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MAYBANK ENHANCED CONSTANT INCOME FUND

Quarterly report
For the financial period from 1 September 2022 to 28 February 2023

CORPORATE INFORMATION

MANAGER

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MAYBANK ENHANCED CONSTANT INCOME FUND

Manager's report
For the financial period from 1 September 2022 to 28 February 2023

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-year Maybank fixed deposit rate as at the Commencement Date.

10. **Fund's investment policy and principal investment strategy**
    The Fund invests 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.

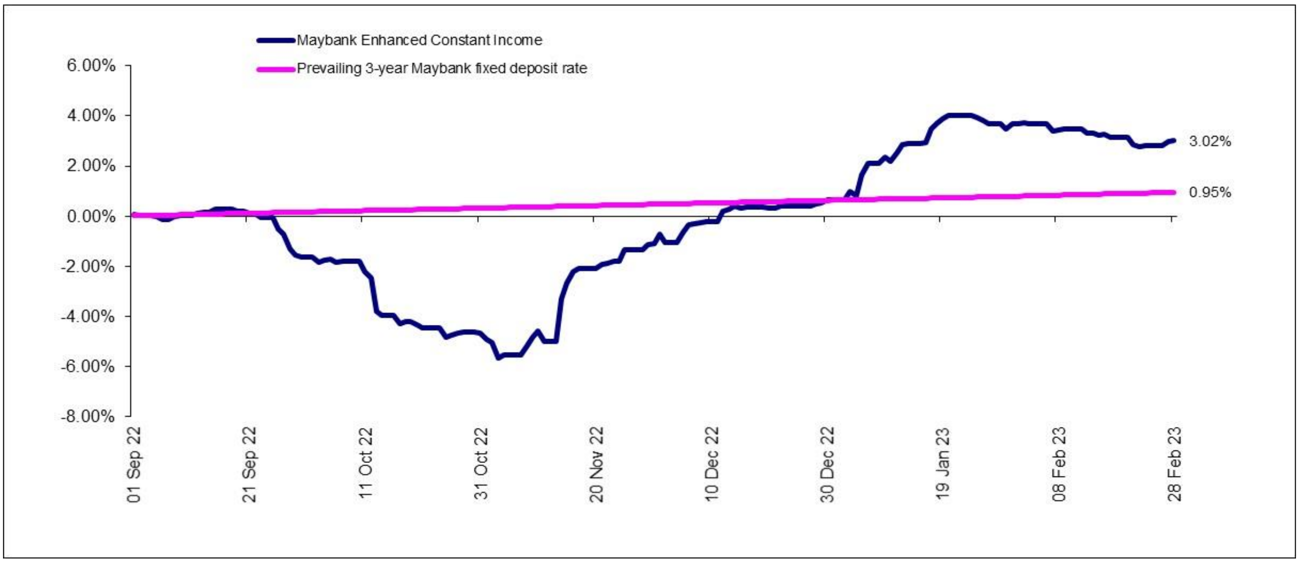
MAYBANK ENHANCED CONSTANT INCOME FUND

Manager's report
For the financial period from 1 September 2022 to 28 February 2023 (cont'd)

B. Performance Review

Performance of Maybank Enhanced Constant Income Fund for the financial period from 1 September 2022 to 28 February 2023 are as follows:

Period	The Fund %	Benchmark %
1 September 2022 to 28 February 2023	3.02	0.95



Source: Lipper as at 28 February 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 total return of 3.02% for the financial period under review, outperforming its benchmark by 207 basis points ("bps"). The outperformance was due to higher carry from bonds, as well as capital gains due to some bonds moving closer to maturities as well as price recovery. The better performance was also due to signs of headline inflation peaking during late 2022 and early 2023, which has given some breathing space to fixed income investment.

