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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Quarter report

For the financial period from 1 January 2023 to
31 March 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 31 March 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 6.5% 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 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" or "MYR") 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 31 March 2023 (cont'd)

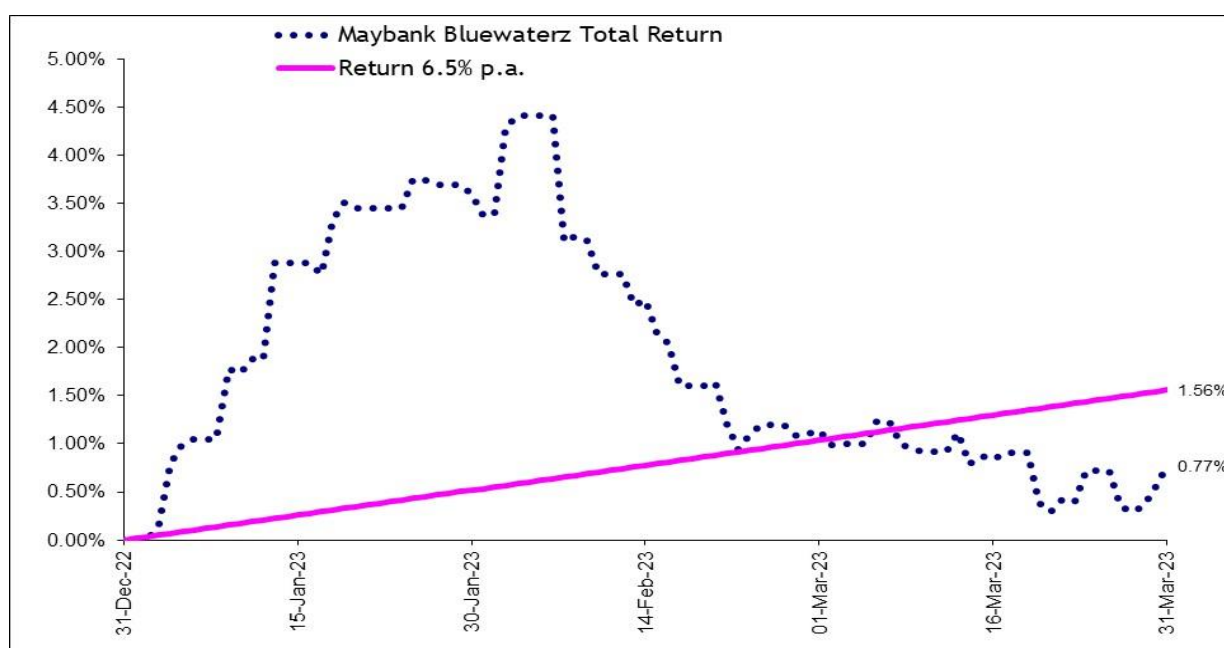
B. Performance Review

Performance of Maybank Bluewaterz Total Return Fund - RM Class for the financial period from 1 January 2023 to 31 March 2023 are as follows:

RM Class

Period	The Fund %	Benchmark %
1 January 2023 to 31 March 2023	0.77	1.56

Performance of the RM Class for the financial period from 1 January 2023 to 31 March 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 March 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 31 March 2023 (cont'd)

