



Asset Management

Maybank Asset Management Sdn Bhd

199701006283

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

Telephone +603 2297 7888

Facsimile +603 2715 0071

www.maybank-am.com.my

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Annual report

For the financial year ended 31 December 2023

CORPORATE INFORMATION

MANAGER

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

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

Telephone +603 2297 7888

Facsimile +603 2715 0071

www.maybank-am.com.my

TRUSTEE

SCBMB Trustee Berhad (201201021301) (1005793-T)

Level 25, Plaza Equatorial

Jalan Sultan Ismail

50250 Kuala Lumpur

Telephone +603 7682 9710/ +603 7682 9704

www.sc.com/my/trustee

MAYBANK BLUEWATERZ TOTAL RETURN FUND

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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial year ended 31 December 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
RM Class	24 July 2015
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 6.50% per annum ("p.a.") for RM Class and 5.00% p.a. for USD Class.

9. Fund's investment policy and principal investment strategy

The Fund will invest between 80% - 98% of its Net Asset Value ("NAV") in the Class A Participating Shares of the Target Fund which is denominated in United States Dollar ("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 Ringgit Malaysia ("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 year ended 31 December 2023 (cont'd)

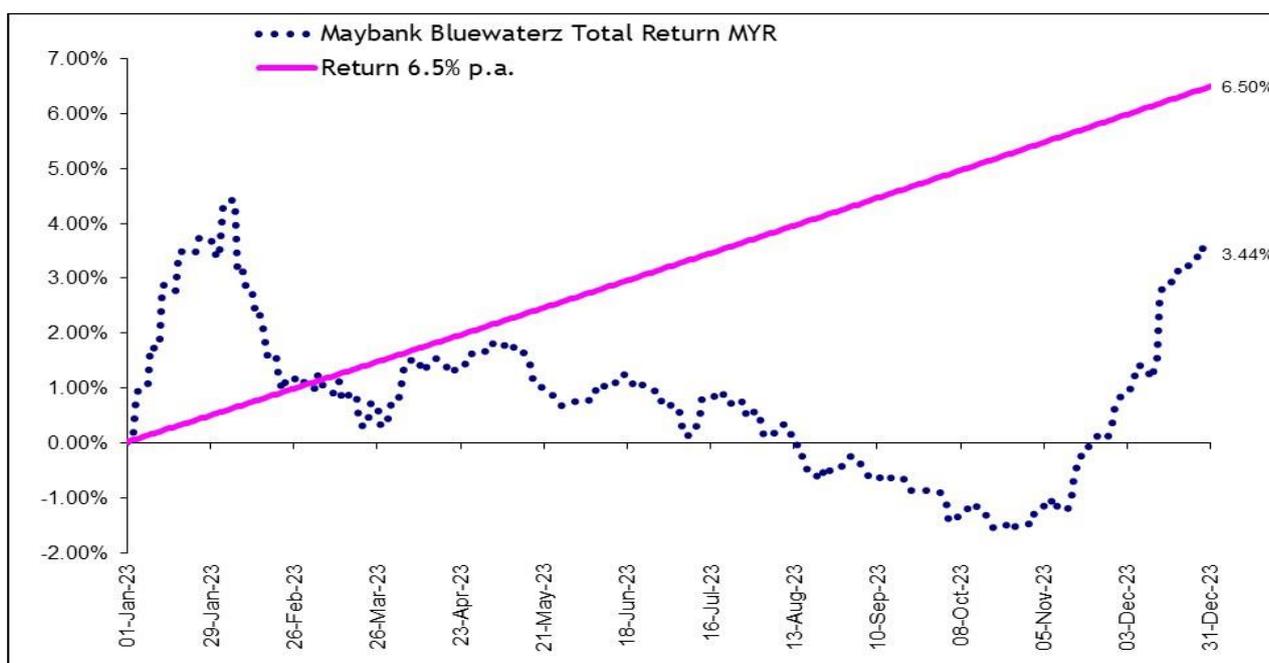
B. Performance Review

Performance of Maybank Bluewaterz Total Return Fund - RM Class for the financial year ended 31 December 2023 are as follows:

RM Class

Period	The Fund %	Benchmark %
1 January 2023 to 31 December 2023	3.44	6.50

Performance of the RM Class for the financial year ended 31 December 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 December 2023

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial year ended 31 December 2023 (cont'd)

