

Fund Focus: Maybank Income Flow-I Fund

Maybank Asset Management has launched an Islamic fixed income fund, the Maybank Income Flow-I Fund, with a primary objective to ensure liquidity and stability for its investors. EMIR ZAINUL speaks to Maybank Islamic Asset Management CEO Mohamed Belqaizi Taufik to get more details about the fund.



Launched on the 27th March 2023, the Maybank Income Flow-I Fund seeks to provide unitholders with a consistent income stream by investing a minimum of 30% of the fund’s net asset value in ringgit-denominated Sukuk with a minimum rating of ‘A3’ and up to 70% in Islamic liquid assets such as Islamic money market instruments and Islamic deposits.

“We initiated the development of the Maybank Income Flow-I Fund earlier this year. Our primary motivation was to provide a more stable and liquid investment solution for our clients,” Mohamed Belqaizi told IFN.

According to Mohamed Belqaizi, the 70:30 allocation between money market placement and Sukuk provides a balanced investment mix, delivering stability and liquidity to the fund. Additionally, investors may enjoy T+1 liquidity on redemption payments, allowing for greater flexibility in managing their investments.

“Returns on the fund are tax-exempted, which we believe will be a key draw

for our investors. Our target investors are those who prioritize stability and consistent returns in their investment portfolios,” Mohamed Belqaizi added.

Maybank Islamic Asset Management aims to grow the fund to a minimum of RM100 million (US\$22.7 million).

One of the key upside risks of investing in the fund is the potential for profit rates to decline, which may lead to an increase in the market value of the fund’s investment in Sukuk and Islamic money market instruments. This would then deliver higher returns.

However, it is important to note that there are also downside risks associated with the fund, particularly related to profit rate risk. “If profit rates rise, the prices of Sukuk and Islamic money market instruments may decline, potentially lowering the market value of the fund’s investments and leading to lower returns for investors,” Mohamed Belqaizi explained.

When asked about his outlook for the ringgit-denominated Sukuk market, Mohamed Belqaizi said he believes that the year 2023 will be a solid year for local Malaysian bonds on the back of growing

global macro headwinds and a lower domestic reopening tailwind.

A case in point: the ringgit Sukuk market ended Q1 2023 higher than the previous corresponding quarter, attributed to the global risk-off sentiment and as foreign investors continue to seek potential currency appreciation in emerging market assets.

“With Malaysia’s GDP growth expected to be 4% in 2023, the indication of domestic growth softening could lead to more stable and positive Sukuk yields in 2023. Any slowdown in economic growth caused by the spate of hikes could manifest in the second half of 2023, prompting central banks to become more accommodating and abandon their restrictive stance in order to avoid a hard landing, which would be ideal for bond yields to fall,” Mohamed Belqaizi said.

The Maybank Income Flow-I Fund has been certified as Shariah compliant by Amanie Advisors. ⁽⁵⁾

The opinions and viewpoints expressed in the Fund Focus do not constitute a recommendation for any funds highlighted. The information presented is not investment advice and should not be treated as such.

Fund fact sheet

Name of the fund	Maybank Income Flow-I Fund
Launch date	27 th March 2023
Fund manager	Maybank Asset Management
Fund category	Islamic fixed income fund
Fund domicile	Malaysia
Targeted size	RM100 million (US\$22.7 million)
Investment objective	The fund aims to provide unitholders with a consistent income stream.
Asset allocation	Ringgit-denominated Sukuk: minimum of 30% Islamic liquid assets such as Islamic money market instruments and Islamic deposits: up to 70%
Investor type	Individual and corporate investors seeking high liquidity and a regular tax-free income stream
Base currency	Malaysian ringgit
Benchmark	Maybank one-month Islamic deposit rate