

### FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

### FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	31.65 million units (29 November 2019)	Fund Size	RM45.20 million (29 November 2019)
Unit NAV	RM1.4284 (29 November 2019)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	12 month FD
Taxation	8% of annual investment income	Fees	Management Fee: 1.0% p.a.
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> <li>▪ Have a medium to long term investment horizon</li> <li>▪ Want a diversified portfolio of fixed interest securities</li> <li>▪ Are looking for a less volatile investment but can accept lower returns</li> </ul>	Other Charges	Inclusive of auditor fee & transaction charge

### ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
80% - 98%	Up to 20%

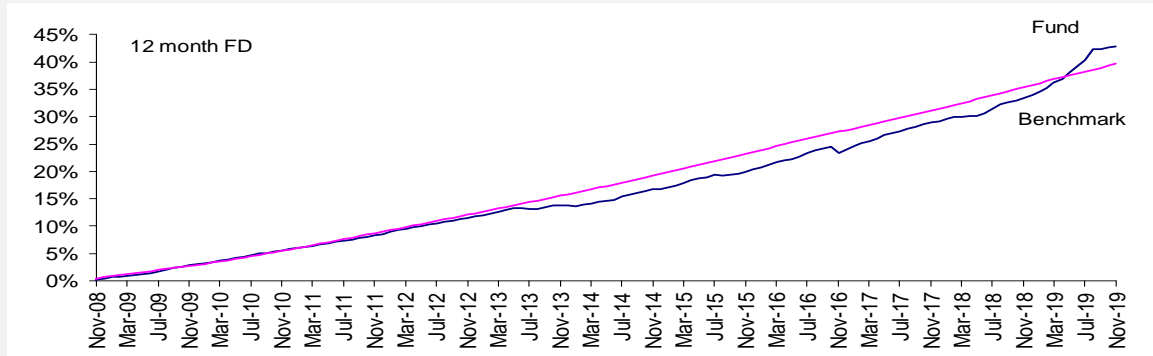
### SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
87.19%	3.47%	-	9.34%	100.00%

### TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
MMC Corporation Bhd	5.95%	12/11/2027	11.86	WCT Holdings Bhd	5.32%	11/05/2022	5.67
IJM Corp Bhd IMTN	5.05%	18/08/2028	11.84	Fortune Premiere Sdn Bhd IMTN	4.85%	7/09/2023	4.64
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	11.59	GII Murabahah	4.07%	30/09/2026	3.47
Sarawak Energy Bhd	5.50%	4/07/2029	6.41	Exsim Capital Resources Bhd IMTN	5.00%	28/01/2022	3.42
GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	5.84	Sport Toto Malaysia Sdn Bhd	4.95%	30/06/2022	2.96

## PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	6.72	0.18	0.32	3.45	7.11	15.82	42.84
<b>Benchmark</b>	2.87	0.25	0.75	1.51	3.15	9.75	39.64

\* Calculation of past performance is based on NAV-to-NAV

**Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.**

## FUND MANAGER'S COMMENTS

### Market Review

During the month, overall MGS yield curve closed mostly mixed to lower with the front end up to 7-year well supported and yields shifted lower by 3 to 13bps in respond with the surprised SRR cut by BNM from 3.50% to 3.00% effective 16th November 2016. The 10-year benchmark saw tepid movements which ended 1bp higher to close at 3.45%. Meanwhile, the longer end of the curve 15 year and above also moved lower by 2 to 11bps. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.08%(-12bps), 3.22% (-13bps), 3.36% (-3bps), 3.45% (+1bps), 3.70% (-2bps), 3.75% (-11bps) and 3.98% (-10bps) respectively at the end of November.

## FUND MANAGER'S COMMENTS (CONTINUED)

### Outlook & Strategy

Global sentiment surrounding bond flow remained driven by the US-China trade talks as investors watching the progress of the trade development after the prospect of phase one trade agreement turned sour following President Trump signing a controversial bill related to Hong Kong's autonomy status. China is now pushing for US tariff rollback as a condition for the phase one trade deal to happen. Domestically, BNM kept the Overnight Policy Rate ("OPR") unchanged at 3.00% in its final meeting of the year while keeping its still resilient domestic growth forecast for 2019 at 4.3%-4.8% though it reiterated that the global economy is expanding at a more moderate pace. It opines that the slowdown is becoming more synchronized across both the advanced and emerging economies. Overall, BNM expects the Malaysian economy will stay within its 2019 projections and continued to be sustained going into 2020. BNM announced a surprise cut in Statutory Reserve Requirement ("SRR") by 50bps to 3.0% effective 16th November, the first reduction since 2016. The cut in SRR would free up RM7.4 billion to the banking system in terms of better liquidity management and is seen positive for loan growth and economic activities.

On Fixed Income strategy, as we are approaching the end of the year, we are starting to reposition for 2020. We aim to re-enter the govies when there are any strong sell-offs but with core holdings still in AA-rated credit. We continue to stay neutral in overall duration as we expect more profit taking will kick in before year end.

**Source :** *Principal Asset Management Bhd*

**Date :** *29 November 2019*

#### **Disclaimer:**

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