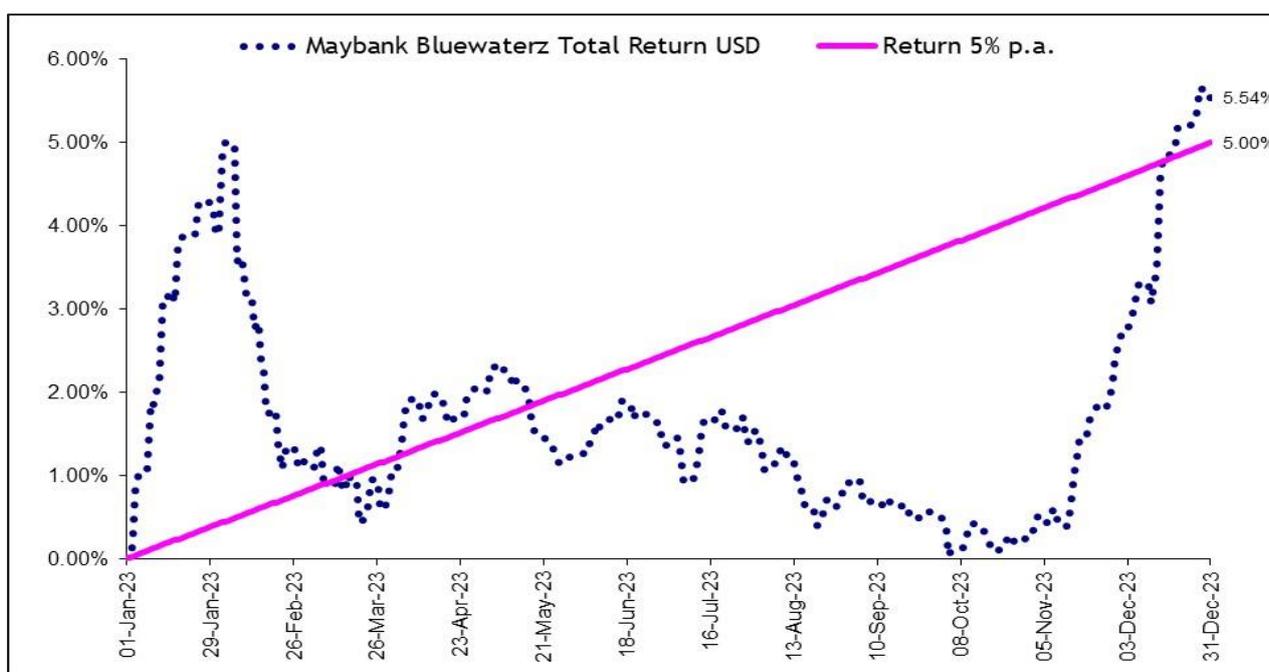
B. Performance Review (cont'd)

Performance of Maybank Bluewaterz Total Return Fund - USD Class for the financial year ended 31 December 2023 are as follows:

USD Class

Period	The Fund %	Benchmark %
1 January 2023 to 31 December 2023	5.54	5.00

Performance of the USD Class for the financial year ended 31 December 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 December 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 3.44% (USD class: 5.54%) for the year under review, underperforming its absolute benchmark's 6.50% while the USD class outperformed its benchmark's 5.00%. The underperformance was due to stubbornly high inflation prints and quicker than expected pace of monetary tightening by Federal Reserve ("Fed") during the year 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 ("EM"). Also, foreign exchange ("fx") hedging cost is higher for RM class due to higher USD interest rates compared to RM.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial year ended 31 December 2023 (cont'd)

C. Market Review

Inflation was again in the forefront of the news in 1Q2023. 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 year 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 2Q2023, 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. The 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 2Q2023.

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 June 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 10-year UST largely unchanged to close at 3.80% level for 1H2023.

The key takeaways in 3Q2023 were the update from the International Monetary Fund ("IMF") projects global growth to fall from an estimated 3.50% in 2022 to 3.00% in both 2023 and 2024. Expected global headline inflation to fall from 8.70% in 2022 to 6.80% in 2023 and 5.20% in 2024. On the policy rate front, the 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 2-year to 10-year curve steepened to -47 bps at the end of the 3Q2023. ECB delivered an unexpected dovish rate hike 25 bps, bringing the benchmark deposit rate to 4.00% as it cut the Eurozone's growth outlook and signalled an end to its tightening cycle.

4Q2023 was kicked-off with higher UST yields. UST Curve bear steepened with the longer end leading the rise in October 2023 by double-digits, with the 30-year rose by 31 bps. ECB's key interest rate remained unchanged at 4.00% in both October 2023 and December 2023 and BOE also kept their interest rate unchanged at 5.25%. In late December 2023, the market was pricing more than 150 bps of ECB rate cuts and five 25 bps reductions from BOE in 2024. While Bank of Japan ("BoJ") continued to adjust its yield curve control policy and established 1% as reference point for 10-year Japanese government bond ("JGB") yield.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial year ended 31 December 2023 (cont'd)

C. Market Review (cont'd)

Fed paused in November 2023 FOMC meeting, signalling peaking policy rates and bonds staged a massive rally in the final two months. UST curve bull-flattened with yields falling 84 bps to 106 bps in November 2023 to December 2023, the 10-year UST yield ended unchanged year-over-year ("YoY") at 3.88% and UST managed to post a decent total return of 4.10% in 2023 after two consecutive year of losses -12.50% in 2022 and -2.30% in 2021.

D. Market Outlook & Strategies

Hopes for a soft landing for the US economy was boosted by a combination of lacklustre economic data and softening inflation print. Data also contributed to speculation that central banks had reached the end of the hiking cycle and statements made by members of the Fed added to the view that Fed was poised for a "dovish pivot".

Market seems to be expecting rates to be cut starting 2024 with the market participants have essentially placed the odds of an additional hike by year end to zero with more than three cuts now "priced" for the year. Latest comments showed that were previously hawkish tilted a bit more to the dovish side, reinforces the narrative that the Fed is done with tightening US monetary policy.

We believe that financial markets close to the bottom. We are more confident that interest rates have finally peaked as the US economy is slowing. Hence, we expect Fed to cut interest rates only from 2Q2024 after inflation has come down meaningfully and employment shows signs of weakness.

Within the Asia bond space, we prefer certain Indonesia quasi long end given steep spread compared to the intermediate bonds. We also favour selective High Yield ("HY") over Investment Grade ("IG") as carry will be the main contributor to total return rather than spread compression (i.e. Asia IG spreads are fairly tight on a historical basis). Additionally, we will look to add domestic-driven higher yielders like Indonesian Rupiah ("IDR"), India Rupees ("INR") and Philippines Peso ("PHP") over the medium term.

