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# **MAMG DYNAMIC HIGH INCOME FUND**

**Annual report  
For the financial year ended 31 March 2023**

## **CORPORATE INFORMATION**

### **MANAGER**

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

### **BUSINESS OFFICE**

Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
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Facsimile +603 2715 0071  
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### **TRUSTEE**

RHB Trustees Berhad (200201005356) (573019-U)  
Level 11 Tower Three  
RHB Centre  
Jalan Tun Razak  
50450 Kuala Lumpur, Malaysia  
Telephone +603 9280 5933  
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## **MAMG DYNAMIC HIGH INCOME FUND**

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## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

For the financial year ended 31 March 2023

#### A. Fund Information

**1. Name of Fund**

MAMG Dynamic High Income Fund (the "Fund")

**2. Type of Fund**

Income & growth

**3. Category of Fund**

Wholesale feeder fund

**4. Duration of Fund**

The Fund is an open-ended fund.

**5. Fund date of launch**

| Share Class  | Currency                   | Date of Launch  | Commencement date |
|--------------|----------------------------|-----------------|-------------------|
| MYR          | Malaysian Ringgit (MYR)    | 22 January 2019 | 12 February 2019  |
| MYR (Hedged) | Malaysian Ringgit (MYR)    | 22 January 2019 | 12 February 2019  |
| USD          | United States Dollar (USD) | 22 January 2019 | 12 February 2019  |
| EUR (Hedged) | Euro (EUR)                 | 22 January 2019 | 12 February 2019  |
| AUD (Hedged) | Australian Dollar (AUD)    | 22 January 2019 | 12 February 2019  |
| SGD (Hedged) | Singapore Dollar (USD)     | 22 January 2019 | 12 February 2019  |

**6. Fund's investment objective**

The Fund aims to maximise investment returns by investing in the BlackRock Global Funds-Dynamic High Income Fund ("Target Fund").

**7. Fund distribution policy**

Distribution, if any, will be incidental for the first financial period. Thereafter, distribution, if any will be made on a quarterly basis.

**8. Fund's risk benchmark**

70% MSCI World Index and 30% Bloomberg Barclays Global Aggregate Bond Index USD Hedged. This is not a guaranteed return and is only a risk benchmark of the Fund's volatility.

*Note: The Fund adopts the risk benchmark of the Target Fund.*

## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

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

#### A. Fund Information (cont'd)

##### 9. Fund's investment policy and principal investment strategy

The Fund will invest at least 90% of the Fund's net asset value ("NAV") in the Target Fund and the remaining 2%-10% of the Fund's NAV will be invested in liquid assets which include, but are not limited to, fixed deposits and money market instruments. The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the classes other than MYR Class and USD Class in order to manage foreign exchange currency risk.

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

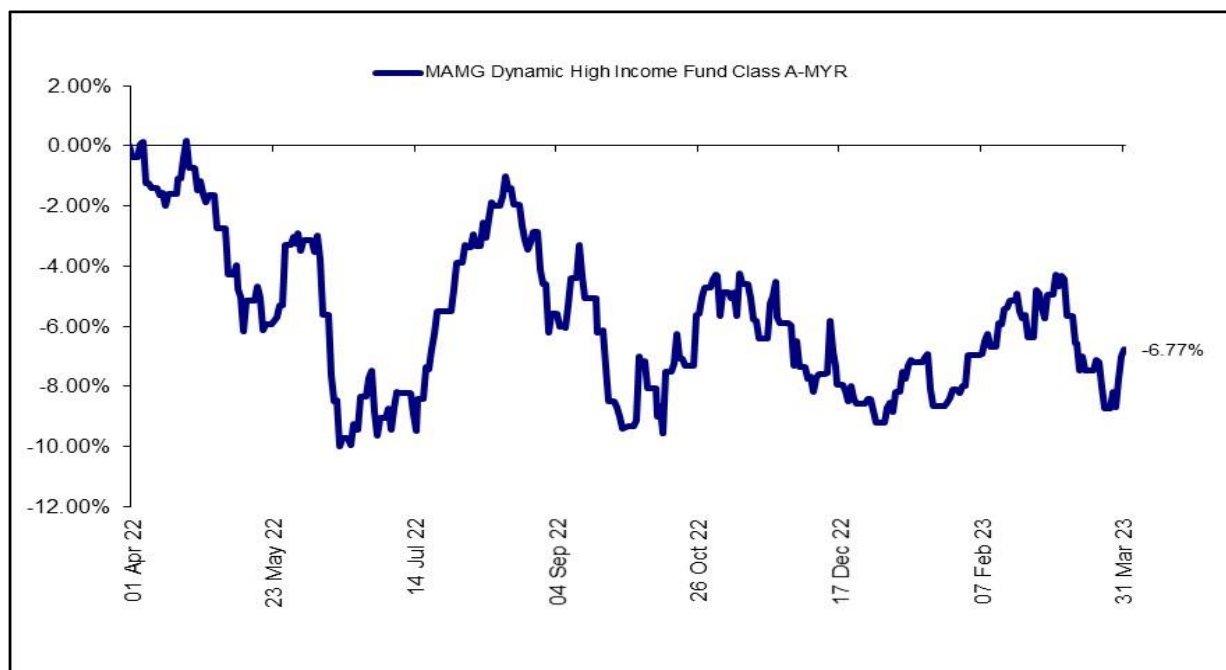
#### B. Performance Review

Performance of MAMG Dynamic High Income Fund - MYR Class for the financial year ended 31 March 2023 are as follows:

##### MYR Class

| Period                        | The Fund % |
|-------------------------------|------------|
| 1 April 2022 to 31 March 2023 | (6.77)     |

Performance of the MYR Class for the financial year ended 31 March 2023:



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

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

The MYR Class has generated a net loss of -6.77% for the financial year ended 31 March 2023.

## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

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

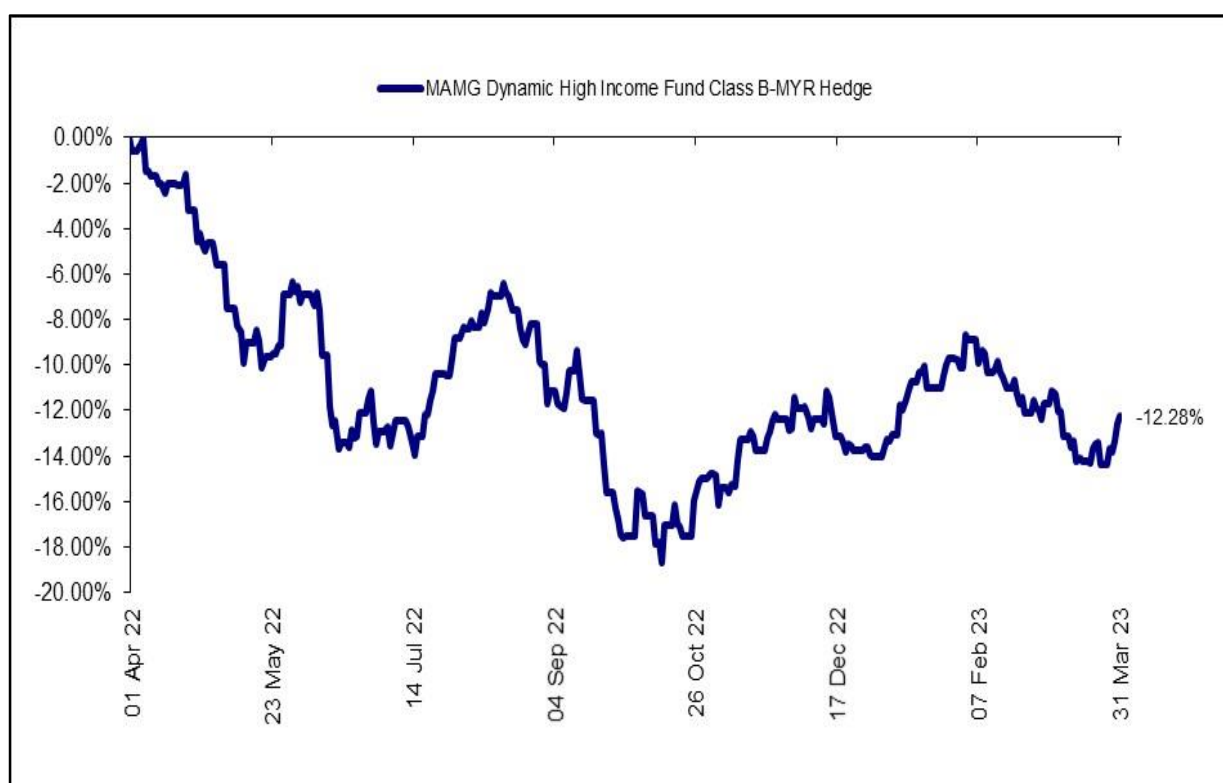
#### B. Performance Review (cont'd)

Performance of MAMG Dynamic High Income Fund - MYR (Hedged) Class for the financial year ended 31 March 2023 are as follows:

##### MYR (Hedged) Class

| Period                        | The Fund % |
|-------------------------------|------------|
| 1 April 2022 to 31 March 2023 | (12.28)    |

Performance of the MYR (Hedged) Class for the financial year ended 31 March 2023:



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

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

The MYR (Hedged) Class has generated a net loss of -12.28% for the financial year ended 31 March 2023.

## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

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

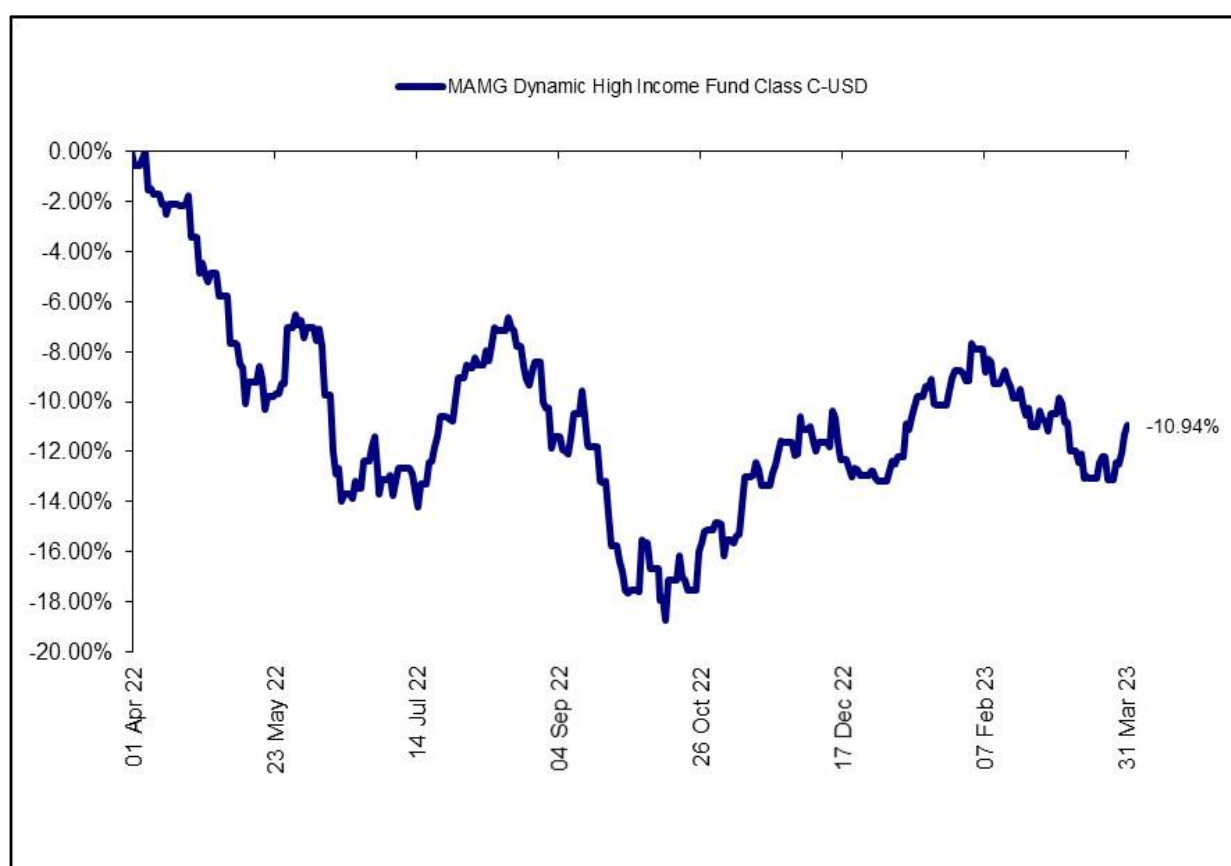
#### B. Performance Review (cont'd)

Performance of MAMG Dynamic High Income Fund - USD Class for the financial year ended 31 March 2023 are as follows:

##### USD Class

| Period                        | The Fund % |
|-------------------------------|------------|
| 1 April 2022 to 31 March 2023 | (10.94)    |

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



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

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

The USD Class has generated a net loss of -10.94% for the financial year ended 31 March 2023.

## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

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

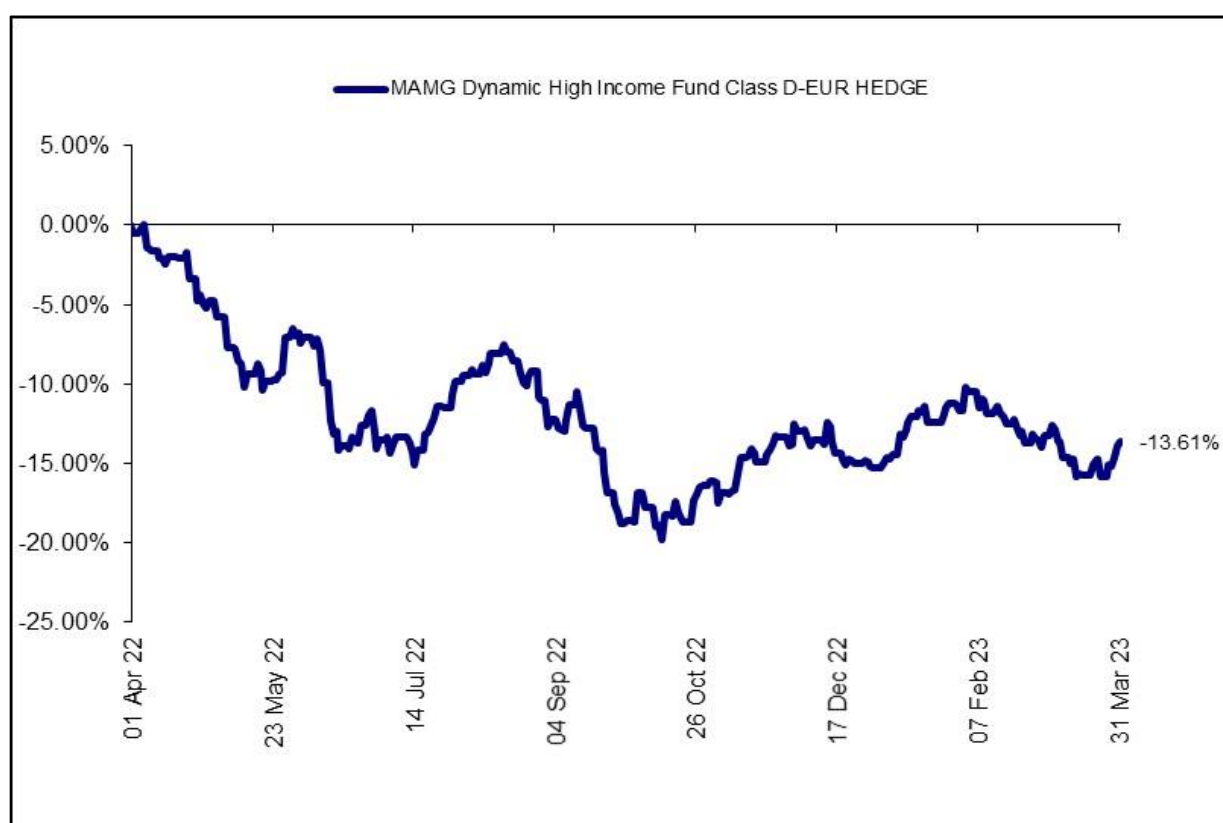
#### B. Performance Review (cont'd)

Performance of MAMG Dynamic High Income Fund - EUR (Hedged) Class for the financial year ended 31 March 2023 are as follows:

##### EUR (Hedged) Class

| Period                        | The Fund % |
|-------------------------------|------------|
| 1 April 2022 to 31 March 2023 | (13.61)    |

Performance of the EUR (Hedged) Class for the financial year ended 31 March 2023:



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

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

The EUR (Hedged) Class has generated a net loss of -13.61% for the financial year ended 31 March 2023.



## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

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

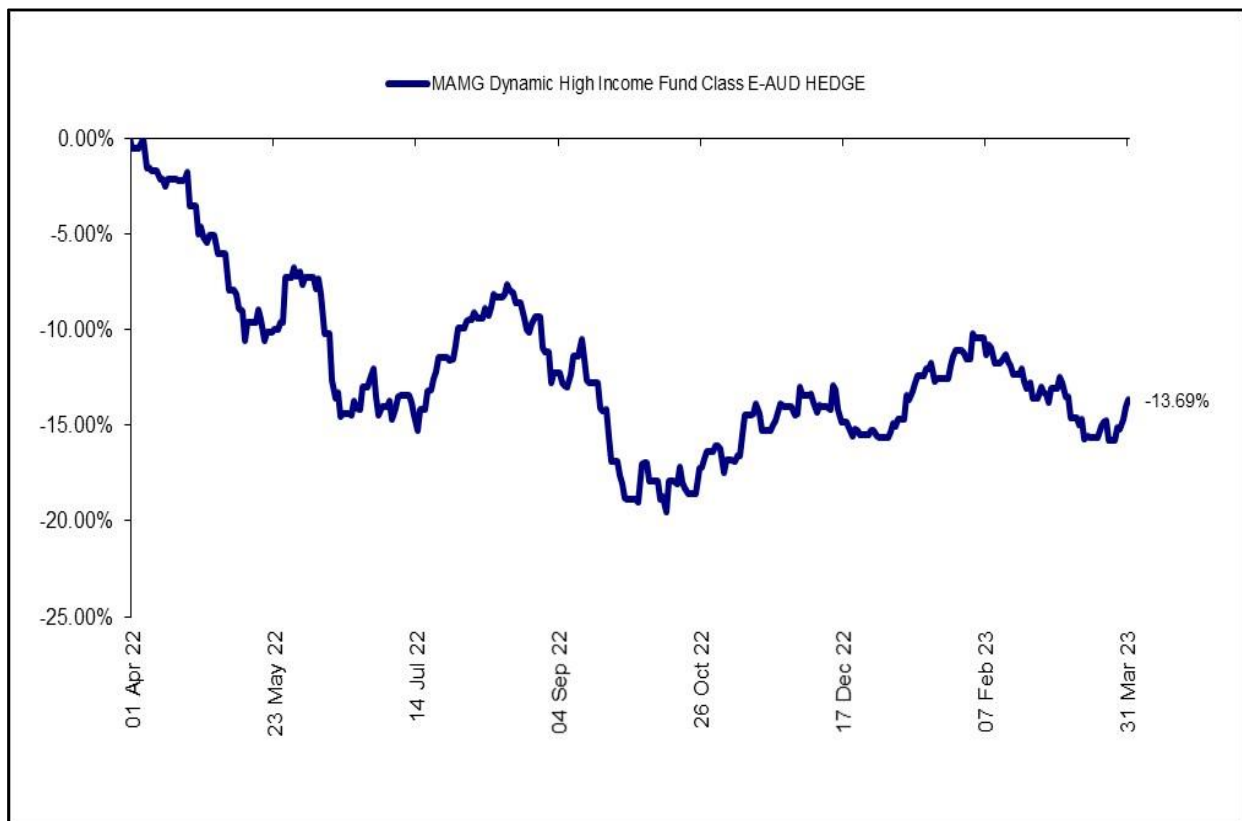
#### B. Performance Review (cont'd)

Performance of MAMG Dynamic High Income Fund - AUD (Hedged) Class for the financial year ended 31 March 2023 are as follows:

##### AUD (Hedged) Class

| Period                        | The Fund % |
|-------------------------------|------------|
| 1 April 2022 to 31 March 2023 | (13.69)    |

Performance of the AUD (Hedged) Class for the financial year ended 31 March 2023:



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

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

The AUD (Hedged) Class has generated a net loss of -13.69% for the financial year ended 31 March 2023.

## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

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

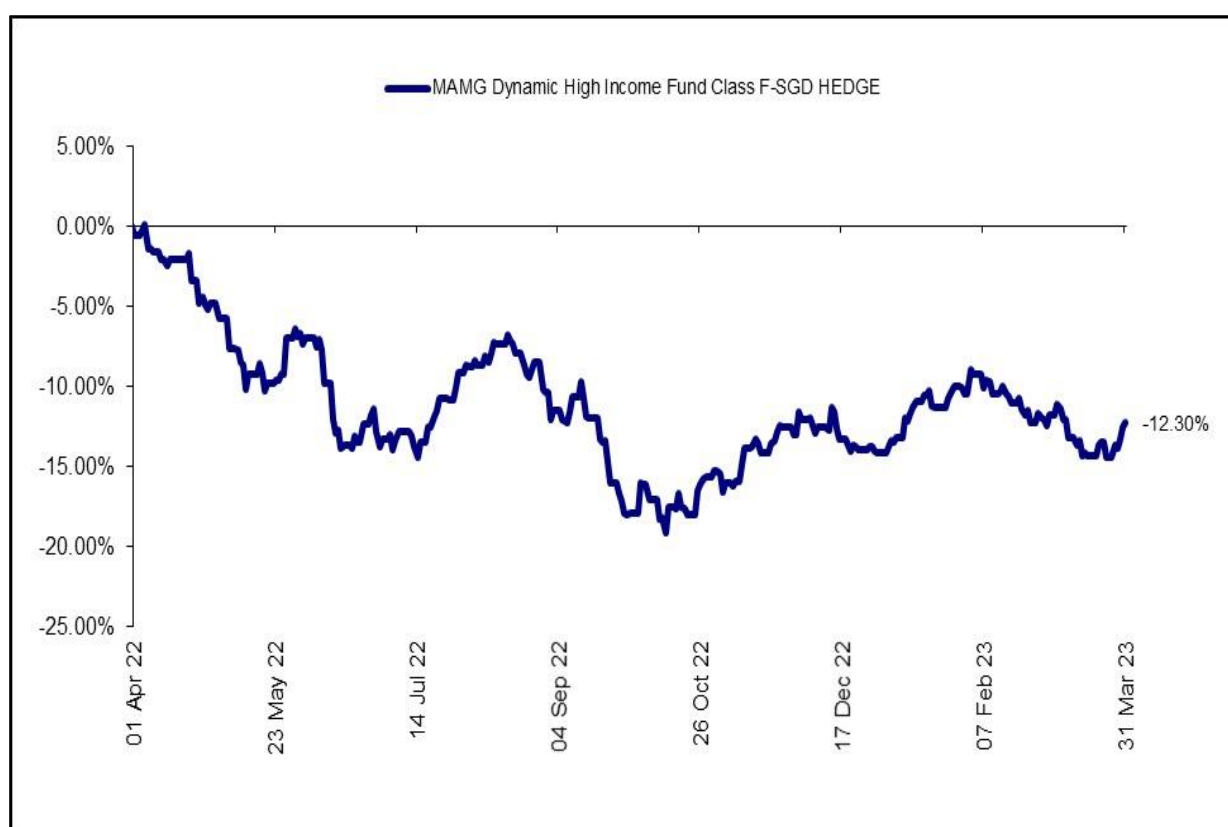
#### B. Performance Review (cont'd)

Performance of MAMG Dynamic High Income Fund - SGD (Hedged) Class for the financial year ended 31 March 2023 are as follows:

##### SGD (Hedged) Class

| Period                        | The Fund % |
|-------------------------------|------------|
| 1 April 2022 to 31 March 2023 | (12.30)    |

Performance of the SGD (Hedged) Class for the financial year ended 31 March 2023:



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

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

The SGD (Hedged) Class has generated a net loss of -12.30% for the financial year ended 31 March 2023.

