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MAYBANK ENHANCED CONSTANT INCOME FUND

Annual report
For the financial year ended 31 August 2022

CORPORATE INFORMATION

MANAGER

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

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10th Floor, Menara Hap Seng
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MAYBANK ENHANCED CONSTANT INCOME FUND

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MAYBANK ENHANCED CONSTANT INCOME FUND

Manager's report

For the financial year ended 31 August 2022

A. Fund Information

1. Name of Fund

Maybank Enhanced Constant Income Fund (the "Fund")

2. Type of Fund

Income

3. Category of Fund

Fixed income fund (close-ended)

4. Duration of Fund

The Fund is a close-ended fund which will mature on 29 January 2024.

5. Fund launch date

30 June 2020

6. Fund commencement date/ maturity date

29 July 2020/ 29 January 2024

7. Fund's investment objective

The Fund aims to provide unitholders with income through investments in a portfolio of Fixed Income Securities.

8. Fund distribution policy

Distribution will be made on annual basis, subject to availability of income.

9. Fund's performance benchmark

The prevailing 3-years Maybank fixed deposit rate as at the Commencement Date.

10. Fund's investment policy and principal investment strategy

The Fund will invest a minimum of 80% of its net asset value ("NAV") in RM denominated Fixed Income Securities and/ or foreign currency Fixed Income Securities and up to 20% of its NAV in liquid assets and/ or collective investment scheme.

The Fund may also invest up to 60% of its NAV in non-investment grade or high yield Fixed Income Securities.

The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure to manage the currency risk. Furthermore, the Fund may also fully or partially hedge the interest rate risk inherent in the investment of Fixed Income Securities.

MAYBANK ENHANCED CONSTANT INCOME FUND

Manager's report

For the financial year ended 31 August 2022 (cont'd)

A. Fund Information (cont'd)

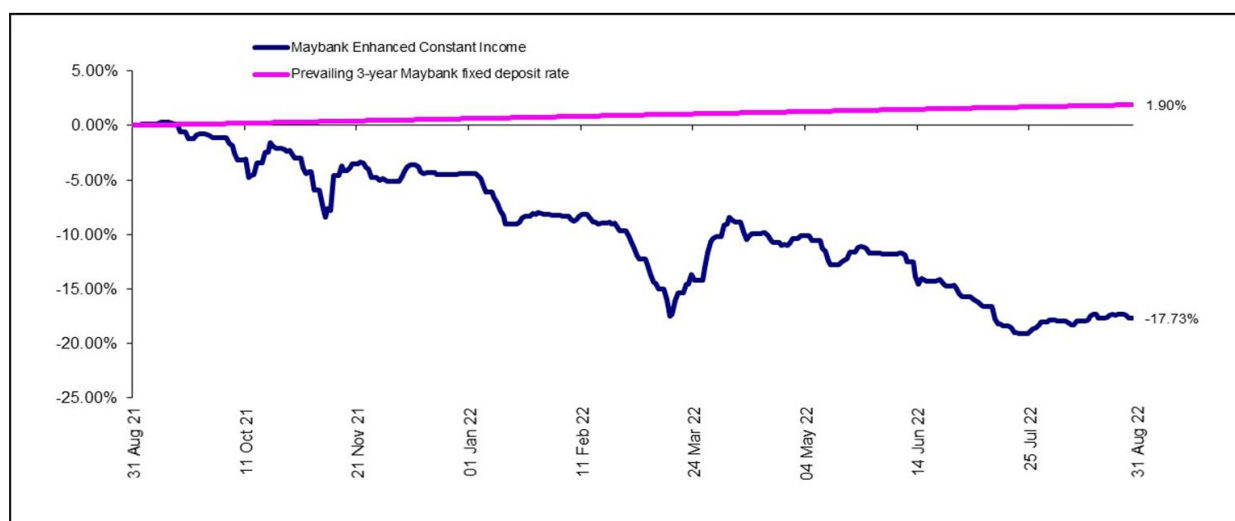
11. Net income distribution for the financial year ended 31 August 2022

There is no distribution declared for the current financial year.

B. Performance Review

Performance of Maybank Enhanced Constant Income Fund for the financial year ended 31 August 2022 are as follows:

Period	The Fund %	Benchmark %
1 September 2021 to 31 August 2022	(17.73)	1.90



Source : Lipper as at 31 August 2022

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.

For the period of 1 year from August 2021 to August 2022, the Fund has generated a total return of -17.73%, as compared to the absolute benchmark of 1.90% over the same period. The Fund underperformed the benchmark (3-Years Maybank fixed deposit rate) by 1,583 basis points ("bps"). The underperformance of the fund is due to overall higher interest-rate environment and holding in China property bonds and High Yield ("HY") bonds which currently undergoing liquidity stress in the market.

MAYBANK ENHANCED CONSTANT INCOME FUND

Manager's report

For the financial year ended 31 August 2022 (cont'd)

C. Market Review

Global slowdown intensifies as downside risks materialize. A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while United States ("US") consumer spending undershot expectations.

The baseline forecast is for growth to slow from 6.1% last year to 3.2% in 2022, 0.4% lower than in the April 2022 World Economic Outlook. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4% in the US.

China's economic slowdown has added to global supply chain disruptions. Coronavirus Disease-2019 ("COVID-19") outbreaks and mobility restrictions as part of the authorities' Zero-COVID strategy have disrupted economic activity widely and severely. Shanghai, a major global supply chain hub, entered a strict lockdown in April 2022, forcing citywide economic activity to halt for about eight weeks.

In the second quarter, real Gross Domestic Product ("GDP") contracted significantly by 2.6% on a sequential basis, driven by lower consumption, the sharpest decline since the first quarter of 2020, at the onset of the pandemic, when it declined by 10.3%.

And in Europe, significant downgrades reflect spillovers from the war in Ukraine and tighter monetary policy. More recently, the flow of Russian pipeline gas to Europe has declined sharply to about 40% of the level a year ago, contributing to a steep increase in natural gas prices in June 2022.

Since 2021, consumer prices have consistently risen faster than widely expected. In the United States, the consumer price index rose by 9.1% in June 2022, compared with a year earlier, and it also rose by 9.1% in the United Kingdom in May 2022, the highest inflation rates in these two countries in 40 years. In the euro area, inflation in June 2022 reached 8.6%, its highest level since the inception of the monetary union. Equally concerning, in emerging market and developing economies, second-quarter inflation is estimated to have been 9.8%.

