)

30.11.2020 (cont'd)	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
Switzerland				
Julius Baer Gruppe Ag - 4.75% / 12.09.2024	3,000,000	12,535,851	12,467,036	5.26
Total unquoted fixed income securities	55,100,000	231,937,218	223,314,539	94.26
Unrealised loss on unquoted fixed income securities*			(8,622,679)	

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

9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	30.11.2021 RM	30.11.2020 RM
Short-term placement with a licensed financial institution with maturity of: - Less than 3 months	52,159,195	270,000
Deposits with related parties: - MBB	6,480,733	270,000

The weighted average effective interest rates ("WAEIR") per annum and average maturity of deposits with financial institutions as at the reporting date were as follows:

	30.11.2021		30.11.2020	
	WAEIR % p.a.	Average Maturity Day	WAEIR % p.a.	Average Maturity Day
Short-term placement				
Deposit with a licensed financial institution	1.75	7	1.75	1

MAYBANK CONSTANT INCOME FUND 8

10. DERIVATIVE ASSETS

As at the reporting date, there was no outstanding forward currency contracts. The outstanding forward currency contracts as at 30 November 2020 were 10 contracts.

30.11.2020	Notional principal amount SGD	<-----Fair Value----->	
		Assets RM	Liabilities RM
<u>Foreign exchange related contracts</u>			
Currency forwards - less than 1 year	1,044,000	21,376	-
	USD	RM	RM
Currency forwards - less than 1 year	56,503,326	4,488,004	-

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

11. CASH AT BANK

	30.11.2021 RM	30.11.2020 RM
US Dollar ("USD")	2,360,666	2,526,766
Singapore Dollar ("SGD")	290,045	3,023,448
RM	3,795	10,616
	2,654,506	5,560,830

12. AMOUNT DUE TO MANAGER

The amount represents the amount payables from the Manager for units redeemed or cancelled.

No management fee was charged to the Fund in accordance with the prospectus dated 21 October 2019.

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/period. The normal credit term for Trustee's fee is 15 days (30.11.2020: 15 days).

MAYBANK CONSTANT INCOME FUND 8

14. TOTAL EQUITY

	Note	30.11.2021 RM	30.11.2020 RM
Unitholders' capital	14(a)	53,798,513	240,493,560
Accumulated realised income	14(b)	308,673	2,507,410
Accumulated unrealised income/(loss)	14(c)	5,152	(6,033,436)
		<u>54,112,338</u>	<u>236,967,534</u>

(a) Unitholders' capital

	30.11.2021		30.11.2020	
	No. of units	RM	No. of units	RM
At the beginning of the financial year/period	240,315,948	240,493,560	-	-
Creation of units	-	-	242,353,997	242,353,997
Cancellation of units	(186,488,678)	(186,695,047)	(2,038,049)	(1,861,672)
Distribution (Note 15)	-	-	-	1,235
At the end of the financial year/period	<u>53,827,270</u>	<u>53,798,513</u>	<u>240,315,948</u>	<u>240,493,560</u>

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

	30.11.2021		30.11.2020	
	No. of units	RM	No. of units	RM
The Manager	<u>1,000</u>	<u>1,005</u>	<u>1,000</u>	<u>986</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 income

	30.11.2021 RM	30.11.2020 RM
At the beginning of the financial year/period	2,507,410	-
Net realised (loss)/income for the financial year/period	(2,198,737)	9,251,150
Distributions out of realised reserve (Note 15)	-	(6,743,740)
At the end of the financial year/period	<u>308,673</u>	<u>2,507,410</u>

(c) Accumulated unrealised income/(loss)

	30.11.2021 RM	30.11.2020 RM
At the beginning of the financial year/period	(6,033,436)	-
Net unrealised income/(loss) for the financial year/period	6,038,588	(6,033,436)
At the end of the financial year/period	<u>5,152</u>	<u>(6,033,436)</u>

MAYBANK CONSTANT INCOME FUND 8

15. DISTRIBUTION

The Fund did not declare any distribution during the current financial year.

