Maybank Asset Management

FUND FACT SHEET DECEMBER 2022

Maybank Asian Income Fund

MORNINGSTAR ★★★★ as of 31-12-22

CITYWIRE WINNER BEST FUND GROUP 2020 SINGAPORE BONDS - ASIA PACIFIC HARD CURRENCY MAYBANK ASSET MANAGEMENT

CITYWIRE WINNER BEST FUND MANAGER 2020 SINGAPORE BONDS - ASIA PACIFIC HARD CURRENCY JUDY LEONG MAYBANK ASSET MANAGEMENT

REFINITIV LIPPER FUND AWARDS 2021 WINNER SINGAPORE

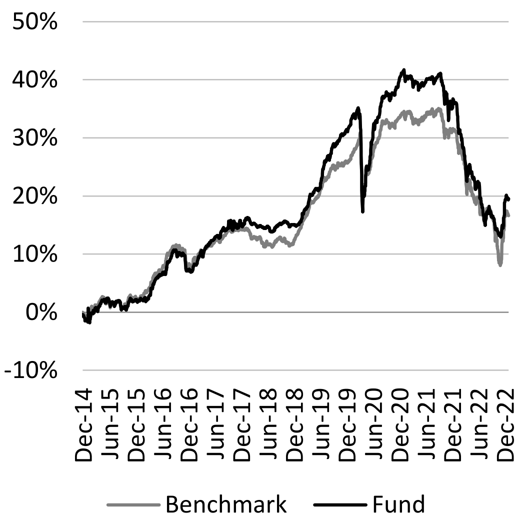
INVESTMENT OBJECTIVE

The investment objective of the Maybank Asian Income Fund is to provide investors with capital growth and income primarily through investing in a portfolio of Asian fixed income securities and U.S. government debt.

FUND FACTS

Fund Manager	Judy Leong
Fund Inception Date	24 November 2014
Subscription Mode	Cash/SRS
Minimum Investment	Retail: SGD1,000/ USD1,000 Institutional: USD100,000
Sales Charge	Up to 5%
Management Fee	Retail: 1.0% p.a. Institutional: 0.4% p.a.
Benchmark	JP Morgan Asian Credit Index
Dealing Frequency	Daily
Fund Size (AUM)	SGD 145.2 Million (as of 31st December 2022)
Target Dividend	4.0-4.5% p.a.
Dividend Distribution	Monthly
ISIN Codes	**Class A - Accumulation:** USD Acc: SG9999012504 SGD Acc: SG9999012496 **Class A - Distribution** USD Dist: SG9999015713 SGD Dist: SG9999015705
Bloomberg Tickers	MFFMAFU (USD Acc) MFFMAFS (SGD Acc) MAIFADU (USD Dist) MAIFADS (SGD Dist)

Fund Performance (Cumulative)



Source: Bloomberg as of 31st December 2022
Performance based on Class A (Acc) USD

PERFORMANCE: Class A (Acc) - USD

Returns %	Portfolio	Benchmark	Alpha	Sharpe Ratio
1 month	2.35%	1.66%	0.68%	-
3 months	4.64%	3.30%	1.34%	-
6 months	1.33%	-0.32%	1.65%	-
Year-to-date	-12.13%	-11.02%	-1.11%	-
1 year	-12.13%	-11.02%	-1.11%	(3.47)
3 years p.a.	-3.34%	-2.64%	-0.70%	(0.99)
5 years p.a.	0.63%	0.39%	0.24%	(0.26)
Since inception p.a.	2.22%	1.97%	0.25%	0.28

PERFORMANCE: Class A (Acc) - SGD

Returns %	Portfolio	Benchmark	Alpha	Sharpe Ratio
1 month	2.09%	1.62%	0.47%	-
3 months	3.75%	3.12%	0.63%	-
6 months	0.40%	-0.64%	1.04%	-
Year-to-date	-12.97%	-11.33%	-1.65%	-
1 year	-12.97%	-11.33%	-1.65%	(3.42)
3 years p.a.	-3.81%	-2.83%	-0.98%	(1.07)
5 years p.a.	-0.13%	0.02%	-0.16%	(0.39)
Since inception p.a.	2.16%	2.23%	-0.07%	0.15