In response to incoming data, central banks of major advanced economies are withdrawing monetary support more assertively and raising policy interest rates faster than expected. Central banks in several emerging market and developing economies have raised interest rates more aggressively than during past advanced economy tightening cycles.

The associated rise in longer-term borrowing costs, including mortgage rates, and tighter global financial conditions have led to precipitous declines in equity prices, weighing on growth. Finally, mitigating climate change continues to require urgent multilateral action to limit emissions and raise investments to hasten the green transition.

MAYBANK ENHANCED CONSTANT INCOME FUND

Manager's report

For the financial year ended 31 August 2022 (cont'd)

D. Market Outlook & Strategy

The risks to the outlook are overwhelmingly tilted to the downside. The war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be harder to bring down than anticipated either if labour markets are tighter than expected or inflation expectations unanchored; tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and geopolitical fragmentation could impede global trade and cooperation.

A plausible alternative scenario in which risks materialize, inflation rises further, and global growth declines to about 2.6% and 2.0% in 2022 and 2023, respectively, would put growth in the bottom 10% of outcomes since 1970.

Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances, and it is anticipated to reach 6.6% in advanced economies and 9.5% in emerging market and developing economies this year, upward revisions of 0.9% and 0.8%, respectively.

With increasing prices continuing to squeeze living standards worldwide, taming inflation should be the first priority for policymakers. Tighter monetary policy will inevitably have real economic costs, but delay will only exacerbate them.

Targeted fiscal support can help cushion the impact on the most vulnerable, but with government budgets stretched by the pandemic and the need for a disinflationary overall macroeconomic policy stance, such policies will need to be offset by increased taxes or lower government spending.

A recent high inflation rate in global economy and geopolitical tension is fuelling fears of a potential recession and driving expectations that the US Federal Reserve ("FED") may deploy an aggressive pace of tightening to manage the economy. However, China lockdown is expected to ease gradually with the government stimulating the economy to meet the growth target which will in turn be bullish for Asian economies.

We do not expect immediate turnaround for overall Chinese HY space despite authorities have recently introduced supportive policy measures (such as mortgage rate cuts and issuance of onshore bonds back by credit insurance). These policies may need time to translate into healthy contracted sales before the sector could be re-rate. Concerns remain higher interest rates and slowing growth could widen the corporate credit spreads. The fund continues to adopt conservative short duration strategy and focuses on short-end Investment Grade ("IG") papers.

MAYBANK ENHANCED CONSTANT INCOME FUND

Manager's report

For the financial year ended 31 August 2022 (cont'd)

E. Asset Allocation

Asset allocation	31.08.2022		31.08.2021	
	RM	%	RM	%
Financial assets at FVTPL	30,004,779	88.20	39,601,816	92.64
Cash and cash equivalents, and other net assets	4,013,786	11.80	3,144,602	7.36
Total NAV	34,018,565	100.00	42,746,418	100.00

F. 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 August 2022, 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 ENHANCED CONSTANT INCOME FUND ("FUND") FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022

We have acted as Trustee of Maybank Enhanced Constant Income Fund (the "Fund") for the financial year ended 31 August 2022 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Maybank Asset Management Sdn Bhd has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

- (a) Limitations imposed on the investment powers of the Management Company under the deed, securities laws and the Guidelines on Unlisted Capital Market Products under Lodge and Launch Framework;
- (b) Valuation and pricing is carried out in accordance with the deed; and
- (c) Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For and on behalf of
TMF TRUSTEES MALAYSIA BERHAD
(Company No: 200301008392/ 610812-W)

NORHAYATI BINTI AZIT
DIRECTOR - FUND SERVICES

Kuala Lumpur, Malaysia
25 October 2022

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK ENHANCED CONSTANT INCOME FUND
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022**

We, Dr.Hasnita Binti Dato' Hashim and Ahmed Muzni Bin Mohamed, 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 Enhanced Constant Income Fund as at 31 August 2022 and of its results, changes in equity and cash flows for the financial year ended 31 August 2022 and comply with the requirements of the Deed.

For and on behalf of the Manager

Dr.Hasnita Binti Dato' Hashim
Chairman

Ahmed Muzni Bin Mohamed
Director

Kuala Lumpur, Malaysia
25 October 2022

**Independent auditors' report to the Unitholders of
MAYBANK ENHANCED CONSTANT INCOME FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Enhanced Constant Income Fund ("the Fund"), which comprise the statement of financial position as at 31 August 2022 of the Fund, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2022, 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

Maybank Asset Management Sdn Bhd (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon which is expected to be made available to us after the date of this auditors' report.

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 Enhanced Constant Income 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 Enhanced Constant Income 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- 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 Enhanced Constant Income 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
25 October 2022

MAYBANK ENHANCED CONSTANT INCOME FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022**

		01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
	Note		
INVESTMENT INCOME			
Profit/ Interest income	3	2,508,826	2,105,687
Net loss from financial assets at fair value through profit or loss ("FVTPL"):			
- Realised loss		(7,531,788)	(1,693,117)
- Unrealised (loss)/ gain		(2,842,891)	435,042
Net gain on foreign currency exchange and derivatives	4	540,475	354,060
Other income		-	3,735
		<u>(7,325,378)</u>	<u>1,205,407</u>
EXPENSES			
Trustee's fee	5	11,433	14,357
Auditors' remuneration		10,000	10,000
Tax agent's fee		3,900	3,900
Administrative expenses		17,043	24,083
		<u>42,376</u>	<u>52,340</u>
Net results before taxation		(7,367,754)	1,153,067
Taxation	6	(70,013)	(466)
Net results after taxation, total comprehensive income for the financial year/ period		<u>(7,437,767)</u>	<u>1,152,601</u>
Net results after taxation are made up of the following:			
Net realised (loss)/ income		(5,224,947)	2,197,873
Net unrealised loss		<u>(2,212,820)</u>	<u>(1,045,272)</u>
		<u>(7,437,767)</u>	<u>1,152,601</u>
Distributions for the financial year/ period			
Net distributions	15	-	1,248,915
Gross/ net distribution per unit (sen)	15	-	2.88
Distribution dates (ex-date)	15	-	28 July 2021

