Maybank Asset Management

Sharia Advisor · ESG Research

FUND FACT SHEET JUNE 2022

Maybank Asian Growth and Income-I Fund

INVESTMENT OBJECTIVE

The investment objective of the Maybank Asian Growth and Income-I Fund is to provide capital growth and income through investments in a portfolio of Shariah-compliant equities and sukuk.

FUND FACTS

Fund Manager	Rachana Mehta/ Mark Chua
Fund Inception Date	Retail: 14 October 2021 Institutional: 8 September 2021
Subscription Mode	Cash/SRS
Fund Size (AUM)	USD 104.5 Million (As of 30th June 2022)
Minimum Investment	SGD 1,000/USD 1,000
Management Fee	Retail: 1.25% p.a.
Sales Charge	Up to 5%
Dealing Frequency	Daily
Target Dividend Distribution	5.0% p.a.
Dividend Distribution	Monthly (1st distribution 30 Dec 2021)
ISIN Codes/Bloomberg Tickers	**Class I (Acc) - SGD (Insti)** SGXZ91933911 / MGIINS SP **Class A (Acc) - SGD** SGXZ62798434 / MGIIAAS SP **Class A (Dist) - SGD** SGXZ86797644 / MGIIADS SP

FUND PERFORMANCE (CUMULATIVE)

Source: Bloomberg as of 30th June 2022
Performance based on Class A (Acc) - SGD

PERFORMANCE Class A (Acc) SGD

Returns %	Portfolio
1 month	-2.40%
3 months	-4.98%
6 months	-11.60%
Year-to-date (YTD)	-11.60%
Since inception (cumulative) (Incepted on 14 October 2021)	-13.24%

STATISTICS	SUKUK
Average Yield to Maturity	4.51%
Average Duration	3.82 Years
Average Credit Rating	BBB-

DIVIDEND HISTORY - Class A (Dist) SGD	Record Date	Payment Date	Amount (SGD)
Jan 2022	28/01/22	11/02/22	0.0042
Feb 2022	25/02/22	09/03/22	0.0042
Mar 2022	30/03/22	11/02/22	0.0042

DIVIDEND HISTORY - Class A (Dist) SGD	Record Date	Payment Date	Amount (SGD)
Apr 2022	28/04/22	12/05/22	0.0042
May 2022	30/05/22	09/05/22	0.0042
Jun 2022	29/06/22	12/07/22	0.0042

Source: Data as of 30th June 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. Credit ratings are based on based on issue/issuer's rating or internal rating where applicable. 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. Underlying portfolio yield is an annualised percentage measure of interest and dividend income earned by the portfolio net of fees and expenses.

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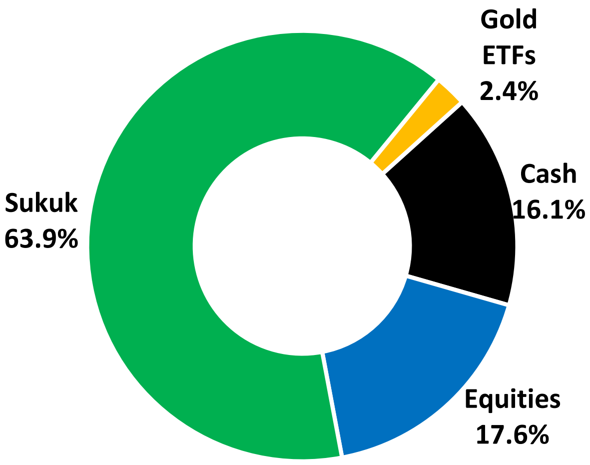
FUND ALLOCATION

Bearish

CURRENT ASSET MIX

Current Strategy

- On asset allocation, we continue to be underweight in equities and overweight in fixed income.
- On stock selection, we further increased our equities exposure to China due to strengthening of economic data in China.
- For Sukuk, we are pivoting towards positioning in investment grade space, in particular sovereigns and quasi-sovereigns.



SUKUK EXPOSURES

TOP 5 HOLDINGS	%
MGII 4.194 07/15/22	5.00%
IILM 1.36 07/06/22	4.70%
MGII 3.655 10/15/24	4.30%
INDOIS 4 07/15/24	3.70%
OMANGS 4 ⅞ 06/15/30	3.60%

EQUITY EXPOSURES

TOP 5 HOLDINGS	%
RELIANCE INDUSTRIES LTD	1.40%
SINGAPORE TELECOMMUNICATIONS	1.10%
CK INFRASTRUCTURE HOLDINGS LTD	0.90%
ALIBABA GROUP HOLDING LTD	0.50%
TELKOM INDONESIA PERSERO TBK	0.50%

