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Maybank Asset Management introduces its Asian USD bond fund to Malaysia

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PETALING JAYA: Maybank Asset Management Sdn Bhd launched its flagship Asian USD bond fund in Malaysia via a fixed income feeder fund, Maybank Asian Credit Income Fund.

The fund is designed for investors seeking an income stream, and comfortable with volatility and risk of a fixed income portfolio which invests primarily in Asian fixed income securities and United States government debt; and have a medium to long term investment horizon.

The fund aims to maximise returns by investing in Maybank Asian Income Fund (target fund), a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds.

To achieve its investment objective, the fund invests a minimum of 90% of its net asset value (NAV) in Class A - SGD of the target fund and up to 10% of the NAV will be invested in liquid assets.

Maybank Asset Management stated that the fund will utilise derivatives such as forwards for hedging purposes to manage the currency risk of the fund's investments.

For investors looking for a continuous income stream the fund aims to distribute income every two months, with a target return of 4.00-4.5% per annum in ringgit.

Maybank Asset Management CEO Ahmad Najib Nazlan, CEO believes the fund will provide investors consistent and frequent income pay-out despite the current volatile market and low interest rate environment.

"Investors may also potentially reap the benefits of Asian bonds with higher yields as compared to developed markets as Asia is still the fastest growing region with increasing spending power and it continues to deliver strong economic growth compared to the rest of the world," he said in a press release.

As at May 31, 2020, the target fund has achieved 4.78% per annum in US dollar since its was established on Nov 24, 2014. Its investment objective is to provide investors with capital growth and income, by investing primarily in Asian debt securities, including money market instruments denominated in both local currencies as well as in USD.

Ahmad Najib explained that the bulk of the target fund's returns are expected to be generated from the underlying market risk, while the expected incremental returns are expected to be generated from various actively managed fixed income investment activities, which encompass but are not limited to security selection, duration risk and yield curve management.

In addition, it may employ currency hedging strategies to partially hedge the foreign currency exposure to manage currency risk. Furthermore, the target fund may also employ interest rate futures to fully or partially hedge the interest rate risk inherent in the fixed income exposure and will be actively managed.

Investors can purchase units in the fund at a minimum initial investment of RM1,000 or SG\$1,000 and make additional investments at a minimum amount of RM100 or SG\$100 respectively at any Maybank branch nationwide.

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