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

MAYBANK ENHANCED CONSTANT INCOME FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022**

	Note	2022 RM	2021 RM
ASSETS			
Financial assets at FVTPL	7	30,004,779	39,601,816
Deposit with a licensed financial institution	8	395,172	355,113
Profit/ Interest receivable		540,057	661,846
Derivative assets	9	86,555	401
Amount due from brokers	13	4,229,277	-
Cash at bank	10	1,188,420	4,694,150
TOTAL ASSETS		<u>36,444,260</u>	<u>45,313,326</u>
LIABILITIES			
Derivative liabilities	9	2,273,489	803,733
Amount due to Manager	11	79,689	77,382
Amount due to Trustee	12	869	1,090
Amount due to broker	13	-	1,661,160
Provision for taxation		55,844	466
Other payables and accruals		15,804	23,077
TOTAL LIABILITIES		<u>2,425,695</u>	<u>2,566,908</u>
NET ASSET VALUE ("NAV") OF THE FUND		<u>34,018,565</u>	<u>42,746,418</u>
EQUITY			
Unitholders' capital	14(a)	41,554,597	42,844,683
Accumulated losses	14(b)&(c)	<u>(7,536,032)</u>	<u>(98,265)</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>34,018,565</u>	<u>42,746,418</u>
NUMBER OF UNITS IN CIRCULATION (UNIT)		<u>41,397,124</u>	<u>42,840,814</u>
NAV PER UNIT (RM)		<u>0.8217</u>	<u>0.9978</u>

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

MAYBANK ENHANCED CONSTANT INCOME FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022**

	Unitholders' capital Note 14(a) RM	Accumulated losses Note 14(b) & 14(c) RM	Total equity RM
At 1 September 2021	42,844,683	(98,265)	42,746,418
Total comprehensive loss for the financial year	-	(7,437,767)	(7,437,767)
Cancellation of units	(1,290,086)	-	(1,290,086)
At 31 August 2022	<u>41,554,597</u>	<u>(7,536,032)</u>	<u>34,018,565</u>
At 30 June 2020 (date of launch)	-	-	-
Total comprehensive income for the financial period	-	1,152,601	1,152,601
Creation of units	43,481,591	-	43,481,591
Cancellation of units	(638,859)	-	(638,859)
Distributions (Note 15)	1,951	(1,250,866)	(1,248,915)
At 31 August 2021	<u>42,844,683</u>	<u>(98,265)</u>	<u>42,746,418</u>

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

MAYBANK ENHANCED CONSTANT INCOME FUND

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022**

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net payment for purchase of investments	(30,318,346)	(70,780,264)
Net proceeds from sale of investments	26,487,626	30,223,343
Profit/ Interest income received	2,745,320	2,109,483
Net realised (loss)/ gain on forward foreign exchange contracts	(1,051,918)	1,708,055
Trustee's fee paid	(11,653)	(13,267)
Payment of other fees and expenses	(52,843)	(11,168)
Net cash used in operating and investing activities	<u>(2,201,814)</u>	<u>(36,763,818)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from units created	-	43,481,590
Cash paid on units cancelled	(1,287,779)	(118,045)
Distribution paid	-	(1,248,915)
Net cash (used in)/ generated from financing activities	<u>(1,287,779)</u>	<u>42,114,630</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL YEAR/ PERIOD	(3,489,593)	5,350,812
CASH AND CASH EQUIVALENTS AT THE DATE OF LAUNCH	5,049,263	-
Effect on foreign exchange	23,922	(301,549)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/ PERIOD	<u>1,583,592</u>	<u>5,049,263</u>
Cash and cash equivalents comprise:		
Cash at bank (Note 10)	1,188,420	4,694,150
Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8)	395,172	355,113
	<u>1,583,592</u>	<u>5,049,263</u>

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

MAYBANK ENHANCED CONSTANT INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Enhanced Constant Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 22 June 2020 between the Manager, Maybank Asset Management Sdn Bhd ("MAM"), the Trustee, TMF Trustee Malaysia Berhad and the registered unitholders of the Fund. The Fund was launched on 30 June 2020.

The Fund aims to provide unitholders with income through investments in a portfolio of Fixed Income Securities. The Fund seeks to achieve its investment objective by investing a minimum of 80% of its NAV in RM denominated Fixed Income Securities and/ or foreign currency Fixed Income Securities (foreign currency Fixed Income Securities are Fixed Income Securities denominated in currencies other than RM) and up to 20% of its NAV in Liquid Assets and/or collective investment schemes. However, as the Fund approaches the Maturity Date, the Manager may choose to invest in Liquid Assets and/ or collective investment schemes to facilitate the payout of the proceeds to unitholders after the maturity date.

The Manager of the Fund is MAM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services Licence with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of MAM is at Level 12, Tower C Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. MAM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

The financial statements were authorised for issue by the Board of Directors ("Directors") of the Manager in accordance with a resolution of the Directors on 25 October 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 and amendments to standards issued but not yet effective

The following are Standards, Amendments to Standards and Interpretations issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

MAYBANK ENHANCED CONSTANT INCOME FUND

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

2.3 Financial instruments

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

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

2.4 Financial assets

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

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

(i) Financial assets at amortised cost

Classification

The Fund classifies cash and cash equivalents and interest receivables 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 financial asset and of allocating and recognising the interest income in profit or loss of the relevant period.

MAYBANK ENHANCED CONSTANT INCOME FUND

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

2.4 Financial assets (cont'd)

(i) Financial assets at amortised cost (cont'd)

Classification (cont'd)

Unless designated as at FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and 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.

(ii) Financial assets at FVTPL

Investments in unquoted fixed income securities 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.

Interest income on debt instruments is classified as FVTPL are disclosed separately in the profit or loss.

(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 ENHANCED CONSTANT INCOME FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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

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

MAYBANK ENHANCED CONSTANT INCOME FUND

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

2.5 Financial liabilities (cont'd)

(b) 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 instruments.

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.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation

2.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

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

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

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.

