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# MAYBANK ENHANCED CONSTANT INCOME FUND

Annual report

For the financial period from 1 September 2023 to 29 January  
2024 (Date of Maturity)

## **CORPORATE INFORMATION**

### **MANAGER**

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### **TRUSTEE**

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## **MAYBANK ENHANCED CONSTANT INCOME FUND**

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## MAYBANK ENHANCED CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity)

#### A. Fund Information

**1. Name of Fund**

Maybank Enhanced Constant Income Fund (the "Fund")

**2. Type of Fund**

Income

**3. Category of Fund**

Fixed income fund (close-ended)

**4. Duration of Fund**

The Fund is a close-ended fund which was matured on 29 January 2024.

**5. Fund launch date**

30 June 2020

**6. Fund commencement date/ Maturity date**

29 July 2020/ 29 January 2024

**7. Fund's investment objective**

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

**8. Fund distribution policy**

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

**9. Fund's performance benchmark**

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

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

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

The Fund may also invest up to 60% of its NAV in non-investment grade or high yield fixed income securities.

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

## MAYBANK ENHANCED CONSTANT INCOME FUND

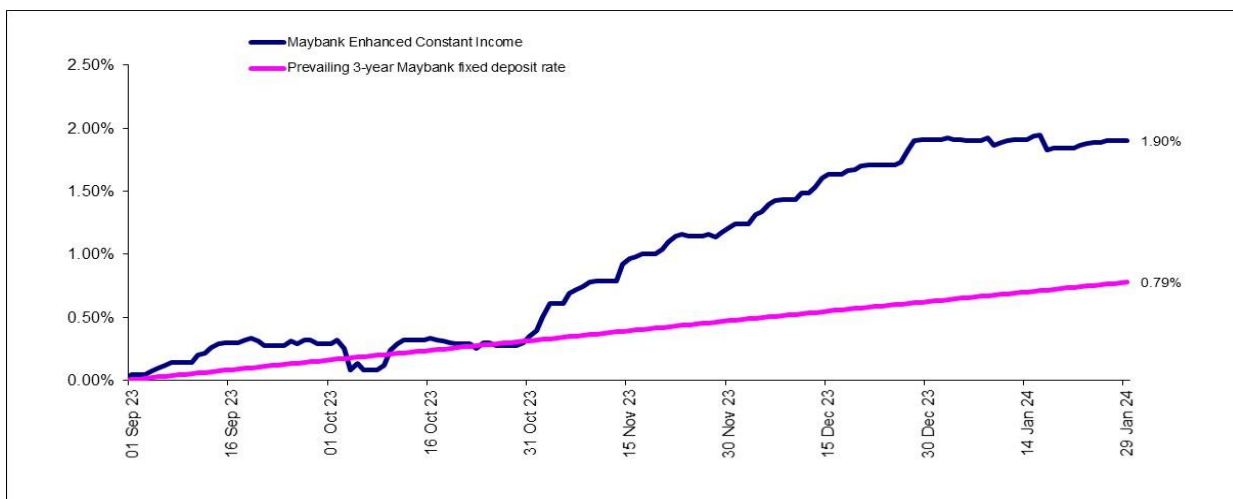
### Manager's report

For the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity) (cont'd)

#### B. Performance Review

Performance of Maybank Enhanced Constant Income Fund for the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity) are as follows:

Period	The Fund %	Benchmark %
1 September 2023 to 29 January 2024 (Date of Maturity)	1.90	0.79



Source : Lipper as at 29 January 2024 (Date of Maturity)

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

The Fund generated total return of 1.90% for the period under review, outperformed its benchmark of 0.79% by 111 basis points ("bps"). The outperformance was due to defensive positioning on short portfolio duration and higher cash position through higher United States ("US") rates environment as well as widening corporate credit spreads. Furthermore, short-term cash placements for United States Dollar ("USD") and RM were yielding over 5.00% and 3.00% respectively, reducing cash drag for the Fund performance.

## MAYBANK ENHANCED CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity) (cont'd)

#### C. Market Review

The key takeaways in 3Q2023 were the update from the International Monetary Fund ("IMF") projects global growth to fall from an estimated 3.50% in 2022 to 3.00% in both 2023 and 2024. Expected global headline inflation to fall from 8.70% in 2022 to 6.80% in 2023 and 5.20% in 2024. On the policy rate front, Federal Open Market Committee ("FOMC") raised its 11th rate increase of 25 bps with a target range of 5.25% to 5.50% in July 2023 and maintained the rate in September 2023 as widely expected. The 2year10year curve steepened to -47 bps at the end of the 3Q2023. New York Federal Reserve ("Fed") President John Williams indicated that the Fed may be done with rate hike but will need to maintain a restrictive monetary policy for some time. European Central Bank ("ECB") delivered an unexpected dovish rate hike of 25 bps, bringing the benchmark deposit rate to 4.00% as it cut the Eurozone's growth outlook and signalled an end to its tightening cycle.