Sources of the distribution declared in the previous financial period is as follows:

	30.11.2020
	RM
Interest income	6,860,699
Less:	
Expenses	(109,448)
Taxation	(7,511)
Distributions out of realised reserve (Note 14(b))	<u>6,743,740</u>
Distribution equalisation (Note 14(a))	(1,235)
Net distributions for the financial period	<u><u>6,742,505</u></u>

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

Distribution date (ex-date)	Gross/net distribution per unit (sen)
21.10.2019 (date of launch) to 30.11.2020	
16 November 2020	<u>2.80</u>

The distribution declared is paid in cash.

16. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Details of top 10 transactions with brokers and dealers for the current financial year is as follows:

01.12.2020 to 30.11.2021		Percentage of total trades
Brokers/dealers	Value of trades RM	%
UBS Investment Bank Singapore	53,197,834	12.41
Goldman Sachs International London	39,425,149	9.20
Barclays Investment Bank	35,476,181	8.28
Nomura Singapore Ltd	26,638,599	6.21
Guotai Junan International Securities Singapore Pte Ltd	24,366,359	5.68
Bank of America Merrill Lynch Harbourfro	22,600,499	5.27
HSBC Bank Singapore Limited	22,497,010	5.25
SC Lowy Financial Hong Kong Ltd	21,549,488	5.03
Credit Suisse Singapore Ltd	20,250,553	4.72
Morgan Stanley Asia Singapore Pte	14,611,612	3.41
Others	148,062,162	34.54
	<u>428,675,446</u>	<u>100.00</u>

MAYBANK CONSTANT INCOME FUND 8

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

Details of top 10 transactions with brokers and dealers for the previous financial period is as follows:

21.10.2019 (date of launch) to 30.11.2020	Value of trades RM	Percentage of total trades %
Brokers/dealers		
UBS Investment Bank Singapore	73,285,200	17.97
Credit Suisse Singapore Ltd	44,581,830	10.93
Citigroup Global Markets Inc	39,492,580	9.68
Barclays Investment Bank	35,421,180	8.68
Nomura Securities Singapore Ltd	26,464,100	6.49
SC Lowy Primary Investments Ltd	21,781,990	5.34
Standard Chartered Bank Singapore	20,139,180	4.94
Haitong International Securities Ltd	19,746,290	4.84
HSBC Bank Singapore Ltd	19,324,900	4.74
Guotai Junan Securities (Hong Kong) Ltd	18,321,300	4.49
Others	89,367,230	21.90
	407,925,780	100.00

Details of transactions, primarily deposits with licensed financial institutions for the financial year/period are as follows:

Financial Institutions	01.12.2020 to 30.11.2021	Percentage of total placements %	21.10.2019 (date of launch) to 30.11.2020	Percentage of total placements %
	Value of placements RM		Value of placements RM	
CIMB Bank Bhd	385,001,200	12.28	-	-
CIMB Islamic Bank Bhd	281,821,882	8.99	-	-
Hong Leong Islamic Bank Bhd	352,016,967	11.23	-	-
Malayan Banking Bhd (MBB)*	835,681,733	26.65	1,581,850,550	20.82
Public Bank Bhd	256,908,688	8.19	5,485,857,251	72.21
Public Islamic Bank Bhd	390,093,775	12.44	338,494,914	4.46
RHB Bank Bhd	-	-	191,000,000	2.51
Maybank Islamic Bhd (MIB)**	614,459,839	19.60	-	-
Standard Chartered Bank Malaysia Bhd	19,310,000	0.62	-	-
	3,135,294,084	100.00	7,597,202,715	100.00

* MBB is the ultimate holding company of the Manager.

