

Bond Market Review

US Treasuries (UST) weakened in July on continued tensions in the Middle East and the resultant higher oil prices, with Brent crude once again breaching USD100 per barrel, spooking inflation concerns. US nonfarm payrolls were weaker-than-expected, adding only 57,000 jobs in June (consensus: 114,000), following 3 consecutive months of stronger-than-expected data, while the unemployment rate edged marginally lower at 4.2% (May: 4.3%). On inflation front, the Consumer Price Index (CPI) cooled to 3.5% year-on-year (YoY) in June from the previous month's high of 4.2%, due to easing energy prices. At the Federal Open Market Committee (FOMC) meeting on 28-29 July, the US Federal Reserve (Fed) kept interest rates unchanged at 3.50%-3.75%, delivering a hawkish message with the decision notably split as 3 voting members dissented in favour of a hike. Coupled with persistent doubts over the Middle East peace deal, the 30Y UST yield spiked 32 basis points (bps) higher month-on-month (MoM), closing the month at 5.27% – the highest since June 2007. Overall, the UST yield curve bear-steepened during the month, with the 2Y yield rising 12bps MoM to 4.29% and the 10Y yield climbing 26bps to 4.73%, a one-year high.

Locally, Malaysian Government Securities (MGS) yields tracked UST movements, albeit at a lesser quantum. The 3Y yield increased by 6bps MoM to 3.31%, while the 10Y yield rose 11bps to close the month at 3.71%. As widely expected, Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 2.75% on 9 July. While acknowledging the continued threat to growth posed by the Middle East conflict, the central bank remains confident that Malaysia will achieve its 2026 growth target of 4%-5%, with inflation expected to stay contained. Domestic growth continues to be underpinned by strong fundamentals, robust domestic demand, and solid export growth. On inflation front, both headline and core Consumer Price Index (CPI) eased slightly to 1.9% YoY in June (May: 2.0%). Primary government bond auctions remained well-supported during the month, with an average oversubscription rate of 2.0x.

Bond Market Outlook

In the US, the Fed continues to maintain its view that the economy is expanding at a solid pace, while acknowledging that inflation remains above its 2% target. Fed Chair Warsh struck a hawkish tone, stressing the Fed's commitment to restoring price stability and indicating that higher rates remain an option should inflation persist, though his press conference offered no forward guidance, leaving markets to reprice the odds of a future hike. Meanwhile, oil prices continue to swing with every twist in the fragile Middle East conflict, leaving uncertainty on the inflation front. In the meantime, volatility in the UST market could persist amid lingering uncertainties surrounding inflation, growth, and monetary policy.

Locally, Malaysia's macroeconomic outlook remains supported by steady domestic demand, healthy labour market conditions and contained inflation, albeit with downside risks from global trade uncertainties and external market volatility. BNM is expected to maintain the OPR at 2.75% for the rest of the year, given the manageable inflation outlook and resilient growth trajectory. Prospects for the local bond market remain constructive, underpinned by ample domestic liquidity and sustained demand from institutional investors. Nevertheless, MGS performance is likely to remain sensitive to external developments, particularly UST yield movements and geopolitical risks, as well as domestic political developments.

Bond Fund Strategy

The Fund will continue to invest in a diversified portfolio of fixed income securities, equities and equity related securities (warrants, convertible loan stocks, transferable subscription rights and depository receipts) of companies in the Asia Pacific region.

FUND OBJECTIVE

Aims to provide investors with regular income by investing into fixed income securities, equities and equity related securities of companies in the Asia Pacific region.

Fund Category/Type

Fixed Income / Income

Launch Date

12 July 2016

Trustee

CIMB Commerce Trustee Berhad

Benchmark

70% Maybank 12-month Fixed Deposit Rate and 30% FBM KLCI

Designated Fund Manager

Lee Sook Yee

Sales Charge

Up to 3.00%

Annual Management Fee

1.50% p.a.

Annual Trustee Fee

0.05% p.a.