4Q2023 was kicked-off with higher treasury yields. US Treasury ("UST") Curve bear steepened with the longer end leading the rise in October 2023 by double-digits, with the 30-year rose by 31 bps. ECB's key interest rate remained unchanged at 4.00% in both October 2023 and December 2023 and Bank of England ("BoE") also kept their interest rate unchanged at 5.25%. In late December 2023, the market was pricing more than 150 bps of ECB rate cuts and five 25 bps reductions from BoE in 2024. While Bank of Japan ("BoJ") continued to adjust its yield curve control policy and established 1.00% as reference point for 10-year Japanese government bond ("govvies") yield. Fed paused in November 2023's FOMC meeting, signalling peaking policy rates and bonds staged a massive rally in the final two months. UST curve bull-flattened with yields falling 84 to 106 bps in November 2023 and December 2023, the 10-year UST yield ended unchanged Year-on-Year ("YoY") at 3.88% and UST managed to post a decent total return of 4.10% in 2023 after two consecutive year of losses in 2022 at -12.50% and 2021 at -2.30%.

For the new year of 2024, US Fed speak pushed back against early rate cuts. UST was traded higher and the probability of Fed rate cut in March 2023 has been reduced to below 50% compared to >80% seen at the end of the year of 2023. However, the loss were reversed when Quarterly Refinancing Announcement where Q1 borrowing estimate came in significantly lower than market expectations (USD 760 billions ("bn") vs USD 816 bn), sparking better bids in the market. The 2year10year spread were flattening as 10-year rallied, bring the spread to circa -30 bps inversion at the end of January 2024. In term of policy rates, ECB kept policy settings unchanged, with main refinancing rate at 4.50%, marginal lending facility at 4.75% and deposit facility rate at 4.00%. People's Bank of China ("PBoC") announced a 50 bps cut to the Reserve Requirement Ratio ("RRR") which is expected to release about 1 trillion Chinese Yuan ("CNY") of long-term liquidity effective from 5 February 2023 while 1 year Medium-term lending facility ("MLF") rate and Loan Prime Rate ("LPR") fixings remain unchanged. BoJ kept short-term rate unchanged at -0.10% and the 10-year govvies yield at 0.00% but with remarks of that the central bank will consider ending negative rates with no timing specified, laying the groundwork for rate hikes where USD against Japanese Yen ("JPY") touched a low of 146 level for the month.

#### D. Market Outlook & Strategy

There is no investment strategy going forward set by the Manager as the Fund was matured on 29 January 2024.

## MAYBANK ENHANCED CONSTANT INCOME FUND

### Manager's report

For the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity) (cont'd)

#### E. Asset Allocation

Asset allocation	01.09.2023 to 29.01.2024 (Date of Maturity)		01.09.2022 to 31.08.2023	
	RM	%	RM	%
Financial assets at FVTPL	-	-	17,138,122	51.94
Cash and cash equivalents, and other net liabilities	-	-	15,856,129	48.06
<b>Total NAV</b>	-	-	<b>32,994,251</b>	<b>100.00</b>

#### F. Soft Commissions and Rebates

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

During the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity), the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

## **TRUSTEE'S REPORT**

### **TO THE UNITHOLDERS OF MAYBANK ENHANCED CONSTANT INCOME FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity) 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 period covered by these financial statements in accordance with the following:

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

**For TMF Trustees Malaysia Berhad**  
(Company No: 200301008392/ 610812-W)

**Norhayati Binti Azit**  
Director- Fund Services

Kuala Lumpur, Malaysia  
20 March 2024



**STATEMENT BY MANAGER**

**TO THE UNITHOLDERS OF  
MAYBANK ENHANCED CONSTANT INCOME FUND  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 JANUARY 2024 (DATE OF  
MATURITY)**

We, Dr Hasnita Binti Dato' Hashim and Muhammad Hishamudin Bin Hamzah, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Enhanced Constant Income Fund as at 29 January 2024 (Date of Maturity) and of its results, changes in net assets attributable to unitholders and cash flows for the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity) and comply with the requirements of the Deed.

For and on behalf of the Manager

**Dr Hasnita Binti Dato' Hashim**  
Chairman

**Muhammad Hishamudin Bin Hamzah**  
Director

Kuala Lumpur, Malaysia  
20 March 2024

## **Independent auditors' report to the Unitholders of Maybank Enhanced Constant Income Fund**

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

#### *Opinion*

We have audited the financial statements of Maybank Enhanced Constant Income Fund ("the Fund"), which comprise the statement of financial position as at 29 January 2024 (Date of Maturity), and statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows of the Fund for the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity), and notes to the financial statements, including material accounting policy information as set out on pages 7 to 33.

In our opinion, the accompanying financial statements which have been prepared on a basis other than that of a going concern as disclosed in Note 2.1 to the financial statements, give a true and fair view of the financial position of the Fund as at 29 January 2024, and of its financial performance and cash flows for the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity) in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### *Basis for opinion*

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

#### *Independence and other ethical responsibilities*

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

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

The Manager of the Fund ("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.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

**Independent auditors' report to the Unitholders of  
Maybank Enhanced Constant Income Fund (cont'd)**

*Information other than the financial statements and auditors' report thereon (cont'd)*

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Manager and Trustee for the financial statements*

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so. As described in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than that of a going concern.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Independent auditors' report to the Unitholders of  
Maybank Enhanced Constant Income Fund (cont'd)**

*Auditors' responsibilities for the audit of the financial statements (cont'd)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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. However, future events or conditions may cause the Fund to cease to continue as a going concern. As described in Note 2.1 to the financial statements, the financial statements have been prepared on a basis other than that of a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Independent auditors' report to the Unitholders of  
Maybank Enhanced Constant Income Fund (cont'd)**