E. Asset Allocation

As at 31 December 2023, the Fund was 95.48% (2022: 95.15%) invested in the Target Fund, with the remaining in cash, deposit with a licensed financial institution and other net assets.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial year ended 31 December 2023 (cont'd)

F. NAV as at 31 December 2023

Below is the summary of the NAV of the Fund:

RM Class

	2023	2022	Changes (%)
NAV (RM)	376,508,046	399,238,584	(5.69)
Units in circulation (units)	393,842,469	406,597,102	(3.14)
NAV per unit (RM)	0.9560	0.9819	(2.64)

USD Class

	2023	2022	Changes (%)
NAV (RM)	15,993,979	23,312,131	(31.39)
Units in circulation (units)	3,639,428	5,488,315	(33.69)
NAV per unit (USD)	0.9574	0.9653	(0.82)

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 year ended 31 December 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.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK BLUEWATERZ TOTAL RETURN FUND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

We have acted as Trustee of Maybank Bluewaterz Total Return Fund (the "Fund") for the financial year ended 31 December 2023. 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) Limitation imposed on the investment powers of the Management Company under the Deeds, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and other applicable laws;
- (b) Valuation/ Pricing has been carried out in accordance with the Deeds and any regulatory requirements;
- (c) Creation and cancellation of units have been carried out in accordance with the Deeds and relevant regulatory requirements; and
- (d) The distribution of returns for the year are tied to and reflect the objectives of the Fund.

For and on behalf of
SCBMB Trustee Berhad

Lor Yuen Ching
Trustee Services Manager

Lee Kam Weng
Trustee Services Manager

Kuala Lumpur, Malaysia
27 February 2024

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK BLUEWATERZ TOTAL RETURN FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

We, Dr Hasnita Binti Dato' Hashim and Badrul Hisyam Bin Abu Bakar, 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 Bluewaterz Total Return Fund as at 31 December 2023 and of its results, changes in net assets attributable to unitholders and cash flows for the financial year ended 31 December 2023 and comply with the requirements of the Deeds.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Chairman

Badrul Hisyam Bin Abu Bakar
Director

Kuala Lumpur, Malaysia
27 February 2024

Independent auditors' report to the Unitholders of Maybank Bluewaterz Total Return Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Bluewaterz Total Return Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2023 and statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 7 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and cash flows for the year then ended 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

The Manager of the Fund ("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 Bluewaterz Total Return Fund (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.

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 Bluewaterz Total Return Fund (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 scepticism 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. However, future events or conditions may cause the Fund to cease to continue as 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 Bluewaterz Total Return Fund (cont'd)**

Other matters

This report is made solely to the Unitholders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework 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
03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 February 2024

MAYBANK BLUEWATERZ TOTAL RETURN FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
INVESTMENT INCOME/ (LOSS)			
Profit/ Interest income		301,353	130,181
Dividend income		31,673,352	12,204,163
Net loss on financial assets at fair value through profit or loss ("FVTPL")			
- Realised loss		(1,366,662)	(29,730,264)
- Unrealised (loss)/ gain		(6,269,856)	10,878,722
Net loss on foreign exchange and derivatives	3	(10,364,244)	(41,717,730)
		<u>13,973,943</u>	<u>(48,234,928)</u>
EXPENSES			
Trustee's fee	5	76,155	82,943
Auditors' remuneration		9,270	6,000
Tax agent's fee		6,900	3,900
Administrative expenses		3,602	14,469
		<u>95,927</u>	<u>107,312</u>
Net results before distribution and taxation		13,878,016	(48,342,240)
Distribution to unitholders			
- RM Class	14(a)	(23,610,104)	(12,320,211)
- USD Class	14(b)	(1,488,421)	(689,518)
Net loss before taxation		<u>(11,220,509)</u>	<u>(61,351,969)</u>
Taxation	6	-	-
Net loss after distribution and taxation, representing total comprehensive loss for the financial year		<u>(11,220,509)</u>	<u>(61,351,969)</u>
Net loss after distribution and taxation is made up of the following:			
Net realised loss		(13,111,120)	(63,993,548)
Net unrealised income		1,890,611	2,641,579
		<u>(11,220,509)</u>	<u>(61,351,969)</u>
Distribution for the financial year:			
RM Class			
Net distributions (in Fund currency)	14	23,610,104	12,320,211
Gross/ Net distribution per unit (RM sen)	14	<u>5.76</u>	<u>2.70</u>
Distribution dates (ex-date)	14	Refer to Note 13	
USD Class			
Net distributions (in Fund currency)	14	1,488,421	689,518
Net distributions (in Class currency)	14	<u>328,352</u>	<u>163,571</u>
Gross/ Net distribution per unit (USD cent)	14	<u>6.85</u>	<u>2.50</u>
Distribution dates (ex-date)	14	Refer to Note 13	

