

Affin launches new bond fund managed by Pimco

Affin Hwang Asset Management Bhd has introduced a wholesale fixed-income feeder fund which seeks to provide investors with regular income by investing in a collective investment scheme, namely Pimco GIS Income Fund.

The Affin Hwang Global Income Fund was launched on Monday.

The target fund is managed by an investment team under Pacific Investment Management Co LLC (Pimco).

Pimco and its other group affiliates have approximately US\$1.5 trillion (RM6.18 trillion) of assets under management as of March 31, 2016, and have more than 700 investment professionals globally. Pimco is widely recognised as one of the world's premier bond managers and has been actively managing income-producing portfolios for more than 40 years.

In a statement, Affin Hwang Asset chief marketing officer Chan Ai Mei said in the current volatile and prolonged low interest-rate environment, coupled with slow growth and weak corporate earnings growth, return on equity investments has also come with greater volatility.

"We identified an opportunity to partner with Pimco in offering a solution that aims to provide consistent income through investments into a global and diversified multi-sector fixed-income instruments. It adapts benchmark-agnostic strategy and targets a balance between yield and capital preservation.

"The target fund generates returns globally and complements our Select Income Series (which is currently Asian-focused)," said Chan.

Since the inception of the target fund's strategy, it has delivered a consistent and reliable stream of income with an annualised monthly distribution yield of over 4% per annum, outperforming its benchmark Barclays US Aggregate Index (Source: As at March 31, 2016, Pimco).

The outperformance comes from its global multi-sector strategy that seeks to combine the total return investment process and philosophy to maximise income investing into a diversified portfolio of fixed-income instruments of varying maturities, said Affin Hwang Asset.

It said the target fund invests into attractive opportunities across all sectors of the global fixed-income instruments such as government securities, mortgage-related and other assetbacked securities, corporate debt securities, high-yield securities, emerging-market securities, variable and floating rate securities, inflation-indexed bonds and contingent convertible instruments.

It also has the flexibility to adjust the portfolio duration within a range of zero to eight years, taking into account the interest-rate outlook.

The current effective duration of the target fund is 3.11 years against benchmark duration of 5.47 years, said Chan.

She added: "Currently, the market is looking at a 30% probability of a US Federal Reserve rate hike and Affin Hwang Asset is in consensus with it. This is mainly due to the relatively low inflation in the US and the looming concerns over Brexit, pending the UK's European Union referendum on June 23, 2016."

Affin Hwang Global Income Fund is a bond fund that seeks to achieve capital preservation and consistent return over medium- to long-term period through a portfolio of global fixed-income instruments.

The fund is designed for sophisticated investors who seek income through investment in a portfolio of global fixed-income instruments, have a medium- to long-term investment horizon and a moderate risk tolerance.

The fund is available in four currency classes, namely USD Class, MYR-Hedged Class, SGD-Hedged Class and AUD-Hedged Class.