

Maybank Asset Management Sdn Bhd  
199701006283  
Level 12 Tower C  
Dataran Maybank  
No.1 Jalan Maarof  
59000 Kuala Lumpur, Malaysia  
Telephone +603 2297 7888  
Facsimile +603 2715 0071  
[www.maybank-am.com.my](http://www.maybank-am.com.my)

# **MAMG CHINA EVOLUTION EQUITY FUND**

**Quarterly report**

**For the financial period from 1 January 2024 to 30 September 2024**

## **CORPORATE INFORMATION**

### **MANAGER**

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

Level 12 Tower C

Dataran Maybank

No.1 Jalan Maarof

59000 Kuala Lumpur, Malaysia

Telephone +603 2297 7888

Facsimile +603 2715 0071

[www.maybank-am.com.my](http://www.maybank-am.com.my)

### **TRUSTEE**

TMF Trustees Malaysia Berhad (200301008392) (610812-W)

10th Floor, Menara Hap Seng

No. 1 & 3, Jalan P. Ramlee

50250 Kuala Lumpur

Telephone +603 2382 4288

Facsimile +603 2026 1451

## **MAMG CHINA EVOLUTION EQUITY FUND**

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## MAMG CHINA EVOLUTION EQUITY FUND

### Manager's report

For the financial period from 1 January 2024 to 30 September 2024

#### A. Fund's Information

**1. Name of the Fund**

MAMG China Evolution Equity Fund (the "Fund")

**2. Type of fund**

Growth

**3. Category of the Fund**

Wholesale Feeder Fund

**4. Duration of Fund**

The Fund is an open-ended fund.

**5. Fund launch date**

Share Class	Currency	Date of Launch	Commencement Date
MYR	Malaysian Ringgit (MYR)	3 January 2022	24 January 2022
MYR (Hedged)	Malaysian Ringgit (MYR)	3 January 2022	24 January 2022
USD	United States Dollar (USD)	3 January 2022	24 January 2022
EUR (Hedged)	Euro (EUR)	3 January 2022	24 January 2022
AUD (Hedged)	Australian Dollar (AUD)	3 January 2022	24 January 2022

**6. Fund's investment objective**

The Fund aims to maximise investment returns by investing in the T. Rowe Price Funds SICAV – China Evolution Equity Fund ("Target Fund").

**7. Fund distribution policy**

Distribution, if any, shall be incidental and at the discretion of the Manager. Distribution, will be made from realised income and/ or realised gains of the Fund.

**8. Fund's performance benchmark**

MSCI China All Shares Index.

Note: The benchmark is the benchmark of the Target Fund to allow for a similar comparison with the performance of the Target Fund. However, the risk profile of the Fund is different from the risk profile of the performance benchmark.

## MAMG CHINA EVOLUTION EQUITY FUND

### Manager's report

For the financial period from 1 January 2024 to 30 September 2024 (cont'd)

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

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

The Fund seeks to achieve its investment objective by investing a minimum of 90% of its NAV into Class S of the Target Fund.

The Target Fund is a sub-fund of T. Rowe Price Funds SICAV, established and domiciled in Luxembourg and was launched on 10 August 2020.

The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure to manage the currency risk.

Although the Fund is passively managed, the Manager will ensure proper and efficient management of the Fund so that the Fund is able to meet redemption requests by Unit Holders.

