



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 Manager

Affin Hwang Asset Management Bhd

Fund Details

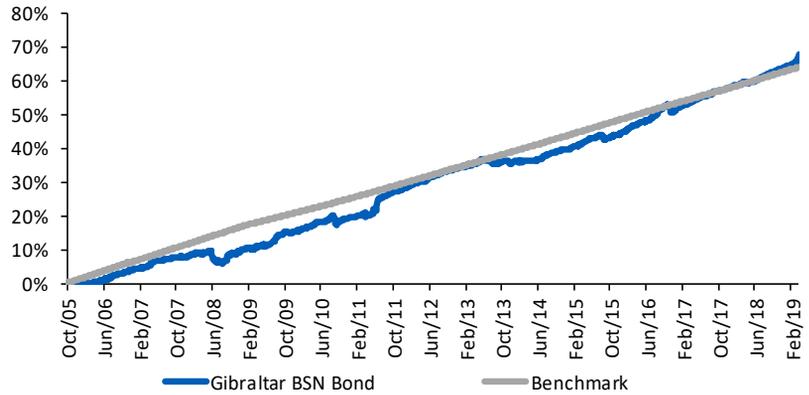
Unit NAV RM0.7961
 Fund Size RM27.3 million
 Inception Date 29 September 2005
 Management Fee 1.00% per annum

Top 5 Holdings

GII 4.245% 7.5%
 YTL Power International 7.5%
 MGS 3.955% 7.4%
 IJM Land 7.4%
 MGS 3.733% 7.3%

Data as at 31 March 2019

Cumulative Performance Since Inception



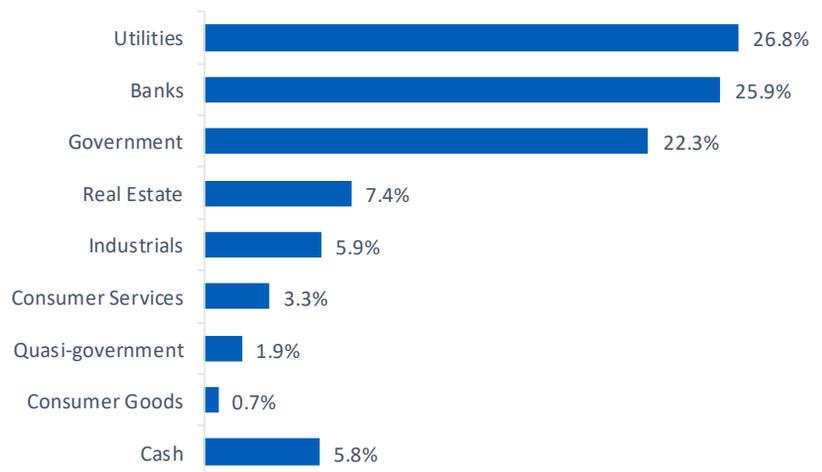
Performance Table

	1 month	3 months	6 months	YTD	1 year	3 years	5 years	Since inception
Fund	1.5%	2.2%	3.3%	2.2%	5.1%	14.2%	23.0%	67.6%
Benchmark	0.4%	1.2%	2.4%	1.2%	4.8%	14.1%	23.7%	63.9%

- Benchmark: 1-year Maybank FD rates + 150 bps
- Source: Bloomberg & Gibraltar BSN Life Bhd

Past performance is not indicative of future performance and the performance of the fund is not guaranteed.

Portfolio Composition





Manager's Comment

The Fund has appreciated by 67.6% since inception on 29th Sept 2005 or by 3.9% compounded annual return.

Market Review

Together with the global bond market, MGS also saw a decent rally in March. The MGS curve has shifted lower ~18 bps along the 3y7y, 14bps at the 10y, 19 – 23 bps along the 15y20y and ~15bps for the 30y in March. The latest BNM annual report published 27 March was interpreted by the market as being dovish. The official real GDP growth forecast has been reduced to 4.3% - 4.8% from 4.9% previously (2018: 4.7%) and inflation lowered to 0.7% - 1.7% from 2.5% - 3.5% previously.

Meanwhile, Inflation rate fell for the 2nd month in February by -0.4% year-on-year (January: -0.7%) mainly on transport cost decline. This has led to market participants expecting a 25 bps OPR cut in BNM's next meeting as early as May 2019. More than half of the foreign holdings is owned by long term investors which comprise foreign central banks/sovereign wealth funds (32.4%), pension funds (17.8%) and insurance companies (1.4%); collectively account for 52% with the remaining held by foreign asset management companies.

Market Outlook

All eyes will be on global central banks and macroeconomic data to justify any further rally in bond yields. On the local front, while domestic demand remains strong, it is unlikely to push yields much lower. At point of writing, MGS/GII yields have given back some gains. Further decline in yield curve would require strong foreign inflows. Upcoming BNM MPC meeting in May will be monitored closely by market participants as market seems to be pricing in a potential 25 bps rate cut as recent inflation and growth data appear to be weak. Corporate bond valuations are still expensive especially for long dated AA bonds due to the lack of supply. At this juncture, we prefer a trading stance for government bonds as valuations start to look expensive. We will look to selectively take profit if bond yields rally further.

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