TOP HOLDINGS	%
COM BK AUSTRALIA 5.5% 22-14/11/2023	4.62%
CASH MGMT BILL 0% 22-03/01/2023	4.61%
KOREA DEV BANK 3.125% 22-07/06/2025	2.65%
INDIKA ENERGY IV 8.25% 20-22/10/2025	2.49%
GREENKO WIND 5.5% 22-06/04/2025	2.44%

STATISTICS SUMMARY	Fixed Income	Fixed Income + Cash + Hedging
Average Yield to Maturity	8.14%	7.71%
Average Duration	3.74 Years	3.54 Years
Average Credit Rating	BBB+ / BBB	

DIVIDEND HISTORY	Record Date	Payment Date	Amount (SGD)
January 2022	28/01/22	11/02/22	0.0032
February 2022	25/02/22	09/03/22	0.0032
March 2022	30/03/22	11/04/22	0.0032
April 2022	28/04/22	12/05/22	0.0032
May 2022	30/05/22	09/06/22	0.0032
June 2022	29/06/22	12/07/22	0.0032
July 2022	28/07/22	10/08/22	0.0032
August 2022	30/08/22	09/09/22	0.0032
September 2022	29/09/22	11/10/22	0.0032
October 2022	28/10/22	09/11/22	0.0032
November 2022	29/11/22	09/12/22	0.0032
December 2022	29/12/22	11/01/23	0.0032

Source: Data as of 31st December 2022. Maybank Asset Management Singapore Pte Ltd, BNP Paribas Securities Services, Singapore Branch. Past performance is not an indication of future performance. Returns are calculated on a NAV-NAV basis, net of fees and assuming all dividends and distributions are reinvested, if any. Monthly distributions will be paid from Class A (Dist) SGD share class. The dividend amount and rate are not guaranteed and could vary according to prevailing market conditions and at the discretion of the Investment Manager.

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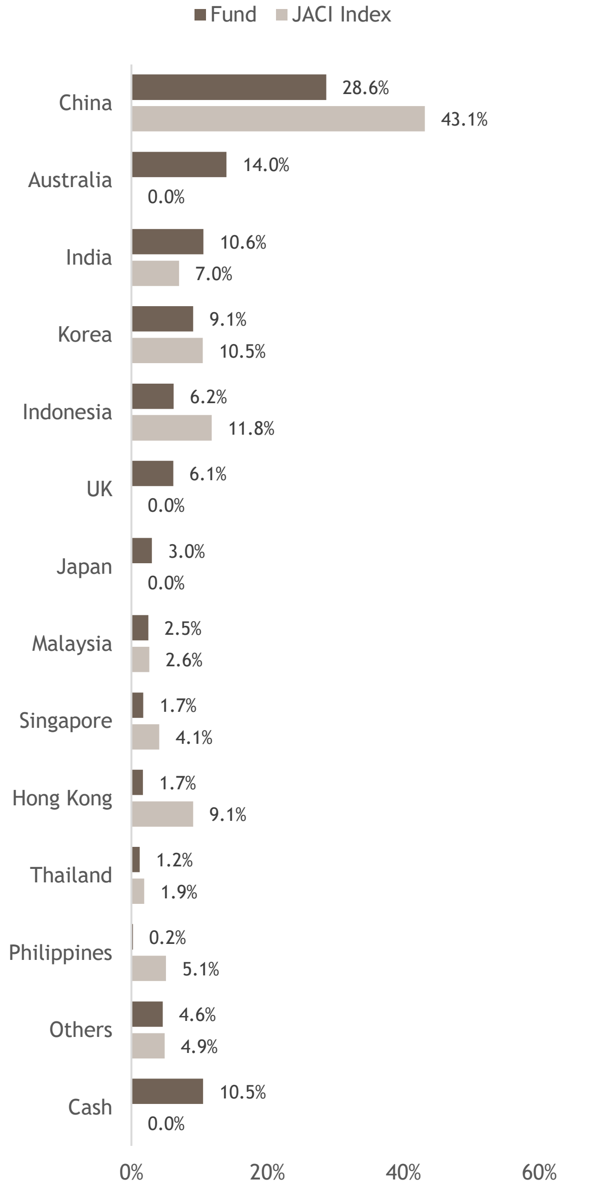
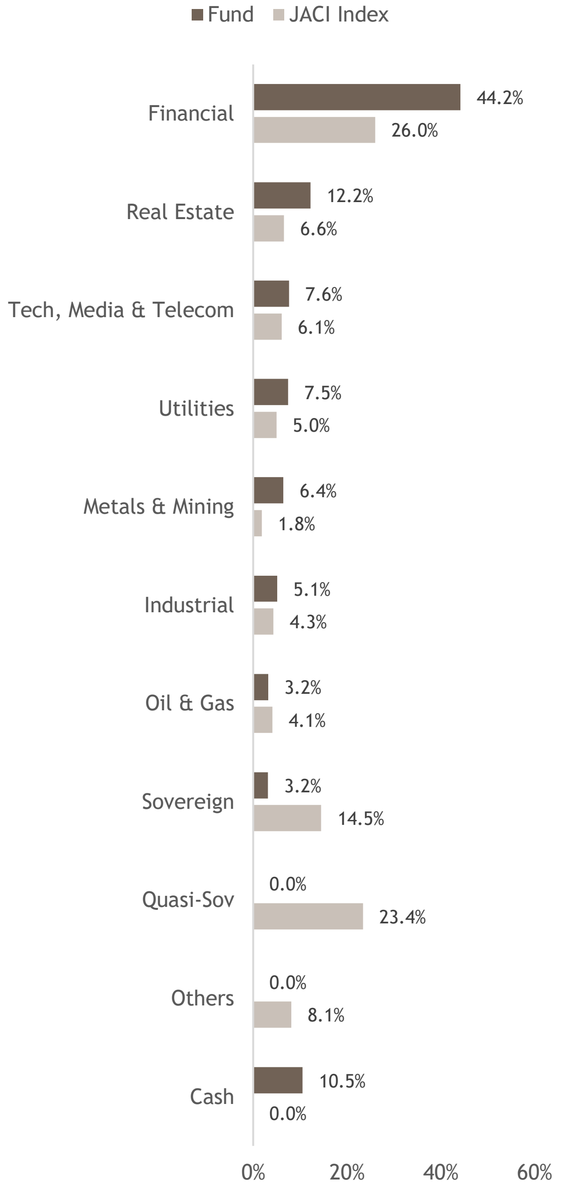
COUNTRY ALLOCATION