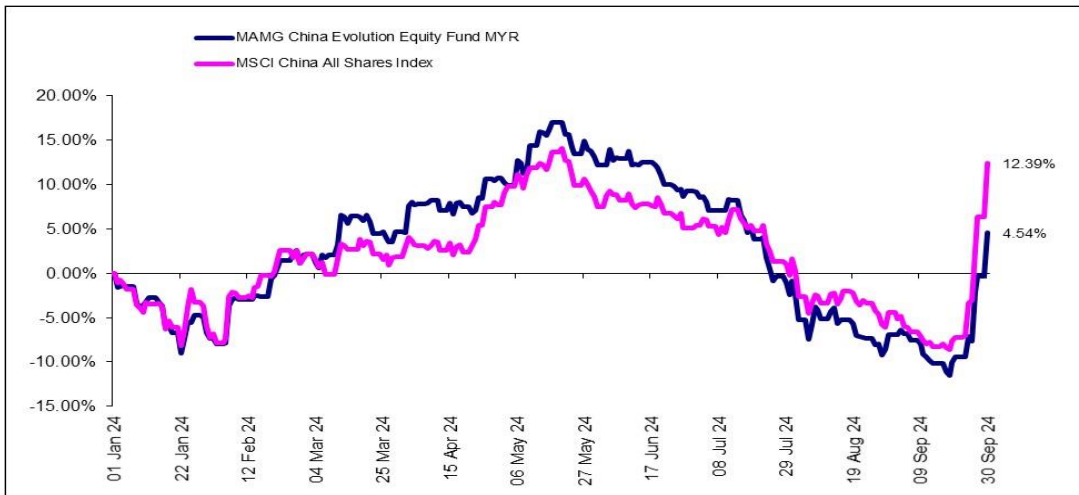
#### B. Performance Review

Performance of MAMG China Evolution Equity Fund - MYR Class for the financial period from 1 January 2024 to 30 September 2024 are as follows:

##### MYR Class

Period	The Fund %	Benchmark %
1 January 2024 to 30 September 2024	4.54	12.39

Performance of the MYR Class for the financial period up to 30 September 2024:



Source: Lipper as at 30 September 2024

## MAMG CHINA EVOLUTION EQUITY FUND

### Manager's report

For the financial period from 1 January 2024 to 30 September 2024 (cont'd)

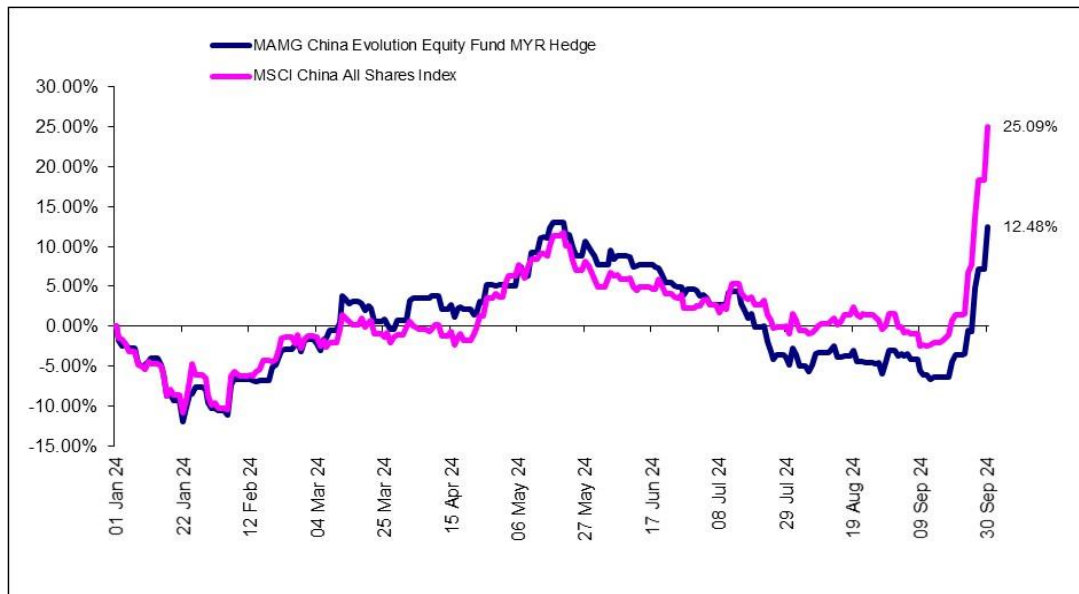
#### B. Performance Review (cont'd)

Performance of MAMG China Equity Fund - MYR (Hedged) Class for the financial period from 1 January 2024 to 30 September 2024 are as follows:

##### MYR Hedged Class

Period	The Fund %	Benchmark %
1 January 2024 to 30 September 2024	12.48	25.09

Performance of the MYR (Hedged) Class for the financial period up to 30 September 2024:



Source: Lipper as at 30 September 2024

## MAMG CHINA EVOLUTION EQUITY FUND

### Manager's report

For the financial period from 1 January 2024 to 30 September 2024 (cont'd)