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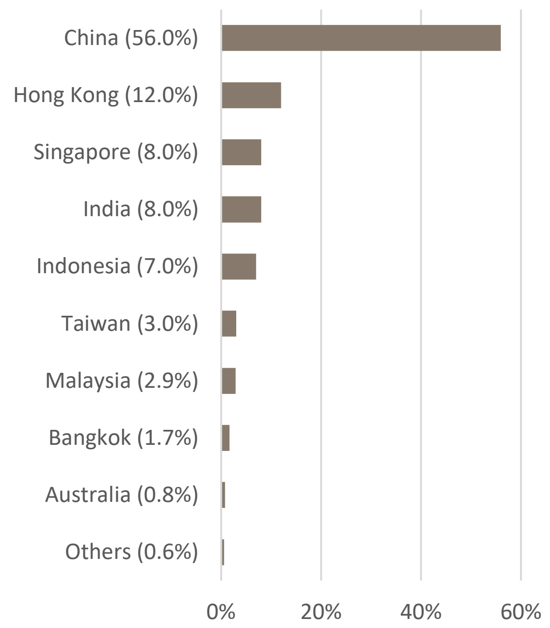
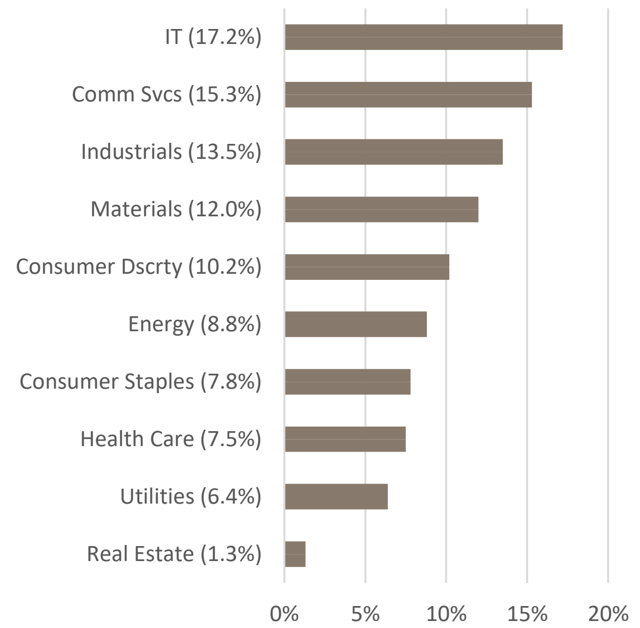
EQUITY EXPOSURES

COUNTRY ALLOCATION

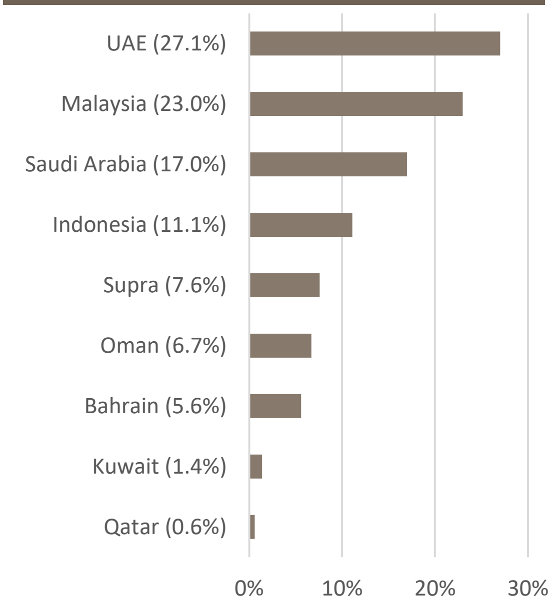


SECTOR ALLOCATION

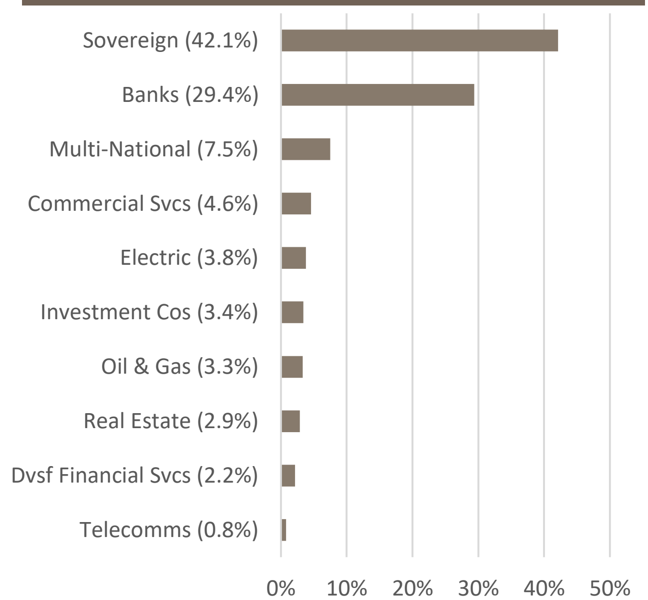


SUKUK EXPOSURES

COUNTRY ALLOCATION



SECTOR ALLOCATION



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FUND MANAGER'S COMMENTARY

Equities

Asian equities ended the month of June down 5.1% as markets priced in higher recession risks in the event that the Fed raise interest rates too quickly. The Fed hiked interest rates by 75 basis points on 15 June which increased pressure on Asian currencies as more Asia central banks seem to lag the US in terms of policy tightening.