MAYBANK ENHANCED CONSTANT INCOME FUND

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

2.7 Functional and presentation currency

(a) Functional and presentation currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Fund's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period end exchange rates of monetary assets and liabilities, denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

2.8 Unitholders' capital

The unitholders' contributions to the Fund meet the criteria to be classified as equity instruments under *MFRS 132 Financial Instruments: Presentation*. Those criteria include:

- (i) the units entitle the holder to a proportionate share of the Fund's NAV;
- (ii) the units are the most subordinated class and class features are identical;
- (iii) there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- (iv) the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year 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.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. The amount is either refunded to unitholders by way of distribution and/ or adjusted accordingly when units are cancelled.

2.9 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from unitholders' capital. A proposed dividend is recognised as a liability in the year in which it is approved. Distribution is either reinvested or paid in cash to the unitholders on the income payment date. Reinvestment of units is based on the NAV per unit on the income payment date which is also the time of creation.

2.10 Cash and cash equivalents

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

MAYBANK ENHANCED CONSTANT INCOME FUND

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

2.11 Revenue/ Income

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

- Interest income from unquoted fixed income securities includes amortisation of premium and accretion of discount, and is recognised using the EPR/ EIR method.
- Profit/ Interest income from deposits with a licensed financial institution is recognised on the accruals basis using the EPR/ EIR method.
- Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation or premium.
- Other revenue/ income is generally recognised when the Fund satisfies a performance obligation by transferring a promised good or service or an asset to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

2.12 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

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

2.13 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.

2.14 Critical accounting estimates and judgments

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

No major judgments 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.

MAYBANK ENHANCED CONSTANT INCOME FUND

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

2.15 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 remeasured at their fair value.

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

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

3. PROFIT/ INTEREST INCOME

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
Interest income from unquoted fixed income securities	2,796,731	2,245,054
Profit/ Interest income from short-term deposits	1,922	35,960
Amortisation of premium, net of accretion of discount	(289,827)	(175,327)
	<u>2,508,826</u>	<u>2,105,687</u>

4. NET GAIN ON FOREIGN EXCHANGE AND DERIVATIVES

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
Net realised gain on foreign exchange	962,517	139,938
Net unrealised gain/ (loss) on foreign exchange	2,013,674	(676,982)
Net realised (loss)/ gain on derivatives	(1,052,113)	1,694,436
Net unrealised loss on derivatives	(1,383,603)	(803,332)
	<u>540,475</u>	<u>354,060</u>

MAYBANK ENHANCED CONSTANT INCOME FUND

5. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.075% per annum ("p.a") (30.06.2020 (date of launch) to 31.08.2021: 0.075% p.a) of the NAV of the Fund, excluding foreign custodian fees and charges.

6. TAXATION

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
Tax expense for the financial year/ period:		
Current income tax expense	70,013	466

Income tax is calculated at the Malaysian statutory tax rate of 24% (30.06.2020 (date of launch) to 31.08.2021: 24%) of the estimated assessable income for the financial year/ period.

Profit/ Interest income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

In accordance with Schedule 6 of the Income Tax Act 1967, profit/ interest income earned by the Fund is exempted from Malaysian tax.

The tax charge for the financial year/ period is in relation to the taxable income earned by the Fund after deducting the permitted expenses. A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
Net (loss)/ income before taxation	(7,367,754)	1,153,067
Tax at Malaysian statutory rate of 24%	(1,768,261)	276,736
Income not subject to tax	(1,316,404)	(694,749)
Loss not deductible for tax purposes	3,074,495	406,348
Income tax at source	70,013	-
Expenses not deductible for tax purposes	10,170	10,339
Restriction on tax deductible expenses for unit trust funds	-	1,792
Tax expense for the financial year/ period	70,013	466

MAYBANK ENHANCED CONSTANT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
Unquoted fixed income securities - foreign	30,004,779	39,601,816

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2022				
Unquoted fixed income securities - foreign				
Australia				
Scentre Group Ltd. - 4.75% / 24.06.2026	300,000	1,414,256	1,235,444	3.63
Cayman Islands				
AAC Technologies Holdings Inc. - 2.63% / 02.06.2026	200,000	893,981	673,863	1.98
France				
Societe Generale SA. - 4.75% / Perpetual	300,000	1,367,529	1,120,327	3.29
BNP Paribas SA. - 6.63% / Perpetual	300,000	1,348,248	1,297,634	3.81
	600,000	2,715,777	2,417,961	7.10
Hong Kong				
Far East Horizon Ltd. - 2.63% / 03.03.2024	500,000	2,236,809	2,029,319	5.97
Bank of East Asia, Ltd. - 5.87% / Perpetual	250,000	1,200,806	1,085,501	3.19
	750,000	3,437,615	3,114,820	9.16

MAYBANK ENHANCED CONSTANT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2022 (cont'd)				
Unquoted fixed income securities - foreign (cont'd)				
India				
Shriram Transport Finance Company Ltd.				
- 5.10% / 16.07.2023	450,000	1,981,151	1,975,747	5.81
- 4.40% / 13.03.2024	250,000	1,121,784	1,068,677	3.14
Adani Green Energy				
- 4.40% / 08.09.2024	200,000	894,872	801,974	2.36
	<u>900,000</u>	<u>3,997,807</u>	<u>3,846,398</u>	<u>11.31</u>
Japan				
Asahi Mutual Life Insurance Co.				
- 6.50% / Perpetual	550,000	2,472,279	2,454,128	7.21
Mauritius Island				
India Green Energy				
- 5.38% / 29.04.2024	500,000	2,154,129	2,140,911	6.29
Greenko Solar (Mauritius) Ltd.				
- 5.55% / 29.01.2025	250,000	1,061,120	1,019,078	3.00
	<u>750,000</u>	<u>3,215,249</u>	<u>3,159,989</u>	<u>9.29</u>
Netherlands				
Greenko Dutch BV.				
- 3.85% / 29.03.2026	250,000	1,085,016	912,878	2.68
Philippines				
SMC Global Power Holdings Corp.				
- 6.50% / Perpetual	350,000	1,563,979	1,477,496	4.34
- 7.00% / Perpetual	250,000	1,123,256	1,046,931	3.08
	<u>600,000</u>	<u>2,687,235</u>	<u>2,524,427</u>	<u>7.42</u>

