

# CIMB-Principal Conservative Bond Fund-Class C

29 February 2020

## Fund Objective

The Fund aims to provide regular income through diversified investments in Malaysian bonds.

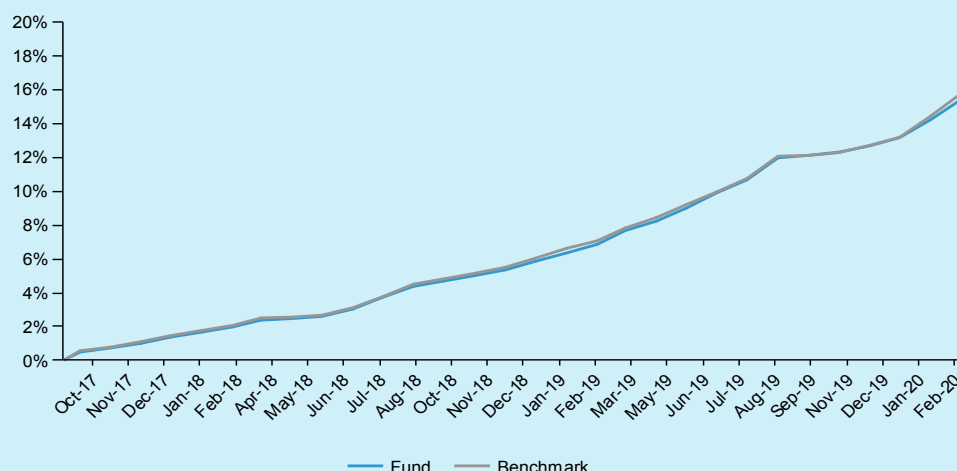
**Currency:** MYR  
**ISIN Code:** MYU1000GM009

**Bloomberg Ticker:** CIMPCBC MK

## Fund Information

Location	Malaysia
Domicile	Malaysia
Fund Currency	Ringgit Malaysia
Fund Size (MYR)	MYR 1.28 billion
Fund Unit	1.20 billion units
Fund Launch	8 August 2017
Benchmark	10% TR BPAM Government (1 - 3 years) all bond index + 10% TR BPAM Government (3 - 7 years) all bond index + 5% TR BPAM Quasi Government (1 - 3 years) all bond index + 5% TR BPAM Quasi Government (3-7 years) all bond index + 10% TR BPAM Corporate (1 - 3 years) all bond index + 60% TR BPAM Corporate (3 - 7 years) all bond index.
Dealing	Daily (as per Bursa Malaysia trading day)
Application Fee	Principal Agency Distributor: Up to 2.00% of the NAV per unit. IUTAs : Up to 2.00% of the NAV per unit.
Management Fee	Up to 0.25% per annum of the NAV of the Class
Trustee Fee	Up to 0.025% per annum of the NAV of the Fund
Unit NAV (MYR)	MYR 1.0665

## Fund Performance



Past performance does not guarantee future results. Asset allocation and diversification do not ensure a profit or protect against a loss.

Cumulative Performance (%)								
	YTD	1 Month	3 Months	6 Months	1-Year	3-Year	5-Year	Since Inception
Fund	2.01	1.06	2.45	3.10	8.04	N/A	N/A	15.45
Benchmark	2.31	1.19	2.74	3.33	8.16	N/A	N/A	15.81

Calendar Year Returns (%)		2019	2018	2017	2016	2015	2014
Fund		6.91	4.42	N/A	N/A	N/A	N/A
Benchmark		6.75	4.50	N/A	N/A	N/A	N/A

Most Recent Fund Distributions		2019 Dec	2019 Sep	2019 Jun	2019 Mar	2018 Dec	2018 Sep
Sen/Unit		1.76	1.89	1.10	0.74	1.08	0.58
Annualised Yield (%)		6.64	7.08	4.16	2.84	4.24	2.28

Note: August 2017 to February 2020.

Performance data represents the combined income & capital return as a result of holding units in the fund for the specified length of time, based on bid to bid prices. Earnings are assumed to be reinvested.

Annualised yield is calculated as the most recent monthly dividend distribution multiplied by the Fund's dividend frequency and divided by the latest NAV.