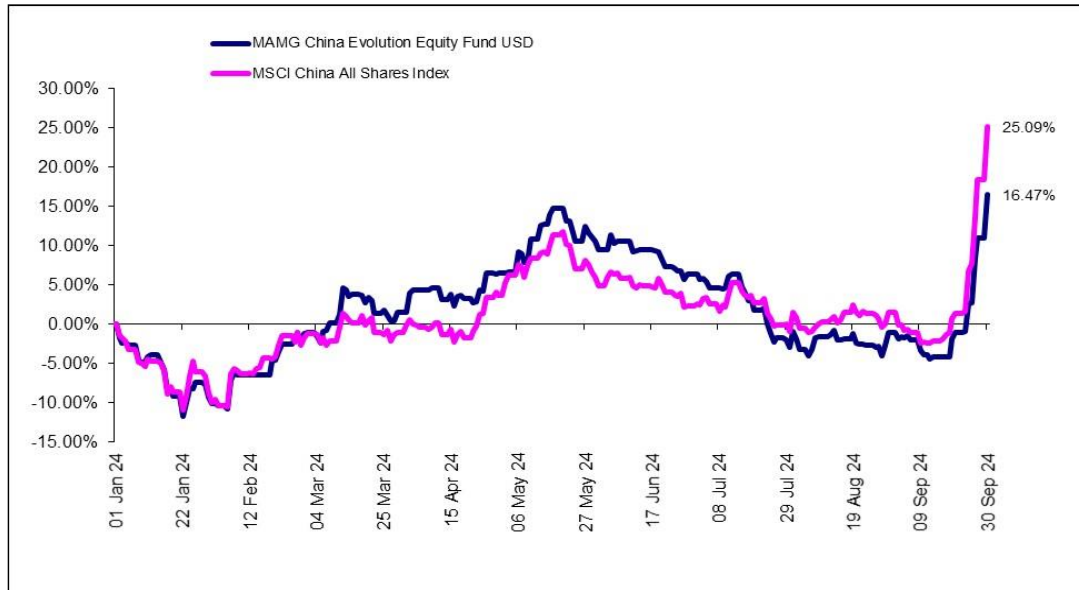
#### B. Performance Review (cont'd)

Performance of MAMG China Evolution Equity Fund - USD Class for the financial period from 1 January 2024 to 30 September 2024 are as follows:

##### USD Class

Period	The Fund %	Benchmark %
1 January 2024 to 30 September 2024	16.47	25.09

Performance of the USD Class for the financial period up to 30 September 2024:



Source: Lipper as at 30 September 2024

## MAMG CHINA EVOLUTION EQUITY FUND

### Manager's report

For the financial period from 1 January 2024 to 30 September 2024 (cont'd)

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

Performance of MAMG China Evolution Equity Fund - SGD (Hedged) Class for the financial period from 1 January 2024 to 30 September 2024 are as follows:

##### SGD Hedged Class

Period	The Fund %	Benchmark %
1 January 2024 to 30 September 2024	14.32	25.09

Performance of the SGD (Hedged) Class for the financial period up to 30 September 2024:



Source: Lipper as at 30 September 2024



## MAMG CHINA EVOLUTION EQUITY FUND

### Manager's report

For the financial period from 1 January 2024 to 30 September 2024 (cont'd)

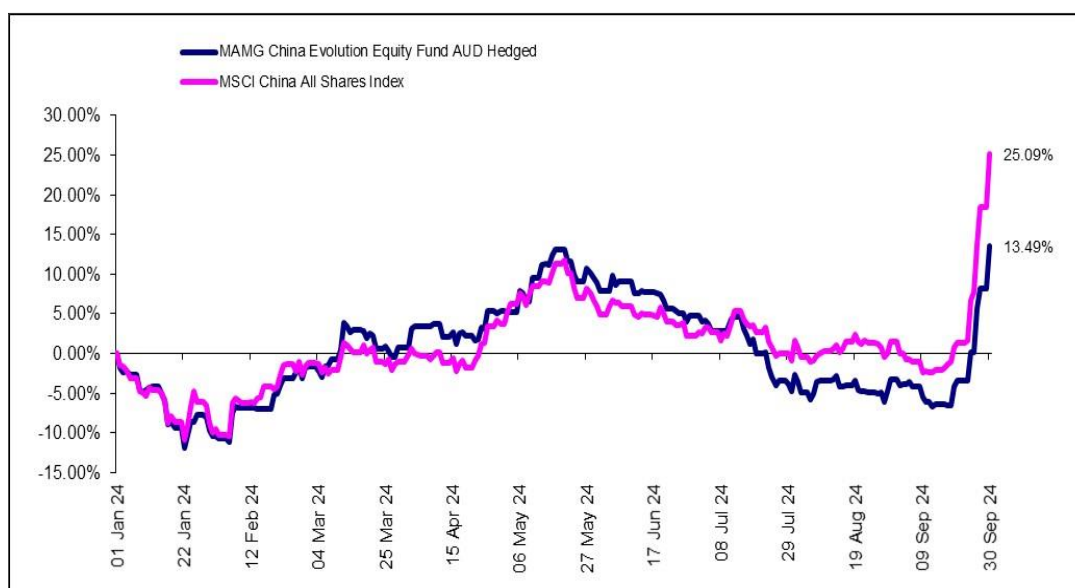
#### B. Performance Review (cont'd)

