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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Quarterly report
For the financial period from 1 January 2023 to
30 September 2023

CORPORATE INFORMATION

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MAYBANK BLUEWATERZ TOTAL RETURN FUND

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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 30 September 2023

A. Fund Information

1. Name of Fund

Maybank Bluewaterz Total Return Fund (the "Fund")

2. Type of Fund

Growth

3. Category of Fund

Feeder fund (unquoted fixed income securities)

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund launch date

Share Class	Launch date
Ringgit Malaysia ("RM" or "MYR") class	24 July 2015
United States Dollar ("USD") class	18 June 2018

6. Fund's investment objective

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

7. Fund distribution policy

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

8. Fund's performance benchmark

Absolute return of 6.5% per annum ("p.a.") for RM Class and 5.0% p.a. for USD Class.

9. Fund's investment policy and principal investment strategy

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

The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure into RM in order to manage foreign exchange currency risk.

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 30 September 2023 (cont'd)

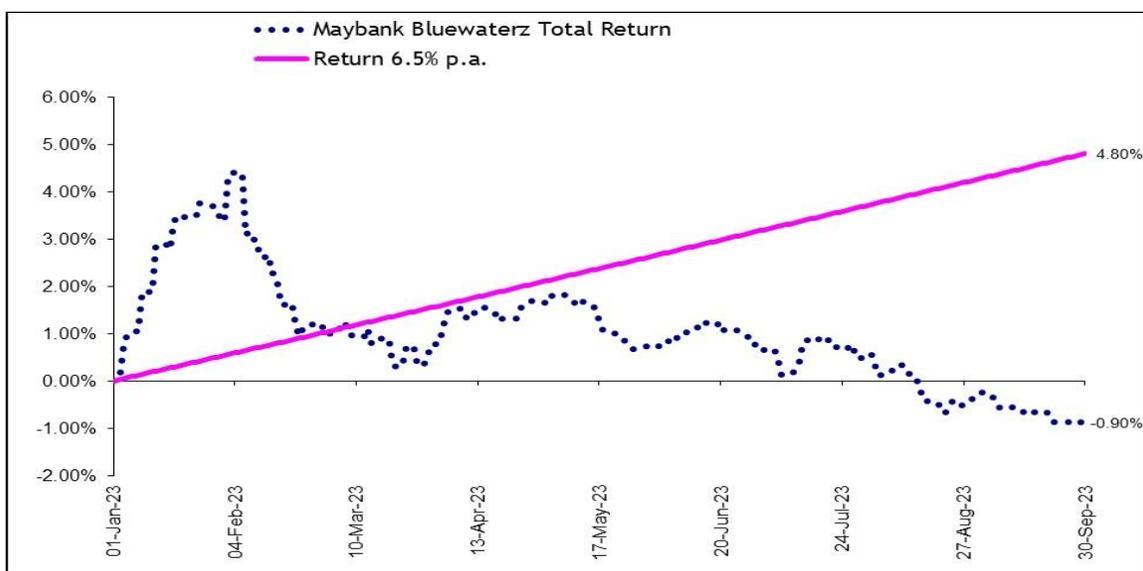
B. Performance Review

Performance of Maybank Bluewaterz Total Return Fund - RM Class for the financial period from 1 January 2023 to 30 September 2023 are as follows:

RM Class

Period	The Fund %	Benchmark %
1 January 2023 to 30 September 2023	(0.90)	4.80

Performance of the RM Class for the financial period from 1 January 2023 to 30 September 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 September 2023

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 30 September 2023 (cont'd)