**Other matters**

This report is made solely to the Unitholders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
20 March 2024

Yeo Beng Yean  
03013/10/2024 J  
Chartered Accountant

**MAYBANK ENHANCED CONSTANT INCOME FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 JANUARY 2024 (DATE OF  
MATURITY)**

		<b>01.09.2023 to 29.01.2024 (Date of Maturity) RM</b>	<b>01.09.2022 to 31.08.2023 RM</b>
	<b>Note</b>		
<b>INVESTMENT INCOME</b>			
Profit/ Interest income	3	647,065	2,905,340
Net gain/ (loss) from financial assets at fair value through profit or loss ("FVTPL"):			
- Realised loss		(398,065)	(2,654,017)
- Unrealised gain		597,190	1,335,389
Net loss on foreign currency exchange and forward foreign exchange contracts	4	(164,689)	(616,259)
Other income		70,065	27,879
		<u>751,566</u>	<u>998,332</u>
<b>EXPENSES</b>			
Trustee's fee	5	4,094	10,029
Auditors' remuneration		4,200	8,270
Tax agent's fee		5,000	3,900
Administrative expenses		14,497	29,002
		<u>27,791</u>	<u>51,201</u>
<b>Net income before taxation</b>		723,775	947,131
Taxation	6	(103,928)	(368,117)
<b>Net income after taxation, representing the total comprehensive income for the financial period/ year</b>		<u>619,847</u>	<u>579,014</u>
<b>Net income after taxation are made up of the following:</b>			
Net realised income/ (loss)		378,233	(1,392,340)
Net unrealised income		241,614	1,971,354
		<u>619,847</u>	<u>579,014</u>

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

**MAYBANK ENHANCED CONSTANT INCOME FUND****STATEMENT OF FINANCIAL POSITION  
AS AT 29 JANUARY 2024 (DATE OF MATURITY)**

	Note	29.01.2024 (Date of Maturity) RM	31.08.2023 RM
<b>ASSETS</b>			
Financial assets at FVTPL	7	-	17,138,122
Deposits with licensed financial institutions	8	-	12,389,032
Profit/ Interest receivable		-	326,972
Derivative assets	9	-	13,003
Amount due from brokers	10	-	2,079,031
Cash at bank	11	33,305,005	1,608,351
<b>TOTAL ASSETS</b>		<u>33,305,005</u>	<u>33,554,511</u>
<b>LIABILITIES</b>			
Derivative liabilities	9	-	527,287
Amount due to Manager	12	33,256,085	-
Amount due to Trustee	13	793	843
Provision for taxation		15,072	13,849
Other payables and accruals		33,055	18,281
<b>TOTAL LIABILITIES</b>		<u>33,305,005</u>	<u>560,260</u>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<u>-</u>	<u>32,994,251</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:</b>			
Unitholders' capital	14(a)	-	39,952,146
Accumulated losses	14(b)&(c)	-	(6,957,895)
		<u>-</u>	<u>32,994,251</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>		<u>-</u>	<u>39,423,532</u>
<b>NAV PER UNIT (RM)</b>		<u>-</u>	<u>0.8369</u>

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

**MAYBANK ENHANCED CONSTANT INCOME FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 JANUARY 2024 (DATE OF  
MATURITY)**

	<b>Unitholders' capital Note 14(a) RM</b>	<b>Accumulated losses Note 14(b) &amp; 14(c) RM</b>	<b>Net assets attributable to unitholders RM</b>
At 1 September 2023	39,952,146	(6,957,895)	32,994,251
Total comprehensive income for the financial period	-	619,847	619,847
Cancellation of units	(33,614,098)	-	(33,614,098)
Transfer of accumulated losses to unitholders' capital on maturity date	(6,338,048)	6,338,048	-
At 29 January 2024	<u>-</u>	<u>-</u>	<u>-</u>
At 1 September 2022	41,554,597	(7,536,909)	34,017,688
Total comprehensive income for the financial year	-	579,014	579,014
Cancellation of units	(1,602,451)	-	(1,602,451)
At 31 August 2023	<u>39,952,146</u>	<u>(6,957,895)</u>	<u>32,994,251</u>

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



**MAYBANK ENHANCED CONSTANT INCOME FUND**

**STATEMENT OF CASH FLOWS**

**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 JANUARY 2024 (DATE OF MATURITY)**

	<b>01.09.2023</b>		<b>01.09.2022</b>
	<b>to</b>		<b>to</b>
	<b>29.01.2024</b>	<b>(Date of</b>	<b>31.08.2023</b>
	<b>Maturity)</b>		<b>RM</b>
	<b>RM</b>		<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Net payment for purchase of investments	(6,867,396)		(97,327,214)
Net proceeds from sale and redemption of investments	26,676,271		112,364,127
Profit/ Interest income received	974,037		3,118,425
Net settlement of forward foreign exchange contracts	(1,067,199)		(3,628,528)
Trustee's fee paid	(4,144)		(10,056)
Payment of other fees and expenses	(41,558)		(421,795)
Net cash generated from operating and investing activities	<u>19,670,011</u>		<u>14,094,959</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash paid on units cancelled	<u>(358,014)</u>		<u>(1,682,140)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS FOR THE FINANCIAL PERIOD/ YEAR ENDED</b>			
	19,311,997		12,412,819
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/ YEAR</b>			
	13,997,383		1,583,592
Effect on foreign exchange	(4,375)		972
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/ YEAR ENDED</b>			
	<u>33,305,005</u>		<u>13,997,383</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank (Note 11)	33,305,005		1,608,351
Deposits with licensed financial institutions with original maturity of less than 3 months (Note 8)	-		12,389,032
	<u>33,305,005</u>		<u>13,997,383</u>

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

## **MAYBANK ENHANCED CONSTANT INCOME FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2023 TO 29 JANUARY 2024 (DATE OF MATURITY)**

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

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

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

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

The financial statements were authorised for issue by the Board of Directors ("Directors") of the Manager in accordance with a resolution of the Directors on 20 March 2024.