## **MAMG DYNAMIC HIGH INCOME FUND**

### **Manager's report**

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

#### **B. Performance Review (cont'd)**

The Fund generated a total loss of -6.77% to -13.69% for various share classes for the financial year under review. The main detractors for the year were allocation to United States ("US") equities, high yield bonds, emerging market equities, global ex US equities, global Real Estate Investment Trusts ("REITs") and covered calls. The main positive contractors to the return were cash and foreign exchange hedging. The overall weak total return for the financial year under review was due to poor returns across all major asset classes, namely both equity and fixed income.

#### **C. Market Review**

In second quarter of 2022, investors were confronted with concerning news on several fronts. Inflation rates continued to rise around the world. In April 2022, the US consumer inflation rate for March 2022 was reported at 8.5%, the highest it had been since the 1980s. Prices rose at similar rates in Europe and elsewhere. The Federal Reserves ("Fed") raised rates by 0.5% in May 2022 to 1.0%, and began to warn that rate hikes might become more aggressive. Elsewhere around the world, central banks began to raise rates or indicated that they soon would. Mortgage rates around the world began to rise sharply, and it became clear that already overheated housing markets were in trouble. The 2-year/10-year treasury yield curve inverted, suggesting recession is in the offing. US first quarter Gross Domestic Product ("GDP") surprised with a negative print. As investors digested these developments, markets plunged. The MSCI ("Morgan Stanley Capital International") world index fell 14%, during the quarter while Standard & Poor's 500 ("S&P 500") fell 16%. Most major indexes around the world fell into bear market territory, more than 20% off their highs. Riskier assets fared even worse. US 10-year treasury yield rose to 3%, double where they started the year. The only asset to own was the USD which continued to rally for the fourth consecutive quarter. The Fed raised interest rates by 0.75% in June 2022 meeting to 1.75%.

Despite the bleak outlook, markets ended the second quarter with another bear market rally which continued half way through the third quarter. The rally ran out of steam as another round of negative news started. The Fed warned that rate hikes were likely to continue for some time. The Fed 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 United States Dollar ("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. The next round of selling gathered momentum when inflation rates continued to surprise to the upside. The Fed raised interest rates by 0.75% in September 2022 meeting to 3.25%.

## **MAMG DYNAMIC HIGH INCOME FUND**

### **Manager's report**

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

#### **C. Market Review (cont'd)**

The fourth quarter started with the UK in turmoil. Lizz Truss had replaced Boris Johnson as Prime Minister, but her economic plan was quickly rejected by investors. The UK stock market and bond markets were hammered and the British pound touched a record low of \$1.035. By the end of October 2022, the UK had its third Prime Minister in two months as Rishi Sunak took the reins. Economic forecasts during the fourth quarter have suggested that most countries will come close to a recession in 2023, with a recovery toward the end of the year. While profits are under pressure, consumers have shown resilience. Despite the lack of encouraging news, markets have rebounded during the fourth quarter. The Fed raised interest rates by 0.75% in November 2022 meeting to 4.00%. Cyclical sectors, particularly oil and energy began to show relative strength amidst a growing case for a new commodity super cycle. As of 14 December 2022, despite the Fed raised interest rates by 0.50% in December 2022 meeting to 4.50%, the MSCI world index, and US and European indexes have recovered around half their losses for the year. In general investors seem to be pricing in a Santa Claus rally and a soft landing.

In first quarter 2023, inflation was again in the forefront of the news. Market had to quickly reprice a much higher terminal Fed Fund Target Rate given the stubbornly high inflation print and tight labour market. These factors were enough to keep the market volatile throughout the quarter as investors priced out any Fed's cuts in 2023. The global market saw the US Treasury yields ("UST") went through a roller-coaster ride during the quarter under review as expectations on the Fed Fund Target Rates were rather transient as well as US economy finally showed more signs of economic damage after the aggressive rate-hiking path pursuit by Fed since March 2022. The fallout of Silicon Valley Bank ("SVB") and other US regional banks in mid-March 2023 have showed the aggressive rate-hiking cycle in US is cracking the real economy. The outburst has even spread over to Credit Suisse, a Swiss bank, which could lead to a full-fledged global banking crisis. The swift action taken by Swiss financial authority has managed to stem the spreading of banking crisis, but the unexpected consequences will be the further tightening of lending activities and real economy.

#### **D. Market Outlook & Strategies**

Over the past 18 months or so we have been flagging that the new regime of higher macroeconomic and market volatility is playing out and that a new investment playbook is necessary. Central banks are deliberately causing recessions by hiking interest rates to try to rein in inflation. We see the banking tumult as a manifestation of the damage and financial cracks that we have said would appear from such rapid rate hikes.

Across a swath of different measures, we are seeing economic damage emerge. These include housing, industrial and consumer indicators. Credit conditions were already tightening before the bank turmoil, and we expect them to tighten further. Yet we do not see a repeat of the 2008 financial crisis but instead this all reinforces our recession view.

Developed market equities are not pricing in the damage to come. That's clear in corporate earnings expectations. Cost pressures due to elevated inflation are likely to crimp profit margins. We like very short-term government paper for income and inflation-linked bonds. We also like emerging market assets that can better withstand the troubles in major economies. We have downgraded investment grade credit to neutral and higher yield to underweight as we see the banking tumult leading to tighter credit conditions.

## **MAMG DYNAMIC HIGH INCOME FUND**

### **Manager's report**

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

#### **D. Market Outlook & Strategies (cont'd)**

Market expectations for rate cuts this year seems overdone to us. Two-year treasuries could take a hit as any repricing happens. That is why we prefer inflation-linked bonds and very short-term government paper for income. Treasury bills with maturities of a year or under are more attractive for their income and lack of interest rate risk.

The Target Fund follows a flexible asset allocation policy that seeks to provide a high level of income. In order to generate high levels of income the Fund will seek diversified income sources across a variety of asset classes, investing significantly in income producing assets such as fixed income transferable securities, including corporate and government issues which may be fixed and floating and may be investment grade, sub-investment grade or unrated, covered call options and preference shares. The Fund will use a variety of investment strategies and may invest globally in the full spectrum of permitted investments including equities, equity-related securities, fixed income transferable securities, units of undertakings for collective investment, cash, deposits and money market instruments. Currency exposure is flexibly managed.

#### **E. 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 March 2023, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials, data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders. The soft commissions received were for the benefit of the Fund and there were no churning of trades.

#### **F. Securities Financing Transactions and Cross Trade Transactions**

The Fund has not under taken any securities lending or repurchase transaction ("securities financing transactions") in the financial year under review. No cross trade transaction have been carried out in the financial year under review.

## MAMG DYNAMIC HIGH INCOME FUND

### Manager's report

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

#### G. Asset allocation

| Asset allocation   | 2023              |               | 2022              |               |
|--|-------------------|---------------|-------------------|---------------|
|  | USD               | %             | USD               | %             |
| Collective investment scheme                                 | 10,185,435        | 94.99         | 13,301,435        | 90.17         |
| Cash, deposit with a licensed financial and other net assets | 537,225           | 5.01          | 1,449,756         | 9.83          |
| <b>Total NAV</b>   | <b>10,722,660</b> | <b>100.00</b> | <b>14,751,191</b> | <b>100.00</b> |

#### H. Significant Financial Risk of the Fund

As the base currency of the Fund is denominated in USD and the currency denomination of the Classes may be denominated in other than USD, the Classes not denominated in USD are exposed to currency risk. Any fluctuation in the exchange rates between USD and the currency denomination of the Class (other than USD Class) will affect the unitholders' investments in those Classes (other than USD Class). The impact of the exchange rate movement between the base currency of the Fund and the currency denomination of the Class (other than USD Class) may result in a depreciation of the unitholder's holdings as expressed in the base currency of the Fund.

In order to manage currency risk, the Manager may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Class not denominated in USD. Currency hedging may reduce the effect of the exchange rate movement for the Class being hedged (other than USD Class) but it does not entirely eliminate currency risk between the Class and the base currency of the Fund. The unhedged portion of the Class will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Class.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAMG DYNAMIC HIGH INCOME FUND (“FUND”)**

We have acted as Trustee of the Fund for the financial year ended 31 March 2023 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:

1. Limitations imposed on the investment powers of the Management and the Trustee, under the Deeds, The Securities Commission Malaysia's Guidelines of Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For and on behalf of

**RHB TRUSTEES BERHAD**

**MOHD SOFIAN BIN KAMARUDDIN**

Vice President

**SHARON CHEW MUN HOONG**

Head, Group Trustees Operations

Kuala Lumpur, Malaysia

15 May 2023

## **STATEMENT BY MANAGER**

### **TO THE UNITHOLDERS OF MAMG DYNAMIC HIGH INCOME FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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 MAMG Dynamic High Income Fund as at 31 March 2023 and of its results, changes in net assets attributable to unitholders and cash flows for the financial then ended 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  
15 May 2023



## **Independent auditors' report to the Unitholders of MAMG Dynamic High Income Fund**

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of MAMG Dynamic High Income Fund ("the Fund"), which comprise the statement of financial position as at 31 March 2023 of the Fund, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 18 to 59.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2023, and of its financial performance and cash flows for the financial year ended 31 March 2023 in accordance with Malaysian Financial Reporting Standards and International Reporting Standards.

#### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### *Information other than the financial statements and auditors' report thereon*

The Manager 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 MAMG Dynamic High 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  
MAMG Dynamic High 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  
MAMG Dynamic High 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  
15 May 2023

# MAMG DYNAMIC HIGH INCOME FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

|   | Note  | 2023<br>USD        | 2022<br>USD      |
|---|-------|--------------------|------------------|
| <b>INVESTMENT (LOSS)/ INCOME</b>  |       |                    |                  |
| Dividend income   |       | 830,363            | 658,668          |
| Profit/ Interest income   |       | 8,877              | 7,104            |
| Net loss on financial assets at fair value through profit or loss ("FVTPL")     |       |                    |                  |
| - Realised (loss)/ gain   |       | (615,698)          | 179,750          |
| - Unrealised loss   |       | (1,781,382)        | (476,697)        |
| Net loss on foreign exchange and derivatives                                    | 3     | (773,128)          | (47,796)         |
|   |       | <u>(2,330,968)</u> | <u>321,029</u>   |
| <b>EXPENSES</b>   |       |                    |                  |
| Manager's fee   | 4     | 138,870            | 136,226          |
| Trustee's fee   | 5     | 2,519              | 2,451            |
| Auditors' remuneration  |       | 2,024              | 2,155            |
| Tax agent's fee   |       | 1,064              | 923              |
| Administrative expenses   |       | 1,943              | 3,538            |
|   |       | <u>146,420</u>     | <u>145,293</u>   |
| <b>Net results before distribution and taxation</b>                             |       | (2,477,388)        | 175,736          |
| Distribution to unitholders   |       |                    |                  |
| MYR Class   | 14(a) | (60,996)           | (92,000)         |
| MYR (Hedged) Class  | 14(b) | (112,896)          | (159,635)        |
| USD Class   | 14(c) | (38,474)           | (83,965)         |
| EUR (Hedged) Class  | 14(d) | (3,369)            | (3,039)          |
| AUD (Hedged) Class  | 14(e) | (66,265)           | (151,015)        |
| SGD (Hedged) Class  | 14(f) | (26,500)           | (36,096)         |
|   |       | <u>(308,500)</u>   | <u>(525,750)</u> |
| <b>Net loss before taxation</b>   |       | (2,785,888)        | (350,014)        |
| Taxation  | 6     | (6,732)            | -                |
| <b>Net loss after taxation, total comprehensive loss for the financial year</b> |       | <u>(2,792,620)</u> | <u>(350,014)</u> |

