

19 September 2012

## **AmIslamic Funds Management Manages New USD-denominated Global Sukuk Fund – AmGlobal Sukuk**

AmIslamic Funds Management (AIFM) is the investment manager for the newly launched USD-denominated global sukuk fund – AmGlobal Sukuk<sup>1</sup> (“the Fund”). This Shariah-compliant fund aims to provide capital appreciation by investing primarily in sukuk both locally and globally<sup>2</sup>.

AIFM is part of the funds management division of AMMB Holdings Berhad and manages its Shariah-compliant unit trust funds and institutional mandates. Amanie Advisors Sdn Bhd is the Shariah Adviser for this Fund.

“AmGlobal Sukuk will invest in sukuk both locally and globally including but not limited to countries such as Malaysia, Indonesia, United Arab Emirates, Saudi Arabia and other foreign markets<sup>2</sup>. AIFM will rely on its stringent investment processes coupled with superior credit selection, through our proprietary in-house credit research team to deliver favourable return in light of calculated risks. We will also consider sukuk with favourable or improving credit outlook that should provide the capital appreciation for these investments,” said Tan Sri Azman Hashim, Chairman, AmBank Group.

He added, “Our focus is to provide global investment solutions that cater to the investment needs of global investors. As the country’s largest bond fund

manager in terms of assets under management<sup>3</sup> and in the home of the world's largest global sukuk market<sup>4</sup>, we have the best accessibility to this thriving market. We are very much encouraged with the continuous issuance of new sukuk and see it as an asset class with growing investment opportunities, making it essential for portfolio diversification".

Compared to the asset class of equities which is subject to uncertainty and volatility of financial markets, sukuk has so far outperformed Islamic and conventional equities. Over the last five years, global sukuk had registered positive returns of 27.28%<sup>5</sup> while Islamic equities and conventional equities indexes ended in the red by producing negative returns of -7.13% and -18.08%<sup>5</sup> respectively. Global sukuk's total returns of 27.28% have even outperformed its returns from global conventional bonds by more than three times over the same period as well<sup>5</sup>.

The Fund will undertake active management to enhance and optimise returns from investing in sovereign, quasi-sovereign and corporate sukuk to achieve its investment objective. The sectorial weightings may be adjusted to maximize the performance. In addition, the Fund may invest in sukuk of varying maturities. The Fund's investment maturity profile is subject to active tactical duration management in view of the interest rate scenario without any portfolio maturity limitation. There is also no minimum rating for a sukuk purchased by the Fund.

Value-add of the Fund is derived from active tactical duration management, yield curve positioning and credit spread arbitrage. Yield curve positioning and credit rate arbitrage is part of the relative value approach involving analysis of general economic and market conditions including the use of models to analyse and compare expected returns as well as the assumed risk.

Funds management division, AMMB Holdings Berhad with 30 years of track record has been acknowledged on international fronts evidenced by its string of accolades including the prestigious Best Bond Fund Group by The Edge-Lipper for the fifth consecutive year<sup>6</sup>. AIFM has led on Islamic fronts with notable awards such as Islamic Asset Management House of Malaysia by The Asset<sup>7</sup> as well as being the Most Outstanding Islamic Fund Manager<sup>8</sup>.

The Fund is a suitable investment for investors who want steady growth in value by investing in sukuk as an asset class; have Medium to Long term<sup>9</sup> investment goals and are willing to assume additional risk associated with investing in sukuk with longer duration and lower credit ratings.

The Fund has an approved size of 250 million units. Investors\* may subscribe the units in the Fund either in US Dollars or Ringgit Malaysia. Its minimum and additional investments are USD500 and USD250 respectively for non-Malaysian residents and RM2,000 and RM1,000 for Malaysian residents respectively.

\* For more details of the Fund, please refer to the AmIslamic Prospectus for AmGlobal Sukuk dated 3 August 2012 via [www.amislamicfundsmanagement.com](http://www.amislamicfundsmanagement.com), contact us at 03-2032 2888, or alternatively you may visit any AmBank branch to request for a copy of the Prospectus and its application form.

