



Investment Objective

To achieve capital preservation over the medium term while providing a stable long term and secured income return by investing primarily in a portfolio of investment grade fixed income securities.

Investor Profile

The fund is suitable for investors who seek a stable income stream and have a medium to long term investment horizon.

Investment Strategy & Approach

The Managers employ a rigorous and structured investment approach in evaluating the various bond investments and their credit risks. The fund will be invested in the Malaysian government securities, money market instruments and private debt securities with a minimum rating of A3 by RAM or its equivalent.

Fund Details

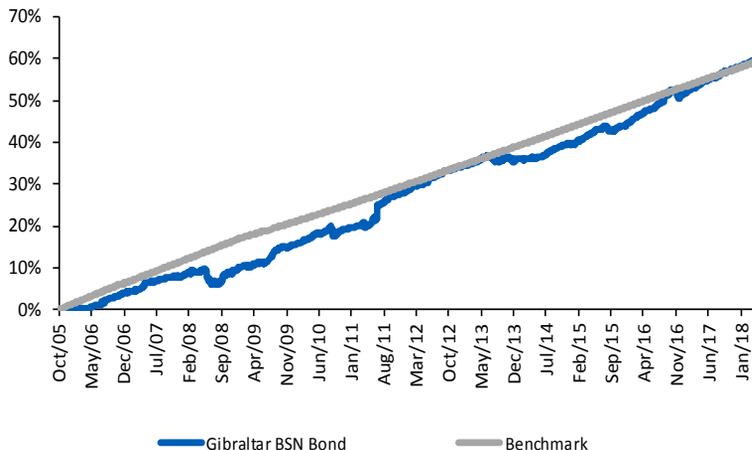
Unit NAV	RM0.7578
Fund Size	RM12.6 million
Inception Date	29 September 2005
Management Fee	1.00% per annum

Top 5 Holdings

Tanjung Bin Energy Issuer Bhd	9.3%
TF Varlik Kiralama	8.5%
Lebuhraya DUKE Fasa 3	7.1%
Sarawak Hidro	6.3%
KT Kira Sertifikalan Varlik	6.0%

Data as at 30 April 2018

Cumulative Performance Since Inception

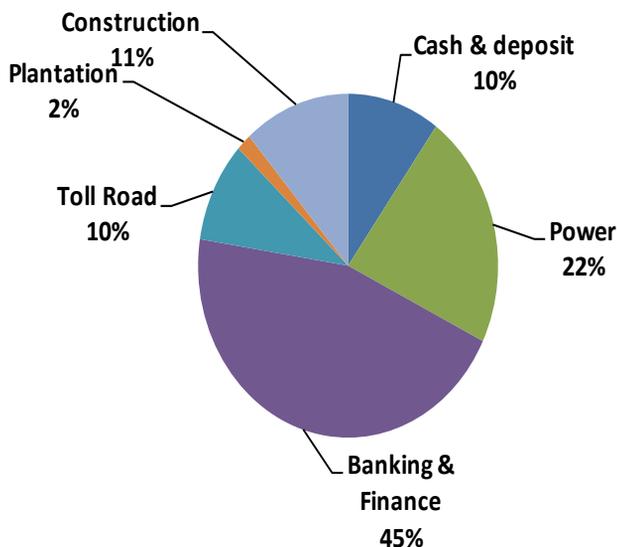


Performance Table

	1 month	3 months	6 months	YTD	1 year	3 years	5 years	Since inception
Fund	0.0%	0.6%	1.4%	0.9%	3.4%	12.2%	17.5%	59.5%
Benchmark	0.4%	1.2%	2.3%	1.6%	4.7%	14.1%	23.5%	59.5%

*Benchmark: 1-year Maybank FD rates + 150 bps

Portfolio Composition





Manager's Comment

The Fund has appreciated by 59.5% since inception on 29th Sept 2005 or by 3.8% compounded annual return.

Market Review

As UST yields broke 3.00 for the 10 years, MGS market suffered significantly as local traders/investors trimmed their positions. Some of them were forced to sell when the prices triggered their cut-loss level. The short tenors (3 years and below) suffered the most while ultra-long tenors 20 years and 30 years were holding up. On the other hand, foreigners were seen selling the short tenors and buying the long tenors to extend duration. In March, foreigners net bought RM2.9b of domestic bonds, recouping most of the RM3.9b outflows in February.

Market Outlook

March FOMC minutes show that the members are wary of the strengthening economic growth and labour market, and believe that inflation will rise in the coming months. On the other hand, other major central banks such as the ECB and Bank of Japan reiterated its accommodative stances in terms of its monetary policies. This caused USD to strengthen against other major currencies. Meanwhile, the easing of US-China trade tensions as well geopolitical tensions in the Korean Peninsula has caused the bear steepening of UST curve. The 2 Korean leaders agreed to finally end a seven decade war this year and pursue the "complete denuclearization" of the Korean Peninsula. 10y UST yields soared above 3.00% and the dollar advanced, sapping demand for riskier assets.

The lower than expected economic numbers and dovish ECB will provide a boost to the Treasury and EM bond market, while the continuous hawkish stance by the Fed will cause the treasury market to sell off again. The recent USD strength may have some bearing on the local govies prices. On balance, in this volatile market, the recent price correction provides a good opportunity to buy on dips.

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