

Maybank bags Bond Fund award

BY TAN ZHAI YUN

Maybank Asset Management Sdn Bhd bagged a trophy at the Refinitiv Lipper Fund Awards 2023 through its Maybank Malaysia Income (MMI) fund, which clinched the Best Bond MYR — Malaysia award in the 10-year category.

Chief investment officer (CIO) Syhiful Zamri Abdul Azid attributes the firm's win to its investment philosophy and strategies that aim to generate positive and consistent returns that are structured and disciplined based on a rigorous risk framework.

"These investment tenets have contributed to our long-term success for a more sustainable performance against our peers. We do not trade off short-term gain for long-term pain," he says.

Last year was challenging for the fund manager due to the uncertain and volatile market. According to Syhiful, they experienced sizeable redemptions from clients, which is a normal reaction in such a market.

However, the firm was well prepared for such a challenge and had a healthy portion of liquid assets on hand.

"Despite the redemption, we managed to fulfil our clients' requests. As the market recovers, we are seeing more subscriptions from clients into our funds," he says.

The MMI fund aims to maximise returns over the medium term, which in this instance refers to a period of three to five years, while offering stability of capital and regular consistent income.

Syhiful adds that fixed-income fund manag-



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ers were especially tested in 2022 when global central banks tightened their monetary policies in response to high inflation rates. Most developed-market bond indices saw negative returns. By October 2022, global bond funds had seen the biggest outflow in 20 years.

The MMI fund managers managed to navigate this landscape and still generate positive returns. According to its latest fund fact sheet as of December 2022, the fund's calendar year returns for the year stood at 0.05%. It generated a total return of 16.67% in five years.

"We stayed true to our investment tenets to avoid going down the credit curve, which could boost short-term returns. We also managed the portfolio more defensively, given that interest rates were rising," says Syhiful.

"The market was very volatile; hence, our portfolio duration was shorter in



FUND	Maybank Malaysia Income	
AWARD	Bond MYR (Malaysia) (10 years)	
FUND SIZE	RM54.55 million	
FUND MANAGER	Eeh Chong Ban and Mohd Syafiq Bin Ahmad	
RETURNS FOR PERIODS ENDED DEC 31, 2022 (%)	1 year	0.05
	3 years	5.38
	5 years	16.67
	10 years	74.69

general. Cash level was kept at a healthy level, not too much where it would affect the fund's performance, but not too little to cater to the fund's redemption," he adds.

According to the fund fact sheet as of December 2022, its asset allocation was kept at 91.49% bonds and 8.51% cash. Up to 40.52% of its assets were allocated to bonds in the infrastructure and utilities sector, followed by 24.16% in property and real estate. The credit ratings of its holdings were 25.09% in AAA-rated bonds and 58.02% in AA-rated bonds.

Many fixed-income fund managers expect a turnaround in the bond market in 2023, with the belief that global inflation has peaked. Syhiful has a similar view.

"Given that central banks across the globe could hit their peak policy terminal rates by this year, we are turning more bullish as compared to the previous year. We are buying long-duration papers to capitalise on this. But we remain very selective on credits as we expect more idiosyncratic credit events," he says.