

# Agency: Returns from M'sian bonds and sukuk still attractive

**KUALA LUMPUR:** Malaysia's bonds and sukuk remain attractive for investors looking for value, says Bond Pricing Agency Malaysia (BPAM).

Its chief executive officer Meor Amri Meor Ayob said returns from Malaysian bonds and sukuk remained positive compared with some other countries which made it a better choice in terms of profit maximisation.

"When we look at the value, the net returns of our various bonds year-to-date are ranging from 4.95% to 5.21%, higher against the inflation rate, and remain positive compared to some other countries' with zero or negative returns.

"We are looking at profit maximisation without taking into consideration of the foreign exchange or political issues. Returns wise, Malaysia's bonds remain profitable," he told reporters at the launch Malaysia's first Environmental, Social and Governance(ESG) Bond Index Series, here yesterday.

Meor Amri said Malaysia's bonds performance in the first half of this year was also seen as quite bullish and the sentiment was sustainable as long as global central markets were dovish due to the prolong US-Sino trade dispute and Brexit plans under the new British premier Boris Johnson.

He also noted that foreign holdings in Malaysia's sovereign bonds and sukuk as of June this year remained steady at about 37 per cent of the total outstanding value of Malaysia's sovereign bonds and sukuk.

On the ESG Bond Index Series, he said it covered ringgit denominated long term bond and sukuk classified within ESG principles and was aimed to be the first reference point for the fixed income segment.

He said the index highlighted bond and sukuk issuers issuing under ESG principles and track their performance and it could also be used as a benchmark to compare returns with other investments.

Meor Amri said the index had been back-filled with data to start tracking from January 2018 and was currently monitoring 111 bonds and nine issuers with a total market capitalisation of RM4.05bil as of June this year.

Meor Amri said ESG investments were not a profit-driven market and the awareness of the implicit value-proposition of socially responsible investing (SRI) was still at its early stage in Malaysia compared with more mature markets that traded these bonds.

"We are far from our full capacity in ESG related investments. The launch of the ESG index series by BPAM as a benchmark for SRI will hopefully improve SRI awareness and support the government's initiatives among local fixed-income investors to support these bond in the long run," he added. — Bernama