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
ASSETS			
Financial assets at FVTPL	7	374,755,246	402,061,657
Deposit with a licensed financial institution	8	4,192,855	6,384,037
Profit/ Interest receivable		1,017	962
Derivative assets	9	6,529,192	15,515,151
Amount due from financial Institution		5,508,360	-
Amount due from Manager	10	2,250,246	-
Cash at bank	11	3,665,487	168,048
TOTAL ASSETS		<u>396,902,403</u>	<u>424,129,855</u>
LIABILITIES			
Derivative liabilities	9	515,563	704,038
Amount due to Manager	10	3,860,277	852,320
Amount due to Trustee	12	6,017	6,517
Other payables and accruals		18,521	16,265
TOTAL LIABILITIES		<u>4,400,378</u>	<u>1,579,140</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>392,502,025</u>	<u>422,550,715</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:			
Unitholders' contribution	13(a)	445,355,842	464,184,023
Accumulated losses	13(b) & (c)	<u>(52,853,817)</u>	<u>(41,633,308)</u>
		<u>392,502,025</u>	<u>422,550,715</u>
NET ASSET VALUE			
- RM Class		376,508,046	399,238,584
- USD Class		15,993,979	23,312,131
		<u>392,502,025</u>	<u>422,550,715</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- RM Class		393,842,469	406,597,102
- USD Class		3,639,428	5,488,315
		<u>397,481,897</u>	<u>412,085,417</u>
NAV PER UNIT			
- RM Class		RM 0.9560	RM 0.9819
- USD Class		<u>USD 0.9574</u>	<u>USD 0.9653</u>

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Unitholders' contribution Note 13(a) RM	Retained earnings/ Accumulated losses Note 13(b) and 13(c) 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 year	-	(11,220,509)	(11,220,509)
Creation of units	85,228,993	-	85,228,993
Reinvestment of units	22,643,388	-	22,643,388
Cancellation of units	(126,700,562)	-	(126,700,562)
At 31 December 2023	<u>445,355,842</u>	<u>(52,853,817)</u>	<u>392,502,025</u>
At 1 January 2022	542,842,538	19,718,661	562,561,199
Total comprehensive loss for the financial year	-	(61,351,969)	(61,351,969)
Creation of units	37,622,161	-	37,622,161
Reinvestment of units	12,127,241	-	12,127,241
Cancellation of units	(128,407,917)	-	(128,407,917)
At 31 December 2022	<u>464,184,023</u>	<u>(41,633,308)</u>	<u>422,550,715</u>

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net purchase of investments	(48,112,440)	(451,917,230)
Net proceeds from sale of investments	81,688,750	567,776,200
Profit/ Interest received	301,298	129,278
Dividend received	31,614,446	12,233,180
Net settlement on forward foreign exchange contracts	(21,102,579)	(33,731,424)
Trustee's fee paid	(76,655)	(85,120)
Payment of other fees and expenses	(17,519)	(40,335)
Net cash generated from operating and investing activities	<u>44,295,301</u>	<u>94,364,549</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	82,989,972	37,753,051
Payments for cancellation of units	(123,662,486)	(130,192,667)
Distributions to unitholders	(2,460,247)	(883,698)
Net cash used in financing activities	<u>(43,132,761)</u>	<u>(93,323,314)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR		
	1,162,540	1,041,235
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		
	6,552,085	5,527,417
Effect on foreign exchange	143,717	(16,567)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		
	<u>7,858,342</u>	<u>6,552,085</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 11)	3,665,487	168,048
Deposit with a licensed financial institution with maturity of less than 3 months (Note 8)	4,192,855	6,384,037
	<u>7,858,342</u>	<u>6,552,085</u>

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Bluewaterz Total Return Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 9 April 2015, between the Manager, Maybank Asset Management Sdn. Bhd. ("MAM") and the Trustee, SCBMB Trustees Berhad and the registered holder of the Fund. Subsequently, the following Supplemental Deeds have been issued between MAM and the Trustee:

- First Supplemental Deed dated 21 May 2018; and
- Second Supplemental Deed dated 19 December 2018.

The Deed and Supplemental Deeds are collectively referred to as "Deeds".

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

The Target Fund was incorporated as an exempted fund incorporated on 24 February 2009, under the laws of Cayman Islands with limited liability and has registered with the Cayman Islands Monetary Authority pursuant to section 4(3) of the Mutual Funds Law. The Target Fund is subject to regulation under the Mutual Funds Law. The Target Fund is managed by an investment manager, Maybank Asset Management Singapore Pte. Ltd. ("MAMS").

The principal activity of the Fund is to invest between 80% to 98% of its NAV in Class A Participating Shares of the Target Fund which is denominated in United States Dollar ("USD"). The Manager will also invest between 2% to 20% of the Fund's NAV in Liquid Assets. As the Fund is a wholesale feeder Fund, the investment of the Fund will consist of a single collective investment scheme, i.e. the Target Fund, and liquid assets.

The Fund launched 2 share classes of units as at the date of this report, which are RM Class and USD Class.

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. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

The Investment Manager of the Target Fund, MAMS, is a subsidiary of MAMG.

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 27 February 2024.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

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

The Fund has adopted the MFRS, Amendments to Standards and Interpretations Committee ("IC") Interpretations which have become effective during the financial year ended 31 December 2023. The adoption of the new pronouncements did not result in any material impact to the financial statements.

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies in Note 2.3 to Note 2.15.

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

2.2 Standards, Amendments to Standards and Interpretations 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 IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7: <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121: <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Fund expects that the adoption of the above Standards and Amendments to Standards will not have any material impact on the financial statements in the period of initial application.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.3 Financial instruments

Financial assets and liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

(i) Financial assets at amortised cost

The Fund classifies cash and cash equivalents, profit/ interest income receivables, amount due from financial institution and amount due from Manager as financial assets at amortised cost.

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

Unless designated as at fair value through profit or loss ("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/ interest on the principal amount outstanding.

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.4 Financial assets (cont'd)

(ii) Financial assets at FVTPL

Investments in collective investment scheme and derivatives 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;
- on initial recognition it is part of the portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instruments or a financial guarantee.

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

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. Accumulated unrealised gains or losses are reclassified to realised gains or losses when the associated assets are sold.

Profit/ Interest income on debt instruments as at FVTPL is disclosed separately in the profit or loss.