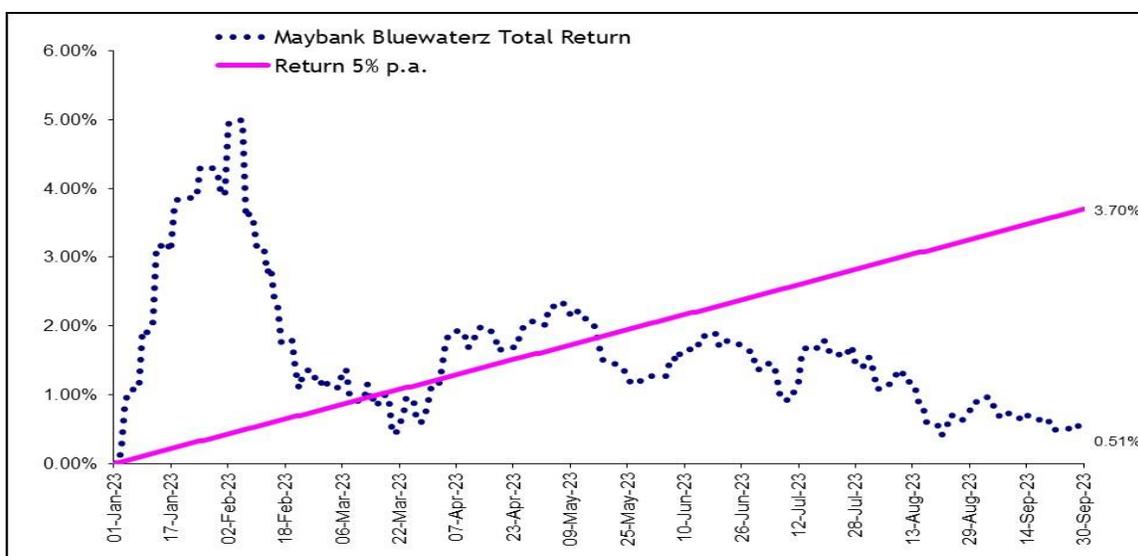
B. Performance Review (cont'd)

Performance of Maybank Bluewaterz Total Return Fund - USD Class for the financial period from 1 January 2023 to 30 September 2023 are as follows:

USD Class

Period	The Fund %	Benchmark %
1 January 2023 to 30 September 2023	0.51	3.70

Performance of the USD Class for the financial period from 1 January 2023 to 30 September 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 September 2023

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

The Fund generated return of -0.90% and 0.51% for RM class and USD class respectively for the financial period under review, underperforming absolute benchmark of 4.80% and 3.70% for RM class and USD class respectively. The underperformance was due to stubbornly high inflation prints and quicker-than-expected pace of monetary tightening by Federal Reserves ("Fed") during the period under review. The weaker performance was also due to widening of Asia credit spreads, particularly increased risk of China's slowdown and global recession which will spill over to emerging market.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 30 September 2023 (cont'd)

C. Market Review

Inflation was again in the forefront of the news in first quarter of 2023. Market quickly repriced a much higher terminal Fed fund rate given the high inflation print and tight labour market. United States Treasury ("UST") yields went through a roller-coaster ride during the period under review as expectations on the Fed fund rate were rather transient as well as United States ("US") economy finally showed more signs of economic damage after the aggressive rate-hiking path pursuit by Fed since March 2022. The fallout of Silicon Valley Bank ("SVB") and other US regional banks in mid-March 2023 have showed the aggressive rate-hiking cycle in US is cracking the real economy. The outburst has spread over to Credit Suisse. However, the swift action taken by Swiss financial authority has managed to stem the spreading of banking crisis globally.

In second quarter of 2023, the news cycle was dominated by political infighting over the debt ceiling. Softer trends of some moderate interest rate hikes or pausing in rate cycles are gaining more traction across regions. Federal Open Market Committee ("FOMC") raised rates by another 25 basis points ("bps") to take its Fed fund target rate range to 5.00% to 5.25% which was widely expected. Meanwhile, European Central Bank ("ECB") increased its fixed interest rate by 25 bps in both May 2023 and June 2023 respectively, bringing its main rate from 3.00% to 3.50% in second quarter of 2023. Bank of England ("BOE") also followed suit by raising 50 bps to bring its rate from 4.25% to 4.75% in May 2023 and another 25 bps in Jun 2023 to 5.00% for the 1H2023. While for China, the recovery being delayed with weak economic data which gave additional headwinds to Asia bond market. However, the global bond performance was muted with the 10y UST largely unchanged to close at 3.80% level for 1H2023.

