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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Quarterly report

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

CORPORATE INFORMATION

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MAYBANK BLUEWATERZ TOTAL RETURN FUND

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MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

For the financial period from 1 January 2023 to 30 June 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") in order to manage foreign exchange currency risk.

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

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

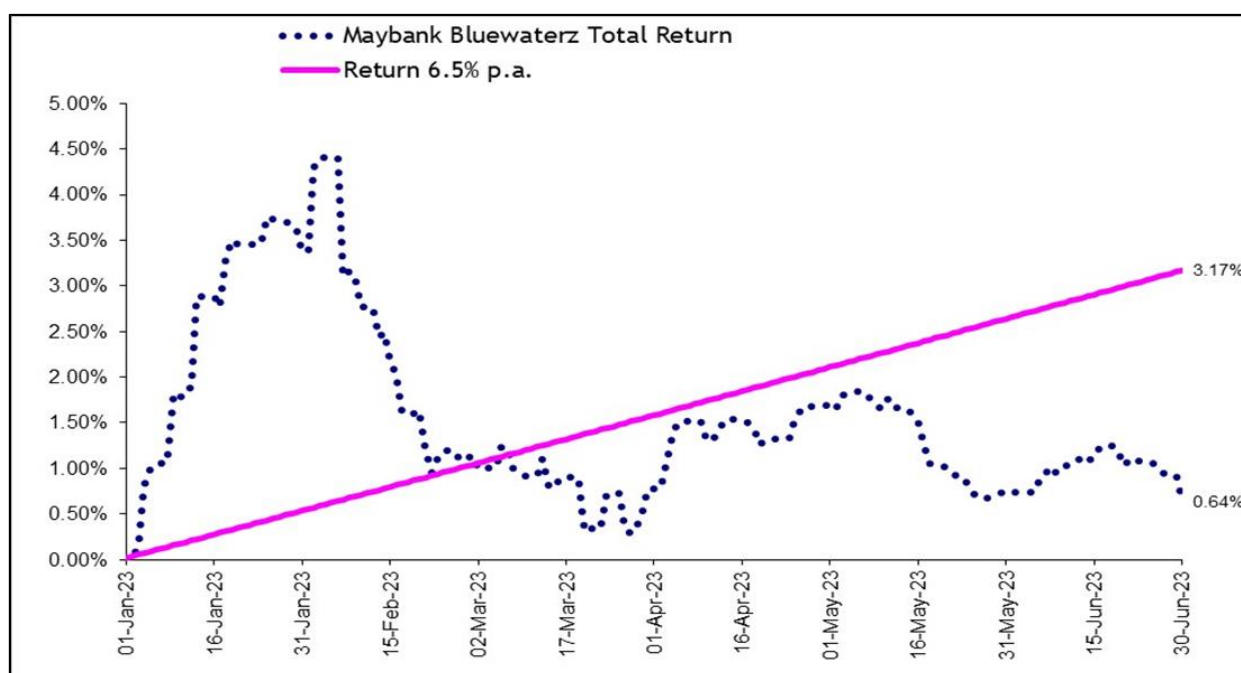
B. Performance Review

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

RM Class

Period	The Fund %	Benchmark %
1 January 2023 to 30 June 2023	0.64	3.17

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



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

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

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

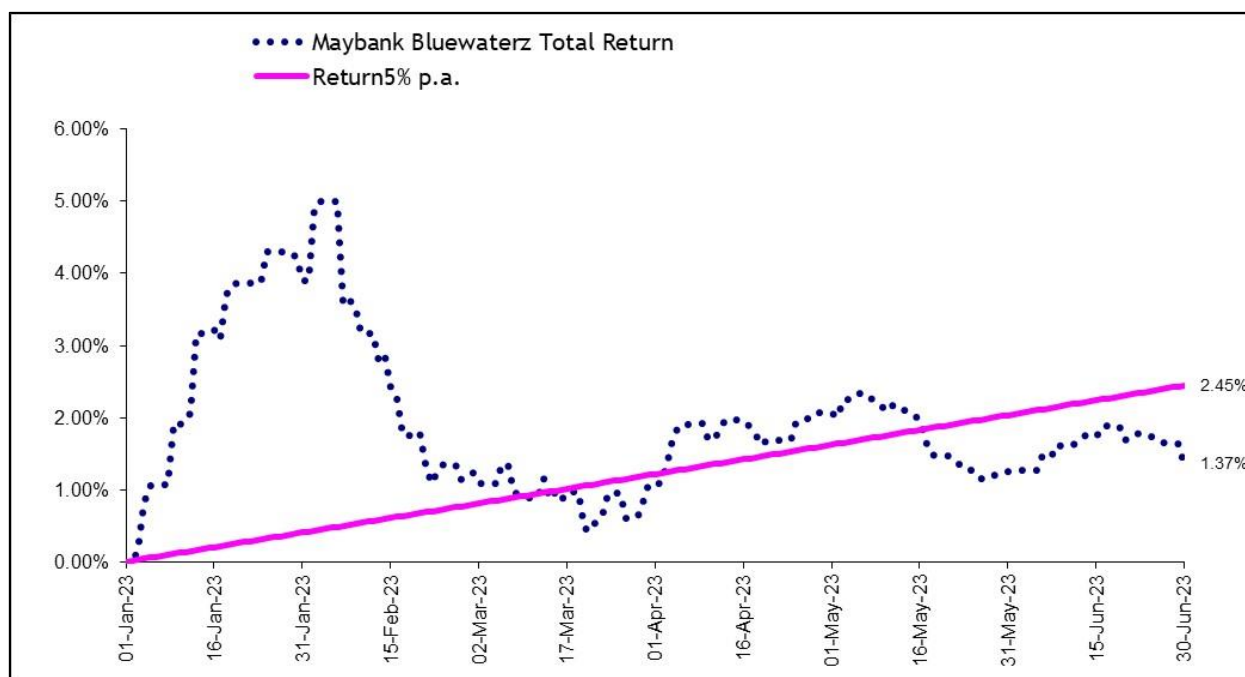
B. Performance Review (cont'd)