MAYBANK ENHANCED CONSTANT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2022 (cont'd)				
Unquoted fixed income securities - foreign (cont'd)				
Singapore				
Indika Energy Capital				
- 5.85% / 09.11.2024	300,000	1,341,201	1,308,453	3.85
- 8.25% / 22.10.2025	250,000	1,097,458	1,072,502	3.15
Global Prime Capital Pte. Ltd.				
- 5.85% / 18.10.2023	400,000	1,808,750	1,760,139	5.17
	<u>950,000</u>	<u>4,247,409</u>	<u>4,141,094</u>	<u>12.17</u>
South Korea				
Shinhan Financial Group Co. Ltd.				
- 5.88% / Perpetual	550,000	2,470,013	2,461,043	7.23
United Kingdom				
Wanda Properties Overseas Ltd.				
- 6.88% / 23.07.2023	500,000	2,071,897	1,835,220	5.39
Huarong Financial 2019				
- 3.75% / 29.05.2024	300,000	1,228,821	1,227,514	3.63
	<u>800,000</u>	<u>3,300,718</u>	<u>3,062,734</u>	<u>9.02</u>
Total unquoted fixed income securities	<u>7,200,000</u>	<u>31,937,355</u>	<u>30,004,779</u>	<u>88.20</u>
Unrealised loss on unquoted fixed income securities*			<u>(1,932,576)</u>	

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

MAYBANK ENHANCED CONSTANT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2021				
Unquoted fixed income securities - foreign				
Australia				
Scentre Group Ltd. - 4.75% / Perpetual	300,000	1,329,238	1,325,730	3.10
British Virgin Islands				
Wanda Properties International Co Ltd. - 7.25% / 29.01.2024	350,000	1,463,634	1,457,745	3.41
New Metro Global Ltd. - 4.80% / 15.12.2022	250,000	1,016,027	1,039,305	2.43
Franshion Brilliant Ltd. - 4.00% / Perpetual	300,000	1,259,126	1,245,857	2.91
	<u>900,000</u>	<u>3,738,787</u>	<u>3,742,907</u>	<u>8.75</u>
Cayman Islands				
Country Garden Holdings Company Ltd. - 6.15% / 17.09.2023	500,000	2,190,424	2,245,701	5.25
Soar Wise Ltd. - 3.45% / 23.10.2022	450,000	1,878,307	1,861,629	4.36
CIFI Holdings Group Co Ltd. - 6.55% / 28.03.2022	200,000	844,057	866,951	2.03
KWG Group Holdings Ltd. - 7.40% / 05.03.2022	350,000	1,476,758	1,502,600	3.52
Seazen Group Ltd. - 6.00% / 12.08.2024	400,000	1,675,258	1,704,184	3.99
AAC Technologies Holdings Inc. - 2.63% / 02.05.2026	200,000	827,596	837,906	1.96
Agile Group Holdings Ltd. - 4.85% / 31.08.2022	400,000	1,677,000	1,669,433	3.91

MAYBANK ENHANCED CONSTANT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2021				
Unquoted fixed income securities - foreign (cont'd)				
Cayman Islands (cont'd)				
Shimao Group Holdings Ltd. - 5.60% / 15.07.2023	200,000	859,202	861,669	2.02
	<u>2,700,000</u>	<u>11,428,602</u>	<u>11,550,073</u>	<u>27.04</u>
France				
Societe Generale SA. - 4.75% / 26.05.2026	300,000	1,267,980	1,289,201	3.02
BNP Paribas SA. - 6.63% / 25.03.2024	300,000	1,266,030	1,359,406	3.18
	<u>600,000</u>	<u>2,534,010</u>	<u>2,648,607</u>	<u>6.20</u>
Hong Kong				
Far East Horizon Ltd. - 2.63% / 03.03.2024	500,000	2,017,624	2,080,811	4.87
Bank of East Asia, Ltd. - 5.88% / Perpetual	250,000	1,114,937	1,108,243	2.59
	<u>750,000</u>	<u>3,132,561</u>	<u>3,189,054</u>	<u>7.46</u>
India				
Shriram Transport Finance Company Ltd. - 5.10% / 16.07.2023	450,000	1,824,898	1,907,003	4.46
- 4.40% / 13.03.2024	250,000	1,040,727	1,043,883	2.44
	<u>700,000</u>	<u>2,865,625</u>	<u>2,950,886</u>	<u>6.90</u>
Japan				
Co. Asahi Mutual Life Insurance - 6.50% / 05.09.2023	550,000	2,341,396	2,460,404	5.75
Jersey				
West China Cement Ltd. - 4.95% / 08.07.2024	250,000	1,049,768	1,054,359	2.47

MAYBANK ENHANCED CONSTANT INCOME FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Unit	Aggregate Cost RM	Market Value RM	Percentage of NAV %
2021 (cont'd)				
Unquoted fixed income securities - foreign (cont'd)				
Netherlands				
Greenko Dutch BV. - 3.85% / 29.03.2023	250,000	1,030,225	1,057,827	2.47
Philippines				
SMC Global Power Holdings Corp. - 7.00% / 21.10.2025	250,000	1,022,846	1,096,604	2.56
- 6.50% / 25.04.2024	350,000	1,479,868	1,494,940	3.50
Rizal Commercial Banking Corp. - 6.50% / 27.08.2025	300,000	1,294,699	1,317,620	3.08
	900,000	3,797,413	3,909,164	9.14
Singapore				
Global Prime Capital Pte. Ltd. - 5.50% / 27.09.2021	400,000	1,681,711	1,681,210	3.93
South Korea				
Shinhan Financial Group Co., Ltd. - 5.88% / 13.08.2023	550,000	2,324,104	2,452,159	5.74
Switzerland				
UBS Group AG - 4.85% / 04.09.2024	250,000	798,608	797,372	1.86
HSBC Holdings plc - 4.70% / Perpetual	250,000	781,325	782,064	1.83
Total unquoted fixed income securities	9,350,000	38,833,373	39,601,816	92.64
Unrealised gain on unquoted fixed income securities*			768,443	

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

MAYBANK ENHANCED CONSTANT INCOME FUND

8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

	31.08.2022 RM	31.08.2021 RM
Short-term placement with a maturity of less than 3 months	<u>395,172</u>	<u>355,113</u>

The weighted average effective profit rates ("WAEPR")/ weighted average effective interest rates ("WAEIR") and average maturity of deposit with a licensed financial institution with maturity of less than 3 months as at the reporting date were as follows:

	31.08.2022		31.08.2021	
	WAEPR/ WAEIR % p.a.	Average Maturity Days	WAEPR/ WAEIR % p.a.	Average Maturity Days
Deposit with a licensed financial institution	<u>2.25</u>	<u>2</u>	<u>1.65</u>	<u>2</u>

9. DERIVATIVE ASSETS/ LIABILITIES

	Principal amount RM	<-----Fair Value----->	
		Assets RM	Liabilities RM
Foreign exchange related contracts			
2022			
Currency forwards:			
Less than 1 year	<u>50,878,514</u>	<u>86,555</u>	<u>(2,273,489)</u>
2021			
Currency forwards:			
Less than 1 year	<u>44,569,409</u>	<u>401</u>	<u>(803,733)</u>

As at the reporting date, there were 8 forward exchange contracts (2021: 4 forward exchange contracts) outstanding.

