GIBRALTAR BSN BOND FUND

November 2019

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

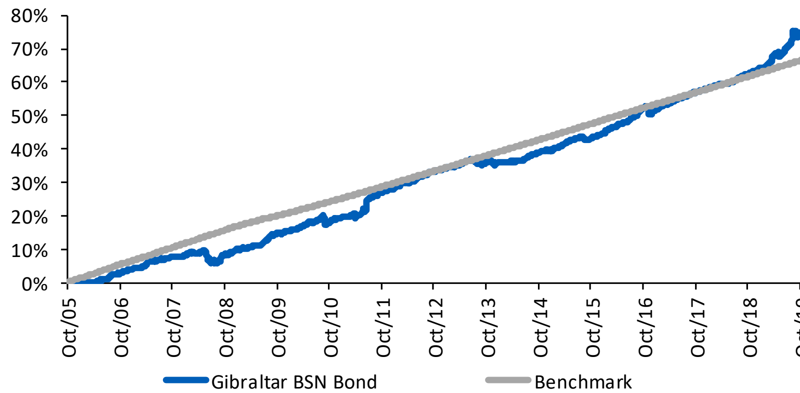
Unit NAV	RM0.8256
Fund Size	RM30.2 million
Inception Date	29 September 2005
Management Fee	1.00% per annum

Top 5 Holdings

YTL Power International 4.99%	7.0%
IJM Land 5.65%	6.9%
Prasarana Malaysia 5.23%	5.8%
GII 4.895%	5.5%
MGS 4.232%	5.2%

Data as at 31 October 2019

Cumulative Performance Since Inception as at 31 October 2019



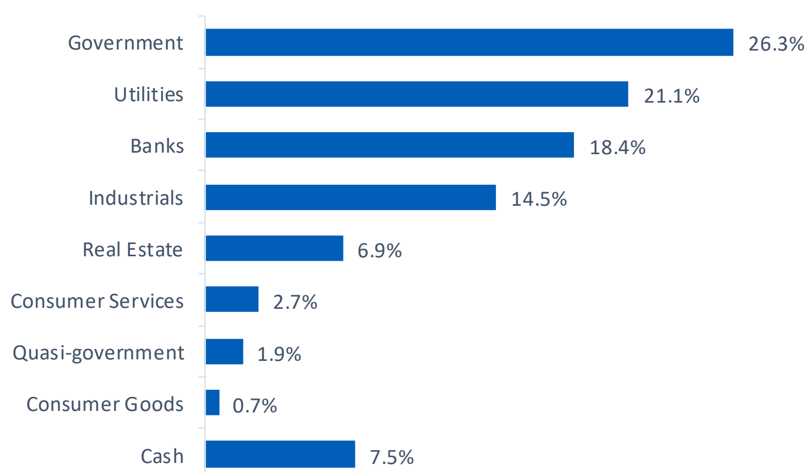
Performance Table as at 31 October 2019

	1 month	3 months	6 months	YTD	1 year	3 years	5 years	Since inception
Fund	-0.4%	1.4%	3.0%	6.0%	6.7%	14.0%	24.9%	73.8%
Benchmark	0.4%	1.2%	2.3%	3.9%	4.7%	14.1%	23.7%	66.7%

- *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 2019



Source: Affin Hwang Asset Management

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Manager's Comment

The Fund has appreciated by 73.8% since inception on 29th Sept 2005 or by 4.0% compounded annual return.

Market Review

Local bond yields sold off during the month of October due to fading expectations that Bank Negara Malaysia will cut the overnight policy rate (OPR) during its upcoming November meeting. Both the MGS and GII yield curves witnessed selling pressure across all tenors. As a result, the MGS yield curve bear-flattened with yields correcting ~5 - 10 bps for 3 – 10-year papers while longer tenor papers 15-year and above inched higher ~15 – 26 bps. At the same time, corporate bond spreads tightened across ratings especially for the longer tenor bonds on the back of declined trading volume due to weaker sentiment.

Meanwhile, the consensus view is for BNM to maintain the OPR at 3.00% at the last MPC meeting for the year on 5 November. Investors will be watching closely for any explicit change in language that usually precedes an impending change in interest rate by the central bank.

Market Outlook

Global bond yields are expected to trade range bound with central banks still on an easing bias and as political and trade tensions uncertainty continue to dominate. The MGS curve has cheapened and there should be some opportunistic buying demand. However, the market still lacks major catalysts and is expected to trade range bound in the near term.

We are expecting more corporate bonds primary issuances in 4Q19 as corporates take the opportunity to issue due to the still relatively low rates currently. Against the backdrop of more supply, we will continue to be selective in our credit selection.

We favour a neutral to slightly long duration positioning. In our base case, we expect to OPR to remain at 3% until the end of the year.