

# Principal Conservative Bond Fund (formerly known as CIMB-Principal Conservative Bond Fund)-Class C

31 May 2021



## 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 1.81 billion
Fund Unit	1.74 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)

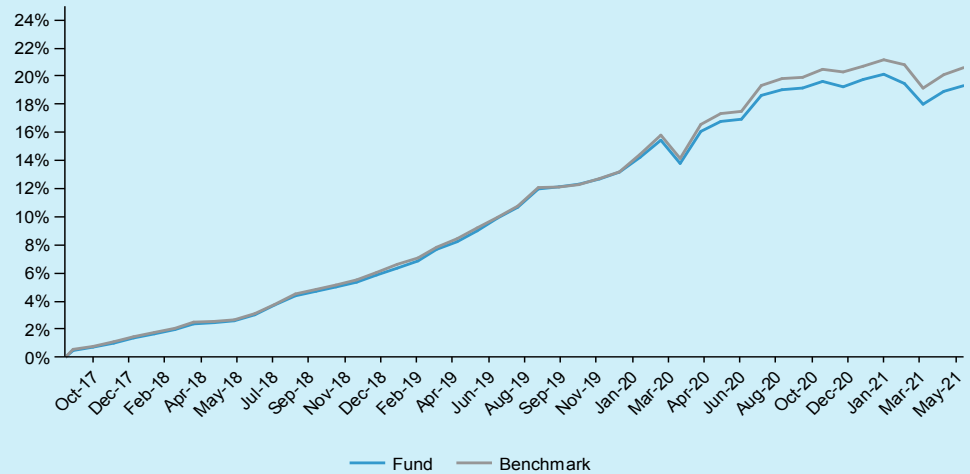
Application Fee Principal Agency Distributor: Up to 2.00% of the NAV per unit. IUTAs : Up to 2.00% of the NAV per unit.

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 1.0425

## 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	-0.37	0.35	-0.13	0.07	2.18	16.30	N/A	19.33
Benchmark	-0.08	0.42	-0.17	0.26	2.79	17.47	N/A	20.61

## Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015
Fund	5.83	6.91	4.42	N/A	N/A	N/A
Benchmark	6.63	6.75	4.50	N/A	N/A	N/A

## Most Recent Fund Distributions

	2021 Mar	2020 Dec	2020 Sep	2020 Jun	2020 Mar	2019 Dec
Gross (Sen/Unit)	0.87	1.44	1.11	1.61	0.85	1.76
Annualised Yield (%)	3.32	5.40	4.12	6.04	3.24	6.64

Note: August 2017 to May 2021.

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

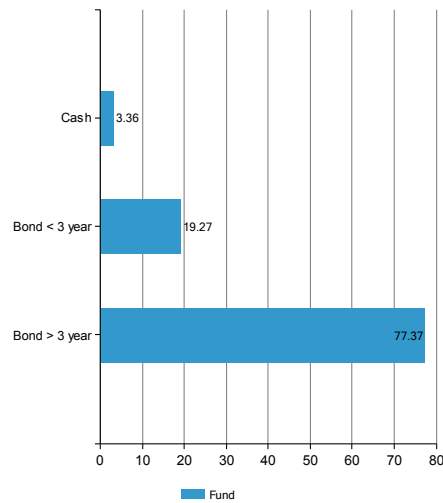
	Country	% of net assets
GII Murabahah	Malaysia	7.51
Malaysian Government	Malaysia	6.85
Malaysia Government Securities	Malaysia	6.03
Projek Lebuhraya Usahasama Bhd	Malaysia	2.92
Danum Capital Bhd	Malaysia	2.53
Sarawak Energy Bhd	Malaysia	2.35
Sarawak Hidro Sdn Bhd	Malaysia	2.30
Toyota Capital (M) Sdn Bhd	Malaysia	2.20
Sepangar Bay Power Corp	Malaysia	2.06
UEM Sunrise Bhd	Malaysia	2.00

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.