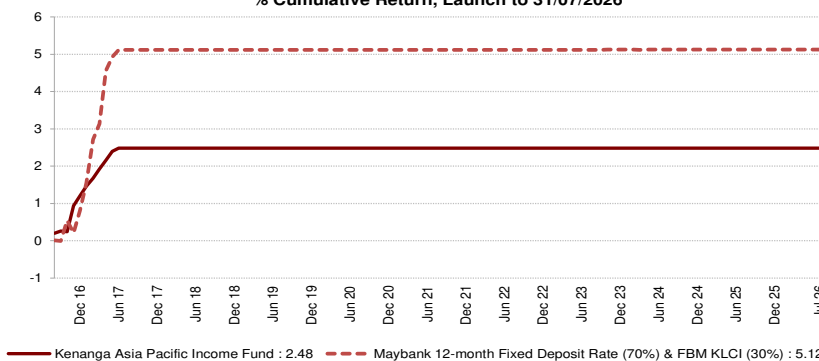
Redemption Charge

Nil

All fees and charges payable to the Manager and the Trustee are subject to the goods and services tax /sales and services tax/other taxes of similar nature as may be imposed by the government or other authorities from time to time.

FUND PERFORMANCE (%)

% Cumulative Return, Launch to 31/07/2026



Source: Novagmi Analytics and Advisory

CUMULATIVE FUND PERFORMANCE (%)[#]

Period	Fund	Benchmark
1 month	N.A.	N.A.
6 months	N.A.	N.A.
1 year	N.A.	N.A.
3 years	N.A.	N.A.
5 years	N.A.	N.A.
Since Launch	2.48	5.12

[#] Source: Novagmi Analytics and Advisory

* Both the Fund and benchmark performance data are not applicable as the Fund had no investors since June 2017.

CALENDAR YEAR FUND PERFORMANCE (%)[#]

Period	Fund	Benchmark
2025	N.A.	N.A.
2024	N.A.	N.A.
2023	N.A.	N.A.
2022	N.A.	N.A.
2021	N.A.	N.A.

FUND SIZE *

RM 0.00 million

NAV PER UNIT *

RM 0.5124

HISTORICAL FUND PRICE *

	Since Inception	Date
Highest	RM 0.5125	13-Jun-17
Lowest	RM 0.5000	12-Jul-16

ASSET ALLOCATION (% NAV)

Not Applicable

SECTOR ALLOCATION (% NAV)

Not Applicable

TOP FIXED INCOME HOLDINGS (% NAV)

Not Applicable

DISTRIBUTION HISTORY

Not Applicable

Based on the fund's portfolio returns as at 10 July 2026, the Volatility Factor (VF) for this fund is 0.00 and is classified as "Very Low". (Source: Lipper). "Very Low" includes funds with VF that are 0.000 and less than or equal to 4.57 (source: Lipper). 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 Lipper 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. The Master Prospectus dated 29 March 2019 has been registered with the Securities Commission Malaysia, who takes no responsibility for its contents. The fund fact sheet has not been reviewed by the SC. A copy of the Master Prospectus and the relevant product highlights sheet (PHS) is obtainable at our offices. Application for Units can only be made on receipt of application form referred to in and accompanying the relevant Master Prospectus. Investors are advised to read and understand the prospectus and consider the fees and charges involved before investing. Unit prices and distributions may go down as well as up. A Fund's track record does not guarantee its future performance. Investors are advised to read and understand the contents of the unit trust loan financing risk disclosure statement before deciding to borrow to purchase units. Kenanga Investors Berhad is committed to preventing Conflict of Interest between its various businesses and activities and between its clients/directors/shareholders and employees by having in place procedures and measures for identifying and properly managing any apparent, potential and perceived Conflict of Interest by making disclosures to Clients where appropriate. The Manager wishes to highlight the specific risks of the Fund are credit and default risk, interest rate risk, equity-specific risk, warrant and convertible loan stock risk, currency risk, settlement risk and country-specific risk. Kenanga Investors Berhad 199501024358 (353563-P)