#### **2. MATERIAL ACCOUNTING POLICY INFORMATION**

##### **2.1 Basis of preparation**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Deeds and any regulatory requirements.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.14.

The financial statements are presented in Ringgit Malaysia ("RM").

On 15 January 2024, the Manager has issued a Notification of Commencement of Winding Up of the Fund to the Securities Commission of Malaysia through Lodge and Launch System and the Fund had matured subsequent to that on 29 January 2024. Accordingly, the financial statements of the Fund have been prepared on a basis other than that of a going concern. The carrying values of the assets are written down to their recoverable amounts and liabilities are recorded to the extent that such costs were committed at the end of the reporting period. All assets and liabilities have been classified as current.

## **MAYBANK ENHANCED CONSTANT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

#### **2.2 Standards and Amendments to Standards issued but not yet effective**

As this is the final statements of the Fund for the financial period, new Standards, Amendments to Standards and Interpretations which have been issued by MASB and IASB but not yet effective will not be applicable to the Fund in the future periods.

#### **2.3 Financial instruments**

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

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

#### **2.4 Financial assets**

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

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

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

###### **Classification**

The Fund classifies cash and cash equivalent, profit/ interest receivables and amount due from brokers as financial assets at amortised cost. These assets are subsequently measured using the effective profit rate ("EPR")/ effective interest rate ("EIR") method and are subject to impairment. The EPR/ EIR is a method of calculating the amortised cost of financial asset and of allocating and recognising the interest income in profit or loss of the relevant period.

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

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

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

## MAYBANK ENHANCED CONSTANT INCOME FUND

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

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

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

A financial asset is recognised at FVTPL if:

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

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

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

##### (iii) Impairment

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

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.

## **MAYBANK ENHANCED CONSTANT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (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, full impairment will be recognised on uncollected balances after the grace period.

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

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

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

#### **2.5 Financial liabilities**

##### **(a) Classification**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The Fund classifies amount due to Manager, amount due to Trustee, and other payables and accruals as other financial liabilities.

##### **(b) Recognition and measurement**

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

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

##### **(c) Derecognition**

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

## **MAYBANK ENHANCED CONSTANT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

#### **2.6 Fair value measurement**

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

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

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

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

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

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

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

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

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

#### **2.7 Functional and presentation currency**

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

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

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

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

## **MAYBANK ENHANCED CONSTANT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

#### **2.8 Unitholders' capital**

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

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

The outstanding units are carried at the redemption amount that is payable at each financial year if unitholder exercises the right to put the unit back to the Fund. Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

#### **2.9 Cash and cash equivalents**

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

#### **2.10 Revenue/ Income**

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

Profit/ Interest income from unquoted fixed income securities includes amortisation of premium and accretion of discount, and is recognised using the EPR/ EIR method.

Profit/ Interest income from deposits with licensed financial institutions is recognised on the accruals basis using the EPR/ EIR method.

Realised gain or loss on disposal of unquoted fixed income securities is accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on cost adjusted for accretion of discount or amortisation or premium.

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

#### **2.11 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 net assets attributable to unitholders.

## **MAYBANK ENHANCED CONSTANT INCOME FUND**

### **2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

#### **2.11 Taxation (cont'd)**

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

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

#### **2.12 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.

#### **2.13 Derivatives and hedge accounting**

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

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

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

The Fund does not apply hedge accounting to the forward currency contracts entered during the financial period/ year.

#### **2.14 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.



## MAYBANK ENHANCED CONSTANT INCOME FUND

### 3. PROFIT/ INTEREST INCOME

	01.09.2023 to 29.01.2024 (Date of Maturity) RM	01.09.2022 to 31.08.2023 RM
Profit/ Interest income from unquoted fixed income securities	271,017	3,211,144
Profit/ Interest income from short-term deposits	272,312	124,079
Accretion of discount/ (Amortisation of premium), net of amortisation of premium/ (accretion of discount)	103,736	(429,883)
	<u>647,065</u>	<u>2,905,340</u>

### 4. NET LOSS ON FOREIGN EXCHANGE AND FORWARD FOREIGN EXCHANGE CONTRACTS

	01.09.2023 to 29.01.2024 (Date of Maturity) RM	01.09.2022 to 31.08.2023 RM
Net realised gain on foreign exchange	1,333,176	2,521,177
Net unrealised loss on foreign exchange	(869,860)	(1,036,685)
Net realised loss on forward foreign exchange contracts	(1,142,289)	(3,773,401)
Net unrealised gain on forward foreign exchange contracts	514,284	1,672,650
	<u>(164,689)</u>	<u>(616,259)</u>

### 5. TRUSTEE'S FEE

The Trustee's fee is computed daily based on 0.03% per annum ("p.a.") (01.09.2022 to 31.08.2023: 0.03% p.a) of the NAV of the Fund, excluding foreign custodian fees and charges.