C. Market Review

The 2Q22, inflation rates continued to rise around the world. In April, the United States ("US") consumer inflation rate for March was reported at 8.5%, the highest it had been since the 1980s. The United States Federal Reserve ("US Fed") raised rates by 0.5% in May to 1.0% and began to warn that rate hikes might become more aggressive. Elsewhere around the world, central banks began to raise rates. Mortgage rates around the world began to rise sharply, and it became clear that already overheated housing markets were in trouble. The 2 years and 10 years yield curve inverted as an indicator that has predicted most recessions in the past. US 1Q22 Gross Domestic Product ("GDP") surprised with a negative print. Most major indexes around the world fell into bear market territory - more than 20% off their highs. United Stated Treasury ("UST") 10 years rose to 3%, double where they started the year. Only United State Dollar ("USD") continued to rally for the fourth consecutive quarter. The US Fed raised interest rates by 0.75% in June meeting to 1.75%.

C. Market Review (cont'd)

In 3Q22, the US Fed warned that rate hikes were likely to continue for some time and they raised interest rates by 0.75% in July 2022 meeting to 2.50%. The US slipped into technical recession, though policy makers said it wasn't quite there yet. In Europe and the United Kingdom ("UK"), things began to look even more dire as Russia cut off gas supplies to Europe. The Euro fell to parity with USD for the first time in 20 years, and it became likely that the UK would be in a recession by year end. Economic data in China worsened and resulted in a surprise rate cut. Global markets grew concerned that the crisis in China's property market could spread to its entire financial system. Towards the end of 3Q22 another round of selling gathered momentum when inflation rates continued to surprise to the upside. The US Fed raised interest rates by 0.75% in September 2022 meeting to 3.25%.

The 4Q22 started with the UK in turmoil. Lizz Truss the new UK Prime Minister, where her economic plan was rejected by investors. The U.K. financial market was hammered and the British pound touched a record low of $1.035. By the end of October, the UK had its third Prime Minister in two months as Rishi Sunak took the reins. Economic forecasts during the 4Q22 have suggested that most countries will come close to a recession in 2023, with a recovery toward the end of the year. The US Fed raised interest rates by 0.75% in November meeting to 4.00%. And again as market predicted the US Fed raised interest rates by 0.50% in December meeting to 4.50%.

The first 2 months of 2023 continued to show signs of elevated inflation and hot job markets. US employment rate fell to 3.45% in January 2023, the lowest since May 1969. Similar, Consumer Price Index ("CPI"), Purchasing Managers' Index ("PMI") and retail sales all surprised market on the upside, supporting the case for quicker policy actions and higher rates for longer. Similarly in Eurozone, countries like Spain and Germany all showed further signs of inflation staying at elevated levels, lifting the Eurozone policy terminal rate to almost 4%. The hot economy activities and inflation put a dampener to asset markets, where both equity and fixed income gave back most gains achieved in the early part of the year, when Fed raised 25bps in its January 2023 meeting and hinting inflation was cooling. Recent US Fed's testimony continued to hint market that US rates could be higher than what has already been priced in.

D. Market Outlook and Strategies

Inflation is falling very slowly and the market seems to be expecting rates to be higher from the beginning of the year. However, the market may still be at odds with US Fed policy, as the latest projection from the central banks see interest rates at 5.4% 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 improve.

D. Market Outlook and Strategies (cont'd)

Contrary to the noise around inflation, rising rates and plunging equity valuations, many major economies are expected to deliver decent growth across 2023. That’s not to say that we’re out of the woods just yet, with the forecasted low-point being pushed back from 2022 to 2023. A recession is still possible in US as US Fed could over tighten the monetary conditions and stifle the growth.

For fixed income, in a recession, we could see overall interest rates to fall. This is because a weak economy and increase in job losses will force the US Fed to reverse the tight monetary policy by cutting interest rates. Therefore, we will see short-end rates falling faster than long-end rates resulting the yield curve to steepen. Corporate credit spreads, however, will also widen in a recession. Hence, investment grade bonds could outperform high yield bonds in a recessionary scenario.