The forward currency contracts entered into during the financial year/ period were for hedging against the currencies exposure arising mainly from investments in the foreign unquoted fixed income securities denominated in USD and SGD. The change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income.

MAYBANK ENHANCED CONSTANT INCOME FUND

10. CASH AT BANK

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

	2022	2021
	RM	RM
RM	3,634	6,446
Singapore Dollar ("SGD")	2,268	100,723
United States Dollar ("USD")	1,182,518	4,586,981
	<u>1,188,420</u>	<u>4,694,150</u>

11. AMOUNT DUE TO MANAGER

	2022	2021
	RM	RM
Redemption of units	<u>79,689</u>	<u>77,382</u>

The amount represents amount payable to the Manager for units redeemed/ cancelled.

No management fee was charged to the Fund in accordance with the information memorandum of the Fund.

12. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the end of the financial year/ period.

13. AMOUNT DUE FROM/ TO BROKER

Amount due to broker relates to the amount receivable/ (payable) to broker arising from the sale/ (purchase) of investment. The settlement period for these receivable/ (payable) is within two (2) to three (3) working days from the deal date.

14. TOTAL EQUITY

		2022	2021
	Note	RM	RM
Unitholders' capital	14(a)	41,554,597	42,844,683
Accumulated realised (loss)/ income	14(b)	(4,277,940)	947,007
Accumulated unrealised loss	14(c)	(3,258,092)	(1,045,272)
		<u>34,018,565</u>	<u>42,746,418</u>

MAYBANK ENHANCED CONSTANT INCOME FUND

14. TOTAL EQUITY (CONT'D)

(a) Unitholders' capital	01.09.2021 to 31.08.2022		30.06.2020 (date of launch) to 31.08.2021	
	No. of units	RM	No. of units	RM
At the beginning of the financial year/ period	42,840,814	42,844,683	-	-
Creation of units	-	-	43,481,591	43,481,591
Cancellation of units	(1,443,690)	(1,290,086)	(640,777)	(638,859)
Distribution equalisation (Note 15)	-	-	-	1,951
At the end of the financial year/ period	<u>41,397,124</u>	<u>41,554,597</u>	<u>42,840,814</u>	<u>42,844,683</u>

As at the reporting date, there is no unit held legally or beneficially by the Manager.

(b) Accumulated realised (loss)/ income

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
At the beginning of the financial year/ period	947,007	-
Net realised (loss)/ income for the financial year/ period	(5,224,947)	2,197,873
Distributions out of retained earnings (Note 15)	-	(1,250,866)
At the end of the financial year/ period	<u>(4,277,940)</u>	<u>947,007</u>

(c) Accumulated unrealised loss

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
At the beginning of the financial year/ period	(1,045,272)	-
Net unrealised loss for the financial year/ period	(2,212,820)	(1,045,272)
At the end of the financial year/ period	<u>(3,258,092)</u>	<u>(1,045,272)</u>

MAYBANK ENHANCED CONSTANT INCOME FUND

15. DISTRIBUTIONS

Details of distributions declared to unitholders are as follows:

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
Interest income	-	1,268,671
Other income	-	1,826
Less:		
Expenses	-	(18,872)
Tax expense	-	(759)
Distributions out of retained earnings (Note 14(b))	-	1,250,866
Effects of distribution equalisation (Note 14(a))	-	(1,951)
Distributions for the financial year/ period	-	1,248,915
Gross/ Net distribution per unit (sen)	-	2.88
Distribution date (ex-date)	-	28 July 2021

There is no distribution declared during the current financial year ended.

16. TRANSACTIONS WITH FINANCIAL INSTITUTIONS/ BROKERS/ DEALERS

Details of transactions primarily deposit with a licensed financial institution are as follows:

	01.09.2021 to 31.08.2022	Percentage of total placements %	30.06.2020 (date of launch) to 31.08.2021	Percentage of total placements %
Financial institutions	Value of placements RM		Value of placements RM	
Malayan Banking Bhd ("MBB") *	18,322,900	81.02	102,623,680	93.84
Maybank Islamic Bhd ("MIB") **	4,292,846	18.98	6,732,036	6.16
Total	22,615,746	100.00	109,355,716	100.00

* MBB is the ultimate holding company of the Manager.

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

MAYBANK ENHANCED CONSTANT INCOME FUND

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

Transactions with top 10 stockbroking companies/ brokers/ dealers are as follows:

Brokers/ dealers	01.09.2021 to 31.08.2022		30.06.2020 (date of launch) to 31.08.2021	
	Value of trades RM	Percentage of total trades %	Value of trades RM	Percentage of total trades %
Citibank Singapore	6,852,455	12.29	-	-
Nomura Singapore Limited	6,181,871	11.09	-	-
Wells Fargo Securities LLC, US	5,552,602	9.96	5,185,144	4.89
Standard Chartered Bank Singapore	4,315,123	7.74	4,559,101	4.30
Morgan Stanley Asia Singapore Pte.	4,284,552	7.69	-	-
Guotai Junan International Singapore Holdings Pte. Ltd.	3,986,508	7.15	8,320,782	7.84
Barclays Investment Bank	3,725,454	6.68	7,459,522	7.03
BNP Paribas Asia Pacific Ltd.	3,672,675	6.59	4,434,212	4.18
Goldman Sachs International	3,170,755	5.69	-	-
UBS Financial Services, Singapore	2,331,552	4.18	16,870,099	15.88
Others	11,671,765	20.94	59,305,465	55.88
Total	55,745,312	100.00	106,134,325	100.00

17. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of the financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions of the Fund during the financial year/ period:

(a) Significant related party transactions

	30.06.2020 (date of launch)	
	01.09.2021 to 31.08.2022 RM	31.08.2021 RM
Profit/ Interest income from deposits placed with:		
- MBB	1,627	7,142
- MIB	295	422
	1,922	7,564

MAYBANK ENHANCED CONSTANT INCOME FUND

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

(b) Significant related party balances

	01.09.2021 to 31.08.2022 RM	30.06.2020 (date of launch) to 31.08.2021 RM
Deposit with a licensed financial institution:		
- MBB	395,172	355,113
Profit/ Interest receivable		
- MBB	49	32

The Manager is of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

In addition to the related party information disclosed elsewhere in the financial statements, there are no other related party transactions and balances of the Fund.

18. 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 August 2022, the TER of the Fund stood at 0.11% (2021: 0.12%) .

19. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year/ period to the daily average NAV of the Fund. For the financial year ended 31 August 2022, the PTR of the Fund stood at 0.75 times (2021: 1.21 times) .

20. SEGMENT INFORMATION

The Portfolio Management Committee (the "PMC") of the Manager, being the chief operating decision-maker, makes the strategic decisions on resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieves its targeted return with an acceptable level of risk within the portfolio.

The PMC is responsible for the performance of the Fund by investing a minimum of 80% of the Fund's NAV in RM-denominated fixed income securities and/ or foreign currency fixed income securities. The remaining balance of the Fund's NAV will be invested 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.

MAYBANK ENHANCED CONSTANT INCOME FUND

20. SEGMENT INFORMATION (CONT'D)

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.

There were no change in the reportable operating segments during the financial year/ period.

21. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.15 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

2022	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Financial assets				
Financial assets at FVTPL	30,004,779	-	-	30,004,779
Deposit with a licensed financial institution	-	395,172	-	395,172
Derivative assets	86,555	-	-	86,555
Amount due from brokers	-	4,229,277	-	4,229,277
Interest receivables	-	540,057	-	540,057
Cash at bank	-	1,188,420	-	1,188,420
Total financial assets	30,091,334	6,352,926	-	36,444,260
Liabilities				
Derivative liabilities	2,273,489	-	-	2,273,489
Amount due to Manager	-	-	79,689	79,689
Amount due to Trustee	-	-	869	869
Other payables and accruals	-	-	15,804	15,804
Total financial liabilities	2,273,489	-	96,362	2,369,851

MAYBANK ENHANCED CONSTANT INCOME FUND

21. FINANCIAL INSTRUMENTS (CONT'D)

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

	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2021				
Financial assets				
Financial assets at FVTPL	39,601,816	-	-	39,601,816
Deposit with a licensed financial institution	-	355,113	-	355,113
Derivative assets	401	-	-	401
Interest receivables	-	661,846	-	661,846
Cash at bank	-	4,694,150	-	4,694,150
Total financial assets	39,602,217	5,711,109	-	45,313,326
Liabilities				
Derivative liabilities	803,733	-	-	803,733
Amount due to Manager	-	-	77,382	77,382
Amount due to Trustee	-	-	1,090	1,090
Amount due to broker	-	-	1,661,160	1,661,160
Other payables and accruals	-	-	23,077	23,077
Total financial liabilities	803,733	-	1,762,709	2,566,442

(b) Financial instruments that are carried at fair value

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

Unquoted fixed income securities

Local unquoted fixed income securities denominated in RM are revalued on a daily basis based on fair value prices quoted by Bond Pricing Agency ("BPA").

Foreign unquoted fixed income securities denominated in foreign currencies are revalued on a daily basis by reference to the average price quoted by at least three (3) independent and reputable financial institutions.

Derivative assets 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.

MAYBANK ENHANCED CONSTANT INCOME FUND

21. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM
2022			
Financial assets			
Financial assets at FVTPL	-	30,004,779	-
Derivative assets	-	86,555	-
	-	<u>30,091,334</u>	-
Financial liabilities			
Derivative liabilities	-	2,273,489	-
	-	<u>2,273,489</u>	-
2021			
Financial assets			
Financial assets at FVTPL	-	39,601,816	-
Derivative assets	-	401	-
	-	<u>39,602,217</u>	-
Financial liabilities			
Derivative liabilities	-	803,733	-
	-	<u>803,733</u>	-

(d) 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 liability, 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.

MAYBANK ENHANCED CONSTANT INCOME FUND

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deeds, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and CMSA.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's investments in unquoted fixed income securities denominated in foreign currencies, and other financial assets and liabilities denominated in foreign currencies. The Fund is also exposed to interest rate risk arising from its financial assets at FVTPL and deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The table below analyses the net position of the Fund's financial assets and financial liabilities (excluding derivative assets and derivative liability) which are exposed to foreign exchange risks as at 31 August 2022. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and derivative liabilities) denominated in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liability of the Fund that may affect the value of the NAV attributable to unitholders.

2022	SGD RM	USD RM	Total RM
Assets			
Financial assets at FVTPL	-	30,004,776	30,004,776
Cash at bank	2,268	1,182,518	1,184,786
Total assets	<u>2,268</u>	<u>31,187,294</u>	<u>31,189,562</u>
Net on-balance sheet open position	<u>2,268</u>	<u>31,187,294</u>	<u>31,189,562</u>
Forward exchange contracts - principal amount (Note 9) *	<u>1,600,000</u>	<u>9,709,674</u>	<u>11,309,674</u>

MAYBANK ENHANCED CONSTANT INCOME FUND

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

(b) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

2021	SGD RM	USD RM	Total RM
Assets			
Financial assets at FVTPL	1,582,035	38,019,781	39,601,816
Cash at bank	100,723	4,586,981	4,687,704
Total assets	<u>1,682,758</u>	<u>42,606,762</u>	<u>44,289,520</u>
Net on-balance sheet open position	<u>1,682,758</u>	<u>42,606,762</u>	<u>44,289,520</u>
Forward exchange contracts - principal amount (Note 9) *	<u>550,000</u>	<u>42,901,390</u>	<u>43,451,390</u>

* The Fund has entered into forward currency contracts to hedge against its USD and SGD exposure arising mainly from the Fund's investments in USD and SGD denominated unquoted fixed income securities.

