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UOB Asset Management (Malaysia) Bhd (UOBAM) said today it has launched the United Target Income Bond Fund aimed at investors with a moderate risk appetite.

According to UOBAM's press release, the bond fund aims to provide higher returns than a fixed deposit, targeting 4.5% to 5% per annum. However, the return is not guaranteed.

United Target Income Bond Fund is a three-year, closed-end fund that invests in Asian sovereign, quasi-sovereign and corporate bonds, denominated in any currency. Subscription is available at United Overseas Bank (Malaysia) Bhd and other selected banks.

The offer price is 50 sen per unit, with a minimum investment of RM5,000. The minimum additional investment is RM5,000. The offer ends on April 29.

Launched on March 16, the bond fund aims to provide retail investors with an annual income stream from Asian bond markets. UOBAM said the fund aimed to provide diversification, with comparable annualised returns on equities with lower annualised volatility.

The fund is also suitable for investors who seek regular income, wish to have exposure to a bond portfolio and those who have a short to medium-term investment horizon, it added.

UOBAM CEO Lim Suet Ling told a media briefing today that the fund house has a positive outlook on Asian bonds, particularly those from China, India and Indonesia.

"We foresee the global interest rate environment remaining benign as many central banks in Asia's emerging markets, such as China, India and Indonesia, have implemented loose monetary policies. Quantitative easing measures in Europe as well as the shrinking supply of bonds from other markets are likely to boost demand for Asian bonds."

Given the strong support for Asian bonds, the fund may be terminated earlier if its cumulative returns rise above the pre-determined trigger level before the maturity date. The trigger level is set at 6.5%, 12.5% and 18.5% for the first, second and third year respectively.

If the trigger level is not reached, the fund will continue to invest until the maturity date and proceeds are paid out. This means there is a potential for early returns.

As at end-January, UOBAM had RM5.16 billion under management.

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author: Sim Wei Shaun

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