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

(iii) Impairment

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.4 Financial assets (cont'd)

(iii) Impairment (cont'd)

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- Financial assets that are not credit-impaired at the reporting date.
As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive).
- Financial assets that are credit-impaired at the reporting date.
As the difference between the gross carrying amount and the present value of estimated future cash flows.

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

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

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

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

(iv) Derecognition

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

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss. On derecognition of financial asset at amortised cost, gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.5 Financial liabilities

(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, and other payables and accruals as other financial liabilities.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.5 Financial liabilities (cont'd)

(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 EPR/ EIR method.

The EPR/ EIR is a method of calculating the amortised cost of the financial liability and of allocating and recognising the profit/ interest expense in profit or loss over the relevant period.

(iii) Derecognition

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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 the 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.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.7 Fair value measurement (cont'd)

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

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

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

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

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

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

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 RM, 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 year-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.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.9 Unitholders' contribution

The unitholders' contributions to the Fund are classified as liabilities under the requirements of MFRS 132 *Financial Instruments: Presentation* as they are puttable instruments whereby the unitholders have the right to redeem their units in the Fund at their option.

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

2.10 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from profit or loss in the statement of comprehensive income except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' contribution. A proposed dividend is recognised as a liability in the period in which it is approved. Distribution is declared at the discretion of the Fund Manager based on the availability of distributable income. Distribution is either reinvested or paid in cash to the unitholders on the distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution 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/ Income is measured at fair value of consideration received or receivable.

Profit/ Interest income from short-term deposits is recognised on the accruals basis using the EPR/ EIR method.

Dividends are recognised as revenue when the right to receive payment is established.

Realised gain or loss on disposal of investment in collective investment scheme is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments.

Other revenue/ income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

2.13 Taxation

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

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 Segment reporting

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

2.15 Critical accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

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

3. NET LOSS OF FOREIGN EXCHANGE AND DERIVATIVES

	2023 RM	2022 RM
Net realised gain on foreign exchange	2,511,708	335,860
Net unrealised gain/ (loss) on foreign exchange	16,957,951	(17,742,168)
Net realised loss on derivatives	(21,036,419)	(33,816,447)
Net unrealised (loss)/ gain on derivatives	(8,797,484)	9,505,025
	<u>(10,364,244)</u>	<u>(41,717,730)</u>

4. MANAGER'S FEE

The manager's fee is charged by the Target Fund at 1.50% (2022: 1.50%) per annum (p.a.) of the net asset value of the Class B Participating Shares of the Target Fund.

The management fee charged by the Target Fund will be paid out of the management fee charged by the Manager at the Fund level. Unitholders will incur a management fee at the Fund's level only and there is no double charging of management fee.

5. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.018% p.a. of the NAV of the Fund, subject to a minimum fee of RM6,000.00 p.a. (2022: 0.018% of the NAV of the Fund, subject to a minimum fee of RM6,000.00 p.a.) before deducting the Manager's fee and Trustee's fees for that particular day.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

6. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable income for the financial year.

The tax expense for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, profit/interest income earned by the Fund and dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. With effect from 1 January 2022, the current income tax exemption on foreign-sourced income ("FSI") received in Malaysia by Malaysian residents has been removed.

The tax charge for the financial year 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:

	2023 RM	2022 RM
Net loss before taxation	(11,220,509)	(61,351,969)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(2,692,922)	(14,724,472)
Income not subject to tax	(12,346,647)	(5,651,742)
Loss not deductible for tax purposes	8,992,901	17,228,125
Expenses not deductible for tax purposes	6,046,668	3,148,089
Tax expense for the financial year	-	-

7. FINANCIAL ASSETS AT FVTPL

Details of the Fund's investments in collective investment scheme is as follows:

	Quantity Units	Cost RM	Fair value RM	% of NAV
2023				
Maybank BlueWaterz Total Return Bond Fund (Class B, USD)	509,141	366,431,023	374,755,246	95.48
Unrealised gain on investment *			8,324,223	
2022				
Maybank BlueWaterz Total Return Bond Fund (Class B, USD)	561,711	404,503,961	402,061,657	95.15
Unrealised loss on investment*			(2,442,304)	

* The unrealised gain/ (loss) on collective investment scheme comprise the amounts arising from changes in fair values and effects of foreign exchange.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	2023 RM	2022 RM
Short-term placements with maturity of less than 3 months	4,192,855	6,384,037

The weighted average effective profit rates ("WAEPR")/ weighted average effective interest rates ("WAEIR") per annum and average maturity of deposit with a licensed financial institution at the reporting date were as follows:

	2023		2022	
	WAEPR/ WAEIR % p.a.	Average Maturity Days	WAEPR/ WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	2.95	4	2.75	4

9. DERIVATIVE ASSETS/ (LIABILITIES)

	Notional Principal amount	Fair Value	
		Assets	Liabilities
2023			
<u>Foreign exchange related contracts</u>			
USD Currency forwards:	USD	RM	RM
- Less than 1 year	80,036,160	6,529,192	-
RM Currency forwards:	RM		
- Less than 1 year	23,194,812	-	(515,563)
Total derivatives		6,529,192	(515,563)
2022			
<u>Foreign exchange related contracts</u>			
USD Currency forwards:	USD	RM	RM
- Less than 1 year	92,710,000	15,515,151	-
RM Currency forwards:	RM		
- Less than 1 year	24,049,059	-	(704,038)
Total derivatives		15,515,151	(704,038)

MAYBANK BLUEWATERZ TOTAL RETURN FUND

9. DERIVATIVE ASSETS/ (LIABILITIES) (CONT'D)

As at the reporting date, there are 14 (2022: 21) forward exchange contracts outstanding.

