

Bonds, sukuk remain attractive investment assets

1H19 bond performance was seen as quite bullish — BPAM

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

"When we look at the value, the net returns of our various bonds year to date (YTD) are ranging from 4.95% to 5.21%, higher against the inflation rate, and remain positive compared with some other countries' with zero or negative returns," said BPAM chief executive officer Meor Amri Meor Ayob.

"We are looking at profit maximisation without taking into consideration foreign exchange or political issues," he said.

"Returns-wise, Malaysia's bonds remain profitable," he told reporters at the launch Malaysia's first Environmental, Social and Governance (ESG) bond index series yesterday.

Meor Amri said Malaysia's bond performance in the first half of this year (1H19) was also seen as quite



Meor Amri also noted that foreign holdings in Malaysia's sovereign bonds and sukuk as of June remained steady.

The Edge file photo

bullish and the sentiment was sustainable as long as global markets were dovish due to the prolonged US-Sino trade dispute and Brexit plans under the new British Prime

Minister Boris Johnson.

He also noted that foreign holdings of Malaysia's sovereign bonds and sukuk as of June remained steady at about 37% 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 bonds 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 has been backfilled with data to start tracking from January 2018 and is currently monitoring 111 bonds and nine issuers with a total market capitalisation of RM4.05 billion as of June this year. — *Bernama*