E. Asset Allocation

Asset allocation	**28.02.2023**		**31.08.2022**	
	RM	**%**	**RM**	**%**
Financial assets at FVTPL	30,092,479	88.17	30,004,779	88.20
Cash and cash equivalents, and other net assets	4,036,136	11.83	4,013,786	11.80
Total NAV	**34,128,615**	**100.00**	**34,018,565**	**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 period from 1 September 2022 to 28 February 2023, the Manager and its delegates did not receive any rebates from the 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 ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2022 TO 28 FEBRUARY 2023

	01.09.2022 to 28.02.2023 RM	01.09.2021 to 28.02.2022 RM
INVESTMENT INCOME/ (LOSS)		
Profit/ Interest income	1,783,289	1,226,784
Net loss from financial assets at fair value through profit or loss ("FVTPL"):		
- realised loss	(1,956,405)	(2,706,891)
- unrealised gain/ (loss)	1,307,811	(3,125,175)
Net (loss)/ gain on foreign currency exchange and derivatives	(207,942)	311,027
Other income	27,879	-
	954,632	(4,294,255)
EXPENSES		
Trustee's fee	4,964	5,985
Auditors’ remuneration	3,959	4,959
Tax agent's fee	1,736	1,736
Administrative expenses	8,141	12,281
	18,800	24,961
Net results before taxation	935,832	(4,319,216)
Taxation	(6,597)	-
Net results after taxation, total comprehensive income/ (loss) for the financial period	929,235	(4,319,216)
Net results after taxation is made up of the following:		
Net realised loss	901,835	(1,194,041)
Net unrealised income/ (loss)	27,400	(3,125,175)
	929,235	(4,319,216)

MAYBANK ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2023

	01.09.2022 to 28.02.2023 RM	01.09.2021 to 31.08.2022 RM
ASSETS		
Financial assets at FVTPL	30,092,479	30,004,779
Deposit with a licensed financial institution	1,918,678	395,172
Profit/ Interest receivable	497,084	540,057
Amount due from brokers	3,147,088	86,555
Tax recoverable	875	4,229,277
Cash at bank	1,711,085	1,188,420
TOTAL ASSETS	37,367,289	36,444,260
LIABILITIES		
Derivative liabilities	946,454	2,273,489
Amount due to Trustee	787	869
Amount due to broker	2,240,187	-
Provision for taxation	40,026	55,844
Other payables and accruals	11,220	15,804
TOTAL LIABILITIES	3,238,674	2,425,695
NET ASSET VALUE ("NAV") OF THE FUND	34,128,615	34,018,565
EQUITY		
Unitholders' capital	40,735,412	41,554,597
Accumulated losses	(6,606,797)	(7,536,032)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	34,128,615	34,018,565
NUMBER OF UNITS IN CIRCULATION (UNIT)	40,358,289	41,397,124
NAV PER UNIT (RM)	0.8456	0.8217

MAYBANK ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2022 TO 28 FEBRUARY 2023

	Unitholders' capital RM	Accumulated losses RM	Total equity RM
At 1 September 2022	41,554,597	(7,536,032)	34,018,565
Total comprehensive loss for the period	-	929,235	929,235
Cancellation of units	(819,185)	-	(819,185)
At 28 February 2023	40,735,412	(6,606,797)	34,128,615
At 1 September 2021	42,844,683	(98,265)	42,746,418
Total comprehensive loss for the period	-	(4,319,216)	(4,319,216)
Cancellation of units	(582,699)	-	(582,699)
At 28 February 2022	42,261,984	(4,417,481)	37,844,503

MAYBANK ENHANCED CONSTANT INCOME FUND

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2022 TO 28 FEBRUARY 2023

	01.09.2021 to 28.02.2022 RM	01.09.2021 to 28.02.2023 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Net payment for purchase of investments	(40,096,981)	(12,544,142)
Net proceeds from sale and redemption of investments	43,889,018	13,309,099
Profit/ Interest income received	873,821	773,787
Net realised (loss)/ gain on forward foreign exchange contracts	(1,723,469)	15,685
Trustee's fee paid	(5,046)	(6,189)
Payment of other fees and expenses	(8,266)	(22,258)
Net cash generated from operating and investing activities	2,929,077	1,525,981
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid on units cancelled	(898,875)	(660,082)
Net cash used in financing activities	(898,875)	(660,082)
NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD	2,030,202	865,899
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,583,592	5,355,996
Effect on foreign exchange	15,969	(988)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	3,629,763	6,220,907
Cash and cash equivalents comprise:		
Cash at bank	1,711,085	6,220,907
Deposits with licensed financial institutions with original maturity of less than 3 months	1,918,678	-
	3,629,763	6,220,907