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

USD Class

Period	The Fund %	Benchmark %
1 January 2023 to 30 June 2023	1.37	2.45

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



Source: Novagni Analytics and Advisory Sdn Bhd, as at 30 June 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 0.64% and 1.37% for RM class and USD class respectively, underperforming their absolute benchmark of 3.17% and 2.45% for RM class and USD class respectively. The underperformance was due to stubbornly high inflation prints and quicker-than-expected pace of monetary tightening by United States Federal Reserve ("US Fed") during the quarter. 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. 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 30 June 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 US 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 first 5 months of 2023 as investors kept adjusting rate hike expectations. The global market saw the United States Treasury ("UST") yields went through a roller-coaster ride during the period under review as expectations on the US Fed Fund Target Rates were rather transient as well as US economy finally showed more signs of economic damage after the aggressive rate-hiking path pursuit by US 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.

The impact from US regional banks fallout abated in April 2023. Markets were calmer and bond yields started creeping up again. US yield curve inverted further, as curve flattened on weaker US growth prospects and much higher short-term rates, induced by US Fed. With the exception of Bank of Japan ("BOJ"), all major central banks raised policy rates in 2 quarters with US paused in June 2023 after raising 25 basis points ("bps") in May 2023 to 5.0% - 5.25%. US growth came in stronger than expected, together with tight labour market, US Fed has hinted more work ahead to combat elevated inflation. 10-year and 2-year UST yields ended the quarter at 3.81% and 4.87%. Credit markets generally performed weaker during the quarter, with high yields outperforming investment grade ("IG") bonds as IG bonds are more sensitive to UST yields. Shackled China economic growth in 2nd quarter also given additional headwinds to Asia USD bond market, which saw Asia bond markets underperformed their developed counterparts.

D. Market Outlook and Strategy

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

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

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

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

Manager's report

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

E. Asset Allocation

As at 30 June 2023, the Fund was 99.82% (31.12.2022: 95.15%) invested in the Target Fund, with the remaining in cash, deposit and other net assets/ liabilities with licensed financial institutions.

F. NAV as at 30 June 2023

Below is the summary of the NAV of the Fund:

RM Class	30.06.2023	31.12.2022	Changes (%)
NAV (RM)	412,196,904	399,238,584	3.25
Units in circulation (unit)	434,751,998	406,597,102	6.92
NAV per unit (RM)	0.9481	0.9819	(3.44)

USD Class	30.06.2023	31.12.2022	Changes (%)
NAV (RM)	25,775,904	23,312,131	10.57
Units in circulation (unit)	5,828,747	5,488,315	6.20
NAV per unit (USD)	0.9483	0.9653	(1.76)