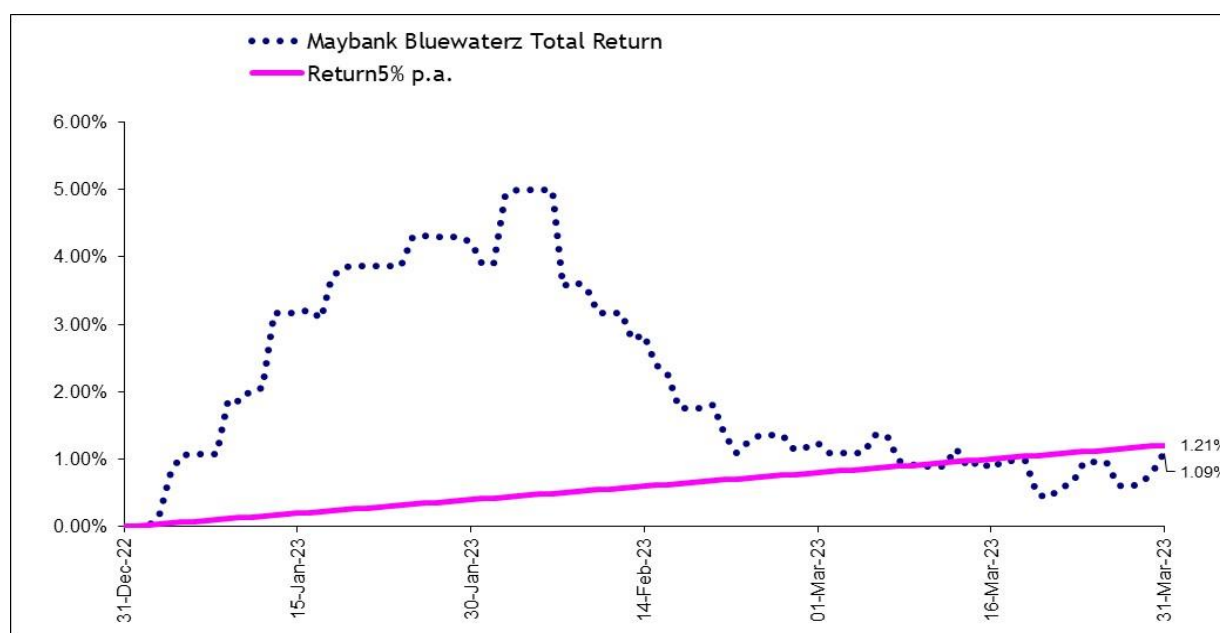
B. Performance Review (cont'd)

Performance of Maybank Bluewaterz Total Return Fund - USD Class for the financial period from 1 January 2023 to 31 March 2023 are as follows:

USD Class

Period	The Fund %	Benchmark %
1 January 2023 to 31 March 2023	1.09	1.21

Performance of the USD Class for the financial period from 1 January 2023 to 31 March 2023:



Source: Novagni Analytics and Advisory Sdn Bhd, as at 31 March 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 0.77% (United States Dollar ("USD") class: 1.09%) for the financial period under review, underperforming absolute benchmark's 1.56% (USD class: 1.21%). The underperformance was due to stubbornly high inflation prints and quicker-than-expected pace of monetary tightening by United States Federal Reserve ("Fed") during the quarter. The weaker performance was due to widening of Asia credit spreads, particularly increased risk of recession globally which will spill over to Emerging Market. Furthermore, fallout of United States ("US") regional banks and Credit Suisse also added to the challenging market conditions.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 31 March 2023 (cont'd)

C. Market Review

In first quarter 2023, inflation was again in the forefront of the news. Market had to quickly reprice a much higher terminal United States Federal Reserve ("Fed") Fund Target Rate given the stubbornly high inflation print and tight labour market. These factors were enough to keep the market volatile throughout the quarter as investors priced out any Fed's cuts in 2023. The global market saw the US Treasury yields went through a roller-coaster ride during the quarter under review as expectations on the Fed Fund Target Rates 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 23 have showed the aggressive rate-hiking cycle in US is cracking the real economy. The outburst has even spread over to Credit Suisse, a Swiss bank, which could lead to a full-fledged global banking crisis. The swift action taken by Swiss financial authority has managed to stem the spreading of banking crisis, but the unexpected consequences will be the further tightening of lending activities and real economy.

D. Market Outlook

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 interest rates at 5.1% 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 (there isn't really much difference between a positive or negative 0.5% change in Gross Domestic Product ("GDP")) but would recover quite quickly. Both of these scenarios could still play out. Economic forecasts are mixed, though some are starting to improve.

Contrary to the noise around inflation, rising rates and plunging equity valuations, many major economies are expected to deliver decent growth across 2022. That's not to say that we're out of the woods just yet, with the forecasted low-point being pushed back from 2022 to 2023.