The key takeaways in third quarter of 2023 were the update from the International Monetary Fund ("IMF") projects global growth to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. Expected global headline inflation to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024. On the policy rate front, FOMC raised its 11th rate increase of 25 bps with a target range of 5.25% to 5.50% in July 2023 and maintained the rate in September 2023 as widely expected. The 2y10y curve steepened to -47 bps at the end of the third quarter of 2023. New York Fed President John Williams indicated that the Fed may be done with rate hike but will need to maintain a restrictive monetary policy for some time. The futures implied probability of another 25 bps hike was trimmed to circa 40% and the US government shutdown is a wildcard which may cause delays or suspension in key economic data releases, complication the decision of a data-dependent Fed at the next FOMC meeting. While ECB delivered an unexpected dovish rate hike 25 bps, bringing the main refinancing rate to 4.50% as it cut the Eurozone's growth outlook and signalled an end to its tightening cycle. In China, People's Bank of China ("PBOC") cut key policy rates by 10 to 15 bps for the second time in 3 months. The 7-day Open Market Operations ("OMO") rate was reduced by 10 bps to 1.80% while the 1y Medium-Term Lending Facility ("MLF") rate was lowered by a larger 15 bps to 2.50%. The timing was surprising as it came just 2 months after the last 10 bps cut in June 2023 and a larger 15 bps reduction on the 1y MLF rate compared to 10 bps previously, suggesting the urgency and intensity needed to support the economy following a slew of weak macro data from exports, inflation, credit growth, retail sales, industrial production and investments as well as continued pressures in the property sector.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 30 September 2023 (cont'd)

D. Market Outlook and Strategy

Inflation is falling very slowly and the market seems to be expecting rates to stop rising soon. However, the market may still be at odds with Fed policy, as the latest projection from the central banks see forward interest rates at least at 5.50% by the end of 2023.

A hard landing would mean that central banks really struggle to bring inflation under control. If that happens, they would keep raising interest rates which would put more strain on consumer spending, investment, and ultimately on corporate profits. This would probably mean a severe recession with rising unemployment.

The soft landing would occur if inflation falls to a manageable level, allowing central banks to stop raising rates. Economic growth rates might fall to around zero but would recover quite quickly. Both of these scenarios could still play out. Economic forecasts are mixed, though some are starting to deteriorate.

We continue to hold the view that we are coming to the end of the current hiking cycle and remain positive on fixed income performance on a longer term outlook. We look to add long duration Treasuries and investment grade corporates gradually.

Going forward, we plan to add positions in long end sovereign and quasi-sovereigns and reduce non-investment grade corporate exposure. Target is to improve the quality of the portfolio as we expect a slowdown and possibly recessionary environment.

E. Asset Allocation

As at 30 September 2023, the Fund was 102.42% (31.12.2022: 95.15%) invested in the Target Fund, with the remaining in cash, deposit and other net assets with licensed financial institutions.

F. NAV as at 30 September 2023

Below is the summary of the NAV of the Fund:

RM Class	30.09.2023	31.12.2022	Changes (%)
NAV (RM)	382,479,085	399,238,584	(4.20)
Units in circulation (unit)	417,571,601	406,597,102	2.70
NAV per unit (RM)	0.9160	0.9819	(6.72)

USD Class	30.09.2023	31.12.2022	Changes (%)
NAV (RM)	23,080,544	23,312,131	(0.99)
Units in circulation (unit)	5,392,693	5,488,315	(1.74)
NAV per unit (USD)	0.9118	0.9653	(5.54)

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 30 September 2023 (cont'd)

G. Soft Commissions and Rebates

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

During the financial period from 1 January 2023 to 30 September 2023, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023**

	01.01.2023 to 30.09.2023 RM	01.01.2022 to 30.09.2022 RM
INVESTMENT LOSS		
Interest income	259,977	84,964
Dividend income	31,673,352	12,204,163
Net loss from financial assets at fair value through profit or loss ("FVTPL"):		
- Realised gain/ (loss)	463,213	(29,945,625)
- Unrealised loss	(1,084,563)	(4,130,580)
Net loss on foreign exchange and derivatives	(33,731,694)	(41,025,159)
	<u>(2,419,715)</u>	<u>(62,812,237)</u>
EXPENSES		
Trustee's fee	58,278	63,850
Auditors' remuneration	4,488	4,488
Tax agent's fee	5,618	2,618
Administrative expenses	2,135	24,991
	<u>70,519</u>	<u>95,947</u>
Net loss before distribution and taxation	(2,490,234)	(62,908,184)
Distribution to unitholders		
MYR Class	(23,610,104)	(12,320,211)
USD Class	(1,488,421)	(689,518)
Net loss before taxation	<u>(27,588,759)</u>	<u>(75,917,913)</u>
Taxation	-	-
Net loss after distribution and taxation, total comprehensive loss for the financial period	<u>(27,588,759)</u>	<u>(75,917,913)</u>
Net loss after distribution and taxation is made up of the following:		
Net realised gain/ (loss)	643,142	(71,787,333)
Net unrealised loss	(28,231,901)	(4,130,580)
	<u>(27,588,759)</u>	<u>(75,917,913)</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023**