G. Soft Commissions and Rebates

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

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

MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

	01.01.2023 to 30.06.2023 RM	01.01.2022 to 30.06.2022 RM
INVESTMENT INCOME/ (LOSS)		
Profit/ Interest income	161,611	54,305
Dividend income	12,986,990	12,204,163
Net income/ (loss) from financial assets at fair value through profit or loss ("FVTPL"):		
- Realised loss	(155,934)	(3,954,182)
- Unrealised gain/ (loss)	19,098,657	(45,283,717)
Net loss on foreign exchange and derivatives	<u>(28,142,790)</u>	<u>(22,928,344)</u>
	<u>3,948,534</u>	<u>(59,907,775)</u>
EXPENSES		
Trustee's fee	38,781	44,327
Auditors' remuneration	2,976	1,373
Tax agent's fee	4,736	1,736
Administrative expenses	1,579	18,307
	<u>48,072</u>	<u>65,743</u>
Net results before distribution and taxation	3,900,462	(59,973,518)
Distribution to unitholders		
RM Class	(16,268,215)	(12,320,211)
USD Class	(768,329)	(689,518)
Net loss before taxation	<u>(13,136,082)</u>	<u>(72,983,247)</u>
Taxation	-	-
Net loss distribution and taxation, total comprehensive loss for the financial period	<u>(13,136,082)</u>	<u>(72,983,247)</u>
Net results after distribution and taxation is made up of the following:		
Net realised income/ (loss)	4,343,827	(27,699,530)
Net unrealised loss	<u>(17,479,909)</u>	<u>(45,283,717)</u>
	<u>(13,136,082)</u>	<u>(72,983,247)</u>

MAYBANK BLUEWATERZ TOTAL RETURN FUND

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

	01.01.2023	01.01.2022
	to	to
	30.06.2023	30.06.2022
	RM	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 30 JUNE 2023**

	30.06.2023	31.12.2022
	RM	RM
ASSETS		
Financial assets at FVTPL	437,170,161	402,061,657
Deposit with a licensed financial institution	20,363,283	6,384,037
Profit/ Interest receivable	1,937	962
Derivative assets	1,526,298	15,515,151
Amount due from Manager	619,676	-
Cash at bank	2,311,145	168,048
TOTAL ASSETS	<u>461,992,500</u>	<u>424,129,855</u>
LIABILITIES		
Derivative liabilities	23,293,400	704,038
Amount due to Manager	702,810	852,320
Amount due to Trustee	6,496	6,517
Other payables and accruals	16,986	16,265
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	<u>24,019,692</u>	<u>1,579,140</u>
NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS	<u>437,972,808</u>	<u>422,550,715</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:		
Unitholders' contribution	492,742,198	464,184,023
Accumulated losses	(54,769,390)	(41,633,308)
	<u>437,972,808</u>	<u>422,550,715</u>
NET ASSET VALUE		
- RM Class	412,196,904	399,238,584
- USD Class	25,775,904	23,312,131
	<u>437,972,808</u>	<u>422,550,715</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)		
- RM Class	434,751,998	406,597,102
- USD Class	5,828,747	5,488,315
	<u>440,580,745</u>	<u>412,085,417</u>
NAV PER UNIT		
- RM Class	RM 0.9481	RM 0.9819
- USD Class	<u>USD 0.9483</u>	<u>USD 0.9653</u>

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 30 JUNE 2023**

	Unitholders' contribution RM	Accumulated losses RM	Net assets attributable to unitholders RM
At 1 January 2023	464,184,023	(41,633,308)	422,550,715
Total comprehensive loss for the financial period	-	(13,136,082)	(13,136,082)
Creation of units	48,444,050	-	48,444,050
Reinvestment of units	15,659,737	-	15,659,737
Cancellation of units	(35,545,612)	-	(35,545,612)
At 30 June 2023	<u>492,742,198</u>	<u>(54,769,390)</u>	<u>437,972,808</u>
At 1 January 2022	542,842,538	19,718,661	562,561,199
Total comprehensive loss for the financial period	-	(72,983,247)	(72,983,247)
Creation of units	31,763,228	-	31,763,228
Reinvestment of units	12,127,241	-	12,127,241
Cancellation of units	(100,979,883)	-	(100,979,883)
At 30 June 2022	<u>485,753,124</u>	<u>(53,264,586)</u>	<u>432,488,538</u>

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

	01.01.2023	01.01.2022
	to	to
	30.06.2023	30.06.2022
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net proceeds from sale of investments	13,576,068	89,868,200
Net purchase of investments	(29,414,477)	(26,471,395)
Profit/ Interest received	162,586	54,131
Dividend received	12,911,324	12,204,163
Realised gain/ (loss) on forward foreign exchange contracts	8,163,899	(3,486,499)
Trustee's fee paid	(38,802)	(46,438)
Payment of other fees and expenses	(16,211)	23,176
Net cash generated from operating and investing activities	<u>5,344,387</u>	<u>72,145,339</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	47,834,135	31,841,781
Payment for redemption of units	(35,681,569)	(103,046,925)
Distributions to unitholders	(1,381,834)	(883,698)
Net cash generated from/ (used in) financing activities	<u>10,770,731</u>	<u>(72,088,842)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	16,115,118	56,497
Effect on foreign exchange	7,225	30,093
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>22,674,428</u>	<u>5,614,007</u>
Cash and cash equivalents comprise:		
Cash at bank	2,311,145	1,363,117
Deposit with a licensed financial institution with original maturity of less than 3 months	<u>20,363,283</u>	<u>4,250,890</u>
	<u>22,674,428</u>	<u>5,614,007</u>