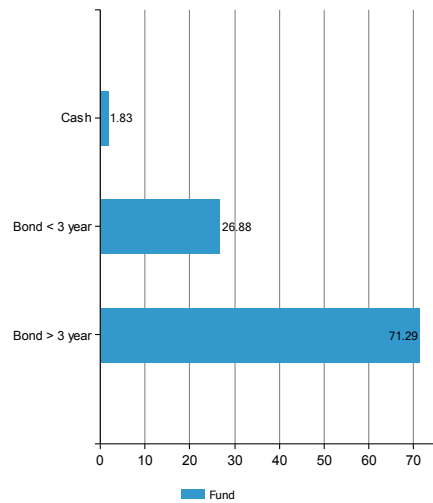
Source : Lipper

## Top 10 Holdings

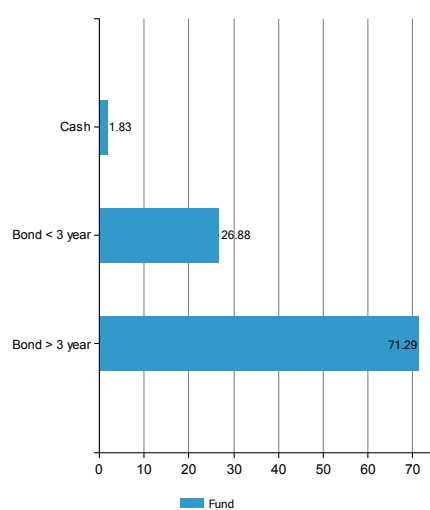
	Country	% of net assets
GII Murabahah	Malaysia	9.91
Malaysia Government Securities	Malaysia	4.87
Malaysian Government	Malaysia	4.27
Projek Lebuhraya Usahasama Bhd	Malaysia	4.18
Telekom Malaysia Bhd	Malaysia	2.89
Perbadanan Kemajuan N.Selangor	Malaysia	2.57
Bank Pembangunan Malaysia Bhd	Malaysia	2.39
UEM Sunrise Bhd	Malaysia	2.29
Anih Bhd	Malaysia	2.15
Sarawak Hidro Sdn Bhd	Malaysia	2.08

The holdings listed do not constitute a recommendation to purchase or sell a particular security. Cash and/or derivative positions that are not part of the core investment strategy will not be reflected in the top holdings list.

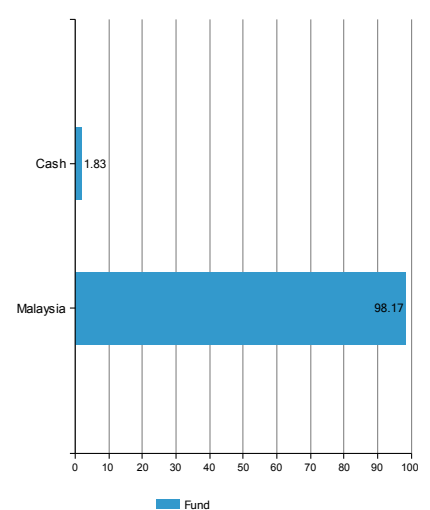
## Asset Allocation (%)



## Sector Allocation (%)



## Regional Allocation (%)



Source: Factset. Fund holdings and allocations shown are unaudited and may not be representative of current or future investments. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash will not be reflected in the top holdings list.

## Fund Manager's Report

The Fund's performance for February-20 was 1.06%, underperforming benchmark by 13bps. YTD the Fund delivered 2.01% return against the Benchmark at 2.31%. Underperformance was due to Fund having a shorter duration compared to Benchmark.

During the month, the overall MGS yield curve continued to move lower across all tenures following the trend seen in the month prior. This was further fueled by the release of the disappointing GDP numbers for Q42019 of which most investors expected the central bank to further cut OPR rates. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.60% (-28bps), 2.66% (-33bps), 2.74% (-31bps), 2.84% (-31bps), 3.208% (-20bps), 3.23% (-19bps) and 3.66% (-17bps) respectively at the end of February-2020.

The Fed cut interest rates on 3 March in an emergency move ahead of the scheduled meeting on 18 March. The decision to cut was unanimous citing "Covid-19 poses evolving risks to economic activity" despite "fundamentals of the U.S. economy remain strong". Following the cut by the Fed, investors are now expecting a rate cut in the euro zone as well as by the Bank of England. BNM's MPC cut the OPR for a second time this year on 3 March bringing it to 2.50% which is a level not seen since the global financial crisis. The central bank noted that global economic conditions have weakened in the recent period as the ongoing Covid-19 has disrupted production and travel activity within the region. They stated that the OPR cut will provide a more accommodative monetary environment but overall seemed to continue sounding dovish in their statement.

For MYR fixed income strategy, we believe market is still expecting a potential rate cut on the back of weaker fundamentals caused by Covid-19 globally. As such, govies will remain supported at these levels and may move slightly lower. We are however cognizant that the levels are very-rich but we will continue to cautiously use govies to achieve our portfolio duration exposure taking into consideration any potential turns in the market. Credit selection remains key for portfolio returns and we will may tactically increase Fund's the AAA weight to counter the potential slowdown in economy.

We recommend that you read and understand the contents of the CIMB-Principal Conservative Bond Fund Prospectus dated 8 August 2017 which has been duly registered with the Securities Commission Malaysia, before investing and that you keep the said Fund Prospectus for your record. Any issue of units to which the Fund Prospectus relates will only be made upon receipt of the completed application form referred to in and accompanying the Fund Prospectus subject to the terms and conditions therein. Investments in the Fund are exposed to interest rate risk, credit and default risk and liquidity risk. You can obtain a copy of the Fund Prospectus from the head office of Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) or from any of our approved distributors. Product Highlight Sheet ("PHS") is available and that investors have the right to request for a PHS; and the PHS and any other product disclosure document should be read and understood before making any investment decision. There are fees and charges involved in investing in the funds. We suggest that you consider these charges carefully prior to making an investment. Unit prices and income distributions, if any, may fall or rise. Past performance is not reflective of future performance and income distributions are not guaranteed. You are advised to read and understand the contents of the Unit Trust Loan Financing Risk Disclosure Statement before deciding to borrow to purchase units. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, the value of your investment in Malaysian ringgit will remain unchanged after the distribution of the additional units.

**Carefully consider a fund's objective, risks, charges and expenses.**

**Visit [www.principal.com.my](http://www.principal.com.my) for a prospectus containing this and other information. Please read it carefully before investing.**

Principal Asset Management Berhad

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