

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	5.84 million units (30 June 2020)	Fund Size	RM6.62 million (30 June 2020)
Unit NAV	RM1.1326 (30 June 2020)	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	<p>Suitable for investors:</p> <ul style="list-style-type: none"> Have a medium to long term investment horizon Risk averse and conservative 	Fees	<ul style="list-style-type: none"> Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Bond Fund Up to 1.0% per annum fund management charge is applied on the Target Fund's NAV by Affin Hwang Asset Management Berhad

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	22.80%
Banks	20.20%
Others	10.30%
Industrials	10.00%
Government	7.20%
Financial Services	6.60%
Oil & Gas	6.10%
Insurance	5.50%
Utilities	4.00%
Cash & Cash Equivalents	7.30%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
China Life Insurance Co. Ltd	4.00%	03.07.75	1.9
Lafarge Cement Sdn Bhd	5.06%	08.07.22	1.4
Santos Finance Ltd	5.25%	13.03.29	1.4
Eco World Capital Assets Bhd	6.50%	12.08.22	1.3
UBS Group AG	6.88%	22.03.49	1.2
BHP Billiton Finance USA Ltd	6.75%	19.10.75	1.1
CRCC Chengan Ltd	3.97%	27.06.49	1.1
Geely Automobile Holdings Ltd	4.00%	09.12.49	1.1
Australia Government Bond	2.50%	21.05.30	1.1
DNB Bank ASA	4.88%	12.11.49	1.1

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 30 June 2020:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	2.67	1.03	5.85	2.67	5.85	N/A	13.26
Benchmark	1.28	0.17	0.57	1.28	2.85	N/A	7.99

* 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

- The Federal Reserve said that it will begin buying individual corporate bonds under its Secondary Market Corporate Credit Facility; an emergency lending program that to date has only purchased exchange-traded funds.
- Regional markets saw a strong pipeline of primary issuances during the month, with demand remaining healthy despite a mixed performance in the secondary market.
- Bank of Indonesia cut benchmark interest rates by 25bps to 4.25%, while Philippines central bank cut rates by 50 bps to a record low of 2.25%. Bank of Japan governor also reaffirmed that interest rates would remain low until 2023.
- Back to Malaysia, supply concerns led to the curve adjusting higher. 10-year MGS closed at 2.86% while the 30-year MGS settled around 4.02%.
- S&P downgraded Malaysia's A- credit rating from Stable to Negative. Markets however, did not react much given the state the world is currently in.
- STRATEGY:** The fund increased its invested levels to 90-95% in June. Took profit on certain names mid-June to lock in gains and reinvest at higher yields on market corrections.
- Portfolio duration increased to 5 years, as interest rates are expected to remain low in the near term.
- The fund also participated in some new issuances such as BP, Amazon and Times Property.
- The fund's USD open position hovers around 15% as we still see the US dollar as a safe haven currency. Added a small weight into the Indonesian Rupiah.

RISKS

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

Market risk	This risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the target fund's NAV.
Liquidity risk	Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the target fund.
Credit and default risk	Credit risk relates to the creditworthiness of the issuers of the bonds or money market instruments (the "Investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the Investment and this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the Investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Investment. This could adversely affect the value of the target fund.
Interest rate risk	This risk refers to the impact of interest rate changes on the valuation of bonds or money market instruments (the "Investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the Investment. The reverse may apply when interest rates fall.
Currency risk	<p>As the investments of the target fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.</p> <p>Currency risk at the Fund level The impact of the exchange rate movement between the Base Currency of the Fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the Base Currency of the Fund.</p> <p>Currency risk at the Class level. The impact of the exchange rate movement between the Base Currency of the Fund and the currency of the RM Class may result in a depreciation of your holdings as expressed in the Base Currency of the Fund.</p>

Source : Affin Hwang Asset Management Berhad
Date : 30 June 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.