

# Phillip Wholesale Islamic Income Fund (PWEIF)

## FEBRUARY 2024

Website: [www.phillipinvest.com.my](http://www.phillipinvest.com.my)

E-mail: [pcm@phillipcapital.com.my](mailto:pcm@phillipcapital.com.my)



### FUND DETAILS

|                               |  |
|-------------------------------|--|
| Investment Manager            | Phillip Capital Management Sdn Bhd (PCM)   |
| Trustee                       | PB Trustee Services Berhad   |
| Shariah Advisor               | Amanie Advisors Sdn Bhd  |
| Fund Objectives               | The Fund aims to provide regular income to investors.  |
| Distribution Policy           | Subject to availability of income, the Fund intends to distribute its income on a monthly basis whenever possible or at least quarterly. |
| Asset Allocation              | 0%-100% invested in fixed income instruments, deposits and money market instruments.   |
| Launch Date                   | 3 May 2021 @ RM1.00  |
| Fund Size as at 31/01/2024    | RM1,129,914,270.12/1,129,914,270.12 units  |
| Sales Charge                  | Up to 1.00% of the NAV per Unit  |
| Redemption Charge             | Nil  |
| Management Fee                | Up to 1.00% per annum of the NAV of the fund   |
| Trustee Fee                   | 0.015% on NAV or a minimum of RM12,000 per annum   |
| Minimum Initial Investment    | RM100,000.00 or such lower amount at the Manager's Discretion  |
| Minimum Additional Investment | RM 10,000.00 or such lower amount at the Manager's Discretion  |

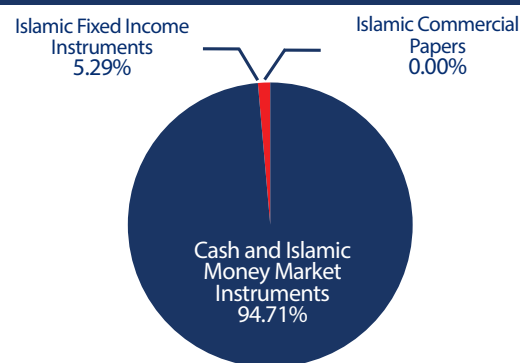
### FUND INFORMATION

- a) An individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence.
- b) An individual who has a gross annual income exceeding RM300,000 or jointly with his or her spouse, has a gross annual income of RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months.
- c) An individual whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse, in any capital market products exceeding one million ringgit or its equivalent in foreign currencies.
- d) A corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts
- e) A partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies
- f) Any person who acquires unlisted capital market product where the consideration is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid in cash or otherwise.

The Fund is suitable for members who:

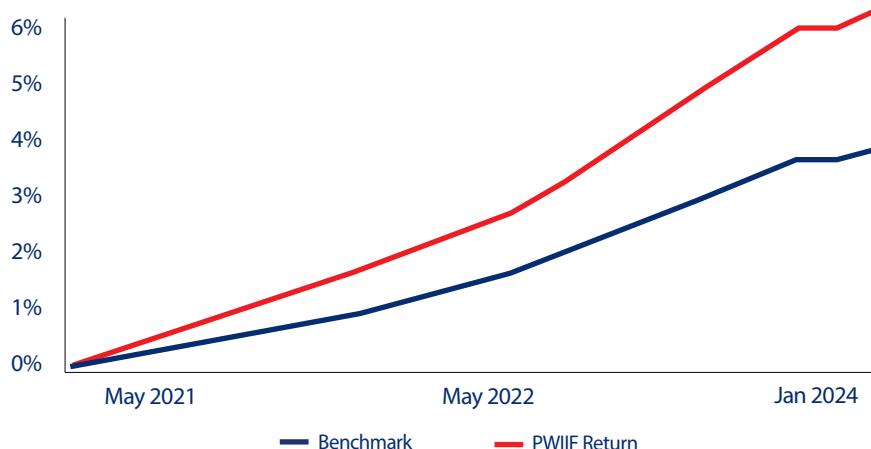
- Conservative and low risk tolerance
- Prefer short to medium term investment horizon