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

# MAMG DYNAMIC HIGH INCOME FUND

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

|   |             | 2023<br>USD         | 2022<br>USD      |
|---|-------------|---------------------|------------------|
| <b>Net loss after taxation is made up of the following:</b> | <b>Note</b> |                     |                  |
| Realised loss   |             | (719,293)           | (203,711)        |
| Unrealised loss   |             | (2,073,327)         | (146,303)        |
|   |             | <u>(2,792,620)</u>  | <u>(350,014)</u> |
| <b>Distributions for the financial year:</b>                |             |                     |                  |
| <u>MYR Class</u>  | 14(a)       |                     |                  |
| Distribution dates (ex-date)                                |             | Refer to Note 14(a) |                  |
| Net distributions (in Fund currency)                        |             | 60,996              | 92,000           |
| Net distributions (in Class currency)                       |             | 269,145             | 386,575          |
| Gross/ Net distributions per unit (RM sen)                  |             | 2.30                | 5.35             |
| <u>MYR (Hedged) Class</u>                                   | 14(b)       |                     |                  |
| Distribution dates (ex-date)                                |             | Refer to Note 14(b) |                  |
| Net distributions (in Fund currency)                        |             | 112,896             | 159,635          |
| Net distributions (in Class currency)                       |             | 498,154             | 670,772          |
| Gross/ Net distributions per unit (RM sen)                  |             | 2.30                | 4.35             |
| <u>USD Class</u>  | 14(c)       |                     |                  |
| Distribution dates (ex-date)                                |             | Refer to Note 14(c) |                  |
| Net distributions (in Fund currency)                        |             | 38,474              | 83,965           |
| Gross/ Net distributions per unit (USD cent)                |             | 2.20                | 5.35             |
| <u>EUR (Hedged) Class</u>                                   | 14(d)       |                     |                  |
| Distribution dates (ex-date)                                |             | Refer to Note 14(d) |                  |
| Net distributions (in Fund currency)                        |             | 3,369               | 3,039            |
| Net distributions (in Class currency)                       |             | 3,042               | 2,744            |
| Gross/ Net distributions per unit (EUR cent)                |             | 1.30                | 4.35             |
| <u>AUD (Hedged) Class</u>                                   | 14(e)       |                     |                  |
| Distribution dates (ex-date)                                |             | Refer to Note 14(e) |                  |
| Net distributions (in Fund currency)                        |             | 66,265              | 151,015          |
| Net distributions (in Class currency)                       |             | 88,457              | 201,589          |
| Gross/ Net distributions per unit (AUD cent)                |             | 2.30                | 5.35             |
| <u>SGD (Hedged) Class</u>                                   | 14(f)       |                     |                  |
| Distribution dates (ex-date)                                |             | Refer to Note 14(f) |                  |
| Net distributions (in Fund currency)                        |             | 26,500              | 36,096           |
| Net distributions (in Class currency)                       |             | 35,865              | 48,851           |
| Gross/ Net distributions per unit (SGD cent)                |             | 3.30                | 5.35             |

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

# MAMG DYNAMIC HIGH INCOME FUND

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

|  | Note          | 2023<br>USD       | 2022<br>USD       |
|--|---------------|-------------------|-------------------|
| <b>ASSETS</b>  |               |                   |                   |
| Financial assets at FVTPL  | 7             | 10,185,435        | 13,301,435        |
| Deposit with a licensed financial institution  | 8             | 160,970           | 653,950           |
| Derivative assets  | 9             | 70,269            | 172,949           |
| Dividend receivable  |               | 62,787            | 68,372            |
| Profit/ Interest receivables   |               | 12                | 30                |
| Amount due from Manager  | 10            | 6,445             | 17,576            |
| Amount due from financial institution  |               | 10,038            | -                 |
| Cash at bank   | 11            | 537,479           | 679,291           |
| <b>TOTAL ASSETS</b>  |               | <b>11,033,435</b> | <b>14,893,603</b> |
| <b>LIABILITIES</b>   |               |                   |                   |
| Derivative liabilities   | 9             | 207,570           | 17,993            |
| Amount due to Manager  | 10            | 88,650            | 118,445           |
| Amount due to Trustee  | 12            | 182               | 239               |
| Amount due to financial institution  |               | 10,016            | -                 |
| Other payables and accruals  |               | 4,357             | 5,735             |
| <b>TOTAL LIABILITIES (EXCLUDING NET ASSETS<br/>ATTRIBUTABLE TO UNITHOLDERS)</b>        |               | <b>310,775</b>    | <b>142,412</b>    |
| <b>NET ASSET VALUE ("NAV") OF THE FUND<br/>ATTRIBUTABLE TO UNITHOLDERS OF THE FUND</b> |               | <b>10,722,660</b> | <b>14,751,191</b> |
| <b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS<br/>OF THE FUND COMPRISE:</b>                |               |                   |                   |
| Unitholders' contribution  | 13(a)         | 12,460,962        | 13,696,873        |
| (Accumulated losses)/ Retained earnings  | 13(b) & 13(c) | (1,738,302)       | 1,054,318         |
|  |               | <b>10,722,660</b> | <b>14,751,191</b> |
| <b>NET ASSET VALUE</b>   |               |                   |                   |
| - MYR Class  |               | 2,098,522         | 2,880,724         |
| - MYR (Hedged) Class   |               | 4,743,415         | 5,345,643         |
| - USD Class  |               | 1,395,128         | 2,056,068         |
| - EUR (Hedged) Class   |               | 239,200           | 193,125           |
| - AUD (Hedged) Class   |               | 1,574,881         | 3,385,729         |
| - SGD (Hedged) Class   |               | 671,514           | 889,902           |
|  |               | <b>10,722,660</b> | <b>14,751,191</b> |

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

**MAMG DYNAMIC HIGH INCOME FUND**

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

|   |       | <b>2023</b>       | <b>2022</b>       |
|---|-------|-------------------|-------------------|
| <b>NUMBER OF UNITS IN CIRCULATION<br/>(UNITS)</b> | 13(a) |                   |                   |
| - MYR Class                                       |       | 9,421,061         | 11,212,535        |
| - MYR (Hedged) Class                              |       | 22,171,018        | 20,359,042        |
| - USD Class                                       |       | 1,538,667         | 1,969,474         |
| - EUR (Hedged) Class                              |       | 253,154           | 169,795           |
| - AUD (Hedged) Class                              |       | 2,690,597         | 4,334,269         |
| - SGD (Hedged) Class                              |       | 991,376           | 1,130,023         |
|   |       | <b>37,065,873</b> | <b>39,175,138</b> |
| <b>NET ASSET VALUE PER UNIT</b>                   |       |                   |                   |
| - MYR Class                                       |       | <b>MYR 0.9837</b> | <b>MYR 1.0803</b> |
| - MYR (Hedged) Class                              |       | <b>MYR 0.9448</b> | <b>MYR 1.1043</b> |
| - USD Class                                       |       | <b>USD 0.9067</b> | <b>USD 1.0440</b> |
| - EUR (Hedged) Class                              |       | <b>EUR 0.8698</b> | <b>EUR 1.0227</b> |
| - AUD (Hedged) Class                              |       | <b>AUD 0.8746</b> | <b>AUD 1.0406</b> |
| - SGD (Hedged) Class                              |       | <b>SGD 0.9009</b> | <b>SGD 1.0659</b> |

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



# MAMG DYNAMIC HIGH INCOME FUND

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

|  | Unitholders'<br>contribution<br>Note 13(a)<br>USD | (Accumulated<br>losses)/<br>Retained<br>earnings<br>Note 13(b)<br>& 13(c)<br>USD | Net assets<br>attributable to<br>unitholders<br>USD |
|--|---|--|---|
| At 1 April 2022                                    | 13,696,873  | 1,054,318  | 14,751,191  |
| Total comprehensive loss<br>for the financial year | -   | (2,792,620)  | (2,792,620)   |
| Creation of units                                  | 2,215,652   | -  | 2,215,652   |
| Reinvestment of units                              | 286,626   | -  | 286,626   |
| Cancellation of units                              | (3,738,189)                                       | -  | (3,738,189)   |
| At 31 March 2023                                   | <u>12,460,962</u>                                 | <u>(1,738,302)</u>   | <u>10,722,660</u>                                   |
| At 1 April 2021                                    | 12,506,750  | 1,404,332  | 13,911,082  |
| Total comprehensive loss<br>for the financial year | -   | (350,014)  | (350,014)   |
| Creation of units                                  | 9,930,966   | -  | 9,930,966   |
| Reinvestment of units                              | 496,514   | -  | 496,514   |
| Cancellation of units                              | (9,237,357)                                       | -  | (9,237,357)   |
| At 31 March 2022                                   | <u>13,696,873</u>                                 | <u>1,054,318</u>   | <u>14,751,191</u>                                   |

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

**MAMG DYNAMIC HIGH INCOME FUND****STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

|             |             |
|-------------|-------------|
| <b>2023</b> | <b>2022</b> |
| <b>USD</b>  | <b>USD</b>  |

**CASH FLOWS FROM OPERATING AND INVESTING  
ACTIVITIES**

|   |                  |                  |
|---|------------------|------------------|
| Net proceeds from sale of investments                                 | 2,654,866        | 4,483,870        |
| Net payment for purchase of investments                               | (1,935,947)      | (5,317,540)      |
| Profit/ Interest income received                                      | 442,164          | 7,073            |
| Dividend income received  | 835,947          | 653,608          |
| Net realised loss on derivatives                                      | (423,378)        | (364,128)        |
| Manager's fee paid  | (142,462)        | (136,397)        |
| Trustee's fee paid  | (2,577)          | (2,460)          |
| Payment of other fees and expenses                                    | (12,932)         | (7,376)          |
| Net cash generated from/ (used in) operating and investing activities | <u>1,415,681</u> | <u>(683,350)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|   |                    |                |
|---|--------------------|----------------|
| Cash received from units created                        | 2,219,827          | 9,907,953      |
| Cash paid on units cancelled                            | (3,747,469)        | (9,171,737)    |
| Distribution paid to unitholders                        | (21,874)           | (27,575)       |
| Net cash (used in)/ generated from financing activities | <u>(1,549,516)</u> | <u>708,641</u> |

|   |                       |                         |
|---|-----------------------|-------------------------|
| <b>NET CHANGE IN CASH AND CASH<br/>EQUIVALENTS FOR THE FINANCIAL YEAR</b>   | <b>(133,835)</b>      | <b>25,291</b>           |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING<br/>OF THE FINANCIAL YEAR</b> | <b>679,291</b>        | <b>1,319,873</b>        |
| Effect on foreign exchange  | 152,993               | (11,923)                |
| <b>CASH AND CASH EQUIVALENTS AT THE END<br/>OF THE FINANCIAL YEAR</b>       | <b><u>698,449</u></b> | <b><u>1,333,241</u></b> |

**Cash and cash equivalents comprise of:**

|   |                |                  |
|---|----------------|------------------|
| Deposit with a licensed financial institution with original maturity of less than 3 months (Note 8) | 160,970        | 653,950          |
| Cash at bank (Note 11)  | 537,479        | 679,291          |
|   | <u>698,449</u> | <u>1,333,241</u> |

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

## **MAMG DYNAMIC HIGH INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

#### **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

MAMG Dynamic High Income Fund (the "Fund") was constituted pursuant to the execution of a Deed dated 8 March 2018, between the Manager, Maybank Asset Management Sdn. Bhd. ("MAM") and the Trustee, RHB Trustees Berhad and the registered holder of the Fund.

The Fund launched 6 share classes of units as at the date of this report, which are MYR Class, MYR (Hedged) Class, USD Class, EUR (Hedged) Class, AUD (Hedged) Class and SGD (Hedged) Class. MYR (Hedged) Class, EUR (Hedged) Class, AUD (Hedged) Class and SGD (Hedged) Class represent the classes denominated in MYR, EUR, AUD and SGD respectively which seeks to reduce the effect of currency fluctuations between the currency of the respective classes and the base currency of the Fund by entering into forward currency contracts to hedge the foreign currency exposure of the respective classes. See Note 9 and Note 13 (a) (ii), (iv), (v) and (vi) for further details.

The Fund seeks to achieve its investment objective by investing at least 90% of the Fund's NAV in I6 USD share class of the BlackRock Global Funds – Dynamic High Income Fund ("Target Fund"). The Target Fund is managed by BlackRock (Luxembourg) S.A. ("Target Fund Manager"), which has appointed BlackRock Investment Management (UK) Limited to manage the investment and reinvestment of the assets of the Target Fund.

The functional currency of the Target Fund is in United States Dollar ("USD"), and the Shares of the Target Fund in which the Fund invests in are denominated in USD.

The Target Fund is a sub-fund of BlackRock Global Funds established and domiciled in Luxembourg and was launched on 6 February 2018. The Target Fund is regulated by Commission de Surveillance du Secteur Financier ("CSSF"), relating to undertakings for collective investment.

The financial statements were authorised for issue by the Board of Directors of the Manager ("the Directors") in accordance with a resolution of the directors on 15 May 2023.

#### **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 Deed and any regulatory requirements.

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

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

The financial statements are presented in USD.