The derivative contracts entered into during the financial year were for hedging against the currencies exposure arising mainly from investments denominated in USD. As the Fund has not adopted hedge accounting during the financial year, the changes in the fair value of the derivative contracts were recognised immediately in the statement of comprehensive income.

10. AMOUNT DUE FROM/ (TO) MANAGER

The amount due from/ (to) Manager represents amount receivable from/ (payable to) the Manager for units created/ cancelled.

There is no management fees charged for the financial year ended 31 December 2023. As the Fund is investing in the Target Fund, the Target Fund's Manager fee is charged at 1.50% p.a. (2022:1.50%) on the net asset value of the Target Fund, hence there will be no double charging of the annual management fees.

		2023	2022
		RM	RM
Amount due from Manager			
- Subscription of units	(i)	2,250,246	-
Amount due to Manager			
- Cancellation of units	(ii)	3,860,277	852,320

(i) The amount represents amount receivable from the Manager for units subscribed.

(ii) The amount represents amount payable to the Manager for units redeemed or cancelled.

11. CASH AT BANK

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

	2023	2022
	RM	RM
USD	3,227,559	119,323
RM	437,928	48,725
	3,665,487	168,048

12. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable to the Trustee arising from the accrued Trustee's fee at the end of the financial year. The normal credit term for Trustee's fee is 15 days (2022: 15 days).

MAYBANK BLUEWATERZ TOTAL RETURN FUND

13. NET ASSET ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

	Note	2023 RM	2022 RM
Unitholders' contribution	(a)	445,355,842	464,184,023
Accumulated realised losses	(b)	(66,776,260)	(53,665,140)
Accumulated unrealised income	(c)	13,922,443	12,031,832
		<u>392,502,025</u>	<u>422,550,715</u>

(a) Unitholders' contribution

The units are distributed based on the following share classes:

	2023		2022	
	No. of units	RM	No. of units	RM
(i) RM Class	393,842,469	429,464,539	406,597,102	440,169,959
(ii) USD Class	3,639,428	15,891,303	5,488,315	24,014,064
	<u>397,481,897</u>	<u>445,355,842</u>	<u>412,085,417</u>	<u>464,184,023</u>

(i) RM Class

	2023		2022	
	No. of units	RM	No. of units	RM
At beginning of the financial year	406,597,102	440,169,959	478,434,631	512,249,209
Creation of units	84,873,376	81,480,402	34,303,336	35,998,652
Reinvestment of units	23,383,148	21,945,421	11,351,395	11,531,882
Cancellation of units	<u>(121,011,157)</u>	<u>(114,131,243)</u>	<u>(117,492,260)</u>	<u>(119,609,784)</u>
As at end of the financial year	<u>393,842,469</u>	<u>429,464,539</u>	<u>406,597,102</u>	<u>440,169,959</u>

(ii) USD Class

	2023		2022	
	No. of units	RM	No. of units	RM
At beginning of the financial year	5,488,315	24,014,064	7,010,528	30,593,329
Creation of units	864,671	3,748,591	377,851	1,623,509
Reinvestment of units	166,651	697,967	141,894	595,359
Cancellation of units	<u>(2,880,209)</u>	<u>(12,569,319)</u>	<u>(2,041,958)</u>	<u>(8,798,133)</u>
At end of the financial year	<u>3,639,428</u>	<u>15,891,303</u>	<u>5,488,315</u>	<u>24,014,064</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

13. NET ASSET ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

(a) Unitholders' contribution (cont'd)

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

	2023		2022	
	No. of units	RM	No. of units	RM
The Manager (RM Class)	1,417	1,354	1,334	1,310
The ultimate holding company of the Manager (RM Class)	6,640,461	6,348,281	6,251,847	6,138,689
	<u>6,641,878</u>	<u>6,349,635</u>	<u>6,253,181</u>	<u>6,139,999</u>

	2023		2022	
	No. of units	USD	No. of units	USD
The Manager (USD Class)	<u>1,272</u>	<u>1,218</u>	<u>1,195</u>	<u>1,154</u>

(b) Accumulated realised losses

	2023 RM	2022 RM
At the beginning of the financial year	(53,665,140)	10,328,408
Net realised loss for the financial year	<u>(13,111,120)</u>	<u>(63,993,548)</u>
At the end of the financial year	<u>(66,776,260)</u>	<u>(53,665,140)</u>

(c) Accumulated unrealised income

	2023 RM	2022 RM
At the beginning of the financial year	12,031,832	9,390,253
Net unrealised income for the financial year	<u>1,890,611</u>	<u>2,641,579</u>
At the end of the financial year	<u>13,922,443</u>	<u>12,031,832</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

14. DISTRIBUTIONS

(a) RM Class

Sources of the distribution declared are as follows:

	2023	2022
	RM	RM
Profit/ Interest income	223,132	16,144
Dividend income	23,451,975	-
Realised gain on sale of investments	-	3,160,999
Prior year's net realised income	-	9,209,825
Less: Expenses	(65,003)	(66,757)
Distributions for the financial year	<u>23,610,104</u>	<u>12,320,211</u>

The gross/ net distribution per unit and the distribution dates (ex-dates) are as follows:

Distribution date (ex-date)	Gross/ Net distribution per unit (RM sen)
2023	
29 March 2023	4.00
26 September 2023	1.76
	<u>5.76</u>
2022	
29 March 2022	<u>2.70</u>