China and Hong Kong equities outperformed on China's easing, re-opening and relative macro resilience. China Growth stocks staged an impressive rebound from year-to-date troughs (Autos, New Energy Vehicles, Internet, and Biotech). Technology stocks especially in Taiwan and South Korea were hit by fears of a downturn in their business cycles. Growth was the style that delivered a positive return in June. Yield, quality, and momentum were the worst performers.

Our equities exposure declined as we were affected by volatile share price fluctuations in our commodity stocks as markets priced in lower commodity prices in a recession scenario. However, our allocation to China worked well and helped to offset some of the decline.

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FUND MANAGER'S COMMENTARY

Sukuk

In June, recessionary fears underscoring central banks aggressive monetary policy to tame persistently hot inflation data weighed on fixed income markets in general. 10-year US Treasury (UST) yields surged towards 3.47% as Fed raised rates by 75 basis points at June's Federal Open Market Committee following June's Consumer Price Index data rising at a faster rate. The Fed readjusted upwards its median federal funds rate where they expect the rate to land around 3.375% and 3.75% for end-22 and 23, respectively.

Notwithstanding the above, UST saw a rally towards end of June as potential economic slowdown drove risk aversion sentiment; 10Y US Treasury yields closed the month at 3.01%.

Bloomberg US Treasury index saw negative return of 0.88% month-on-month for June. Overall, UST index saw dismal performance in 1st half with 6-month performance at -9.14%. Meanwhile, UST curve continued its flattening trend (2Y10Y spread 5.1 basis points as of end June) as higher Fed Fund rates were priced into the short end rates.

Global oil prices broke previous month's high, reaching highs of approximately US$120 per barrel due to a combination of low inventory levels and constrained capacity. That said, recession fears weighed on oil price as it closed below US$110 towards end of June.

Traditional havens such as Dollar (DXY) index climbed 2.88% month-on-month as overall surge in UST yields and volatile Russia-Ukraine conflict continue to boost US dollar strength.

Sukuk performance, as measured by Bloomberg GCC USD Sukuk Index (investment grade and high-yield) and the Dow Jones Sukuk Index (investment grade only) returned -1.12% and -1.21% in June. Comparatively, overall Sukuk space fared better than its Asian counterpart, where JACI Index posted returns of –2.28% in June, with both investment grade and high-yield returning -1.54% and -6.09%, respectively.

Within the Sukuk rating bucket, we saw investment grade Sukuks and sovereigns (UAE: -2.4%, KSA: -3.6%, Qatar: -3.7%) slightly outperformed high-yield Sukuks and sovereigns (Oman: -3.6%, Bahrain: -3.8%). Meanwhile, Sukuk portion of the fund returned -3.43% since inception and -3.79% YTD (year-to-date). The portfolio has a weighted average duration of 3.82 years, an average portfolio rating of BBB-, and a portfolio yield of 4.51%.

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FUND MANAGER'S COMMENTARY

Outlook and Strategy

We are turning cautiously optimistic for second half of 2022 as recent slew of moderating US economic data (eg. personal consumption dropped to 1.8% from 3.1% in May; Mortgage Bankers Association mortgage applications down at 0.7% from 4.2%) is indirectly indicating that rates hikes effects may have started to feed into economic data. Signs of inflationary pressures potentially abating is also evidenced in the overall decline in commodity prices (as tracked by Bloomberg Commodity Index).

We expect the overall US Treasury curve to remain flat and/or slightly inverted as the front end continued to remain elevated due to expectation of consequent 75 basis points hike by the Fed in coming July meeting, as well as several 25-50 basis points hikes in subsequent meetings.

Given market expectations that an aggressive Fed may tip the economy into a mild recession, we pivot towards positioning in investment grade space (in particular investment grade sovereigns and quasi-sovereigns) given that both credit spreads and interest rates have increased. We have a slight underweight in high yield names and will remain selective within the high yield space. Evidently, Bahrain sukuk curve saw overall weakness in June, with the belly losing around 2-4 points. However, Oman sukuks held up better given tender offer announcement on its conventional bonds.

Economic data in June continues to confirm our observation that China markets are showing signs of bottoming out into recovery. Industrial production gained 3.2%, Retail sales grew 3.6%, Fixed Investment improved 4.7%, while Exports grew notably by 6.8%.

On the asset allocation, our models indicate that the global economic conditions have proceeded deeper into the "Slowdown" phase. The silver lining is that when markets fully price in a recession, it often turns out to be a good time to buy equities. In the meantime, we continue to be underweight equities and overweight fixed income.

We further increased our equities exposure to China as our initial tactical allocation to China is upgraded to a strategic allocation on strengthening economic data. We funded the increased exposure by reducing Asia ex-Japan exposure given currency weakness in the smaller Asian economies.

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For more information or to obtain a copy of the prospectus:
enquiries@maybank-am.com.sg
Tel: +65 6231 5082/ 6231 5083/ 6231 5084
Facsimile: +65 6339 1003
www.maybank-am.com.sg

Maybank Asset Management Singapore Pte Ltd
2 Battery Road #08-01
Maybank Tower
Singapore 049907
Company Registration No. 200812589K