### 6. TAXATION

	01.09.2023 to 29.01.2024 (Date of Maturity) RM	01.09.2022 to 31.08.2023 RM
Tax expense for the financial period/ year:		
Current income tax expense	<u>103,928</u>	<u>368,117</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (01.09.2022 to 31.08.2023: 24%) of the estimated assessable income for the financial period/ year.

## MAYBANK ENHANCED CONSTANT INCOME FUND

### 6. TAXATION (CONT'D)

The tax charge for the financial period/ 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 interest/ 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.

Income derived from sources outside Malaysia may be subject to tax in the country from which it is derived. Tax on dividend income from foreign quoted equities is based on the tax regime of the respective countries that the Fund invests in. A reconciliation of income tax expense applicable to net income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	<b>01.09.2023</b> <b>to</b> <b>29.01.2024</b> <b>(Date of</b> <b>Maturity)</b> <b>RM</b>	<b>01.09.2022</b> <b>to</b> <b>31.08.2023</b> <b>RM</b>
Net income before taxation	<u>723,775</u>	<u>947,131</u>
Tax at Malaysian statutory rate of 24% (01.09.2022 to 31.08.2023: 24%)	173,706	227,311
Income not subject to tax	(654,899)	(1,662,867)
Loss not deductible for tax purposes	578,451	1,791,385
Expenses not deductible for tax purposes	<u>6,670</u>	<u>12,288</u>
Tax expense for the financial period/ year	<u>103,928</u>	<u>368,117</u>

### 7. FINANCIAL ASSETS AT FVTPL

	<b>29.01.2024</b> <b>(Date of</b> <b>Maturity)</b> <b>RM</b>	<b>31.08.2023</b> <b>RM</b>
Unquoted fixed income securities - foreign	<u>-</u>	<u>17,138,122</u>

Name of issuer	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>31.08.2023</b>				
<b>Unquoted fixed income securities - foreign</b>				
<b>Australia</b>				
Scentre Group Ltd. - 4.75%/ 24.06.2026	<u>300,000</u>	<u>1,331,940</u>	<u>1,247,891</u>	<u>3.78</u>

## MAYBANK ENHANCED CONSTANT INCOME FUND

### 7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>31.08.2023</b>				
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>France</b>				
Societe Generale SA. - 4.75%/ Perpetual	300,000	1,269,417	1,139,077	3.45
BNP Paribas SA. - 6.63%/ Perpetual	300,000	1,319,535	1,371,713	4.16
	<u>600,000</u>	<u>2,588,952</u>	<u>2,510,790</u>	<u>7.61</u>
<b>Germany</b>				
Commerzbank - 4.20%/ 18.09.2023	250,000	852,093	857,840	2.60
<b>Great Britain</b>				
Standard Chartered PLC - 7.78%/ 16.11.2024	300,000	1,419,990	1,421,356	4.31
<b>Hong Kong</b>				
Far East Horizon Ltd. - 2.63%/ 03.03.2024	200,000	873,094	863,474	2.62
<b>India</b>				
Shriram Transport Finance Company Ltd. - 4.40%/ 13.03.2024	500,000	2,155,697	2,272,302	6.89
<b>Mauritius Island</b>				
Greenko Solar (Mauritius) Ltd. - 5.55%/ 29.01.2025	250,000	1,024,910	1,118,173	3.39
Greenko Energy Holdings - 5.55%/ 06.04.2024	200,000	827,697	890,403	2.70
India Green Energy - 5.38%/ 29.04.2024	500,000	2,136,528	2,272,789	6.89
	<u>950,000</u>	<u>3,989,135</u>	<u>4,281,365</u>	<u>12.98</u>

## MAYBANK ENHANCED CONSTANT INCOME FUND

### 7. FINANCIAL ASSETS AT FVTPL (CONT'D)

Name of issuer	Quantity Units	Aggregate Cost RM	Market Value RM	Percentage of NAV %
<b>31.08.2023</b>				
<b>Unquoted fixed income securities - foreign (cont'd)</b>				
<b>Netherlands</b>				
Greenko Dutch BV. - 3.85%/ 29.03.2026	250,000	968,435	979,541	2.97
<b>Singapore</b>				
Indika Energy Capital - 5.85%/ 09.11.2024	300,000	1,264,374	1,352,921	4.10
<b>South Korea</b>				
- 4.35%/ Perpetual	300,000	1,290,057	1,350,642	4.08
<b>Total unquoted fixed income securities</b>	<b>3,950,000</b>	<b>16,733,767</b>	<b>17,138,122</b>	<b>51.94</b>
<b>Unrealised gain on unquoted fixed income securities*</b>			<b>404,355</b>	

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

### 8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	29.01.2024 (Date of Maturity) RM	31.08.2023 RM
Short-term placement with an original maturity of less than 3 months	-	12,389,032

## MAYBANK ENHANCED CONSTANT INCOME FUND

### 8. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS (CONT'D)

The weighted average effective profit rates ("WAEPR")/ weighted average effective interest rates ("WAEIR") of deposit and average maturity of deposits with licensed financial institutions as at the reporting date is as follows:

	29.01.2024 (Date of Maturity)		31.08.2023	
	WAEPR/ WAEIR % p.a.	Average Maturity Days	WAEPR/ WAEIR % p.a.	Average Maturity Days
Deposits with licensed financial institutions	-	-	4.90	19

### 9. DERIVATIVE ASSETS/ (LIABILITIES)

	Principal amount	Fair Value	
		Assets	Liabilities
<b>Foreign exchange related contracts</b>			
<b>31.08.2023</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Currency forwards - less than 1 year	3,187,515	-	(5,806)
	<b>USD</b>		
Currency forwards - less than 1 year	7,082,300	-	(521,481)
	<b>SGD</b>		
Currency forwards - less than 1 year	250,000	13,003	-
<b>Total derivatives assets &amp; liabilities</b>		<b>13,003</b>	<b>(527,287)</b>

As at 29 January 2024, there were Nil (31 August 2023: 6) forward exchange contracts outstanding.

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

### 10. AMOUNT DUE FROM BROKERS

Amount due to broker relates to the amount receivable to broker arising from the sale of investment. The settlement period for these receivable is within two (2) to three (3) working days from the deal date (01.09.2022 to 31.08.2023: two (2) to three (3) working days).

## MAYBANK ENHANCED CONSTANT 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:

	<b>29.01.2024</b> <b>(Date of</b> <b>Maturity)</b> <b>RM</b>	<b>31.08.2023</b> <b>RM</b>
RM	33,305,005	30,538
Singapore Dollar ("SGD")	-	12,508
United States Dollar ("USD")	-	1,565,305
	<u>33,305,005</u>	<u>1,608,351</u>

### 12. AMOUNT DUE TO MANAGER

	<b>29.01.2024</b> <b>(Date of</b> <b>Maturity)</b> <b>RM</b>	<b>31.08.2023</b> <b>RM</b>
Redemption of units	<u>33,256,085</u>	<u>-</u>

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

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

### 13. AMOUNT DUE TO TRUSTEE

The amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee's fee is 15 days (31.08.2023: 15 days).

### 14. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND

		<b>29.01.2024</b> <b>(Date of</b> <b>Maturity)</b> <b>RM</b>	<b>31.08.2023</b> <b>RM</b>
Unitholders' capital	14(a)	-	39,952,146
Accumulated realised loss	14(b)	-	(5,671,157)
Accumulated unrealised loss	14(c)	-	(1,286,738)
		<u>-</u>	<u>32,994,251</u>

**MAYBANK ENHANCED CONSTANT INCOME FUND**

**14. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND (CONT'D)**

**(a) Unitholders' capital**

	01.09.2023 to 29.01.2024 (Date of Maturity)		01.09.2022 to 31.08.2023	
	No. of units	RM	No. of units	RM
At the beginning of the financial period/ year	39,423,532	39,952,146	41,397,124	41,554,597
Cancellation of units	(39,423,532)	(33,614,098)	(1,973,592)	(1,602,451)
Transfer of accumulated losses to unitholders' contribution on maturity date	-	(6,338,048)	-	-
At the end of the financial period/ year	<u>-</u>	<u>-</u>	<u>39,423,532</u>	<u>39,952,146</u>

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

**(b) Accumulated realised loss**

	01.09.2023 to 29.01.2024 (Date of Maturity) RM	01.09.2022 to 31.08.2023 RM
At the beginning of the financial period/ year	(5,671,157)	(4,278,817)
Net realised gain/ (loss) for the financial period/ year	378,233	(1,392,340)
Transferred from accumulated unrealised loss upon maturity of the Fund	(1,045,124)	-
Transferred to unitholders' contribution upon maturity of the Fund	6,338,048	-
At the end of the financial period/ year	<u>-</u>	<u>(5,671,157)</u>

**(c) Accumulated unrealised loss**

	01.09.2023 to 29.01.2024 (Date of Maturity) RM	01.09.2022 to 31.08.2023 RM
At the beginning of the financial period/ year	(1,286,738)	(3,258,092)
Net unrealised gain for the financial period/ year	241,614	1,971,354
Transferred to accumulated realised loss upon maturity of the Fund	1,045,124	-
At the end of the financial period/ year	<u>-</u>	<u>(1,286,738)</u>

## MAYBANK ENHANCED CONSTANT INCOME FUND

### 15. TRANSACTIONS WITH FINANCIAL INSTITUTIONS/ BROKERS/ DEALERS

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

Brokers/ Dealers	01.09.2023 to 29.01.2024 (Date of Maturity)		01.09.2022 to 31.08.2023	
	Value of trades RM	Percentage of total trades %	Value of trades RM	Percentage of total trades %
Goldman Sachs International	5,059,101	21.64	9,403,271	7.03
Citibank Singapore	4,269,346	18.26	16,729,890	12.50
Kotak Mahinda (UK) Ltd.	2,304,165	9.86	-	-
Deutsche Bank Singapore	2,302,181	9.85	-	-
Morgan Stanley Asia Singapore Pte.	2,083,557	8.91	10,523,086	7.86
DBS Bank Ltd.	1,732,395	7.41	-	-
Wells Fargo Securities LLC, US	1,631,277	6.98	18,605,284	13.90
Toronto-Dominion Bank London	1,454,845	6.22	-	-
Guotai Junan International (SG) Pte. Ltd.	1,377,356	5.89	-	-
First Abu Dhabi Bank Singapore	1,165,081	4.98	-	-
HSBC Bank (Singapore) Limited	-	-	33,203,318	24.82
SMBC Nikko Securities America	-	-	11,477,848	8.58
Standard Chartered Bank Singapore	-	-	10,001,604	7.47
JP Morgan Chase Bank	-	-	9,206,418	6.88
Anz Singapore Limited	-	-	7,719,662	5.77
Bank Of America	-	-	6,938,628	5.19
<b>Total</b>	<b>23,379,304</b>	<b>100.00</b>	<b>133,809,009</b>	<b>100.00</b>