## MAMG DYNAMIC HIGH INCOME FUND

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

#### 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.

| Description  | Effective for annual periods beginning on or after |
|--|--|
| MFRS 17: Insurance Contracts   | 1 January 2023                                     |
| Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>   | 1 January 2023                                     |
| Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>   | 1 January 2023                                     |
| Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>  | 1 January 2023                                     |
| Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>                  | 1 January 2023                                     |
| Amendments to IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>  | 1 January 2024                                     |
| 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.

## **MAMG DYNAMIC HIGH INCOME FUND**

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

#### **2.4 Financial assets (cont'd)**

##### **(i) Financial assets at amortised cost**

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

These assets are subsequently measure 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 profit/ interest income in profit or loss of the relevant period.

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 profit/ interest on the principal amount outstanding.

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

##### **(ii) Financial assets at FVTPL**

Investments in collective investment scheme and derivatives are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is recognised at FVTPL if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of the portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instruments or a financial guarantee.

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

## **MAMG DYNAMIC HIGH INCOME FUND**

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

#### **2.4 Financial assets (cont'd)**

##### **(ii) Financial assets at FVTPL (cont'd)**

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.

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

Dividend income on investments in collective investment scheme at FVTPL is recognised in profit and loss when the Fund's right to receive the dividends is established in accordance with MFRS 9 and is disclosed separately in the profit and loss.

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

##### **(iii) Impairment**

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

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.

## **MAMG DYNAMIC HIGH INCOME FUND**

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

#### **2.4 Financial assets (cont'd)**

##### **(iii) Impairment (cont'd)**

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 (e.g. amount due from Manager), full impairment will be recognised on uncollected balances after the grace period.

##### **(iv) Derecognition**

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

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

On derecognition of financial asset at amortised cost, gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### **2.5 Financial liabilities**

##### **(i) Classification**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Fund classifies amount due to Manager, amount due to Trustee, and other payables and accruals as financial liabilities.

##### **(ii) Recognition and measurement**

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR/ EPR.

## **MAMG DYNAMIC HIGH INCOME FUND**

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

#### **2.5 Financial liabilities (cont'd)**

##### **(iii) 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 process.

#### **2.6 Derivatives and hedge accounting**

Derivatives are financial assets or liabilities at fair value through profit or loss categorised as held for trading unless they are designated hedges.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

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

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

#### **2.7 Fair value measurement**

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

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

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

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.



## **MAMG DYNAMIC HIGH INCOME FUND**

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

#### **2.7 Fair value measurement (cont'd)**

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

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

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

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

#### **2.8 Functional and foreign currency**

##### **(a) Functional and presentation currency**

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

##### **(b) Transactions and balances**

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

#### **2.9 Unitholders' contribution**

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

## **MAMG DYNAMIC HIGH INCOME FUND**

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

#### **2.9 Unitholders' contribution (cont'd)**

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. This amount is either refunded to unitholders by way of distribution and/ or adjusted accordingly when units are cancelled.

#### **2.10 Distributions**

Any distribution to the Fund's unitholders is accounted for as a deduction from profit or loss in the statement of comprehensive income except where distributions are 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.

#### **2.11 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.

#### **2.12 Revenue/ Income**

Revenue/ Income is measured at the fair value of consideration received or receivable.

Profit/ Interest income from deposit with a licensed financial institution is recognised on the accruals basis using the EPR/ EIR method.

Dividend income is recognised when the right to receive payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

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

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

## MAMG DYNAMIC HIGH INCOME FUND

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

#### 2.13 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.

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

#### 2.14 Segment reporting

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

#### 2.15 Critical accounting estimates and judgments

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

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

### 3. NET LOSS ON FOREIGN EXCHANGE AND DERIVATIVES

|  | <b>2023</b>      | <b>2022</b>     |
|--|------------------|-----------------|
|  | <b>USD</b>       | <b>USD</b>      |
| Net realised loss on foreign exchange      | (61,123)         | (17,249)        |
| Net unrealised gain on foreign exchange    | 312              | 2,249           |
| Net realised loss on derivatives           | (420,060)        | (360,941)       |
| Net unrealised (loss)/ gain on derivatives | (292,257)        | 328,145         |
|  | <u>(773,128)</u> | <u>(47,796)</u> |

## MAMG DYNAMIC HIGH INCOME FUND

### 4. MANAGER'S FEE

The Manager's fee is computed on a daily basis at the following rate per annum ("p.a.") of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for the particular day.

| Share Class  | Rate  |       |
|--------------|-------|-------|
|              | 2023  | 2022  |
| MYR          | 1.05% | 1.05% |
| MYR (Hedged) | 1.05% | 1.05% |
| USD          | 1.05% | 1.05% |
| EUR (Hedged) | 1.05% | 1.05% |
| AUD (Hedged) | 1.05% | 1.05% |
| USD (Hedged) | 1.05% | 1.05% |

The annual management fee is calculated and accrued daily in the Fund's base currency which is USD, which is also the Fund's functional currency and paid monthly to the Manager.

### 5. TRUSTEE'S FEE

The Trustee's fee for the financial year is computed based on 0.02% p.a. (2022: 0.02% p.a.) of the NAV of each class, subject to a minimum of RM6,000 p.a. (2022: RM6,000 p.a.) before deducting Manager's fee and Trustee's fee for the day. The Trustee fee is calculated and accrued daily.

### 6. TAXATION

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

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

A reconciliation of income tax expense applicable to net loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

|  | 2023<br>USD | 2022<br>USD |
|--|-------------|-------------|
| Net loss before taxation                           | (2,785,888) | (350,014)   |
| Tax at Malaysian statutory rate of 24% (2022: 24%) | (668,613)   | (84,003)    |
| Income not subject to tax                          | (194,761)   | (202,925)   |
| Loss not deductible for tax purposes               | 760,925     | 125,878     |
| Expenses not deductible for tax purposes           | 109,181     | 161,050     |
| Tax expense for the financial year                 | 6,732       | -           |

## MAMG DYNAMIC HIGH INCOME FUND

### 7. FINANCIAL ASSETS AT FVTPL

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

|   | Quantity<br>Unit | Cost<br>USD | Fair value<br>USD  | % of<br>NAV |
|---|------------------|-------------|--------------------|-------------|
| <b>2023</b>   |                  |             |                    |             |
| BlackRock Global Funds -<br>Dynamic High Income<br>Fund (Share Class- I6 USD) | 1,268,423        | 12,287,062  | 10,185,435         | 94.99       |
| <b>Unrealised loss on FVTPL investment</b>                                    |                  |             | <u>(2,101,627)</u> |             |

### 2022

|   |           |            |                  |       |
|---|-----------|------------|------------------|-------|
| BlackRock Global Funds -<br>Dynamic High Income<br>Fund (Share Class- I6 USD) | 1,381,250 | 13,621,680 | 13,301,435       | 90.17 |
| <b>Unrealised loss on FVTPL investment</b>                                    |           |            | <u>(320,245)</u> |       |

### 8. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

|  | 2023<br>USD    | 2022<br>USD    |
|--|----------------|----------------|
| Short term placement with a maturity of less than 3 months | <u>160,970</u> | <u>653,950</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:

|  | 2023<br>WAEPR/<br>WAEIR<br>% p.a. | Average<br>maturity<br>Days | 2022<br>WAEPR/<br>WAEIR<br>% p.a. | Average<br>maturity<br>Days |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Deposit with a licensed<br>financial institution | <u>2.75</u>                       | <u>3</u>                    | <u>1.78</u>                       | <u>1</u>                    |

## MAMG DYNAMIC HIGH INCOME FUND

### 9. DERIVATIVE ASSETS/ (LIABILITIES)

|                                      | Notional<br>principal<br>amount<br>USD | <-----Fair Value-----> |                    |
|--------------------------------------|--|------------------------|--------------------|
|                                      |  | Asset<br>USD           | Liabilities<br>USD |
| <b>2023</b>                          |  |                        |                    |
| Currency forwards - less than 1 year | 8,404,970                              | 54,091                 | (206,033)          |
|                                      | <b>AUD</b>                             | <b>USD</b>             | <b>USD</b>         |
| Currency forwards - less than 1 year | 1,659,800                              | 16,178                 | (878)              |
|                                      | <b>SGD</b>                             | <b>USD</b>             | <b>USD</b>         |
| Currency forwards - less than 1 year | 105,000                                | -                      | (659)              |
| <b>2022</b>                          |  |                        |                    |
| Currency forwards - less than 1 year | 9,982,548                              | 172,949                | (11,746)           |
|                                      | <b>AUD</b>                             | <b>USD</b>             | <b>USD</b>         |
| Currency forwards - less than 1 year | 181,438                                | -                      | (6,247)            |

As at the reporting date, there were 19 (2022: 17) forward exchange contracts outstanding.

As the Fund has not adopted hedge accounting during the financial year, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income, and borne solely by the unitholders of the respective classes (i.e. MYR (Hedged), EUR (Hedged) Class, AUD (Hedged) Class and SGD (Hedged) Class).

### 10. AMOUNT DUE FROM/ (TO) MANAGER

|                                       |      | 2023<br>USD   | 2022<br>USD    |
|---------------------------------------|------|---------------|----------------|
| Amount due from Manager:              |      |               |                |
| - Creation of units                   | (i)  | -             | 9,512          |
| - Management fee rebate (Target Fund) |      | 6,445         | 8,064          |
|                                       |      | <u>6,445</u>  | <u>17,576</u>  |
| Amount due to Manager:                |      |               |                |
| - Manager's fee                       | (ii) | 16,337        | 21,550         |
| - Cancellation of units               | (i)  | 72,313        | 96,895         |
|                                       |      | <u>88,650</u> | <u>118,445</u> |

- (i) The amount represents amount receivable from/ payable to the Manager for units created/ cancelled.
- (ii) Amount due to Manager relates to the amount payable to the Fund Manager arising from the accruals for Manager's fee at the end of the financial year. The normal credit term for Manager's fee is 15 days. (2022: 15 days).

## MAMG DYNAMIC HIGH INCOME FUND

### 11. CASH AT BANK

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

|                           | 2023<br>USD    | 2022<br>USD    |
|---------------------------|----------------|----------------|
| Australian Dollar ("AUD") | 9,223          | 129,924        |
| Euro ("EUR")              | 585            | 12,862         |
| Malaysian Ringgit ("MYR") | 218            | 366            |
| Singapore Dollar ("SGD")  | 17,573         | 36,239         |
| USD                       | 509,880        | 499,900        |
|                           | <u>537,479</u> | <u>679,291</u> |

### 12. AMOUNT DUE TO TRUSTEE

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

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

|                               | Note | 2023<br>USD       | 2022<br>USD       |
|-------------------------------|------|-------------------|-------------------|
| Unitholders' contribution     | (a)  | 12,460,962        | 13,696,873        |
| Accumulated realised income   | (b)  | 541,667           | 1,260,960         |
| Accumulated unrealised losses | (c)  | (2,279,969)       | (206,642)         |
|                               |      | <u>10,722,660</u> | <u>14,751,191</u> |

#### (a) Unitholders' contribution

The units are distributed based on the following share classes:

|                         | 2023              |                   | 2022              |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
|                         | Units             | USD               | Units             | USD               |
| (i) MYR Class           | 9,421,061         | 2,429,801         | 11,212,535        | 2,734,741         |
| (ii) MYR (Hedged) Class | 22,171,018        | 5,761,070         | 20,359,042        | 5,318,743         |
| (iii) USD Class         | 1,538,667         | 1,557,866         | 1,969,474         | 1,946,346         |
| (iv) EUR (Hedged) Class | 253,154           | 283,864           | 169,795           | 189,388           |
| (v) AUD (Hedged) Class  | 2,690,597         | 1,735,510         | 4,334,269         | 2,718,283         |
| (vi) SGD (Hedged) Class | 991,376           | 692,851           | 1,130,023         | 789,372           |
|                         | <u>37,065,873</u> | <u>12,460,962</u> | <u>39,175,138</u> | <u>13,696,873</u> |

**MAMG DYNAMIC HIGH INCOME FUND**

**13. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)**

**(a) Unitholders' contribution (cont'd)**

**(i) MYR Class**

|  | <b>2023</b>         |             | <b>2022</b>         |             |
|--|---------------------|-------------|---------------------|-------------|
|  | <b>No. of units</b> | <b>USD</b>  | <b>No. of units</b> | <b>USD</b>  |
| At the beginning of the financial year | 11,212,535          | 2,734,741   | 8,487,909           | 2,060,056   |
| Creation of units                      | 4,722,850           | 1,129,117   | 7,864,872           | 2,072,815   |
| Reinvestment of units                  | 246,914             | 52,262      | 308,963             | 82,753      |
| Cancellation of units                  | (6,761,238)         | (1,486,319) | (5,449,209)         | (1,480,883) |
| As at end of the financial year        | 9,421,061           | 2,429,801   | 11,212,535          | 2,734,741   |

**(ii) MYR (Hedged) Class**

|  | <b>2023</b>         |            | <b>2022</b>         |             |
|--|---------------------|------------|---------------------|-------------|
|  | <b>No. of units</b> | <b>USD</b> | <b>No. of units</b> | <b>USD</b>  |
| At the beginning of the financial year | 20,359,042          | 5,318,743  | 18,381,398          | 4,812,785   |
| Creation of units                      | 3,745,922           | 865,761    | 13,862,816          | 3,765,146   |
| Reinvestment of units                  | 553,047             | 110,956    | 566,021             | 156,069     |
| Cancellation of units                  | (2,486,993)         | (534,390)  | (12,451,193)        | (3,415,257) |
| As at end of the financial year        | 22,171,018          | 5,761,070  | 20,359,042          | 5,318,743   |

The Fund is a multi-class Fund. The impact of the exchange rate movement between the USD and MYR may result in the appreciation or depreciation of the unitholders investments in the Fund expressed in MYR. MYR (Hedged) Class represents a Class denominated in MYR which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund by entering into forward currency contracts to hedge the foreign currency exposure of this Class. See Note 9 for further details.

