

### 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	1.65 million units (31 July 2019)	Fund Size	RM1.77 million (31 July 2019)
Unit NAV	RM1.0779 (31 July 2019)	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 Affin Hwang Asset Management Berhad</li> </ul>

### ASSET ALLOCATION

Bonds	Cash	Money Market Instruments/Deposits
Min 70%; Max 100%	Remaining Balance	Min 0%; Max 30%

### SECTOR ALLOCATION OF THE TARGET FUND

Real Estate	22.5%
Banks	22.0%
Government	12.4%
Industrials	10.6%
Others	5.8%
Financial Services	5.5%
Basic Materials	3.6%
Utilities	3.6%
Insurance	3.4%
Cash & Cash Equivalents	10.6%
Total	100.0%

### TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
United States Treasury N/B	2.88%	15.05.49	2.7
China Life Insurance Co. Ltd	4.00%	03.07.75	2.5
Lafarge Cement Sdn Bhd	5.06%	08.07.22	1.9
BHP Billiton Finance USA Ltd	6.75%	19.10.75	1.9
CIFI Holdings Group Co Ltd	6.55%	28.03.24	1.8
GII	4.47%	15.09.39	1.6
Yinson Juniper Ltd	7.85%	05.10.49	1.5
Santos Finance Ltd	5.25%	13.03.29	1.5
HSBC Holdings PLC	6.00%	22.05.49	1.5
HSBC Holdings PLC	6.50%	23.03.49	1.3

## 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 July 2019:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	6.88	0.74	2.59	5.51	7.80	N/A	7.79
<b>Benchmark</b>	1.88	0.26	0.79	1.60	3.30	N/A	5.27

\* 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

- There may be room for Bank Negara Malaysia ("BNM") to cut rates if macro conditions deteriorate and if the trade war stays protracted becoming a drag on global growth.
- Ending the month, the US Federal Reserve ("Fed") reduced interest rates by 25bps; effectively lowering the benchmark rate to a new range of 2.00-2.25%.
- President Trump's surprising announcement on additional tariffs saw investors largely flocked towards safe-haven assets for refuge last week – as the "lower for longer" theme appears to be the new normal in today's market environment. Ending July/beginning August, the 10-year benchmark treasury yield in particular plunged by 27bps following the news to close the week at 1.80%.
- The domestic bond market tracked regional movements as MGS yields declined by almost 5bps across the curve. Yields for the 10-year and 15-year MGS benchmarks closed the week at 3.55% and 3.75% respectively; while the 30-year MGS remains the only one sitting above the 4.00% mark at 4.15% – which is the lowest level seen for the 30-year sovereign debt since its introduction in 2013.

## FUND MANAGER'S COMMENTS (CONTINUED)

- **STRATEGY:** The fund remained invested and registered a monthly return of 0.65% during the month, contributed by the strong performance in Asian credits and domestic bond market. A robust primary issuance market in Asia credit is seen with strong demand in subscription and inflows into Asian bond funds remained strong.
- The fund continues to favour duration through investments in government bonds in various markets, such as Indonesia government bonds, Malaysia Government Securities, US Treasury bonds and Australian governments bonds. As for credit selection, exposure in China property sector was added, namely Chioli, Shimao, New World Development and Times Property.
- The fund's portfolio duration increased to 5 years with the new additions.
- In order to minimize FX risks, the fund increased USD hedged forwards to lock in forward pick up of 1% in the view that FX volatility will increase. The USD and IDR exposure were minimal in the fund as at end of July.

*Source : Affin Hwang Asset Management Berhad*

*Date : 31 July 2019*

**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.