#### **Sources**

1 Lipper Investment Management, as at 4 September 2012

2 AmIslamic Prospectus for AmGlobal Sukuk dated 3 August 2012

3 In terms of asset under management, Malaysian Association of Asset Managers (MAAM), Lipper Investment Management & AmInvestment Management, 31 March 2012, latest available data

4 International Islamic Financial Market (IIFM) Sukuk Issuance Database, for the period January 2001 – 1Q2012 extracted from a presentation by IIFM titled 'Sukuk Overview & Trends' dated 18 May 2012 available via <http://siteresources.worldbank.org>, data extracted 3 September 2012

5 Lipper Investment Management, data from 31 August 2007 to 31 August 2012, returns based on capital return and net of income distributions. Global Sukuk represented by Dow Jones Citigroup Sukuk; Conventional equities represented by MSCI World Index; Islamic Equities represented by MSCI World Islamic; Global bonds represented by Barclays Global Aggregate Bond. Data extracted 4 September 2012.

6 The Edge-Lipper Malaysia Fund Awards, February 2012

7The Asset Triple A Awards for Islamic Finance 2012, June 2012

8 KLIFF Islamic Finance Awards 2011, September 2011

9 The investment horizon should be at least three (3) years

## **About AmIslamic Funds Management**

AmIslamic Funds Management manages the Shariah-compliant investments of the funds management division of AMMB Holdings Berhad. The funds management division of AMMB Holdings Berhad is one of the leading fund management houses in Malaysia\* and has approximately RM33.9 billion assets under management as at 31 August 2012.

To date, the funds management division of AMMB Holdings Berhad markets 77 unit trust funds under the brand name of AmInvest (for conventional funds) and AmIslamic Funds Management (for Shariah-compliant funds). These funds include Malaysia's series of firsts\*\* in the unit trust industry, such as the first cash management trust, the first bond and equity exchange-traded fund, the first global Islamic equity fund, the first agribusiness fund as well as the first precious metals fund.

Both AmInvest and AmIslamic Funds Management funds are managed by the award-winning funds management division of AMMB Holdings Berhad which has been named Malaysia's Asset Management Company of the Year for 2 consecutive years. The award recognizes the best asset management company in Malaysia that has built a comprehensive platform for investing in different asset classes and servicing the investing needs of institutional, corporate and retail clients. AmIslamic Funds Management (for Shariah-compliant funds) won Islamic Asset Management House of the Year for Malaysia.

### *Sources:*

*\* In terms of asset under management, Malaysian Association of Asset Managers (MAAM), Lipper Investment Management & AmInvestment Management, 31 March 2012, latest available data.*

*\*\*Lipper Investment Management and funds management division of AMMB Holdings Berhad as at 31 August 2012.*

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### **Disclaimer:**

The information contained in this promotional material is general information only and does not take into account your individual objectives, financial situations or needs. You should seek your own financial advice from an appropriately licensed adviser before investing. We recommend that you read and understand the contents of AmIslamic Prospectus for AmGlobal Sukuk dated 3 August 2012 that is registered with the Securities Commission, who takes no responsibility for its contents. For copies of the Prospectus, visit us at our nearest representative office. You should be aware that investments in unit trust funds carry risks. An outline of some of the risks is contained in the Prospectus. The specific risks associated with the Fund are credit (default) & counterparty risk, interest rate risk, liquidity risk, currency risk, high duration risk, emerging markets risk and Shariah non-compliance risk as contained in the Prospectus. Unit prices and income distribution, if any, may rise or fall. Past performance of a fund is not indicative of future performance. Please consider the fees and charges involved before investing. Units will be issued upon receipt of completed application form accompanying the Prospectus and subject to terms and conditions therein. AmInvestment Services Berhad does not guarantee any returns on the investments. In the event of any dispute or ambiguity arising out of the other language translation in this leaflet, the English version shall prevail.