(b) USD Class

Sources of the distribution declared are as follows:

	2023	2022
	RM	RM
Profit/ Interest income	14,055	923
Dividend income	1,477,201	-
Realised gain on sale of investments	-	44,811
Prior year's net realised income	-	654,054
Less: Expenses	(2,835)	(10,270)
Distributions for the financial year	<u>1,488,421</u>	<u>689,518</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

14. DISTRIBUTIONS (CONT'D)

(b) USD Class (cont'd)

The gross/ net distribution per unit and the distribution dates (ex-dates) are as follows:

Distribution date (ex-date)	Gross/ Net distribution per unit (USD cent)
2023	
29 March 2023	4.00
26 September 2023	2.85
	<u>6.85</u>
2022	
29 March 2022	<u>2.50</u>

The composition of distributions are as follows:

	2023		2022	
	Total distribution RM	Composition of distribution in percentage %	Total distribution RM	Composition of distribution in percentage %
Source of distribution *				
- Income distribution	25,098,525	100.00	3,145,850	24.18
- Capital distribution	-	-	9,863,879	75.82
	<u>25,098,525</u>	<u>100.00</u>	<u>13,009,729</u>	<u>100.00</u>

* Effective from the 1 March 2022, the Securities Commission Guidelines permit a fund to distribute out of income (which includes current year's realised income) or out of capital (which includes prior year's realised income).

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15. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

The Manager bought and sold the units in the Target Fund directly from the Manager of the Target Fund in the previous and current financial year.

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

	2023		2022	
	Transaction value RM	Percentage of total placements %	Transaction value RM	Percentage of total placements %
Public Islamic Bank Berhad	2,198,056,961	93.92	1,609,976,251	90.86
CIMB Bank Berhad	124,727,162	5.34	-	-
MBB*	11,948,208	0.52	130,351,568	7.36
Depository Stanchart Bank	5,006,694	0.22	-	-
Maybank Islamic Berhad ("MIB")**	-	-	31,485,699	1.78
	<u>2,339,739,025</u>	<u>100.00</u>	<u>1,771,813,518</u>	<u>100.00</u>

* MBB is the ultimate holding company of the Manager.

** MIB is a subsidiary of MBB, the ultimate holding company of the Manager.

16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of the financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. In addition to the related party information disclosed elsewhere in the financial statements, the following is the significant related party transaction and balances of the Fund during the financial year.

Other than those disclosed elsewhere in the financial statements, there were no significant related party transactions and balances as at the reporting date.

	2023 RM	2022 RM
<u>Significant related party transactions</u>		
MBB:		
Profit/ Interest income from deposit	<u>11,794</u>	<u>11,791</u>
MIB:		
Profit income from deposit	<u>-</u>	<u>1,964</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

<u>Significant related party balances</u>	2023 RM	2022 RM
MBB:		
Derivative assets *	2,811,940	9,757,441
Derivative liabilities *	<u>-</u>	<u>(106,947)</u>

* The principal amount of the outstanding contracts is USD80,036,160 and RM23,194,812 (2022: USD92,710,000 and RM24,049,059).

The Manager is of the opinion that the transactions and balances 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.

17. TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Trustee's fee and other administrative expenses. For the financial year ended 31 December 2023, the TER of the Fund was 0.02% (2022: 0.02%).

18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 December 2023, the PTR of the Fund stood at 0.15 times (2022: 1.11 times).

19. SEGMENT REPORTING

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 chief operating decision-maker is responsible for the performance of the Fund by investing between 80% to 98% of its NAV in Class B Participating Shares of the Target Fund and between 2% to 20% of the Fund's NAV in liquid assets.

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

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

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20. 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 material accounting policy information in Note 2.3 to Note 2.15 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 instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2023				
Financial assets				
Financial assets at FVTPL	374,755,246	-	-	374,755,246
Deposit with a licensed financial institution	-	4,192,855	-	4,192,855
Profit/ Interest receivable	-	1,017	-	1,017
Derivative assets	6,529,192	-	-	6,529,192
Amount due from financial institution	-	5,508,360	-	5,508,360
Amount due from Manager	-	2,250,246	-	2,250,246
Cash at bank	-	3,665,487	-	3,665,487
Total financial assets	<u>381,284,438</u>	<u>15,617,965</u>	<u>-</u>	<u>396,902,403</u>
Financial liabilities				
Derivative liabilities	515,563	-	-	515,563
Amount due to Manager	-	-	3,860,277	3,860,277
Amount due to Trustee	-	-	6,017	6,017
Other payables and accruals	-	-	18,521	18,521
Total financial liabilities	<u>515,563</u>	<u>-</u>	<u>3,884,815</u>	<u>4,400,378</u>
2022				
Financial assets				
Financial assets at FVTPL	402,061,657	-	-	402,061,657
Deposit with a licensed financial institution	-	6,384,037	-	6,384,037
Profit/ Interest receivable	-	962	-	962
Derivative assets	15,515,151	-	-	15,515,151
Cash at bank	-	168,048	-	168,048
Total financial assets	<u>417,576,808</u>	<u>6,553,047</u>	<u>-</u>	<u>424,129,855</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

20. FINANCIAL INSTRUMENTS (CONT'D)

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

2022 (cont'd)	Financial instruments at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial liabilities				
Derivative liabilities	704,038	-	-	704,038
Amount due to Manager	-	-	852,320	852,320
Amount due to Trustee	-	-	6,517	6,517
Other payables and accruals	-	-	16,265	16,265
Total financial liabilities	704,038	-	875,102	1,579,140

The Fund's financial assets at FVTPL, derivative assets and derivative liabilities are carried at fair value.