Performance of MAMG China Evolution Equity Fund - AUD (Hedged) Class for the financial period from 1 January 2024 to 30 September 2024 are as follows:

##### AUD Hedged Class

Period	The Fund %	Benchmark %
1 January 2024 to 30 September 2024	13.49	25.09

Performance of the AUD (Hedged) Class for the financial period up to 30 September 2024:



Source: Lipper as at 30 September 2024

*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.*

During the period under review, all five classes underperformed the benchmark index. The total return of Fund for MYR Class was 4.54%, underperforming the benchmark of 12.39%. MYR Hedged Class, USD Class, SGD Hedged Class and AUD Hedged Class were 12.48%, 16.47%, 14.32% and 13.49% respectively, underperforming the benchmark of 25.09%.

The Fund's consumer discretionary stock choice was the main cause of underperformance generally. Relative returns suffered by not owning mega-cap stocks seen to be China's recovery's benefactors.

## MAMG CHINA EVOLUTION EQUITY FUND

### Manager's report

For the financial period from 1 January 2024 to 30 September 2024 (cont'd)

#### C. Market Review

China had a volatile start to the year when stocks retreated in January 2024 as optimism over fresh support measures subsided amid festering concerns about the property sector and the economy's sluggish momentum. However, Chinese equities rallied in February 2024 as a slew of policy support and encouraging economic data brought some relief. Consumer spending patterns during the Lunar New Year break were a bright spot in an economy struggling with deflationary pressures and a property market slump. Chinese equities continued its advance in March 2024 as positive indicators suggested the world's second-largest economy may be stabilizing and showing signs of nascent recovery.

The real estate sector remained under pressure in the first three months of 2024, which saw China increasing stimulus measures, with major banks cutting the five-year loan prime rate, a benchmark for home loans, to 3.95%, a new low from 4.20%. The central bank kept its one-year Loan Prime Rate ("LPR") unchanged. Premier Li Qiang also announced an economic growth target of 5% for 2024. Short of a major stimulus, other measures include a 50 basis points ("bps") cut in banks' reserve requirement ratio in February 2024, loosening home purchase restrictions and approving loans for housing projects that local governments recommended for financial support under a whitelist scheme.

In the end Chinese equities fell in the first quarter 2024 but closed off their lows as positive indicators suggested that the world's second-largest economy may be stabilizing and showing signs of nascent recovery.

Chinese equities gained in April 2024, buoyed by faster-than-expected Gross Domestic Product ("GDP") growth in the first quarter 2024, positive corporate earnings and announcements of higher dividends and share buybacks. The momentum continued in May 2024, boosted by Beijing's policy shift in tackling the protracted downturn in the property market by focusing on reducing existing inventory.

The People's Bank of China announced a nationwide relending program in May 2024 to provide USD41b in loans to fund state purchases of unsold homes. The central bank also removed a floor on mortgage interest rates and lowered the minimum down payment ratio for first and second time home buyers. However, the euphoria over the broad policy package was short-lived as there were some concerns on its effect on construction activities as the focus has turned to destocking and utilizing the existing inventory.

The market retreated in June 2024 amid mixed economic data and a resurgence of trade tensions with the West. Low expectations of more aggressive policy measures to steady the slowing economy at July 2024 Third Plenum, a conclave of China's top leaders, weighed on sentiment. The prolonged slowdown of China's property sector has also weighed on some consumer discretionary names. The Electric Vehicle ("EV") sector experienced weakness amid the price war in China. In June 2024, the European Union ("EU") announced that it will raise tariffs of up to 38.00% on Chinese EVs, which further weakened the sentiment although the EU later agreed to hold talks with China over the proposed tariffs. Overall, Chinese equities had a strong second quarter, which contributed to positive returns in the first half 2024.