SECTOR ALLOCATION



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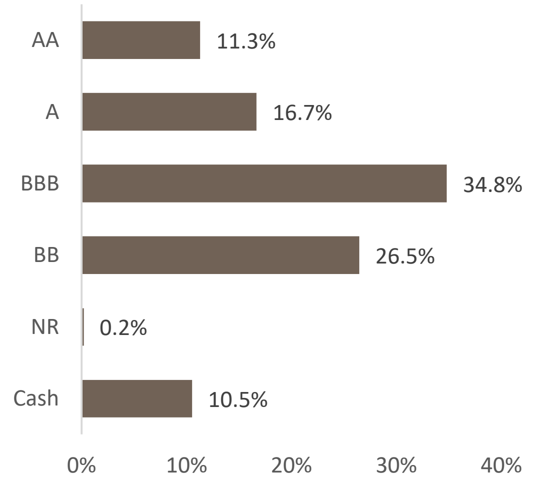
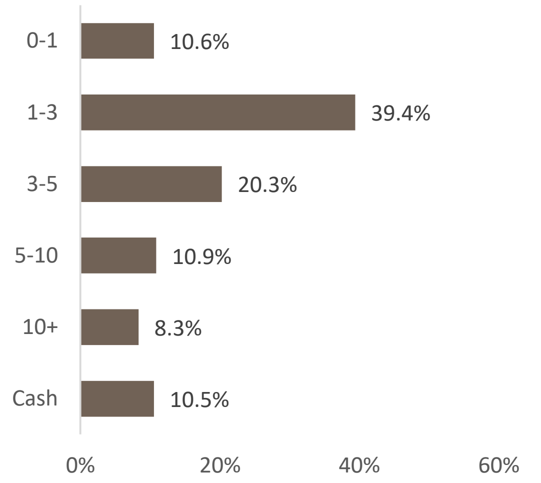
CREDIT RATING ALLOCATION



DURATION ALLOCATION



Source: Data as of 31st December 2022. Maybank Asset Management Singapore Pte Ltd, BNP Paribas Securities Services, Singapore Branch. Past performance is not an indication of future performance. Credit ratings are based on based on issue/issuer's rating or internal rating where applicable.