While 2023 is expected to be somewhat weak for global markets, some economies such as India and Korea are expected to deliver growth. As for the rest of the world, it appears investors will have to wait until 2024 to start seeing signs of a recovery.

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 31 March 2023 (cont'd)

E. Investment Strategy

The Target Fund manager expects buoyed sentiments in 2023 as China's reopening story continues to gather traction. While easing of restrictions may not be a straight line, this indirectly indicates a strong sign of China taking calibrated steps in reopening, which bodes well with market sentiment. March's Federal Open Market Committee ("FOMC") meeting saw the Committee hiked Fed fund target rate by another 25 basis points ("bps"), indicating terminal rate might be peaking soon. That said, the Fed is unlikely to tilt to a premature easing in financial conditions and reverse into rate cuts soon as there is still upside risk to inflation given stickiness in the services component.

With inflation having peaked, interest rates should also peak as well and this is beneficial for Fixed income for 2023. US bank failures reinforce that idea that rates have peaked. Risks will come from widening credit spreads in the event of a US recession. Asian credits will still fare better. On foreign exchange market ("FX") front, the manager remains bullish Asian Foreign Exchange in the medium-to-long run as the China reopening theme will fuel valuation, in particular, currencies with high export-linkages with China like Malaysian Ringgit ("MYR"), the Thai Baht ("THB") and New Taiwan Dollar ("TWD").

F. Asset Allocation

As at 31 March 2023, the Fund was 98.88% (31.12.2022: 97.98%) invested in the Target Fund, with the remaining in cash, deposit and other net assets with licensed financial institutions.

G. NAV as at 31 March 2023

Below is the summary of the NAV of the Fund:

RM Class	31.03.2023	31.12.2022	Changes (%)
NAV (RM)	399,268,242	399,238,584	0.01
Units in circulation (unit)	420,580,819	406,597,102	3.44
NAV per unit (RM)	0.9493	0.9819	(3.32)

USD Class	31.03.2023	31.12.2022	Changes (%)
NAV (RM)	24,948,018	23,312,131	7.02
Units in circulation (unit)	5,978,168	5,488,315	8.93
NAV per unit (USD)	4.1732	0.9653	332.32

H. 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 31 March 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 31 MARCH 2023

	01.01.2023 to 31.03.2023 RM	01.01.2022 to 31.03.2022 RM
INVESTMENT INCOME/ (LOSS)		
Interest income	73,527	22,571
Dividend income	12,986,990	12,204,163
Net loss from financial assets at fair value through profit or loss ("FVTPL"):		
- Realised loss	(176,067)	(1,287,652)
- Unrealised loss	(6,844,254)	(41,415,370)
Net loss on foreign exchange and derivatives	(2,991,375)	(2,396,223)
	<u>3,048,821</u>	<u>(32,872,511)</u>
EXPENSES		
Trustee's fee	19,323	23,377
Auditors' remuneration	1,672	1,480
Tax agent's fee	3,863	863
Administrative expenses	972	8,484
	<u>25,830</u>	<u>34,204</u>
Net results before distribution and taxation	3,022,991	(32,906,715)
Distribution to unitholders		
RM Class	(16,268,215)	(12,320,211)
USD Class	(768,329)	(689,518)
Net results before taxation	<u>(14,013,553)</u>	<u>(45,916,444)</u>
Taxation	-	-
Net results after distribution and taxation, total comprehensive loss for the financial period	<u>(14,013,553)</u>	<u>(45,916,444)</u>
Net results after distribution and taxation is made up of the following:		
Net realised gain/ (loss)	12,791,171	(4,501,074)
Net unrealised loss	(26,804,724)	(41,415,370)
	<u>(14,013,553)</u>	<u>(45,916,444)</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2023