### SECTOR ALLOCATION AS AT 31st JANUARY 2024

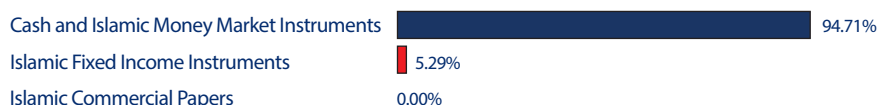


Source: Phillip Capital Management

### FUND PERFORMANCE



### ASSET ALLOCATION



Source: Phillip Capital Management

### NET INCOME MONTHLY DISTRIBUTION

- 3.52% p.a. - 1.01.24 - 31.01.24
- 3.50% p.a. - 1.12.23 - 31.12.23
- 3.50% p.a. - 1.11.23 - 30.11.23
- 3.45% p.a. - 1.10.23 - 30.10.23
- 3.45% p.a. - 1.09.23 - 30.09.23

Source: Phillip Capital Management

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## MARKET REVIEW

US Treasury (UST) yield curve showed a bear-steepening trend, with benchmark yields rising 13-19 basis points month-over-month (m-o-m). In December, the 10-year interest rate initially spiked to 4.18% but ended the month at 4.03%. This increase was driven by investors selling bonds in response to positive US retail sales (showing a 5.59% growth) and fewer people filing for unemployment benefits. These events suggested that the economy was holding up well at the end of the year, and the job market remained strong, easing concerns about a sharp economic downturn. Pressure on bond yields continued due to cautious comments from Fed Governor Christopher Waller, who recommended a careful approach to lowering interest rates. The Fed's decision to keep its main interest rate target unchanged (between 5.25% and 5.50%) at their meeting indicated they had not yet achieved their goal of bringing inflation down to 2.00%, making an interest rate cut in March less likely. By the end of the month, the 10-year bond interest rate had increased by 15 basis points to 4.03%, and the 30-year bond interest rate increased by 19 basis points to 4.22%.

In the local bond market, Malaysian Government Securities (MGS) yields showed a mixed performance, ranging from a decrease of -8 basis points to an increase of +5 basis points. Demand for both short-term and very long-term bonds contributed to the downward pressure on yields. Notably, the reopening of 30-year MGS issuance received a strong response, achieving a bid-to-cover (BTC) ratio of 2.99x on a RM3billion auction size, averaging 4.243%. The total incoming bids, reaching nearly RM9billion, exceeded last year's high of RM7.7billion for 20-30-year MGS/GII auctions. In January, two Government Investment Issues (GII) were introduced. The 5-year GII had a BTC of 4.40x with a yield of 3.62%, while the 10-year GII attracted a BTC of 2.44x with a yield of 3.908%. Demand for local bonds, especially those with longer durations, remained robust at the beginning of the year. By the end of the month, the 3-year MGS decreased by -8 basis points, closing at 3.39%, the 30-year MGS decreased by -4 basis points, and the 10-year MGS increased by 5 basis points to 3.78%.

We expect the Overnight Policy Rate (OPR) to stay steady at 3.0%, anticipating no changes in rates until the conclusion of 2024. In February, we predict Malaysian Government Securities (MGS) and Government Investment Issues (GII) to trade within a narrow range, influenced by shortened trading days during the Federal Territory and Chinese New Year holidays. Our strategy involves vigilant monitoring of bond yield fluctuations, allowing us to identify opportunities in specific bonds and capitalize on attractive yields.

Looking forward, Malaysia's economy is poised for steady improvement in the coming year, propelled by a potential resurgence in external demand. Leading indicators indicate that global trade and semiconductor demand hit their lowest point in 2023. We anticipate a growth range of 4.5%-5.5% in 2024, up from the estimated 4.0% this year. Nevertheless, potential risks to Malaysia's growth depend on the global economy achieving a 'soft landing' and avoiding additional geopolitical conflicts.

## For more information :

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