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

MAYBANK CONSTANT INCOME FUND 8

17. 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/period:

	30.11.2021 RM	30.11.2020 RM
(a) <u>Significant related party transactions</u>		
MBB:		
Interest income from deposit placement	54,303	188,058
MIB:		
Interest income from deposit placement	39,002	-
(b) <u>Significant related party balances</u>		
MBB:		
Interest receivable	316	13
Derivative assets	-	750,043
	316	750,056

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.

18. MANAGEMENT EXPENSE RATIO ("MER")

The MER of the Fund is the ratio of total expenses expressed as an annual percentage of the Fund's daily average NAV. For the financial year ended 30 November 2021, the MER of the Fund stood at 0.07% (21.10.2019 (date of launch) to 30.11.2020: 0.07%).

19. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the daily average NAV of the Fund. For the financial year ended 30 November 2021, the PTR of the Fund stood at 1.11 times (21.10.2019 (date of launch) to 30.11.2020: 0.89 times).

20. 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. A maximum of 20% of the Fund's NAV will be invested in Liquid Assets and/or collective investment schemes.

MAYBANK CONSTANT INCOME FUND 8

20. SEGMENT INFORMATION (CONT'D)

The remaining balance of the Fund's NAV will be invested in liquid assets and/or collective investment schemes. 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.

21. 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 2.15 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.

	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
30.11.2021				
Financial assets				
Deposit with a licensed financial institution	-	52,159,195	-	52,159,195
Interest receivables	-	2,289	-	2,289
Cash at bank	-	2,654,506	-	2,654,506
Total financial assets	-	54,815,990	-	54,815,990
Financial liabilities				
Amount due to Manager	-	-	672,941	672,941
Amount due to Trustee	-	-	1,426	1,426
Other payables and accruals	-	-	31,299	31,299
Total financial liabilities	-	-	705,666	705,666

MAYBANK CONSTANT INCOME FUND 8

21. FINANCIAL INSTRUMENTS (CONT'D)

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

30.11.2020	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	223,314,539	-	-	223,314,539
Deposit with a licensed financial institution	-	270,000	-	270,000
Interest receivables	-	3,548,692	-	3,548,692
Other receivables	-	4,770	-	4,770
Derivative assets	4,509,380	-	-	4,509,380
Cash at bank	-	5,560,830	-	5,560,830
Total financial assets	227,823,919	9,384,292	-	237,208,211
Financial liabilities				
Amount due to Manager	-	-	190,790	190,790
Amount due to Trustee	-	-	5,889	5,889
Other payables and accruals	-	-	36,536	36,536
Total financial liabilities	-	-	233,215	233,215

(b) Financial instruments that are carried at fair value

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

Fixed income securities

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.

Derivative assets

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.

MAYBANK CONSTANT INCOME FUND 8

21. FINANCIAL INSTRUMENTS (CONT'D)

(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
30.11.2020			
Financial assets at FVTPL	-	223,314,539	-
Derivative assets	-	4,509,380	-
	-	227,823,919	-

22. 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, Securities Commission Malaysia's ("SC") 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.

MAYBANK CONSTANT INCOME FUND 8

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

(b) Market risk (cont'd)

(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 30 November 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
30.11.2021			
Assets			
Cash at bank	290,045	2,360,666	2,650,711
Total assets	<u>290,045</u>	<u>2,360,666</u>	<u>2,650,711</u>
Net on-balance sheet open position	<u>290,045</u>	<u>2,360,666</u>	<u>2,650,711</u>
30.11.2020			
Assets			
Cash at bank	3,023,448	2,526,766	5,550,214
Financial assets at FVTPL	-	223,314,539	223,314,539
Interest receivables	-	3,548,679	3,548,679
Total assets	<u>3,023,448</u>	<u>229,389,984</u>	<u>232,413,432</u>
Net on-balance sheet open position	<u>3,023,448</u>	<u>229,389,984</u>	<u>232,413,432</u>
Forward exchange contracts - principal amount (Note 10)	<u>3,194,953</u>	<u>235,510,680</u>	<u>238,705,633</u>

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.