## **MAMG CHINA EVOLUTION EQUITY FUND**

### **Manager's report**

**For the financial period from 1 January 2024 to 30 September 2024 (cont'd)**

#### **D. Market Outlook and Strategies**

As for the outlook, we are of the view that China's economic transformation story remains intact following the barrage of macro stimulus measures. Rather than aggressively reflating the economy to target higher GDP growth, we believe Beijing's intent is to mitigate any cyclical disruptions as the economy transitions towards the longer-term goal of high-quality, sustainable growth. The long-term objective of transitioning from fixed asset investment driven growth to a technology or manufacturing-driven economy is unlikely to change. In our view, Beijing remains resolute in its desire to achieve a healthier, more stable medium-term growth path.

In terms of strategy, our differentiated investment approach, along with our proprietary company research, should allow us to uncover opportunities beyond index-heavy weighted stocks and well-discovered growth stocks. Should China's economy improve following the recent suite of policy measures, bottom-up investment opportunities will most likely present themselves among growth assets. We think that companies in sectors or industries that were the focus in the last round of deleveraging such as railways and power grids are currently poised to enjoy years of upcycle.

#### **E. Soft Commissions and Rebates**

The Manager and its delegates will not retain any form of rebate or soft commission from or otherwise share in any commission with any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is 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 under review, the Manager and its delegates did not receive any rebates from the brokers or dealers but have retained soft commissions in the form of goods and services such as research materials and advisory services that assist in decision making process relating to the investment of the Fund (i.e. research materials data and quotation services, computer hardware and software incidental to the investment management of the Fund and investment advisory services) which were of demonstrable benefits to the unitholders.

## MAMG CHINA EVOLUTION EQUITY FUND

### UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 SEPTEMBER 2024

	01.01.2024 to 30.09.2024 USD	01.01.2023 to 30.09.2023 USD
<b>INVESTMENT INCOME/ (LOSS)</b>		
Profit/ Interest income	10,029	18,157
Net gain/ (loss) from financial assets at fair value through profit or loss ("FVTPL"):		
- Realised loss	(1,600,477)	(384,763)
- Unrealised income/ (loss)	4,647,908	(2,042,006)
Net income/ (loss) on foreign exchange and derivatives	524,140	(865,395)
	<u>3,581,600</u>	<u>(3,274,007)</u>
<b>EXPENSES</b>		
Manager's fee	207,579	268,098
Trustee's fee	4,152	5,362
Auditors' remuneration	1,503	1,658
Tax agent's fee	568	580
Administrative expenses	2,641	1,739
	<u>216,443</u>	<u>277,436</u>
<b>Net results before taxation</b>	3,365,157	(3,551,443)
Taxation	-	-
<b>Net results after taxation, and total comprehensive results for the financial period</b>	<u>3,365,157</u>	<u>(3,551,443)</u>
<b>Net results after taxation is made up of the following:</b>		
Net realised loss	(1,508,249)	(1,311,129)
Net unrealised income/ (loss)	4,873,406	(2,240,314)
	<u>3,365,157</u>	<u>(3,551,443)</u>

**MAMG CHINA EVOLUTION EQUITY FUND****UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2024**

	<b>30.09.2024</b>	<b>31.12.2023</b>
	<b>USD</b>	<b>USD</b>
<b>ASSETS</b>		
Financial assets at FVTPL	17,062,026	14,614,595
Derivative assets	384,980	153,116
Deposit with a licensed financial institution	759,160	367,052
Amount due from Manager	2,359	-
Amount due from financial institution	28,588	-
Profit/ Interest income receivables	62	89
Cash at bank	676,808	232,092
<b>TOTAL ASSETS</b>	<b>18,913,983</b>	<b>15,366,944</b>
<b>LIABILITIES</b>		
Derivative liabilities	6,366	-
Amount due to Manager	24,263	42,652
Amount due to Trustee	485	509
Amount due to financial institution	760	-
Other payables and accruals	4,597	4,009
<b>TOTAL LIABILITIES</b>	<b>36,471</b>	<b>47,170</b>
<b>NET ASSET VALUE ("NAV") OF THE FUND ATTRIBUTABLE TO UNITHOLDERS</b>	<b>18,877,512</b>	<b>15,319,774</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF THE FUND COMPRISE:</b>		
Unitholders' contribution	21,658,774	21,466,193
Accumulated losses	(2,781,262)	(6,146,419)
	<b>18,877,512</b>	<b>15,319,774</b>

