

Fund Manager's Commentary

In May-22, the domestic bond market found its footing following the relentless sell-off in the prior months. Tentative signs of peaking inflation pressure in the US, coupled with rising recessionary fears gave the US Treasury bond market some reprieve which led to yields declining. Overall, yields fell 11-39 bps MoM across the Malaysian Government Securities curve. This rally in the domestic bond market occurred in spite of a 50 bps rate hike by the US Federal Reserve and 25 bps Overnight Policy Rate ("OPR") hike by Bank Negara Malaysia ("BNM"), indicating that those hikes have been to a large extent, been priced in. We note that the domestic yield curve has to a certain degree priced in multiple OPR hikes.

In its May Monetary Policy Committee meeting, BNM increased its OPR by 25 bps to 2.00%. BNM sounded more upbeat on both the domestic and global economic recovery prospects, as it believed that the sustained reopening of the global economy, improvement in labour market conditions, and strengthening domestic demand would continue to support the recovery of economic activity. Nevertheless, BNM reiterated that risks to growth remains. As economic activity picked up amid cost pressures, BNM expected core inflation to trend higher, but partly cushioned by existing price controls and the continued spare capacity in the economy. Overall, we note that BNM had formally pivoted from its neutral approach to a hawkish stance by stating that the OPR hike was just the beginning of its monetary policy normalization cycle and it will reduce the degree of monetary accommodation as the domestic economy continues to improve.

On another note, Malaysia's economy strengthened further in 1Q2022 as the domestic economy continued to reopen. Malaysia's Gross Domestic Product registered a stronger-than-expected growth at +5.0% in 1Q2022 (4Q2021: +3.6%). This was driven by a more robust growth in the services sector (+6.5%) as well as sustained positive growth in the manufacturing (+6.6%) and agriculture sectors (+0.2%), which offset the persistent weakness in the mining (-1.1%) and construction sectors (-6.2%). On the demand side, private consumption (+5.5%) was the key driver of Malaysia's economic growth amid improved labour market conditions and higher consumer spending.

Strategy-wise, we see value in the present steepness of the belly of the credit curve, particularly as the 3-7 year portion remains fairly steep, making for an attractive rolldown play.

Cumulative Fund Returns (%)

	YTD	1 Month	3 Months	6 Months
	31/12/2021	30/4/2022	28/2/2022	30/11/2021
	To	To	To	To
	31/5/2022	31/5/2022	31/5/2022	31/5/2022
Fund	-1.32	0.45	-1.75	-0.95
Benchmark	0.78	0.17	0.48	0.94

Cumulative Fund Returns (%)

	1 Year	Since Commencement
	31/5/2021	29/7/2020
	To	To
	31/5/2022	31/5/2022
Fund	-0.72	-1.64
Benchmark	1.86	3.45

Source: Refinitiv Lipper

Notes:

Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Performance figures are presented in cumulative basis, unless indicated otherwise.

FUND'S PAST PERFORMANCE IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE

Investment Objective

The Fund seeks to generate regular income by investing in fixed income securities whilst carefully considering capital preservation on behalf of its investors.

Benchmark

12-Month Malayan Banking Berhad Fixed Deposit Account Rate.

Distribution Policy

The Fund will distribute income on a monthly basis, subject to availability of income.

Key Facts

Launch Date	28-Jul-20
Fund Type	Wholesale – Fixed Income
Year End	31 March
Fund Size	MYR 258.78 million
Units in Circulation	272.01 million
NAV per Unit	MYR 0.9514
Transaction cut-off time	Daily; 4:00 pm
Redemption Period	T + 3 business days

Sales charge

Nil

Management fee

Up to 0.25% per annum of the NAV of the Fund.

Trustee fee

Up to 0.03% per annum of the NAV of the Fund with a minimum of RM12,000.00 per annum.

Calendar Year Returns (%)

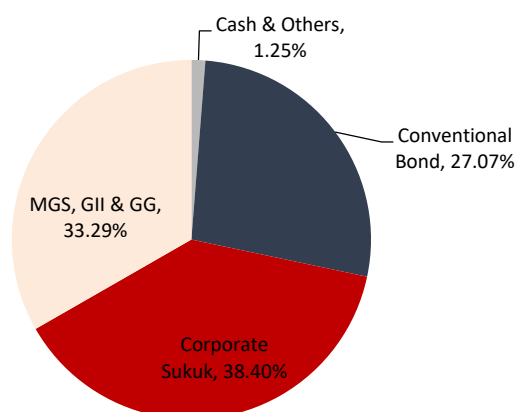
	2021	2020
Fund	-1.02	0.71
Benchmark	1.85	0.79

Source: Refinitiv Lipper

Notes: Performance data is calculated based on the changes in the Fund's NAV price per unit for the specified length of time and on the assumption that any dividends declared are reinvested into the Fund. Calendar year returns for 2020 are measured from its commencement date of 29 July 2020.

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Asset Allocation*



*Presented as a % of NAV as at 31 May 2022

Percentages may not add up to 100% due to rounding.

Included in 'Cash & Others' are cash on hand and other net current assets/liabilities.

Distribution By Financial Year

	2022
Distribution (RM)	0.0326
Distribution Yield (%)	3.39

Top Holdings*

Government of Malaysia	24.24%
GENM Capital Berhad	13.63%
Malayan Banking Berhad	9.44%

Rating Profile*

NR (MGS, GII & GG)	33.29%
AAA	5.55%
AA1	44.44%
AA3	11.54%
A1	3.94%

Sector Breakdown*

FINANCIAL SERVICES	28.52%
PUBLIC FINANCE	26.13%
TRADING & SERVICES	17.37%
INFRASTRUCTURES AND UTILITIES	13.56%
PROPERTY AND REAL ESTATE	5.72%
TRANSPORTATION	3.55%
MINING & PETROLEUM	1.97%
CONSTRUCTION AND ENGINEERING	1.94%

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