GIBRALTAR BSN BOND FUND

October 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

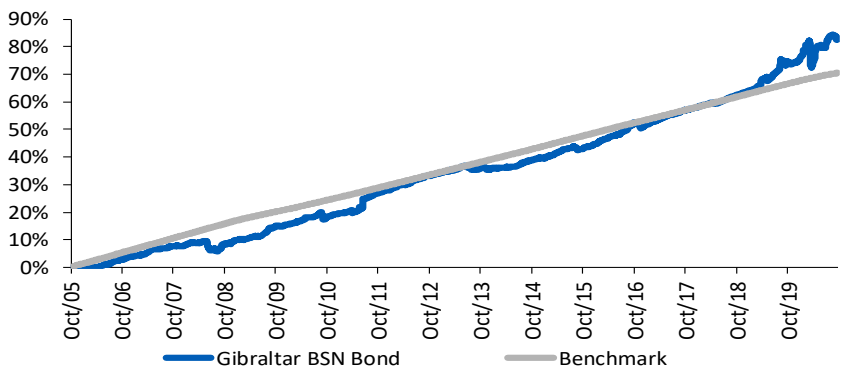
Unit NAV	RM0.8688
Fund Size	RM32.2 million
Inception Date	29 September 2005
Management Fee	1.00% per annum

Top 5 Holdings

LPPSA 5.1%	7.1%
GII 4.13%	6.9%
GII 3.422%	6.6%
MGS 3.502%	6.6%
IJM Land 5.65%	6.5%

Data as at 30 September 2020

Cumulative Performance Since Inception as at 30 September 2020



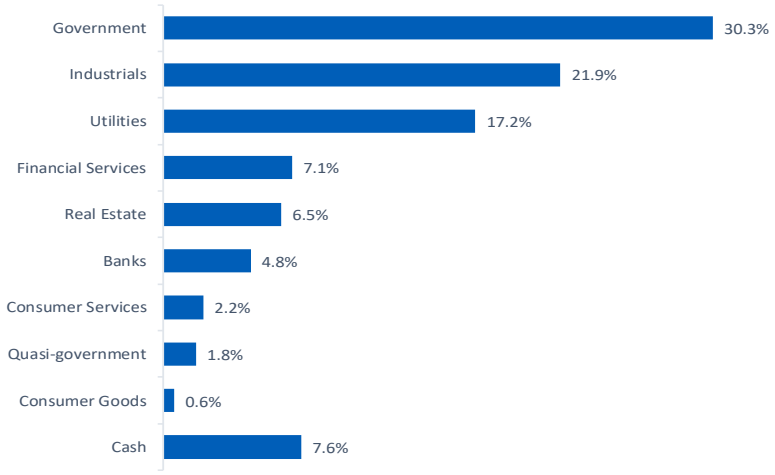
Performance Table as at 30 September 2020

	1 month	3 months	6 months	YTD	1 year	3 years	5 years	Since inception
Fund	**-0.5%**	**1.7%**	**5.2%**	**4.3%**	**4.8%**	**16.6%**	**28.0%**	**82.9%**
Benchmark	**0.3%**	**0.8%**	**1.8%**	**2.9%**	**4.0%**	**13.6%**	**22.9%**	**70.5%**

- *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 30 September 2020



Source: Affin Hwang Asset Management

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Manager's Comment

The Fund has appreciated by 82.9% since inception on 29th Sept 2005 or by 4.1% compounded annual return.

Market Review

In September's MPC meeting, BNM decided to maintain the OPR at 1.75% following a YTD cumulative 125 bps reduction. The MPC indicated that activity was recovering from the trough in April and considered the current stance of monetary policy to be appropriate and accommodative. Meanwhile, the Prime Minister announced an additional MYR10 billion fiscal injection in the form of MYR7 billion of cash handouts, MYR2.4 billion of wage subsidies and MYR0.6 billion of special grants to micro enterprises. As a result, Malaysia's budget deficit is now expected to be slightly higher at -6.7% from earlier forecasted -6.5%.

While FTSE Russell has maintained Malaysia in the WGBI (on watch list), pressure remains in the longer term as China is set to be included into the WGBI in stages starting October 2021. The possible outflow of Malaysian bonds should be manageable due to its low weightage of 0.4%.

Corporate bond market continued to see some buying demand as investors continue their search for yields. There were plenty of new offerings in September as issuers took the opportunity to lock in their funding cost.

Market Outlook

While the global economy entered Q3 2020 with relatively strong momentum, the most recent economic indicators point to a potential sluggish growth in the next quarter. On the domestic front, the resurgence of Covid-19 has led to stricter movement control orders and stalling economy recovery. As such, rates are not expected to trend upwards on a sustainable basis and will stay low for a considerable period.

Against the current backdrop, we prefer to maintain neutral duration. In the credit space, we continue to prefer primary offerings for better entry levels and allocations.

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