**(iii) USD Class**

|  | <b>2023</b>         |            | <b>2022</b>         |            |
|--|---------------------|------------|---------------------|------------|
|  | <b>No. of units</b> | <b>USD</b> | <b>No. of units</b> | <b>USD</b> |
| At the beginning of the financial year | 1,969,474           | 1,946,346  | 1,876,235           | 1,872,265  |
| Creation of units                      | 48,753              | 46,178     | 563,938             | 603,117    |
| Reinvestment of units                  | 39,622              | 34,097     | 72,286              | 78,990     |
| Cancellation of units                  | (519,182)           | (468,755)  | (542,985)           | (608,026)  |
| As at end of the financial year        | 1,538,667           | 1,557,866  | 1,969,474           | 1,946,346  |



## MAMG DYNAMIC HIGH INCOME FUND

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

#### (a) Unitholders' contribution (cont'd)

##### (iv) EUR (Hedged) Class

|  | 2023         |          | 2022         |          |
|--|--------------|----------|--------------|----------|
|  | No. of units | USD      | No. of units | USD      |
| At the beginning of the financial year | 169,795      | 189,388  | 65,308       | 65,644   |
| Creation of units                      | 98,823       | 107,020  | 147,572      | 180,212  |
| Reinvestment of units                  | 4,030        | 3,235    | 2,413        | 3,039    |
| Cancellation of units                  | (19,494)     | (15,779) | (45,498)     | (59,507) |
| As at end of the financial year        | 253,154      | 283,864  | 169,795      | 189,388  |

The Fund is a multi-class Fund. The impact of the exchange rate movement between the USD and EUR may result in the appreciation or depreciation of the unitholders investments in the Fund expressed in EUR. EUR (Hedged) Class represents a Class denominated in EUR which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund by entering into forward currency contracts to hedge the foreign currency exposure of this Class. See Note 9 for further details.

##### (v) AUD (Hedged) Class

|  | 2023         |             | 2022         |             |
|--|--------------|-------------|--------------|-------------|
|  | No. of units | USD         | No. of units | USD         |
| At the beginning of the financial year | 4,334,269    | 2,718,283   | 4,297,743    | 2,766,927   |
| Creation of units                      | 106,475      | 67,576      | 3,403,672    | 2,721,105   |
| Reinvestment of units                  | 109,479      | 61,444      | 178,422      | 141,632     |
| Cancellation of units                  | (1,859,626)  | (1,111,793) | (3,545,568)  | (2,911,381) |
| As at end of the financial year        | 2,690,597    | 1,735,510   | 4,334,269    | 2,718,283   |

The Fund is a multi-class Fund. The impact of the exchange rate movement between the USD and AUD may result in the appreciation or depreciation of the unitholders investments in the Fund expressed in AUD. AUD (Hedged) Class represents a Class denominated in AUD which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund by entering into forward currency contracts to hedge the foreign currency exposure of this Class. See Note 9 for further details.

## MAMG DYNAMIC HIGH INCOME FUND

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

#### (a) Unitholders' contribution (cont'd)

##### (vi) SGD (Hedged) Class

|  | 2023         |           | 2022         |           |
|--|--------------|-----------|--------------|-----------|
|  | No. of units | USD       | No. of units | USD       |
| At the beginning of the financial year | 1,130,023    | 789,372   | 1,280,035    | 929,073   |
| Creation of units                      | -            | -         | 711,024      | 588,571   |
| Reinvestment of units                  | 39,104       | 24,632    | 41,309       | 34,030    |
| Cancellation of units                  | (177,751)    | (121,153) | (902,345)    | (762,302) |
| As at end of the financial year        | 991,376      | 692,851   | 1,130,023    | 789,372   |

The Fund is a multi-class Fund. The impact of the exchange rate movement between the USD and SGD may result in the appreciation or depreciation of the unitholders investments in the Fund expressed in SGD. SGD (Hedged) Class represents a Class denominated in SGD which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund by entering into forward currency contracts to hedge the foreign currency exposure of this Class. See Note 9 for further details.

As at end of financial year, the total number and value of units held by the Manager are as follows:

|                                  | 2023        |               | 2022        |               |
|----------------------------------|-------------|---------------|-------------|---------------|
|                                  | No of units | Valued at NAV | No of units | Valued at NAV |
| The Manager - MYR Class          | 1,129       | MYR 1,111     | 1,103       | MYR 1,191     |
| The Manager - MYR (Hedged) Class | 1,097       | MYR 1,036     | 1,070       | MYR 1,181     |
| The Manager - USD Class          | 1,140       | USD 1,034     | 1,111       | USD 1,160     |
| The Manager - EUR (Hedged) Class | 1,096       | EUR 953       | 1,079       | EUR 1,103     |
| The Manager - AUD (Hedged) Class | 1,145       | AUD 1,001     | 1,115       | AUD 1,160     |
| The Manager - SGD (Hedged) Class | 1,128       | SGD 1,016     | 1,086       | SGD 1,158     |

In the opinion of the Manager, the above units were transacted at the prevailing market price. Other than the above, there were no other units held by the Manager or parties related to the Manager.

#### (b) Accumulated realised income

|  | 2023<br>USD | 2022<br>USD |
|--|-------------|-------------|
| At the beginning of the financial year   | 1,260,960   | 1,464,671   |
| Net realised loss for the financial year | (719,293)   | (203,711)   |
| As at the end of the financial year      | 541,667     | 1,260,960   |

## MAMG DYNAMIC HIGH INCOME FUND

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

#### (c) Accumulated unrealised losses

|  | 2023<br>USD        | 2022<br>USD      |
|--|--------------------|------------------|
| At the beginning of the financial year     | (206,642)          | (60,339)         |
| Net unrealised loss for the financial year | (2,073,327)        | (146,303)        |
| As at the end of the financial year        | <u>(2,279,969)</u> | <u>(206,642)</u> |

#### (d) Classes of shares

##### (i) Types of classes of units

The Fund issues cancellable units, in six classes of units as detailed below:

| Classes of units | Currency denomination | Categories of investors | Distribution policy    |
|------------------|-----------------------|-------------------------|------------------------|
| MYR              | RM                    | Institutional           | Distribution of income |
| MYR (Hedged)     | RM                    | Institutional           | Distribution of income |
| USD              | USD                   | Institutional           | Distribution of income |
| EUR (Hedged)     | EUR                   | Institutional           | Distribution of income |
| AUD (Hedged)     | AUD                   | Institutional           | Distribution of income |
| SGD (Hedged)     | SGD                   | Institutional           | Distribution of income |

There are different charges and features for each class as follows:

- (a) Initial investments for each class
- (b) Additional investments
- (c) Minimum holdings
- (d) Transfer, switching and conversion charges for each class

##### (ii) NAV computation

The computation of NAV of the Fund is based on the Fund's functional currency, USD, irrespective of the multiple classes of units (denominated in other currencies). Due to multiple classes in this Fund, the non-class designated income and expenses incurred by the Fund are apportioned based on the multi-class ratio, which is the size of the respective class relative to the whole Fund. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

##### (iii) Redemption of units by unitholders

These units are redeemable at the unitholders' option. Redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

## MAMG DYNAMIC HIGH INCOME FUND

### 13. NAV ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)

#### (d) Classes of shares (cont'd)

##### (iii) Redemption of units by unitholders (cont'd)

There is no restriction on the putting of the units back to the Fund (i.e. redemption), subject to the minimum redemption amount of units of each class and the minimum unit holding for each class. If the unit holdings of a unitholder are, after a redemption request, falls below the minimum unit holdings for the Fund, a request for full redemption is deemed to have been made.

### 14. DISTRIBUTIONS

The sources of distribution declared for the various classes of units are as follow:

#### (a) MYR Class

|  | 2023<br>USD   | 2022<br>USD   |
|--|---------------|---------------|
| Dividend income                              | -             | 157,860       |
| Profit/ Interest income                      | -             | 1,703         |
| Net realised loss on sale of investments     | -             | (47,560)      |
| Previous year realised income (Note 13(b)) * | 60,996        | -             |
| Less: Expenses                               | -             | (20,003)      |
| Distributions for the financial year         | <u>60,996</u> | <u>92,000</u> |
| Analysed by:                                 |               |               |
| Cash distribution                            | 8,734         | 9,247         |
| Reinvestment of units                        | 52,262        | 82,753        |
| Distributions for the financial year         | <u>60,996</u> | <u>92,000</u> |

\* Part of the distributions in the current financial year were made from previous year's net realised income.

| 2023               |  | 2022               |  |
|--------------------|--|--------------------|--|
| Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(RM sen) | Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(RM sen) |
|                    |  | 26 June 2021       | 1.45   |
|                    |  | 28 September 2021  | 1.45   |
| 27 September 2022  | 1.30   | 28 December 2021   | 1.45   |
| 28 December 2022   | 1.00   | 29 March 2022      | 1.00   |
|                    | <u>2.30</u>  |                    | <u>5.35</u>  |

## MAMG DYNAMIC HIGH INCOME FUND

### 14. DISTRIBUTIONS (CONT'D)

The sources of distribution declared for the various classes of units are as follow (cont'd):

#### (b) MYR (Hedged) Class

|  | 2023<br>USD    | 2022<br>USD    |
|--|----------------|----------------|
| Dividend income                              | -              | 230,561        |
| Profit/ Interest income                      | -              | 2,487          |
| Net realised loss on sale of investments     | -              | (69,463)       |
| Previous year realised income (Note 13(b)) * | 185,601        | -              |
| Less: Expenses                               | (72,705)       | (3,950)        |
| Distributions for the financial year         | <u>112,896</u> | <u>159,635</u> |
| Analysed by:                                 |                |                |
| Cash distribution                            | 1,940          | 3,566          |
| Reinvestment of units                        | 110,956        | 156,069        |
| Distributions for the financial year         | <u>112,896</u> | <u>159,635</u> |

\* Part of the distributions in the current financial year were made from previous year's net realised income.

The gross/ net distribution per unit and the distribution dates are as follows:

| 2023               |  | 2022               |  |
|--------------------|--|--------------------|--|
| Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(RM sen) | Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(RM sen) |
|                    |  | 26 June 2021       | 1.45   |
| 27 September 2022  | 1.30   | 28 September 2021  | 1.45   |
| 28 December 2022   | 1.00   | 28 December 2021   | 1.45   |
|                    | <u>2.30</u>  |                    | <u>4.35</u>  |

## MAMG DYNAMIC HIGH INCOME FUND

### 14. DISTRIBUTIONS (CONT'D)

The sources of distribution declared for the various classes of units are as follow (cont'd):

#### (c) USD Class

|  | 2023<br>USD   | 2022<br>USD   |
|--|---------------|---------------|
| Dividend income                              | -             | 133,015       |
| Profit/ Interest income                      | -             | 1,435         |
| Net realised loss on sale of investments     | -             | (40,074)      |
| Previous year realised income (Note 13(b)) * | 73,258        | -             |
| Less: Expenses                               | (34,784)      | (10,411)      |
| Distributions for the financial year         | <u>38,474</u> | <u>83,965</u> |
| Analysed by:                                 |               |               |
| Cash distribution                            | 4,377         | 4,975         |
| Reinvestment of units                        | 34,097        | 78,990        |
| Distributions for the financial year         | <u>38,474</u> | <u>83,965</u> |

\* Part of the distributions in the current financial year were made from previous year's net realised income.