	01.01.2023 to 30.09.2023 RM	01.01.2022 to 30.09.2022 RM
Distributions for the financial period:		
<u>RM Class</u>		
Net distributions (RM)	23,610,104	12,320,211
Gross/ Net distributions per unit (sen)	<u>5.76</u>	<u>2.70</u>
	29 March 2023	
Distribution date (ex-date)	<u>26 September 2023</u>	<u>29 March 2022</u>
<u>USD Class</u>		
Net distributions (RM)	1,488,421	689,518
Gross/ Net distributions per unit (USD cent)	<u>6.85</u>	<u>2.50</u>
	29 March 2023	
Distribution date (ex-date)	<u>26 September 2023</u>	<u>29 March 2022</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	30.09.2023	31.12.2022
	RM	RM
ASSETS		
Financial assets at FVTPL	415,356,260	402,061,657
Deposit with a licensed financial institution	2,290,910	6,384,037
Profit/ Interest receivable	370	962
Derivative assets	788,510	15,515,151
Amount due from Manager	24,510	-
Cash at bank	8,310,008	168,048
TOTAL ASSETS	426,770,568	424,129,855
LIABILITIES		
Derivative liabilities	13,135,591	704,038
Amount due to Manager	495,503	852,320
Amount due to Trustee	6,135	6,517
Other payables and accruals	19,150	16,265
Distribution payables	7,554,560	-
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	21,210,939	1,579,140
NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS	405,559,629	422,550,715
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' contribution	474,781,696	464,184,023
Accumulated losses	(69,222,067)	(41,633,308)
	405,559,629	422,550,715
NET ASSET VALUE		
- RM class	382,479,085	399,238,584
- USD class	23,080,544	23,312,131
	405,559,629	422,550,715
NUMBER OF UNITS IN CIRCULATION (UNIT)		
- RM class	417,571,601	406,597,102
- USD class	5,392,693	5,488,315
	422,964,294	412,085,417
NAV PER UNIT		
- RM class	RM 0.9160	RM 0.9819
- USD class	USD 0.9118	USD 0.9653

MAYBANK BLUEWATERZ TOTAL RETURN FUND**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023**

	Unitholders' contribution RM	Accumulated losses RM	Net assets attributable to unitholders RM
At 1 January 2023	464,184,023	(41,633,308)	422,550,715
Total comprehensive loss for the financial period	-	(27,588,759)	(27,588,759)
Creation of units	89,859,908	-	89,859,908
Cancellation of units	(79,262,235)	-	(79,262,235)
At 30 September 2023	<u>474,781,696</u>	<u>(69,222,067)</u>	<u>405,559,629</u>
At 1 January 2022	542,842,538	19,718,661	562,561,199
Total comprehensive loss for the financial period	-	(75,917,913)	(75,917,913)
Creation of units	35,247,518	-	35,247,518
Reinvestment of units	12,127,241	-	12,127,241
Cancellation of units	(113,268,831)	-	(113,268,831)
At 30 September 2022	<u>476,948,466</u>	<u>(56,199,252)</u>	<u>420,749,214</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND**UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023**

	01.01.2023 to 30.09.2023 RM	01.01.2022 to 30.09.2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net purchase of investments	(48,112,440)	(451,917,229)
Net proceeds from sale of investments	34,238,050	546,624,000
Interest received	260,569	84,811
Dividend received	31,673,352	12,233,179
Realised loss on forward foreign exchange contracts	(6,738,139)	(24,243,757)
Trustee's fee paid	(58,663)	(66,219)
Payment of other fees and expenses	(9,349)	(6,310)
Net cash generated from operating and investing activities	<u>11,253,380</u>	<u>82,708,475</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	89,835,398	35,376,261
Payment for redemption of units	(79,619,052)	(114,689,218)
Distributions to unitholders	(17,543,965)	(883,699)
Net cash used in financing activities	<u>(7,327,619)</u>	<u>(80,196,656)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD		
	3,925,761	2,511,819
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		
	6,552,085	5,527,417
Effect on foreign exchange	123,072	84,650
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		
	<u>10,600,918</u>	<u>8,123,886</u>
Cash and cash equivalents comprise:		
Cash at bank	8,310,008	5,027,316
Deposit with a licensed financial institution with original maturity of less than 3 months	2,290,910	3,096,570
	<u>10,600,918</u>	<u>8,123,886</u>