	01.01.2023 to 31.03.2023 RM	01.01.2022 to 31.03.2022 RM
Distributions for the financial period:		
<u>RM Class</u>		
Net distributions (RM)	16,268,215	12,320,211
Gross/ Net distributions per unit (sen)	4.00	2.70
Distribution date (ex-date)	29 March 2023	29 March 2022
<u>USD Class</u>		
Net distributions (RM)	768,329	689,518
Net distributions (USD)	174,660	163,571
Gross/ Net distributions per unit (USD cent)	4.00	2.50
Distribution date (ex-date)	29 March 2023	29 March 2022

MAYBANK BLUEWATERZ TOTAL RETURN FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	31.03.2023 RM	31.12.2022 RM
ASSETS		
Financial assets at FVTPL	419,462,392	402,061,657
Deposit with a licensed financial institution	8,489,887	6,384,037
Interest receivable	640	962
Derivative assets	911,811	15,515,151
Amount due from Manager	-	-
Cash at bank	8,810,523	168,048
TOTAL ASSETS	437,675,253	424,129,855
LIABILITIES		
Derivative liabilities	7,619,246	704,038
Amount due to Manager	5,818,554	852,320
Amount due to Trustee	6,574	6,517
Other payables and accruals	14,619	16,265
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	13,458,993	1,579,140
NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS	424,216,260	422,550,715
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' contribution	479,863,121	464,184,023
Accumulated loss	(55,646,861)	(41,633,308)
	424,216,260	422,550,715
NET ASSET VALUE		
- RM Class	399,268,242	399,238,584
- USD Class	24,948,018	23,312,131
	424,216,260	422,550,715
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- RM Class	420,580,819	406,597,102
- USD Class	5,978,168	5,488,315
	426,558,986	412,085,417
NAV PER UNIT		
- RM Class	RM 0.9493	RM 0.9819
- USD Class	USD 4.1732	USD 0.9653

MAYBANK BLUEWATERZ TOTAL RETURN FUND

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2023

	Unitholders' contribution RM	(Accumulated loss)/ Retained earnings 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	-	(14,013,553)	(14,013,553)
Creation of units	19,822,463	-	19,822,463
Reinvestment of units	15,659,737	-	15,659,737
Cancellation of units	(19,803,102)	-	(19,803,102)
At 31 March 2023	<u>479,863,121</u>	<u>(55,646,861)</u>	<u>424,216,260</u>
At 1 January 2022	542,842,538	19,718,661	562,561,199
Total comprehensive loss for the financial period	-	(45,916,444)	(45,916,444)
Creation of units	30,742,977	-	30,742,977
Reinvestment of units	12,127,241	-	12,127,241
Cancellation of units	(55,299,081)	-	(55,299,081)
At 31 March 2022	<u>530,413,675</u>	<u>(26,197,783)</u>	<u>504,215,892</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND**UNAUDITED STATEMENT OF CASH FLOWS****FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2023**

	01.01.2023 to 31.03.2023 RM	01.01.2022 to 31.03.2022 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of investments	6,619,500	44,114,650
Net purchase of investments	(29,414,477)	(26,471,394)
Interest received	73,192	22,325
Dividend received	12,986,990	12,233,179
Realised gain on forward foreign exchange contracts	16,979,422	3,032,157
Trustee's fee paid	(19,267)	(24,416)
Payment of other fees and expenses	(8,154)	(5,346)
Net cash used in operating and investing activities	<u>7,217,206</u>	<u>32,901,155</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	19,832,762	30,533,827
Payment for redemption of units	(14,833,406)	(56,592,745)
Distributions to unitholders	(1,381,835)	(900,756)
Net cash generated from/ (used) financing activities	<u>3,617,521</u>	<u>(26,959,674)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	10,834,727	5,941,481
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,552,085	5,527,417
Effect on foreign exchange	<u>(86,402)</u>	<u>(512)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>17,300,410</u>	<u>11,468,386</u>
Cash and cash equivalents comprise:		
Cash at bank	8,810,523	5,098,868
Deposit with a licensed financial institution with original maturity of less than 3 months	8,489,887	6,369,518
	<u>17,300,410</u>	<u>11,468,386</u>