



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

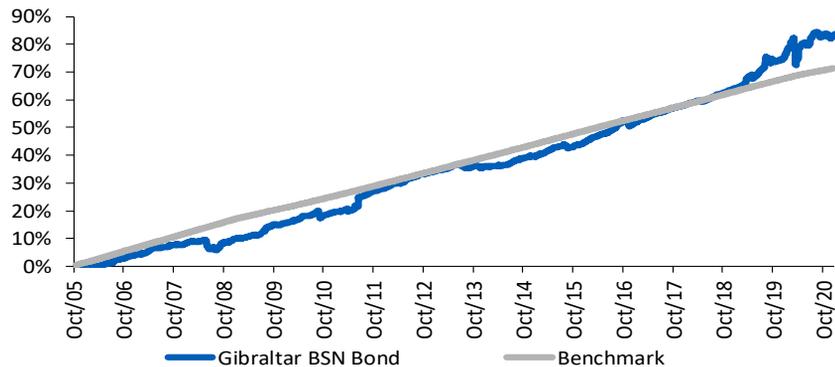
Unit NAV RM0.8717
 Fund Size RM32.8 million
 Inception Date 29 September 2005
 Management Fee 1.00% per annum

Top 5 Holdings

LPPSA 5.1% 7.0%
 GII 4.467% 6.8%
 GII 4.13% 6.7%
 GII 3.422% 6.4%
 IJM Land 5.65% 6.3%

Data as at 31 December 2020

Cumulative Performance Since Inception as at 31 December 2020



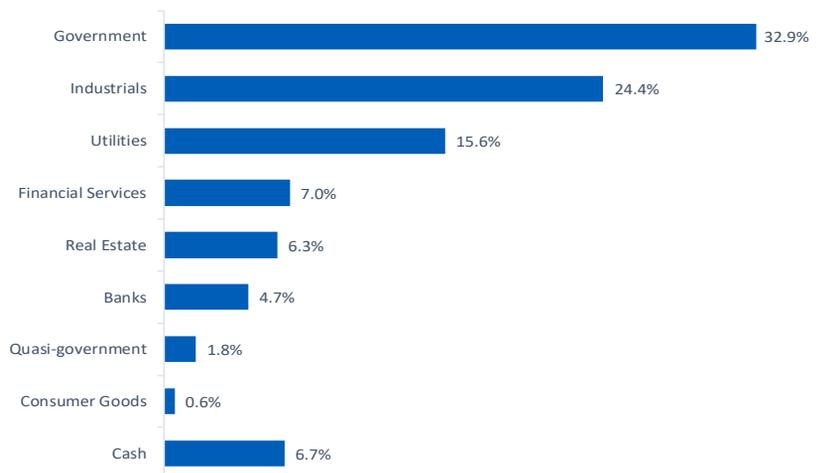
Performance Table as at 31 December 2020

	1 month	3 months	6 months	YTD	1 year	3 years	5 years	Since inception
Fund	0.7%	0.3%	2.0%	4.7%	4.7%	16.1%	26.8%	83.5%
Benchmark	0.3%	0.8%	1.7%	3.7%	3.7%	13.3%	22.6%	71.3%

- 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 2020



Source: Affin Hwang Asset Management



Manager's Comment

The Fund has appreciated by 83.5% since inception on 29th Sept 2005 or by 4.1% compounded annual return.

Market Review

The local bond market started the month of December on a negative footing with investors cutting risk amidst concerns over the impact of EPF upsizing its i-Sinar programme. Nonetheless, EPF expects the additional outflow from withdrawals to have a minimal impact on its long-term return and is prepared having increased its cash levels when Covid-19 hit in early last year. On Fitch's downgrade of Malaysia's rating to BBB+, the local market saw a mild knee jerk reaction.

Towards the end of the month, sustained buying and lack of offers resulted in a bull flattening of the MGS yield curve. As a result, MGS yields declined by 6-36 bps month-on-month across the curve while corporate bond spreads widened by 3-33 bps across tenures for AAA-AA rated bonds due to lagged effect.

Meanwhile, the PDS market continued to see primary offerings as issuers took opportunity to lock in rates before year end.

Market Outlook

The prospect of vaccine and improved economic outlook is expected to put some pressure on bond yields in 2021. However, the still elevated number of Covid-19 cases and uncertain timeline for widespread vaccine rollout reinforces the view that monetary and fiscal support is still needed to aid in economic recovery. As such, global central banks are expected to maintain their accommodative stance.

Valuation has turned attractive after the correction in 4Q20. We expect seasonal factors in 1Q21 to support the market in the near term as investors position for the new year. We target a neutral to slightly long duration with preference for primary corporate bond issuances to deploy cash. We have a trading stance for government bonds and will look for opportunities to buy on dips.

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