Collective investment scheme

The Fund's investment in the collective investment scheme is carried at fair value. The fair value of the collective investment scheme is determined by reference to its last published NAV per unit at the reporting date.

Derivative assets and liabilities

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

(b) 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).

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20. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value hierarchy (cont'd)

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
2023			
Financial assets at FVTPL	374,755,246	-	-
Derivative assets	-	6,529,192	-
	<u>374,755,246</u>	<u>6,529,192</u>	<u>-</u>
Derivative liabilities	-	515,563	-
	<u>-</u>	<u>515,563</u>	<u>-</u>
2022			
Financial assets at FVTPL	402,061,657	-	-
Derivative assets	-	15,515,151	-
	<u>402,061,657</u>	<u>15,515,151</u>	<u>-</u>
Derivative liabilities	-	704,038	-
	<u>-</u>	<u>704,038</u>	<u>-</u>

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

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

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

21. 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 Deeds, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and CMSA.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

(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 profit/ interest rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's cash and bank investments in collective investment scheme denominated in foreign currency, derivative assets and derivative liabilities. The Fund is also exposed to profit/ interest rate risk arising from deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments other than investment in Target Fund as at the reporting date.

(i) Profit/ Interest rate risk

Cash is sensitive to movement in profit/ interest rates. When profit/ interest rates rise, the return on cash will rise. The deposit with a licensed financial institution carries a fixed rate, and therefore, is not affected by the movements in market profit/ interest rates.

(ii) 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 positions of the Fund's financial assets and financial liabilities (excluding derivative assets and liabilities) which are exposed to foreign exchange risk as at reporting date. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and liabilities) 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 liabilities of the Fund that may affect the value of the NAV attributable to unitholders.

	2023	2022
	USD	USD
	RM	RM
Assets		
Financial assets at FVTPL	374,755,246	402,061,657
Cash at bank	3,227,559	119,323
Amount due from financial Institution	5,508,360	-
Total assets	<u>383,491,165</u>	<u>402,180,980</u>
Liabilities		
Amount due from Manager	<u>3,159,357</u>	-
Net on-balance sheet open position	<u>380,331,808</u>	<u>402,180,980</u>
	2023	2022
	USD	USD
Principal amount of forward exchange contracts		
(Note 8) *	<u>80,036,160</u>	<u>92,710,000</u>

* The Fund has entered into forward currency contracts to hedge its USD exposure arising mainly from the Fund's investment in the class B participating shares of the Target Fund.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

(b) Market risk (cont'd)

(ii) Foreign exchange risk (cont'd)

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.

	2023		2022	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
USD	+5	19,016,590	+5	20,109,049
	-5	(19,016,590)	-5	(20,109,049)

The impact to net loss after taxation and NAV is expected to be the same.

(iii) Price risk

Price risk is the risk of unfavourable changes in the fair values of investments as the result of changes in market prices (other than those arising from profit/ interest rate risk and forward exchange currency risk). The price risk exposure arises from the Fund's investments in Target Fund.

Management's best estimate of the effect on the loss for the year due to a reasonably possible change in price, with all other variables held constant is indicated in the table below:

	2023		2022	
	Changes in price %	Effects on NAV Increase/ (Decrease) RM	Changes in price %	Effects on NAV Increase/ (Decrease) RM
Collective investment scheme	+5	18,737,762	+5	20,103,083
	-5	(18,737,762)	-5	(20,103,083)

The impact to net loss after taxation and NAV is expected to be the same.

(c) Credit risk

Credit risk is the risk that the issuer/ counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. 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 profit/ interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

(c) Credit risk (cont'd)

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 counterparties (e.g., brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

(ii) 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 asset 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 quality of financial assets

The following table analyses the Fund's cash at bank, deposit with a licensed financial institution and profit/ interest receivable by rating categories. The rating is obtained from RAM Holdings Berhad.

Financial assets	2023		2022	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	7,859,359	2.00	6,553,047	1.55

(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 unitholder's option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Trust Deeds.

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.

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

(d) Liquidity risk (cont'd)

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 of cash, deposit with a 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 undiscounted financial liabilities and unitholders' contribution to provide a complete view of the Fund's contractual commitments and liquidity. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

2023	Less than 1 month RM	More than 1 month RM	Total RM
Financial liabilities			
Derivative liabilities	397,240	118,323	515,563
Amount due to Manager	3,860,277	-	3,860,277
Amount due to Trustee	6,017	-	6,017
Other payables and accruals	18,521	-	18,521
Net assets attributable to unitholders of the Fund	392,502,025	-	392,502,025
Total undiscounted financial liabilities and net assets attributable to unitholders of the Fund	396,784,080	118,323	396,902,403
 2022			
Financial liabilities			
Derivative liabilities	597,091	106,947	704,038
Amount due to Manager	852,320	-	852,320
Amount due to Trustee	6,517	-	6,517
Other payables and accruals	16,265	-	16,265
Net assets attributable to unitholders of the Fund	422,550,715	-	422,550,715
Total undiscounted financial liabilities and net assets attributable to unitholders of the Fund	424,022,908	106,947	424,129,855

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 is required to settle its financial obligation.

Financial liabilities exclude tax-related matters such as provision for tax.

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22. UNITHOLDERS' CONTRIBUTION MANAGEMENT

The unitholders' contribution can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing the unitholders' contribution are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to provide unitholders with regular and stable distributions and to meet the expenses of the Fund and other obligations 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 unitholders' contribution management objectives, policies or processes in the current financial year.