Details of transactions primarily deposits with licensed financial institutions are as follows:

Financial institutions	01.09.2023 to 29.01.2024 (Date of Maturity)		01.09.2022 to 31.08.2023	
	RM	%	RM	%
MBB*	211,603,989	70.06	222,985,002	99.71
CIMB Bank Berhad	50,857,717	16.84	-	-
CIMB Islamic Bank Berhad	22,553,003	7.47	-	-
Hong Leong Bank Islamic Berhad	9,800,000	3.24	-	-
Public Bank Islamic Berhad	7,237,375	2.39	-	-
Maybank Islamic Bhd ("MIB")**	-	-	650,000	0.29
<b>Total</b>	<b>302,052,084</b>	<b>100.00</b>	<b>223,635,002</b>	<b>100.00</b>

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

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



## MAYBANK ENHANCED CONSTANT INCOME FUND

### 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 are the significant related party transactions of the Fund during the financial period/ year:

(a) Significant related party transactions

	<b>01.09.2023</b>		<b>01.09.2022</b>
	<b>to</b>		<b>to</b>
	<b>29.01.2024</b>		<b>31.08.2023</b>
	<b>(Date of</b>		<b>to</b>
	<b>Maturity)</b>		<b>RM</b>
	<b>RM</b>		<b>RM</b>
Profit/ Interest income from deposits placed with:			
- MBB	27,557		25,700
- MIB	-		52
	<u>27,557</u>		<u>25,752</u>

(b) Significant related party balances

	<b>29.01.2024</b>		<b>31.08.2023</b>
	<b>(Date of</b>		<b>RM</b>
	<b>Maturity)</b>		<b>RM</b>
	<b>RM</b>		<b>RM</b>
Deposit with a licensed financial institution:			
- MBB	-		265,328
	<u>-</u>		<u>265,328</u>
Profit/ Interest receivable			
- MBB	-		43
	<u>-</u>		<u>43</u>

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

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

### 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 Trustee's fee and other administrative expenses. For the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity), the TER of the Fund stood at 0.09% (01.09.2022 to 31.08.2023: 0.15%).

## MAYBANK ENHANCED CONSTANT INCOME FUND

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

The PTR of the Fund is the ratio of average acquisitions and disposals/ redemptions of the Fund for the financial period/ year ended to the daily average NAV of the Fund. For the financial period from 1 September 2023 to 29 January 2024 (Date of Maturity), the PTR of the Fund stood at 0.52 times (01.09.2022 to 31.08.2023: 3.14 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 is responsible for the performance of the Fund by investing a minimum of 80% of the Fund's NAV in RM-denominated fixed income securities and/ or foreign currency fixed income securities. The remaining balance of the Fund's NAV will be invested in liquid assets.

The internal reporting of the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

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

### 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 material accounting policy information in Note 2.3 to Note 2.14 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

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

29.01.2024 (Date of Maturity)	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Financial assets</b>				
Cash at bank	-	33,305,005	-	33,305,005
<b>Financial liabilities</b>				
Amount due to Manager	-	-	33,256,085	33,256,085
Amount due to Trustee	-	-	793	793
Other payables and accruals	-	-	33,055	33,055
<b>Total financial liabilities</b>	-	-	33,289,933	33,289,933

## MAYBANK ENHANCED CONSTANT INCOME FUND

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

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

31.08.2023	Financial assets and liabilities at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Financial assets</b>				
Financial assets at FVTPL	17,138,122	-	-	17,138,122
Deposits with licensed financial institutions	-	12,389,032	-	12,389,032
Profit/ Interest receivables	-	326,972	-	326,972
Derivative assets	13,003	-	-	13,003
Amount due from brokers	-	2,079,031	-	2,079,031
Cash at bank	-	1,608,351	-	1,608,351
<b>Total financial assets</b>	<b>17,151,125</b>	<b>16,403,386</b>	<b>-</b>	<b>33,554,511</b>
<b>Liabilities</b>				
Derivative liabilities	527,287	-	-	527,287
Amount due to Trustee	-	-	843	843
Other payables and accruals	-	-	18,281	18,281
<b>Total financial liabilities</b>	<b>527,287</b>	<b>-</b>	<b>19,124</b>	<b>546,411</b>

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

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

##### Unquoted fixed income securities

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

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

##### Derivative assets and liabilities

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

## MAYBANK ENHANCED CONSTANT INCOME FUND

### 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 RM	Level 2 RM	Level 3 RM
<b>31.08.2023</b>			
<b>Financial assets</b>			
Financial assets at FVTPL	-	17,138,122	-
Derivative assets	-	13,003	-
	<u>-</u>	<u>17,151,125</u>	<u>-</u>
<b>Financial liabilities</b>			
Derivative liabilities	-	527,287	-
	<u>-</u>	<u>527,287</u>	<u>-</u>

#### (d) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

Other than its financial assets at FVTPL and derivative assets and liability, the Fund's financial instruments were not carried at fair value but their carrying amounts were reasonable approximations of fair value due to their short-term maturity.