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FUND MANAGER'S COMMENTARY

Bond Market & Bond Portfolio Review for December

US 10Y UST yields increased by 27 bps m/m to reach 3.87% as of end December. After the soft CPI print in October and November, UST had a strong rally in November which moderated near the year end. 10-year UST yield ended the quarter around flat at 3.87%, which is about 236bps higher compared to the start of the year. As recession concern continue to loom the market, 3m10yr UST curve remain inverted (-47 bps at year end) in December.

With news of China's changing its Zero-Covid policy and property easing policy, Asian US$ fixed income space continued its positive trend where JP Morgan USD Asia Credit index ("JACI") returning +1.66% m/m for Dec. JACI High yield Index (+6.31% m/m) outperformed the Investment Grade Index (+0.84% m/m) as credit spread tightening was the main driver of return. China Property sector was the best performing sector in December, it continued November's recovery following government's supporting policy announcement.

The Maybank Asian Income Fund USD retail class returned 2.35 % and SGD retail class returned 2.09% in December, outperformed the benchmark JACI by 68bps and 47bps respectively. Portfolio's outperformance in December was mainly due to its overweight in China high yield and BBB bonds. The fund managers continued to deploy cash into bonds during the month and reduced cash from 23% to 10% of NAV as of end December 2022.

In 2022, fund's USD retail class returned -12.13% and SGD retail class returned -12.78%, underperformed the JACI index (-11.02%) by 1.11% and 1.46% respectively. Bond market has been extremely weak in the first 3 quarters due to both rapidly raising interest rates and credit spread widening, particularly in China property sector, until some recovery in the 4Q 2022.

Bond Market & Bond Portfolio Outlook

Bond markets were selling off relentlessly throughout most of FY2022. However, in October, the bond selloff appeared to have plateaued and stabilised. In November, we saw first signs of life as there was healthy buying observed in the market from real money fund managers and institutional investors. For FY2023, we believe that there is good probability that bond returns should be positive 5% to 10%. We have three key supporting arguments.

The first important supporting factor is that the main pressure points that drove the bond selloff in FY2022 has dissipated. During FY2022, persistent high inflation pressure resulted in central banks hiking interest rates aggressively throughout the year. In US, the Fed raised interest rates by 425bps in less than one year from 0.25% to 4.5%. This caused USD bond prices to drop dramatically. In the past few months, inflation appeared to have peaked and has been trending lower. The market is pricing in another 75 basis points hike in FY2023. We believe that we are approaching the peak of the current interest rate hiking cycle by 1H2023.

Another pressure point that drove bond selling in FY2022 was the negative investor sentiment resulting from the liquidity crisis and high default rate in China high yield property. However in November, the China government announced several significant policies, including the Three Arrows and the 16 financing support measures under policy document #254. We believe that these announcements signal a clear inflexion point on policy direction and the worst of China property liquidity stress should be over. Hence the current high default cycle in Asia due to China property is approaching an end and default risks in Asia should dissipate going forward. However we still need to see property sales improving before turning fully positive on China property. Hence we remain selective on high volatility bonds.

Second reason for positive bond returns is compelling valuation. Current bond yields at 5%-6% for investment grade and 9% for high yield definitely looks very attractive on a historical basis. If we believe that inflation should normalise to 3% handle eventually, locking in at current bond yields for the next 5 years to 10 years makes a lot of investment sense for institutional and retail investors.

The last supporting factor for positive bond performance in FY2023 is that the aggressive interest rate hikes in FY2022 have paved that way for a global economic slowdown or even recession, which would set the foundation for a bond market rally. Recent macro readings in the US, such as PMI and retail sales have showed signs of weakness with employment data as the remaining bright spot. Increasingly, various prediction tools are forecasting US to enter into a recession by FY2023 or FY2024. A slowing economy and even a mild recession would be a supportive environment for bonds as interest rates will be cut, driving bond prices to rally. Credit selection would be very important to manage increased recession risks.

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