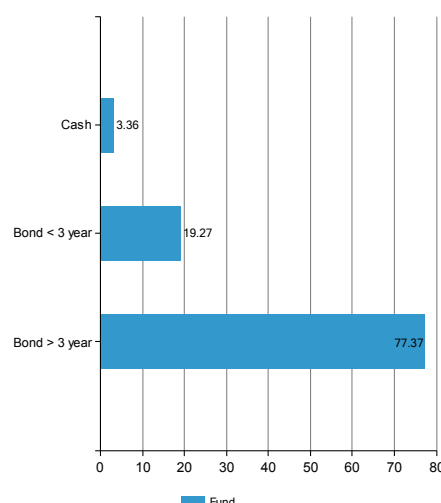
## Fund Risk Statistics

Beta	0.96
Information Ratio	-1.06
Sharpe Ratio	0.94
3 years monthly data	

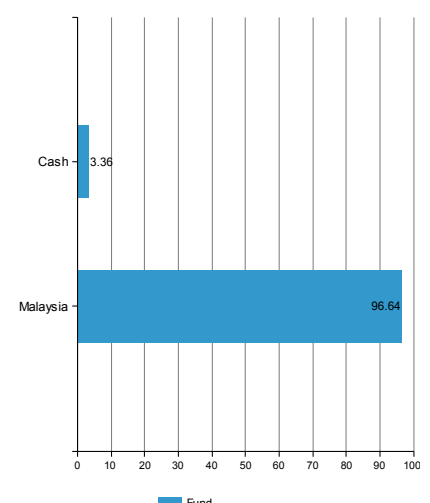
## Asset Allocation (%)



## 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 May-21 was 0.35%, underperformed benchmark by 7bps. MTD underperformance was due Fund overweight long duration government securities and yield curve steepened. YTD Fund underperformed by 29bps due to overall yield curve steepened and the Fund held barbell duration portfolio.

During the month, the overall MGS yield curve traded steeper as covid cases continue to rise which prompted the government to announce another round of movement control order (MCO 3.0). Concerns on fiscal slippage and sovereign rating pressure continue to steepen the long-end curve, which widened 6 to 11bps in May-2021. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.30% (-5bps), 2.71% (+5bps), 3.03% (+5bps), 3.25% (+11bps), 4.02% (+9bps), 4.20% (+6bps) and 4.40% (+8bps) respectively at the end of May.

While Malaysia reported decent 1Q21 GDP recovery (+2.7% QoQ), surging covid cases has prompted the federal government to announce 2-week lockdown from 1st June. MoF has not officially guided new GDP forecast taking into consideration of the lockdown impact, but most business economists are downgrading 2021 growth to 4.4 – 5.4% (MoF original forecast 6.0 – 7.5% YoY). With the lockdown, risk of fiscal slippage and sovereign rating pressure have risen. Although the latest RM5bn fiscal injection will only translate to 0.3% of GDP, Malaysia's external debt profile is already very close to sell impose limit of 60% (official guidance at 58.5% in 2021 based on 7% GDP growth). Come June 2021, S&P is expected to review Malaysia's sovereign rating (currently at A-/Negative) and with the current development, it is hard to expect a positive outcome. While BNM kept policy rate unchanged in the May-2021 meeting, policy action may be required in the next meeting if pandemic related headwinds turned out to be stronger than initially assumed.

For MYR fixed income strategy, the new round of nationwide lockdown is clearly a growth dampener, and it may shift BNM's policy tone to slightly dovish. This may temporary steepen the short-end yield curve and provide a good trading opportunity before the next meeting in July-2021. For longer term fixed income strategy, we remain overweight on corporates for better yield pick-up. Credit supply continues to be vibrant, and we aim to move to new credits when possible. With that said, we continue to be mindful in our credit selection with a preference on names which are more resilient with stronger fundamentals.

<sup>a</sup>Based on the fund's portfolio returns as at 15 May 2021, the Volatility Factor (VF) for this fund is 2.160 and is classified as "Very Low" (source: FIMM). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by FIMM based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

We recommend that you read and understand the contents of the Principal Conservative Bond Fund (formerly known as CIMB-Principal Conservative Bond Fund) Replacement Prospectus dated 10 March 2020 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 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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