

### FUND OBJECTIVE

To provide a steady income stream over medium to long-term period by investing primarily in bonds and fixed income securities.

### FUND DETAILS

Launch Date	16 January 2018	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	73,391 units (31 May 2018)	Fund Size	RM72,819 (31 May 2018)
Unit NAV	RM0.9922 (31 May 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Affin Hwang Asset Management Berhad	Target Fund	Affin Hwang Select Bond Fund
Benchmark	Maybank 12-Month Fixed Deposit Rate	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> <li>Have a medium to long term investment horizon</li> <li>Risk averse and conservative</li> </ul>	Fees	<ul style="list-style-type: none"> <li>Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Bond Fund</li> <li>Up to 1.0% per annum fund management charge is applied on the Target Fund's NAV by Fund Manager</li> </ul>

### ASSET ALLOCATION

Bonds	Cash	Money Market Instruments/Deposits
Min 70%; Max 30%	Remaining Balance	Min 0%; Max 30%

### SECTOR ALLOCATION OF THE TARGET FUND

Banks	21.5%
Others	14.0%
Industrials	13.9%
Real Estate	11.9%
Financial Services	9.8%
Utilities	7.4%
Insurance	6.0%
Basic Materials	3.5%
Government	3.2%
Cash & Cash Equivalent	8.8%
Total	100.0%

### TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
Yinson Juniper Ltd	7.85%	05.10.49	2.3
CIMB Bank Bhd	4.80%	13.09.23	2.2
China Life Insurance Co. Ltd	4.00%	03.07.75	2.0
Heungkuk Life Insurance Co Ltd	4.48%	09.11.47	1.8
Australia New Zealand Bank Gp	6.75%	15.06.49	1.7
PTT Exploration & Production	4.88%	18.06.49	1.6
BHP Billiton Finance USA Ltd	6.75%	19.10.75	1.6
Yinson TMC Sdn Bhd	7.00%	25.09.49	1.5
Eco World Capital Assets Bhd	6.50%	12.08.22	1.5
GENM Capital Bhd	4.78%	31.03.22	1.5

## PERFORMANCE RECORD

This fund feeds into Affin Hwang Select Bond Fund ("Target Fund") with the objective to provide a steady income stream over medium to long-term period by investing primarily in bonds and fixed income securities.

Table below shows the investment returns of Sun Life Malaysia Select Bond Fund versus its benchmark as at 31 May 2018.

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	-0.78	-0.23	-0.37	N/A	N/A	N/A	-0.78
<b>Benchmark</b>	1.35	0.28	0.84	N/A	N/A	N/A	26.27

\* Calculation of past performance is based on NAV-to-NAV

**Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.**

## FUND MANAGER'S COMMENTS

- Markets were volatile amidst an uncertain US-North Korea summit, constantly changing trade rhetoric, Iran sanctions and the political overhang in Europe.
- US 10 year treasury yields fell below 2.9% after moving beyond the 3.1% levels earlier in the month, while USD and Yen rallied as investors seek safe haven assets.
- The Fed held rates steady in their May meeting, while recent minutes showed a likely 25bps hike in June.
- EM markets also saw a sell off during the month, pushed by better economic data from the US, the USD strength, and high oil prices.
- Asian bond prices remained relatively flat despite the lower US treasury yields. Credit spreads widened with continued heavy supply of primary issuance seen.
- In Asia, the Indonesian Rupiah was the best performing currency following central bank's rate hike of 25bps twice in just 2 weeks in an attempt to arrest the currency's decline.

#### FUND MANAGER'S COMMENTS (CONTINUED)

- PMI in China surpassed expectations with 51.9 recorded in May, the highest level since October 2017, supported by strong supply-demand factors and gains in global commodity prices.
- The Fund slid 0.23% lower in the month of May, while its benchmark index rose 0.28% over the same period.
- **STRATEGY:** We expect market volatility to continue in the near term as uncertainties prevail, despite encouraging fundamentals.
- We continue to believe that broader economic fundamentals remain robust and there are still opportunities in the market to participate in.
- Foreign currency exposure will remain largely hedged to reduce potential effects of currency movements.
- Support for regional bonds is still relatively soft as investors stay side-lined while bond prices slowly re-adjust.
- We are taking a slight defensive positioning, holding moderately high cash levels of around 7% to 10%.
- We maintain a relatively short duration positioning at about 3 to 4 years.
- We will look for opportunities to enter at more attractive levels as we expect bond supplies to gradually slow entering 2H 2018.

**Source : Affin Hwang Asset Management Berhad**

**Date : 13 June 2018**

**Disclaimer:**

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