The gross/ net distribution per unit and the distribution dates are as follows:

| 2023               |  | 2022               |  |
|--------------------|--|--------------------|--|
| Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(USD cent) | Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(USD cent) |
|                    |  | 26 June 2021       | 1.45   |
|                    |  | 28 September 2021  | 1.45   |
| 27 September 2022  | 1.30   | 28 December 2021   | 1.45   |
| 28 December 2022   | 0.90   | 29 March 2022      | 1.00   |
|                    | <u>2.20</u>  |                    | <u>5.35</u>  |

## MAMG DYNAMIC HIGH INCOME FUND

### 14. DISTRIBUTIONS (CONT'D)

The sources of distribution declared for the various classes of units are as follow (cont'd):

#### (d) EUR (Hedged) Class

|  | 2023<br>USD  | 2022<br>USD  |
|--|--------------|--------------|
| Dividend income                              | -            | 5,285        |
| Profit/ Interest income                      | -            | 57           |
| Net realised loss on sale of investments     | -            | (1,592)      |
| Previous year realised income (Note 13(b)) * | 4,500        |              |
| Less: Expenses                               | (1,131)      | (711)        |
| Distributions for the financial year         | <u>3,369</u> | <u>3,039</u> |
| Analysed by:                                 |              |              |
| Cash distribution                            | 134          | -            |
| Reinvestment of units                        | 3,235        | 3,039        |
| Distributions for the financial year         | <u>3,369</u> | <u>3,039</u> |

\* Part of the distributions in the current financial year were made from previous year's net realised income.

The gross/ net distribution per unit and the distribution dates are as follows:

| 2023               |  | 2022               |  |
|--------------------|--|--------------------|--|
| Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(EUR cent) | Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(EUR cent) |
|                    |  | 26 June 2021       | 1.45   |
|                    |  | 28 September 2021  | 1.45   |
| 27 September 2022  | 1.30   | 28 December 2021   | 1.45   |
|                    | <u>1.30</u>  |                    | <u>4.35</u>  |

## MAMG DYNAMIC HIGH INCOME FUND

### 14. DISTRIBUTIONS (CONT'D)

The sources of distribution declared for the various classes of units are as follow (cont'd):

#### (e) AUD (Hedged) Class

|  | 2023<br>USD   | 2022<br>USD    |
|--|---------------|----------------|
| Dividend income                              | -             | 235,768        |
| Profit/ Interest income                      | -             | 2,543          |
| Net realised loss on sale of investments     | -             | (71,031)       |
| Previous year realised income (Note 13(b)) * | 78,445        | -              |
| Less: Expenses                               | (12,180)      | (16,265)       |
| Distributions for the financial year         | <u>66,265</u> | <u>151,015</u> |
| Analysed by:                                 |               |                |
| Cash distribution                            | 4,821         | 9,383          |
| Reinvestment of units                        | 61,444        | 141,632        |
| Distributions for the financial year         | <u>66,265</u> | <u>151,015</u> |

\* Part of the distributions in the current financial year were made from previous year's net realised income.

The gross/ net distribution per unit and the distribution dates are as follows:

| 2023               |  | 2022               |  |
|--------------------|--|--------------------|--|
| Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(AUD cent) | Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(AUD cent) |
|                    |  | 26 June 2021       | 1.45   |
|                    |  | 28 September 2021  | 1.45   |
| 28 June 2022       | 1.00   | 28 December 2021   | 1.45   |
| 27 September 2022  | 1.30   | 29 March 2022      | 1.00   |
|                    | <u>2.30</u>  |                    | <u>5.35</u>  |



## MAMG DYNAMIC HIGH INCOME FUND

### 14. DISTRIBUTIONS (CONT'D)

The sources of distribution declared for the various classes of units are as follow (cont'd):

#### (f) SGD (Hedged) Class

|  | 2023<br>USD   | 2022<br>USD   |
|--|---------------|---------------|
| Dividend income                              | -             | 58,370        |
| Profit/ Interest income                      | -             | 630           |
| Net realised loss on sale of investments     | -             | (17,585)      |
| Previous year realised income (Note 13(b)) * | 35,216        | -             |
| Less: Expenses                               | (8,716)       | (5,319)       |
| Distributions for the financial year         | <u>26,500</u> | <u>36,096</u> |
| Analysed by:                                 |               |               |
| Cash distribution                            | 1,868         | 2,066         |
| Reinvestment of units                        | 24,632        | 34,030        |
| Distributions for the financial year         | <u>26,500</u> | <u>36,096</u> |

\* Part of the distributions in the current financial year were made from previous year's net realised income.

The gross/ net distribution per unit and the distribution dates are as follows:

| 2023               |  | 2022               |  |
|--------------------|--|--------------------|--|
| Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(SGD cent) | Distribution dates | Gross/ Net<br>distribution<br>per unit<br>(SGD cent) |
|                    |  | 26 June 2021       | 1.45   |
| 28 June 2022       | 1.00   | 28 September 2021  | 1.45   |
| 27 September 2022  | 1.30   | 28 December 2021   | 1.45   |
| 28 December 2022   | 1.00   | 29 March 2022      | 1.00   |
|                    | <u>3.30</u>  |                    | <u>5.35</u>  |

## MAMG DYNAMIC HIGH INCOME FUND

### 15. TRANSACTIONS WITH FINANCIAL INSTITUTIONS

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

Details of transactions, primarily deposits with licensed financial institutions including rollover during the current and previous financial year are as follows:

|                                | 2023                        |   | 2022                        |   |
|--------------------------------|-----------------------------|---|-----------------------------|---|
|                                | Transaction<br>value<br>USD | Percentage<br>of total<br>placements<br>% | Transaction<br>value<br>USD | Percentage<br>of total<br>placements<br>% |
| Malayan Banking Bhd ("MBB") *  | 96,073,441                  | 100.00                                    | 84,384,207                  | 80.85                                     |
| Maybank Islamic Bhd ("MIB") ** | -                           | -   | 19,989,204                  | 19.15                                     |
|                                | <u>96,073,441</u>           | <u>100.00</u>                             | <u>104,373,411</u>          | <u>100.00</u>                             |

\* MBB is the ultimate holding company of the Manager.

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

### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

|   | 2023<br>USD  | 2022<br>USD  |
|---|--------------|--------------|
| (i) <u>Significant related party transactions</u> |              |              |
| <u>MBB:</u>                                       |              |              |
| Interest income from deposits                     | <u>8,877</u> | <u>5,764</u> |
| <u>MIB:</u>                                       |              |              |
| Profit income from deposits                       | <u>-</u>     | <u>1,308</u> |

## MAMG DYNAMIC HIGH INCOME FUND

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

| (ii) <u>Significant related party balances</u> | 2023<br>USD | 2022<br>USD |
|--|-------------|-------------|
| <u>MBB:</u>                                    |             |             |
| Cash at bank                                   | 537,479     | 679,291     |
| Deposit with a licensed financial institution  | 160,970     | 653,950     |
| Derivative assets                              | 64,714      | 78,198      |
| Derivative liabilities                         | 117,159     | 11,008      |

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

### 17. TOTAL EXPENSE RATIO ("TER")

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee and other administrative expenses. For the financial year ended 31 March 2023, the TER of the Fund was 1.16% (2022: 1.19%).

### 18. PORTFOLIO TURNOVER RATIO ("PTR")

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund calculated on a daily basis. For the financial year ended 31 March 2023, the PTR of the Fund stood at 0.18 times. (2022: 0.40 times).

### 19. 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 of the Manager is responsible for the Fund's performance by investing at least 90% of the Fund's NAV in the shares of the Target Fund and the remaining 2% to 10% of the Fund's NAV in liquid assets.

As the Fund is a feeder fund, the Target Fund Manager is the ultimate decision-maker on the investment strategy to ensure the Target Fund achieves its targeted return with an acceptable level of risk within the portfolio.

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 changes in the reportable operating segments during the financial year.

## MAMG DYNAMIC HIGH INCOME FUND

### 20. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

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

The following table analyses the financial assets and liabilities (excluding prepayment, tax-related matters and NAV attributable to unitholders) 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.

| 2023   | Financial<br>assets and<br>liabilities at<br>FVTPL<br>USD | Financial<br>assets at<br>amortised<br>cost<br>USD | Financial<br>liabilities at<br>amortised<br>cost<br>USD | Total<br>USD |
|--|---|--|---|--------------|
| <b>Financial assets</b>                          |   |  |   |              |
| Financial assets at FVTPL                        | 10,185,435  | -  | -   | 10,185,435   |
| Deposit with a licensed<br>financial institution | -   | 160,970  | -   | 160,970      |
| Derivative assets                                | 70,269  | -  | -   | 70,269       |
| Dividend receivable                              | -   | 62,787   | -   | 62,787       |
| Profit/ Interest receivables                     | -   | 12   | -   | 12           |
| Amount due from Manager                          | -   | 6,445  | -   | 6,445        |
| Amount due from financial<br>institution         | -   | 10,038   | -   | 10,038       |
| Cash at bank                                     | -   | 537,479  | -   | 537,479      |
| Total financial assets                           | 10,255,704  | 777,731  | -   | 11,033,435   |
| <b>Financial liabilities</b>                     |   |  |   |              |
| Derivative liabilities                           | 207,570   | -  | -   | 207,570      |
| Amount due to Manager                            | -   | -  | 88,650  | 88,650       |
| Amount due to Trustee                            | -   | -  | 182   | 182          |
| Amount due to financial<br>institution           | -   | -  | 10,016  | 10,016       |
| Other payables and accruals                      | -   | -  | 4,357   | 4,357        |
| Total financial liabilities                      | 207,570   | -  | 103,205   | 310,775      |

## MAMG DYNAMIC HIGH INCOME FUND

### 20. FINANCIAL INSTRUMENTS (CONT'D)

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

| 2022   | Financial<br>assets and<br>liabilities at<br>FVTPL<br>USD | Financial<br>assets at<br>amortised<br>cost<br>USD | Financial<br>liabilities at<br>amortised<br>cost<br>USD | Total<br>USD |
|--|---|--|---|--------------|
| <b>Financial assets</b>                          |   |  |   |              |
| Financial assets at FVTPL                        | 13,301,435  | -  | -   | 13,301,435   |
| Deposit with a licensed<br>financial institution | -   | 653,950  | -   | 653,950      |
| Derivative assets                                | 172,949   | -  | -   | 172,949      |
| Dividend receivable                              | -   | 68,372   | -   | 68,372       |
| Profit/ Interest receivables                     | -   | 30   | -   | 30           |
| Amount due from Manager                          | -   | 17,576   | -   | 17,576       |
| Cash at bank                                     | -   | 679,291  | -   | 679,291      |
| Total financial assets                           | 13,474,384  | 1,419,219  | -   | 14,893,603   |
| <b>Financial liabilities</b>                     |   |  |   |              |
| Derivative liabilities                           | 17,993  | -  | -   | 17,993       |
| Amount due to Manager                            | -   | -  | 118,445   | 118,445      |
| Amount due to Trustee                            | -   | -  | 239   | 239          |
| Other payables and accruals                      | -   | -  | 5,735   | 5,735        |
| Total financial liabilities                      | 17,993  | -  | 124,419   | 142,412      |

#### (b) Financial instruments that are carried at fair value

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

##### Collective investment scheme

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

##### Derivative assets and liabilities

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

## MAMG DYNAMIC HIGH INCOME FUND

### 20. 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<br>USD    | Level 2<br>USD | Level 3<br>USD | Total<br>USD      |
|---------------------------|-------------------|----------------|----------------|-------------------|
| <b>2023</b>               |                   |                |                |                   |
| Financial assets at FVTPL | 10,185,435        | -              | -              | 10,185,435        |
| Derivative assets         | -                 | 70,269         | -              | 70,269            |
|                           | <u>10,185,435</u> | <u>70,269</u>  | <u>-</u>       | <u>10,255,704</u> |
| Derivative liabilities    | -                 | (207,570)      | -              | (207,570)         |
| <b>2022</b>               |                   |                |                |                   |
| Financial assets at FVTPL | 13,301,435        | -              | -              | 13,301,435        |
| Derivative assets         | -                 | 172,949        | -              | 172,949           |
|                           | <u>13,301,435</u> | <u>172,949</u> | <u>-</u>       | <u>13,474,384</u> |
| Derivative liabilities    | -                 | (17,993)       | -              | (17,993)          |

#### (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 liabilities, the Fund's financial instruments were not carried at fair value but their carrying amounts were reasonable approximations of fair value due to their short-term maturity.

