

FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	31.64 million units (30 September 2020)	Fund Size	RM47.43 million (30 September 2020)
Unit NAV	RM1.4991 (30 September 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	12 month FD
Taxation	8% of annual investment income	Fees	Management Fee: 1.0% p.a.
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> ▪ Have a medium to long term investment horizon ▪ Want a diversified portfolio of fixed interest securities ▪ Are looking for a less volatile investment but can accept lower returns 	Other Charges	Inclusive of auditor fee & transaction charge

ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
80% - 98%	Up to 20%

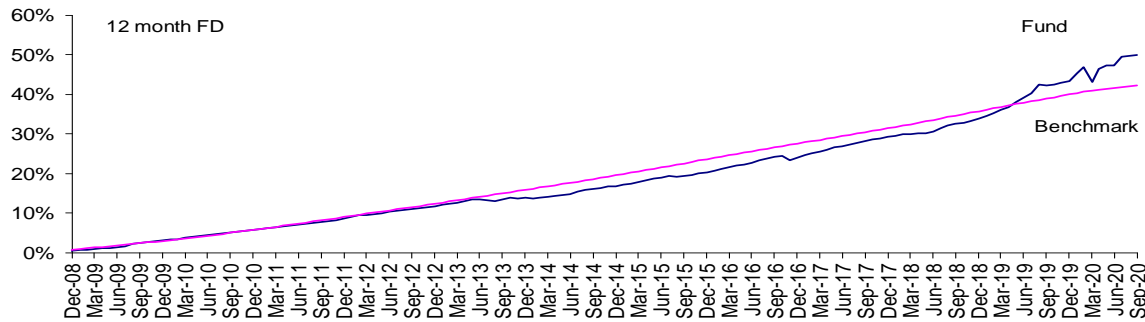
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
91.35%	4.01%	-	4.64%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Fortune Premiere Sdn Bhd	4.65%	21/12/2022	8.87	Fortune Premiere Sdn Bhd	4.85%	07/09/2023	4.45
IJM Corp Bhd	5.05%	18/08/2028	6.98	MMC Corporation Bhd	5.95%	12/11/2027	3.65
Sarawak Energy Bhd	5.50%	04/07/2029	6.36	YTL Power International Bhd	4.65%	24/08/2023	3.33
GENM Capital Bhd	4.98%	11/07/2023	5.56	Ambank Bhd	4.98%	15/11/2028	2.85
WCT Holdings Berhad	5.32%	11/05/2022	5.54	Sports Toto Malaysia Sdn Bhd	4.95%	30/06/2022	2.84

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	4.56	0.07	5.33	16.94	25.50	42.74	49.91
Benchmark	1.66	0.15	2.42	9.09	16.10	35.54	42.31

* 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

Market Review

The overall MGS yield curve bear flattened in the month of September, with the short-to-mid part of the curve widening more and saw some sell-off following the central bank's decision to maintain the OPR rates at 1.75% during its September MPC meeting. The market also began to defensively position them amidst the political turmoil and ahead of the FTSE Russell September annual review. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.07% (+19bps), 2.25% (+17bps), 2.47% (+13bps), 2.74% (+5bps), 3.11% (-5bps), 3.40% (-10bps) and 3.87% (+10bps) respectively at the end of September-2020.

Outlook & Strategy

At its latest Monetary Policy meeting held on 10th September, BNM kept hold its Overnight Policy Rate at 1.75%. The September MPC statement sounded mildly neutral albeit still reiterating downside risks to the local and global economy. Exports fell 2.9% YoY in August to RM79.14bil while imports fell by 6.5% YoY to RM65.29bil. On a MoM basis, total trade, exports and imports contracted by 9.3%, 14.5% and 2.2%, respectively. The government announced an additional RM10bil fiscal stimulus package to bolster the country's economy in weathering the impact of Covid-19. The breakdown of the RM10bil: RM7bil for cash handout to B40 & M40, RM2.4bil for wage subsidies and RM600mil for special grant to micro enterprises. We expect this to have minimum impact on the government bond supply. Finally, FTSE Russell decided to keep Malaysia on its negative watch list. While acknowledging BNM's measures to improve liquidity and accessibility of both the bond and FX markets, they believe more time is needed to assess the efficacies of these improvements.

For MYR fixed income strategy, as we approach the quarter and market have turned more cautious ahead of the Budget 2021 and US election, we recommend taking profit and lighten some positions in the sovereign segment especially on the shorter part of the curve and move to credits for better yield pick-up. Any sell off in the market is opportunity to buy as yields are expected to stay range bound. We continue to selectively participate in the corporate bonds segment with strong and stable fundamentals.

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<p>Market risk</p>	<p>Market risk is the risk of negative movement that affects the price of all assets in a particular capital market. The factors influencing the performance of the markets include:</p> <ul style="list-style-type: none"> • Economic and financial market conditions • Political change • Broad investor sentiment • Movements in interest rate and inflation • Currency risks <p>Stock values fluctuate in response to the activities and performance of individual companies and general market or economic conditions. Such movements in the underlying values of the share of the investment portfolio will cause the NAV or prices of units to fall as well as rise. Market risk is mitigated through careful selection of securities and diversification through spreading of risk across a basket of assets and/or sectors.</p>
<p>Interest rate risk</p>	<p>Interest rates are inclined to fluctuate over time. A rise in the general level of interest rates will result in a decline of the value of all bonds and fixed interest securities. Hence a bond fund's NAV will most probably decrease with the rise of interest rates. Maintaining an appropriate diverse mix of assets with different yield and maturity profiles will lessen the impact of interest rate risk.</p>
<p>Liquidity risk</p>	<p>Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volumes traded on the market. Liquidity risk is mitigated through the selection of stocks with an active trading volume in the open market. This ensures that exit strategies can be executed with little/minimal impacts to price fluctuations.</p>
<p>Company or security specific risk</p>	<p>There are many specific risks, which apply to individual companies or securities. Examples include the possible effect on a company of losing a key executive or the unforeseen entry of a new competitor into the market. The risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>
<p>Credit risk</p>	<p>Credit risk refers to an issuer's ability to make timely payments of profit and principal. In the event that the issuer of the instrument is faced with financial difficulties, leading to a decrease in their credit worthiness (i.e Bond prices will change/drop in the event of rating downgrade) and default in the payment of profit and principal, the value of the fund may be adversely affected. Credit risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>

Source : Principal Asset Management Bhd
Date : 30 September 2020

Disclaimer:

The benchmark performance is not a guide to future performances which may differ. The performance of the fund is not guaranteed. The value of the fund will fluctuate and may fall below the amount of premiums paid and the fund value depends on the actual performance of the underlying investment. This material is for information purposes only and is subject to change at any time without notice. Sun Life Malaysia does not guarantee its accuracy, completeness, correctness or timeliness for any purpose or reason. This information should not be considered as advice or recommendation in relation to your account or particular investment objectives, financial situation or needs. You may not revise, transform, or build upon this material without prior written consent of Sun Life Malaysia. Before acting on any information you should seek independent financial advice. Sun Life Malaysia may suspend the unit pricing and defer the payment of benefits, other than death and total and permanent disability benefits, subscription or redemption of units, switching of funds, under this contract for a reasonable period in exceptional circumstances, such as and including intervening events resulting in temporary closure of any stock exchange.