**MAMG CHINA EVOLUTION EQUITY FUND**

**UNAUDITED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2024 (CONT'D)**

	<b>30.09.2024</b>	<b>31.12.2023</b>
	<b>USD</b>	<b>USD</b>
<b>NET ASSET VALUE</b>		
- MYR Class	5,694,320	5,661,826
- MYR (Hedged) Class	10,806,050	7,410,482
- USD Class	614,290	732,754
- SGD (Hedged) Class	1,346,359	1,054,889
- AUD (Hedged) Class	416,493	459,823
	<u>18,877,512</u>	<u>15,319,774</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNIT)</b>		
- MYR Class	62,154,184	72,004,583
- MYR (Hedged) Class	123,112,955	105,928,443
- USD Class	1,614,575	2,243,101
- SGD (Hedged) Class	4,719,962	4,353,604
- AUD (Hedged) Class	1,736,243	2,213,360
	<u>193,337,919</u>	<u>186,743,091</u>
<b>NAV PER UNIT</b>		
- MYR Class	<u>MYR 0.3779</u>	<u>MYR 0.3615</u>
- MYR (Hedged) Class	<u>MYR 0.3622</u>	<u>MYR 0.3220</u>
- USD Class	<u>USD 0.3805</u>	<u>USD 0.3267</u>
- SGD (Hedged) Class	<u>SGD 0.3656</u>	<u>SGD 0.3197</u>
- AUD (Hedged) Class	<u>AUD 0.3458</u>	<u>AUD 0.3045</u>

**MAMG CHINA EVOLUTION EQUITY FUND****UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 SEPTEMBER 2024**

	<b>Unitholders' contribution USD</b>	<b>Accumulated losses USD</b>	<b>Net assets attributable to unitholders USD</b>
At 1 January 2024	21,466,193	(6,146,419)	15,319,774
Total comprehensive income for the financial period	-	3,365,157	3,365,157
Creation of units	15,335,857	-	15,335,857
Cancellation of units	(15,143,276)	-	(15,143,276)
At 30 September 2024	<u>21,658,774</u>	<u>(2,781,262)</u>	<u>18,877,512</u>
At 3 January 2023	15,774,281	(2,192,963)	13,581,318
Total comprehensive loss for the financial period	-	(3,551,443)	(3,551,443)
Creation of units	16,889,316	-	16,889,316
Cancellation of units	(10,375,971)	-	(10,375,971)
At 30 September 2023	<u>22,287,626</u>	<u>(5,744,406)</u>	<u>16,543,220</u>

**MAMG CHINA EVOLUTION EQUITY FUND**

**UNAUDITED STATEMENT OF CASH FLOWS**

**FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 SEPTEMBER 2024**

	<b>01.01.2024</b>	<b>03.01.2023</b>
	<b>(date of launch)</b>	
	<b>to</b>	<b>to</b>
	<b>30.09.2024</b>	<b>30.09.2023</b>
	<b>USD</b>	<b>USD</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Net payment for purchase of financial assets at FVTPL	(6,900,000)	(8,300,000)
Net proceeds from sale of financial assets at FVTPL	7,500,000	3,140,000
Profit/ Interest received	10,055	18,173
Net realised gain/ (loss) on forward foreign exchange	192,389	(588,789)
Net receipt/ (settlement) for realised foreign exchange gain/ (loss)	348,800	(513,097)
Manager's fee paid	(225,968)	(261,412)
Trustee's fee paid	(4,176)	(5,228)
Payment of other fees and expenses	(4,548)	(1,637)
Net cash used in operating and investing activities	<u>916,553</u>	<u>(6,511,990)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	15,338,216	16,901,015
Payment for redemption of units	<u>(15,160,457)</u>	<u>(10,327,062)</u>
Net cash generated from financing activities	<u>177,759</u>	<u>6,573,953</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		
<b>FOR THE FINANCIAL PERIOD</b>	1,094,312	61,963
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>		
<b>OF THE FINANCIAL PERIOD</b>	599,144	813,185
Effect on foreign exchange	<u>(257,488)</u>	<u>402,982</u>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>		
<b>OF THE FINANCIAL PERIOD</b>	<u>1,435,968</u>	<u>1,278,130</u>
Cash and cash equivalents comprise:		
Cash at bank	676,808	718,913
Deposit with a licensed financial institution with maturity of less than 3 months	<u>759,160</u>	<u>559,217</u>
	<u>1,435,968</u>	<u>1,278,130</u>