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

## MAMG DYNAMIC HIGH INCOME FUND

### 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (a) Introduction

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

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deed, 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 financial assets and liabilities denominated in foreign currencies. The Fund is also exposed to profit/ interest rate risk arising from deposit placed with a licensed financial institution. The Fund is not exposed to equity price risk as it does not hold any equity investments other than investment in Target Fund as at the reporting date.

##### (i) Profit/ Interest rate risk

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

##### (ii) Price risk

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

##### Price risk sensitivity

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

|                                 | 2023                     |   | 2022                     |   |
|---------------------------------|--------------------------|---|--------------------------|---|
|                                 | Changes<br>in price<br>% | Effects on<br>NAV<br>Increase/<br>(Decrease)<br>USD | Changes<br>in price<br>% | Effects on<br>NAV<br>Increase/<br>(Decrease)<br>USD |
| Collective investment<br>scheme | +5<br>-5                 | 509,272<br>(509,272)                                | +5<br>-5                 | 665,072<br>(665,072)                                |

The impact to net loss after taxation is expected to be the same as the effects on NAV.

## MAMG DYNAMIC HIGH INCOME FUND

### 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (b) Market risk (cont'd)

##### (iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The base currency of the Fund is USD. As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between USD and the currencies in which the Fund's assets are denominated in may have an impact on the fair value of the Fund's assets. If the currencies in which the assets are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment and of the Fund.

The Fund is a multi-class Fund. The impact of the exchange rate movement between USD and the foreign currency of MYR, SGD, EUR and AUD, may result in a depreciation of the unitholders' investment in the Fund as expressed in USD.

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 the reporting date. As the Fund's functional currency is USD, 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.

As at current and previous financial year, the Fund's net open position to EUR is solely from the Fund's foreign account as disclosed in Note 11. As the Fund's exposure to EUR is insignificant, the Fund did not disclose the sensitivity analysis arising from its exposure to this currency.

|   | MYR<br>USD     | SGD<br>USD    | AUD<br>USD    | Total<br>USD   |
|---|----------------|---------------|---------------|----------------|
| <b>2023</b>                                   |                |               |               |                |
| <b>Financial assets</b>                       |                |               |               |                |
| Deposit with a licensed financial institution | 160,970        | -             | -             | 160,970        |
| Profit/ Interest receivables                  | 12             | -             | -             | 12             |
| Amount due from financial institution         | -              | -             | 10,038        | 10,038         |
| Cash at bank                                  | 218            | 17,573        | 9,223         | 27,014         |
| <b>Total financial assets</b>                 | <b>161,200</b> | <b>17,573</b> | <b>19,261</b> | <b>198,034</b> |
| <b>Financial liabilities</b>                  |                |               |               |                |
| Amount due to Trustee                         | 182            | -             | -             | 182            |
| Amount due to Manager                         | -              | -             | 9,884         | 9,884          |



**MAMG DYNAMIC HIGH INCOME FUND**

**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**(b) Market risk (cont'd)**

**(iii) Currency risk (cont'd)**

| <b>2023 (cont'd)</b>   | <b>MYR<br/>USD</b> | <b>SGD<br/>USD</b> | <b>AUD<br/>USD</b> | <b>Total<br/>USD</b> |
|--|--------------------|--------------------|--------------------|----------------------|
| <b>Financial liabilities (cont'd)</b>  |                    |                    |                    |                      |
| Other payables and accruals  | 4,357              | -                  | -                  | 4,357                |
| <b>Total financial liabilities excluding NAV attributable to unitholders</b> | <b>4,539</b>       | <b>-</b>           | <b>9,884</b>       | <b>14,423</b>        |
| <b>Net on-balance sheet open position</b>                                    | <b>156,661</b>     | <b>17,573</b>      | <b>9,377</b>       | <b>183,611</b>       |
| <b>Principal amount of forward exchange contracts (Note 9) *</b>             | <b>-</b>           | <b>105,000</b>     | <b>1,659,800</b>   | <b>1,764,800</b>     |
| <b>2022</b>  | <b>MYR<br/>USD</b> | <b>SGD<br/>USD</b> | <b>AUD<br/>USD</b> | <b>Total<br/>USD</b> |
| <b>Financial assets</b>  |                    |                    |                    |                      |
| Deposit with a licensed financial institution                                | 653,950            | -                  | -                  | 653,950              |
| Profit/ Interest receivables   | 30                 | -                  | -                  | 30                   |
| Cash at bank   | 366                | 36,239             | 129,924            | 166,529              |
| <b>Total financial assets</b>  | <b>654,346</b>     | <b>36,239</b>      | <b>129,924</b>     | <b>820,509</b>       |
| <b>Financial liabilities</b>   |                    |                    |                    |                      |
| Amount due to Trustee  | 239                | -                  | -                  | 239                  |
| Other payables and accruals  | 5,735              | -                  | -                  | 5,735                |
| <b>Total financial liabilities excluding NAV attributable to unitholders</b> | <b>5,974</b>       | <b>-</b>           | <b>-</b>           | <b>5,974</b>         |
| <b>Net on-balance sheet open position</b>                                    | <b>648,372</b>     | <b>36,239</b>      | <b>129,924</b>     | <b>814,535</b>       |
| <b>Principal amount of forward exchange contracts (Note 9) *</b>             | <b>-</b>           | <b>-</b>           | <b>181,438</b>     | <b>181,438</b>       |

## MAMG DYNAMIC HIGH INCOME FUND

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

#### (b) Market risk (cont'd)

##### (iii) Currency risk (cont'd)

- \* The Fund entered into forward currency contracts during the financial year to hedge the foreign currency exposure of the MYR (Hedged) Class, EUR (Hedged) Class, AUD (Hedged) Class and SGD (Hedged) Class based on the features of the respective classes as disclosed in Note 13(a).

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 | 2023                                 |   | 2022                                 |   |
|------------|--------------------------------------|---|--------------------------------------|---|
|            | Changes in<br>exchange<br>rates<br>% | Effects<br>on NAV<br>Increase/<br>(Decrease)<br>USD | Changes in<br>exchange<br>rates<br>% | Effects<br>on NAV<br>Increase/<br>(Decrease)<br>USD |
| MYR        | +5                                   | 7,833   | +5                                   | 32,419  |
|            | -5                                   | (7,833)   | -5                                   | (32,419)  |
| SGD        | +5                                   | 879   | +5                                   | 1,812   |
|            | -5                                   | (879)   | -5                                   | (1,812)   |
| AUD        | +5                                   | 469   | +5                                   | 6,496   |
|            | -5                                   | (469)   | -5                                   | (6,496)   |

The impact to net loss after taxation is expected to be the same as the effects on NAV.

#### (c) Credit risk

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

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

## MAMG DYNAMIC HIGH INCOME FUND

### 21. 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 asset recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

##### (ii) Credit quality of financial assets

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

| Financial assets | 2023    | As a % of | 2022      | As a % of |
|------------------|---------|-----------|-----------|-----------|
|                  | USD     | NAV       | USD       | NAV       |
| AAA              | 698,461 | 6.51      | 1,333,271 | 9.04      |

#### (d) Liquidity risk

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

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

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise of cash, deposits with financial institutions and other instruments which are capable of being converted into cash within 7 days.

## MAMG DYNAMIC HIGH INCOME FUND

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

#### (d) Liquidity risk (cont'd)

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

| 2023  | Less than<br>1 month<br>USD | More than<br>1 month<br>USD | Total<br>USD |
|---|-----------------------------|-----------------------------|--------------|
| <b>Financial assets</b>   |                             |                             |              |
| Financial assets at FVTPL   | 10,185,435                  | -                           | 10,185,435   |
| Deposit with a licensed<br>financial institution  | 160,970                     | -                           | 160,970      |
| Derivative assets   | 64,714                      | 5,555                       | 70,269       |
| Dividend receivable   | 62,787                      | -                           | 62,787       |
| Profit/ Interest receivables  | 12                          | -                           | 12           |
| Amount due from Manager   | 6,445                       | -                           | 6,445        |
| Amount due from financial institution   | 10,038                      | -                           | 10,038       |
| Cash at bank  | 537,479                     | -                           | 537,479      |
| Total undiscounted financial assets   | 11,027,880                  | 5,555                       | 11,033,435   |
| <b>Financial liabilities and net assets<br/>attributable to unitholders of the Fund</b>               |                             |                             |              |
| Derivative liabilities  | 26,391                      | 181,179                     | 207,570      |
| Amount due to Manager   | 88,650                      | -                           | 88,650       |
| Amount due to Trustee   | 182                         | -                           | 182          |
| Amount due to financial institution   | 10,016                      | -                           | 10,016       |
| Other payables and accruals   | 4,357                       | -                           | 4,357        |
| Net assets attributable to unitholders<br>of the Fund   | 10,722,660                  | -                           | 10,722,660   |
| Total undiscounted financial liabilities and<br>net assets attributable to unitholders<br>of the Fund | 10,852,256                  | 181,179                     | 11,033,435   |
| Liquidity surplus/ (gap)  | 175,624                     | (175,624)                   | -            |

## MAMG DYNAMIC HIGH INCOME FUND

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

#### (d) Liquidity risk (cont'd)

| 2022  | Less than<br>1 month<br>USD | More than<br>1 month<br>USD | Total<br>USD |
|---|-----------------------------|-----------------------------|--------------|
| <b>Financial assets</b>   |                             |                             |              |
| Financial assets at FVTPL   | 13,301,435                  | -                           | 13,301,435   |
| Derivative assets   | 73,564                      | 99,385                      | 172,949      |
| Dividend receivable   | 68,372                      | -                           | 68,372       |
| Profit/ Interest receivables  | 30                          | -                           | 30           |
| Amount due from Manager   | 17,576                      | -                           | 17,576       |
| Cash at bank  | 679,291                     | -                           | 679,291      |
| Total undiscounted financial assets   | 14,794,218                  | 99,385                      | 14,893,603   |
| <b>Financial liabilities and net assets<br/>attributable to unitholders of the Fund</b>               |                             |                             |              |
| Derivative liabilities  | 11,150                      | 6,843                       | 17,993       |
| Amount due to Trustee   | 239                         | -                           | 239          |
| Amount due to Manager   | 118,445                     | -                           | 118,445      |
| Amount due to financial institution   | -                           | -                           | -            |
| Other payables and accruals   | 5,735                       | -                           | 5,735        |
| Net assets attributable to unitholders<br>of the Fund   | 14,751,191                  | -                           | 14,751,191   |
| Total undiscounted financial liabilities and<br>net assets attributable to unitholders<br>of the Fund | 14,886,760                  | 6,843                       | 14,893,603   |
| Liquidity (gap)/ surplus  | (92,542)                    | 92,542                      | -            |

#### (i) Financial assets

Financial assets at FVTPL is categorised as "less than 1 month", as the Fund could partly or fully redeem its investment in the shares of the Target Fund with the proceeds of the redemption to be paid within fourteen (14) calendar days from the date of request. The investments have no contractual maturity as the Target Fund is an open-ended collective investment scheme.

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 prepayments and tax-related matters such as tax recoverable, if any.

## **MAMG DYNAMIC HIGH INCOME FUND**

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

#### **(d) Liquidity risk (cont'd)**

##### **(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 tax payables, if any.

##### **(iii) Net assets attributable to unitholders of the Fund**

As unitholders can request for cancellation on their units by giving the Manager a 14-day notice period, the net assets attributable to unitholders of the Fund 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.

### **22. UNITHOLDERS' CONTRIBUTION MANAGEMENT**

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

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

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its 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 make the operations of the Fund cost-efficient.

No changes were made to the unitholders' contribution management objectives, policies or processes in the current financial year.