# GIBRALTAR BSN BOND FUND
## November 2022

### 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

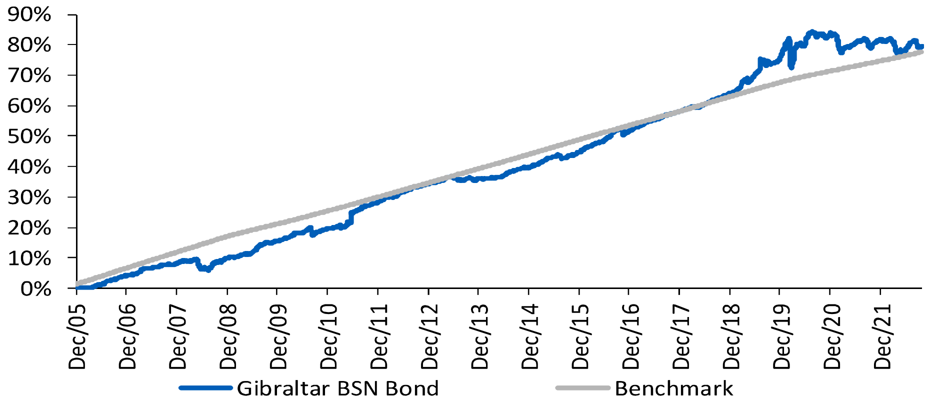
| | |
|---|---|
| Unit NAV | RM0.8523 |
| Fund Size | RM31.7 million |
| Inception Date | 29 September 2005 |
| Management Fee | 1.00% per annum |

### Top 5 Holdings

| | |
|---|---|
| IJM Land 5.65% | 6.3% |
| LPPSA 5.1% | 6.1% |
| Tan Chong Motor 5.0% | 4.6% |
| Point Zone Malaysia 4.29% | 4.6% |
| MMC Port 4.66% | 4.5% |

**Data as at 31 October 2022**

### Cumulative Performance Since Inception as at 31 October 2022



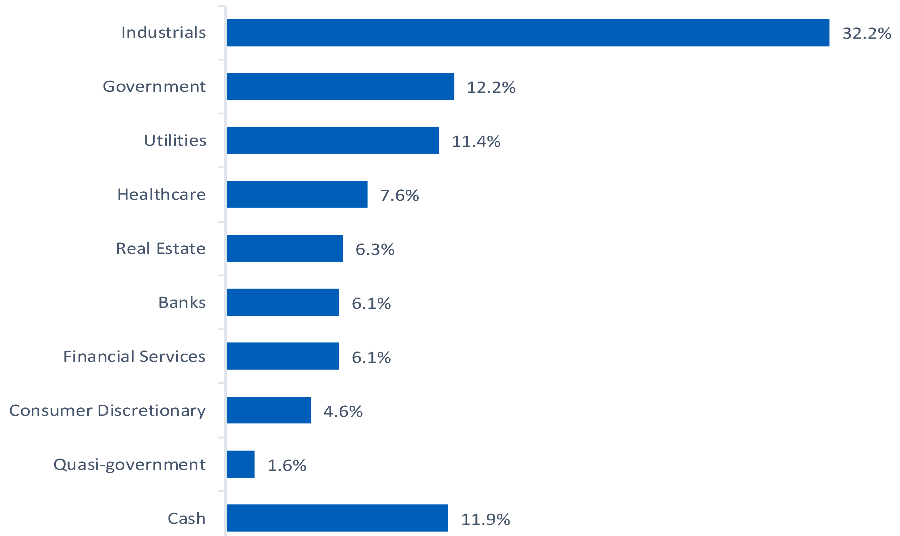

### Performance Table as at 31 October 2022

| | 1 month | 3 months | 6 months | YTD | 1 year | 3 years | 5 years | Since inception |
|---|---|---|---|---|---|---|---|---|
| Fund | 0.2% | -0.5% | 1.2% | -1.2% | 0.0% | 3.2% | 14.1% | 79.4% |
| Benchmark | 0.3% | 1.0% | 1.9% | 3.0% | 3.6% | 10.9% | 20.4% | 77.7% |

- *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 October 2022




*Source: Affin Hwang Asset Management*

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## Manager's Comment

The Fund has appreciated by 79.4% since inception on 29th Sept 2005 or by 3.5% compounded annual return.

**Market Review**

The November 2022 FOMC meet saw the FFR raised by 75bps for the fourth straight time to 3.75%-4.00%. Based on the comments made by the US Fed Chair to continue to be aggressive and not let inflation get out of control would suggest a peak target range of higher than 4.75%. The UST yield curve continue to rise and remain inverted on the back of US Fed aggressive rate hike policy to reduce the high level of inflation.

Locally, after the sell-off in the previous month, MGS yields saw a bit of relief in October as yields ended mixed with the longer-tenured yields about 3 to 10bps lower, amidst the possibility of central banks slowing down their pace of rates hiking.

**Market Outlook**

We expect market volatility to remain high as global central banks continue to be aggressive in their monetary policy stance to curb the high level of inflation. The intensive policy action towards combating inflation has led to higher probability of interest rates overtightening as well as rising recession risk especially in Europe and US.

Domestically, we expect 1-2 hikes in 2023 to bring the terminal rate of 3.00-3.25%. We anticipate BNM-Fed divergence, in terms of tightening pace and terminal rate. Hence, there may be upward pressure on MGS yields and increased risk of foreign outflows.

On government bonds, we maintain a defensive stance. However, current valuations are attractive and we will be looking to opportunistically trade. On credit, we prefer 3Y-7Y tenures at attractive valuations, and selected strong credit fundamental names. On duration, we aim for short to neutral (0.9-1.0x duration band).