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

### 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 Deeds, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and CMSA.

## MAYBANK ENHANCED CONSTANT INCOME FUND

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

#### (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 profit/ interest rates, foreign exchange rates and equity prices. The Fund is exposed to foreign currency risk arising from the Fund's investments in unquoted fixed income securities denominated in foreign currencies, and other financial assets and liabilities denominated in foreign currencies. The Fund is also exposed to profit/ interest rate risk arising from its financial assets at FVTPL and deposits placed with licensed financial institutions. The Fund is not exposed to equity price risk as it does not hold any equity investments as at the reporting date.

#### (i) Foreign exchange risk

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

The table below analyses the net position of the Fund's financial assets and financial liabilities (excluding derivative assets and derivative liability) which are exposed to foreign exchange risks as at 31 August 2023. As the Fund's functional currency is RM, the financial assets and financial liabilities (excluding derivative assets and derivative liabilities) denominated in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liability of the Fund that may affect the value of the NAV attributable to unitholders.

<b>31.08.2023</b>	<b>SGD RM</b>	<b>USD RM</b>	<b>Total RM</b>
<b>Assets</b>			
Financial assets at FVTPL	857,840	16,280,282	17,138,122
Cash at bank	12,508	1,565,305	1,577,813
<b>Total assets</b>	<b>870,348</b>	<b>17,845,587</b>	<b>18,715,935</b>
<b>Net on-balance sheet open position</b>	<b>870,348</b>	<b>17,845,587</b>	<b>18,715,935</b>
<b>Forward exchange contracts - principal amount (Note 9) *</b>	<b>250,000</b>	<b>7,082,300</b>	<b>7,332,300</b>

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

## MAYBANK ENHANCED CONSTANT INCOME FUND

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

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

##### (i) Foreign exchange risk (cont'd)

The table below summarises the sensitivity of the Fund's net on-balance sheet open position (excluding derivative assets and derivative liabilities) to movements in exchange rates. The analysis is based on the assumptions that the exchange rates will increase or decrease by 5% with all other variables held constant.

Currencies	Changes in exchange rate %	Effects on NAV Increase/ (Decrease) RM
<b>31.08.2023</b>		
SGD	+5	43,517
	-5	(43,517)
USD	+5	892,279
	-5	(892,279)

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

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

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

	Changes in interest rates %	Effects on NAV Increase/ (Decrease) RM
<b>31.08.2023</b>		
Financial assets at FVTPL	+1	(26,016)
	-1	26,559

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

The Fund's deposits with licensed financial institutions carries fixed rate and is short-term in nature, and therefore is not affected by movements in market profit/ interest rate.

## MAYBANK ENHANCED CONSTANT INCOME FUND

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

#### (c) Credit risk

Credit risk is the risk that the issuer/ counterparty to a financial instrument will default on its contractual obligation resulting in a financial loss to the Fund. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/ counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of 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 other counterparties (e.g. brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

#### (i) Credit risk exposure

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

#### (ii) Credit risk concentration

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

Financial assets	01.09.2023 to 29.01.2024 (Date of Maturity)		01.09.2022 to 31.08.2023	
	RM	As a percentage of NAV %	RM	As a percentage of NAV %
AAA	33,305,005	-	14,009,162	42.46
A+	-	-	3,969,971	12.03
BBB+	-	-	1,276,705	3.87
BBB	-	-	1,411,645	4.28
BBB-	-	-	875,510	2.65
BB+	-	-	4,386,519	13.29
BB	-	-	928,658	2.81
BB-	-	-	4,604,307	13.95
	<u>33,305,005</u>	<u>-</u>	<u>31,462,477</u>	<u>95.34</u>

## MAYBANK ENHANCED CONSTANT INCOME FUND

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

#### (d) Liquidity risk

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

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

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

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

The following table summarises the maturity profile of the Fund's financial liabilities to provide a complete view of the Fund's contractual commitments and liquidity. The Fund's financial liabilities have been included in the "less than 1 month" category and the impact of discounting is insignificant.

	<b>Less than 1 month RM</b>	<b>More than 1 month RM</b>	<b>Total RM</b>
<b>29.01.2024 (Date of Maturity)</b>			
Amount due to Manager	33,256,085	-	33,256,085
Amount due to Trustee	793	-	793
Other payables and accruals	33,055	-	33,055
	<u>33,289,933</u>	<u>-</u>	<u>33,289,933</u>
<b>31.08.2023</b>			
<b>Financial liabilities</b>			
Derivative liabilities	454,302	72,985	527,287
Amount due to Trustee	843	-	843
Other payables and accruals	18,281	-	18,281
	<u>473,426</u>	<u>72,985</u>	<u>546,411</u>

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 is required to settle its financial obligation.

Financial liabilities exclude tax-related matters such as provision for tax.



## **MAYBANK ENHANCED CONSTANT INCOME FUND**

### **22. CAPITAL MANAGEMENT**

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

The Fund's objectives for managing capital are:

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

As the Fund was matured on 29 January 2024, the Fund is no longer required to raised new capital.