

Bondweb poised to launch nation's 1st all-bond index

The index, which will track more than 1,900 bond prices, is scheduled to be released by October

BY ISHUN P AHMAD

MALAYSIAN investors will soon be able to effectively measure the performance between equity and bonds investments with the launch of the country's first comprehensive all-bond index.

Bondweb Malaysia Sdn Bhd chief operating officer Meor Amri Meor Ayob told *The Malaysian Reserve* that the nation's sole bond pricing agency is in the midst of launching the all-bond index that tracks more than 1,900 bond prices. The index is scheduled to be released by October.

Meor Amri said the index will comprise bonds that have ratings of at least BBB and above and will not include

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bonds that have callable options.

The introduction of the index is to provide investors with a reliable general benchmark for the Malaysian bond market, he said, adding that it will be available free of charge.

There are over 1,000 bond index combinations that Bondweb can churn out with its current available data on bond prices.

Other bond indices that Bondweb might launch in the future could include a bell-weather index that targets specific segments such as an Islamic corporate bond index.

Meor Amri said Bondweb anticipates that the all-bond index would contribute significantly to the company's revenue in future. Its main revenue now comes from bond pricing services.

Industry experts said that the all-bond index would be very useful to investors who are looking to switch investments from equity to fixed income. It is also a good performance measuring tool for their investments in bonds such as bonds funds.

The beauty of the index, according to Bondweb, is its comprehensiveness in tracking a wide amount of bonds as compared to existing bond

indices that are skewed towards a limited number of bonds.

Industry experts pointed out that the index will also help provide foreign investors with more transparency towards the country's bond market through better performance tracking.

Meor Amri said that in the last two months, a selected number of large financial institutions and fund managers have been evaluating the bond index and studying the suitability of the index rules.

The rules, based on European standards, are governed by four major components — eligibility criteria, minimum

outstanding of the bonds, how often the bonds are re-balanced, and reinvestments.

Meanwhile, Bondweb will be changing its name to Bond Pricing Agency Malaysia Sdn Bhd today, coinciding with their transfer to a bigger office, three floors above their present office at The Boulevard Mid Valley City.

The name change does not affect the existing name of its products like Bondstream.

According to Meor Amri, the name change is not a re-branding but only a renaming exercise that will better reflect its business as Bondweb does not truly reflect the product.