GIBRALTAR BSN BOND FUND

January 2020

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

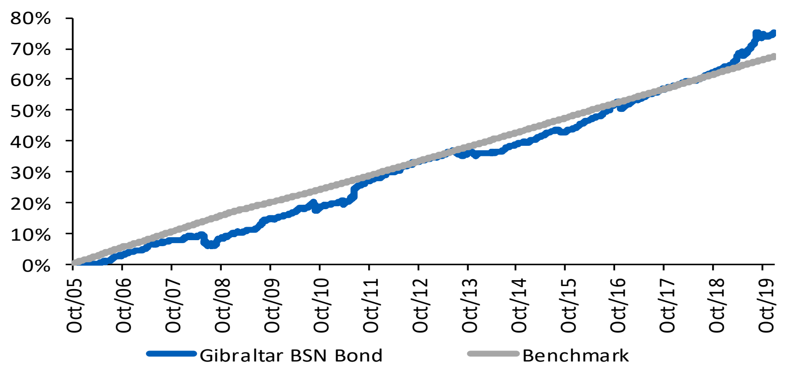
Unit NAV	RM0.8328
Fund Size	RM30.4 million
Inception Date	29 September 2005
Management Fee	1.00% per annum

Top 5 Holdings

YTL Power International 4.99%	7.0%
IJM Land 5.65%	6.9%
MGS 3.885%	6.9%
Prasarana Malaysia 5.23%	5.7%
GII 4.895%	5.6%

Data as at 31 December 2019

Cumulative Performance Since Inception as at 31 December 2019



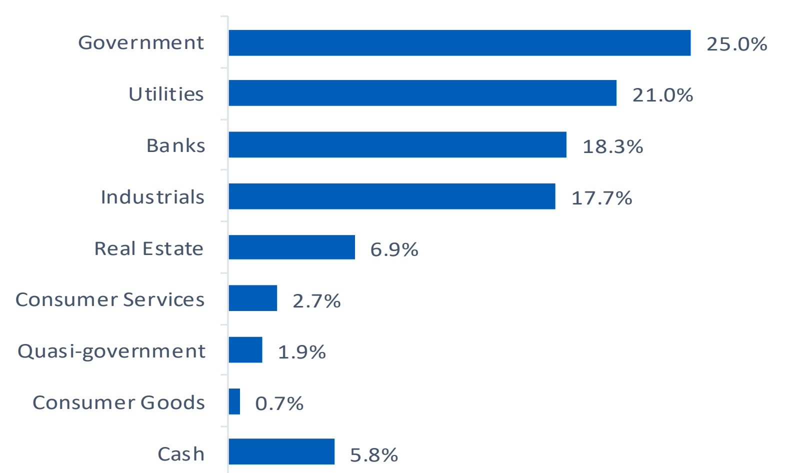
Performance Table as at 31 December 2019

	1 month	3 months	6 months	YTD	1 year	3 years	5 years	Since inception
Fund	0.6%	0.5%	3.2%	6.9%	6.9%	15.6%	25.5%	75.3%
Benchmark	0.4%	1.2%	2.3%	4.7%	4.7%	14.1%	23.6%	67.5%

- *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 as at 31 December 2019



Source: Affin Hwang Asset Management

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Manager's Comment

The Fund has appreciated by 75.3% since inception on 29th Sept 2005 or by 4.0% compounded annual return.

Market Review

Bonds gradually rally into year end as investors were building up inventory for 1Q2020 with bid interest outweighing the offer depth. As a result, MGS yield curve lowered by 5-15 bps for the benchmark below 15 years. Similarly, GII yields moved by 5-13 bps lower across all tenors on month on month basis.

Meanwhile, BNM announced the Auction Calendar for 2020 with reopening auctions dominating the auction calendar (only 4 new issues vs 12 in 2019). The estimate gross and net supply for the year are at RM117 billion and RM46.3 billion.

Elsewhere, domestic debt securities posted a surprisingly sizeable inflow of RM8 billion in November. This is the largest single month inflow since September 2017. Cumulative flows up to November 2019 totalled RM11.8 billion. Following the sizeable inflow, the foreign share of MGS and GII rose to 40.5% (October: 37.9%) and 5.0% (October: 4.3%) respectively.

Market Outlook

While a trade deal remains far from concrete, both the US and China appear to be making constructive progress. The Fed has since softened its dovish stance following the third rate cut in October. There will be a steepening of yield curve as mid cycle easing is nearing the end. However, global bond yields are still expected to remain low from previous years.

On the local front, the MGS yield curve has continued to trade below its 1-, 3- and 5-years average. Local factors are supportive of the MGS curve, given easing bias on monetary policy, a neutral supply profile and still resilient domestic demand for bonds. We still favour a neutral to slightly long duration positioning as 1Q tends to be a seasonally strong quarter for local bonds. The MGS curve could bull-steepen if the OPR cut materializes.