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.

Currencies	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM
2022		
SGD	+5	113
	-5	(113)
		<u> </u>
USD	+5	1,559,365
	-5	(1,559,365)
		<u> </u>
2021		
SGD	+5	84,138
	-5	(84,138)
		<u> </u>
USD	+5	2,130,338
	-5	(2,130,338)
		<u> </u>

MAYBANK ENHANCED CONSTANT INCOME FUND

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

(b) Market risk (cont'd)

(ii) Interest rate risk

Fixed income securities are particularly sensitive to movements in market interest rates. When interest rates rise, the value of fixed income securities will fall and vice versa, thus affecting the NAV of the Fund. The sensitivity to market interest rate changes are normally greater for longer tenured securities when compared to shorter tenured securities.

The table below summarises the sensitivity of the Fund's NAV to movements in prices of fixed income securities held by the Fund as a result of movements in market interest rates. The analysis is based on the assumptions that the interest rates increased and decreased by 1% (100 basis points) with all other variables held constant.

	2022		2021	
	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM	Changes in interest rates %	Effects on NAV (Decrease)/ Increase RM
Financial assets at	+1	(507,869)	+1	(1,379,978)
FVTPL	-1	573,950	-1	1,671,545

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

The Fund's deposit with a licensed financial institution carries fixed rate and is short-term in nature, and therefore is not affected by movements in market interest rate.

(c) Credit risk

Credit risk is the risk that the issuer/ counterparty to a financial instrument will default on its contractual obligation resulting in a financial loss to the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/ counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/ counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

MAYBANK ENHANCED CONSTANT INCOME FUND

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

(c) Credit risk (cont'd)

(i) Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

(ii) Credit risk concentration

The following table analyses the Fund's investments in unquoted fixed income securities, cash at bank, deposit with a licensed financial institution, interest receivable on unquoted fixed income securities and interest receivable on deposit with a licensed financial institution by rating categories. The ratings for the Fund's investments in unquoted fixed income securities and interest receivable on unquoted fixed income securities were obtained from Moody's, Fitch, S&P and MARC while the ratings for cash at bank, deposit with a licensed financial institution and interest receivable on deposit with a licensed financial institution were obtained from RAM's official website.

Financial assets	2022		2021	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	-	-	5,049,295	11.81
A+	3,243,976	9.54	-	-
BB	4,129,925	12.14	10,520,783	24.61
BB-	7,083,980	20.82	4,588,669	10.73
BB+	3,229,591	9.49	3,833,973	8.97
BBB	-	-	3,844,933	8.99
BBB-	7,618,353	22.39	9,417,231	22.03
BBB+	2,462,956	7.24	3,236,092	7.57
Not rated	4,359,647	12.82	4,821,949	11.28
	<u>32,128,428</u>	<u>94.44</u>	<u>45,312,925</u>	<u>105.99</u>

(d) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected.

The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deed.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so.

MAYBANK ENHANCED CONSTANT INCOME FUND

22. 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 cash at bank, deposit with a licensed financial institution and other instruments which are capable of being converted into cash within 7 days.

The following table summarises the maturity profile of the Fund's financial assets, liabilities and unitholders' capital to provide a complete view of the Fund's contractual commitments and liquidity:

2022	Less than 1 month RM	More than 1 month RM	Total RM
Financial assets			
Financial assets at FVTPL	-	30,004,779	30,004,779
Deposit with a licensed financial institution	395,172	-	395,172
Derivative assets	86,555	-	86,555
Amount due from brokers	4,229,277	-	4,229,277
Interest receivable	330,537	209,520	540,057
Cash at bank	1,188,420	-	1,188,420
Total undiscounted financial assets	<u>6,229,961</u>	<u>30,214,299</u>	<u>36,444,260</u>
Financial liabilities and unitholders' equity			
Derivative liabilities	2,273,489	-	2,273,489
Amount due to Manager	79,689	-	79,689
Amount due to Trustee	869	-	869
Other payables and accruals	15,804	-	15,804
Unitholders' equity	34,018,565	-	34,018,565
Total undiscounted financial liabilities and unitholders' equity	<u>36,388,416</u>	<u>-</u>	<u>36,388,416</u>
Liquidity (gap)/ surplus	<u>(30,158,455)</u>	<u>30,214,299</u>	<u>55,844</u>
2021			
Financial assets			
Financial assets at FVTPL	-	39,601,816	39,601,816
Deposit with a licensed financial institution	355,113	-	355,113
Derivative assets	401	-	401
Interest receivable	461,099	200,747	661,846
Cash at bank	4,694,150	-	4,694,150
Total undiscounted financial assets	<u>5,510,763</u>	<u>39,802,563</u>	<u>45,313,326</u>

MAYBANK ENHANCED CONSTANT INCOME FUND

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

(d) Liquidity risk (cont'd)

2021 (cont'd)	Less than 1 month RM	More than 1 month RM	Total RM
Financial liabilities and unitholders' equity			
Derivative liabilities	3,442	800,291	803,733
Amount due to Manager	77,382	-	77,382
Amount due to Trustee	1,090	-	1,090
Amount due to broker	1,661,160	-	1,661,160
Other payables and accruals	23,077	-	23,077
Unitholders' equity	42,746,418	-	42,746,418
financial liabilities and unitholders' equity	44,512,569	800,291	45,312,860
Liquidity (gap)/ surplus	(39,001,806)	39,002,272	466

(i) Financial assets

The analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised. Financial assets exclude tax-related matters such as tax recoverable.

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay. Financial liabilities exclude tax-related matters such as provision for taxation.

(iii) Unitholders' total equity

As unitholders can request for redemption on their units by giving the Manager a 10-day notice period, the unitholders' total equity has been categorised as having a maturity of "less than 1 month".

As a result, it appears that the Fund has a liquidity gap within "less than 1 month". However, the Fund believes that it would be able to liquidate its investments should the need arise to satisfy all the redemption requirements.

MAYBANK ENHANCED CONSTANT INCOME FUND

23. CAPITAL MANAGEMENT

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

The Fund's objectives for managing capital are:

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

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