MAYBANK CONSTANT INCOME FUND 8

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

(b) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

Currencies	30.11.2021		30.11.2020	
	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM
SGD	+5	14,502	+5	151,172
	-5	(14,502)	-5	(151,172)
USD	+5	118,033	+5	11,469,499
	-5	(118,033)	-5	(11,469,499)

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

(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.

Financial assets at FVTPL	30.11.2021		30.11.2020	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
	+1	-	+1	(5,043,193)
	-1	-	-1	5,217,097

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.

MAYBANK CONSTANT INCOME FUND 8

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

(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.

(ii) Credit risk concentration

The following table analyses the Fund's investments in fixed income securities, cash at bank, deposit with a licensed financial institution, interest receivables on fixed income securities, redemption fee income receivable 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	30.11.2021		30.11.2020	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	54,816,206	101.30	5,835,613	2.45
A3	-	-	1,748,073	0.73
A-	-	-	6,270,974	2.64
Baa1	-	-	4,141,292	1.74
Baa2	-	-	8,543,439	3.60
Baa3	-	-	33,563,202	14.15
Ba1	-	-	15,256,740	6.43
Ba2	-	-	3,837,082	1.61
Ba3	-	-	24,229,400	10.21
BBB	-	-	15,909,721	6.70
BBB-	-	-	37,316,999	15.74
BB+	-	-	8,416,900	3.54
BB	-	-	16,005,442	6.74

MAYBANK CONSTANT INCOME FUND 8

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

(c) Credit risk (cont'd)

(ii) Credit risk concentration (cont'd)

Financial assets (cont'd)	30.11.2021		30.11.2020	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
BB-	-	-	28,450,220	12.00
B+	-	-	6,322,475	2.66
Not rated	-	-	16,851,258	7.10
	54,816,206	101.30	232,698,831	98.04

(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:

30.11.2021	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets			
Deposit with a licensed financial institution	52,159,195	-	52,159,195
Interest receivables	2,289	-	2,289
Cash at bank	2,654,506	-	2,654,506
Total undiscounted financial assets	54,815,990	-	54,815,990

MAYBANK CONSTANT INCOME FUND 8

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

(d) Liquidity risk (cont'd)

	Less than 1 month RM	More than 1 month RM	Total RM
30.11.2021 (cont'd)			
Financial liabilities and unitholders' equity			
Amount due to Manager	672,941	-	672,941
Amount due to Trustee	1,426	-	1,426
Other payables and accruals	31,299	-	31,299
Unitholders' equity	54,112,338	-	54,112,338
Total undiscounted financial liabilities and unitholders' equity	54,818,004	-	54,818,004
Liquidity (gap)/surplus	(2,014)	-	(2,014)
	Less than 1 month RM	More than 1 month RM	Total RM
30.11.2020			
Financial assets			
Financial assets at FVTPL	4,863,694	218,450,845	223,314,539
Deposit with a licensed financial institution	270,000	-	270,000
Derivative assets	21,376	4,488,004	4,509,380
Interest receivables	32,109	3,516,583	3,548,692
Other receivables	4,770	-	4,770
Cash at bank	5,560,830	-	5,560,830
Total undiscounted financial assets	10,752,779	226,455,432	237,208,211
Financial liabilities and unitholders' equity			
Amount due to Manager	190,790	-	190,790
Amount due to Trustee	5,889	-	5,889
Other payables and accruals	36,536	-	36,536
Unitholders' equity	236,967,534	-	236,967,534
Total undiscounted financial liabilities and unitholders' equity	237,200,749	-	237,200,749
Liquidity (gap)/surplus	(226,447,970)	226,455,432	7,462

MAYBANK CONSTANT INCOME FUND 8

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

(d) Liquidity risk (cont'd)

(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.

23. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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