

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	31.61 million units (31 July 2019)	Fund Size	RM44.36 million (31 July 2019)
Unit NAV	RM1.4037 (31 July 2019)	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%

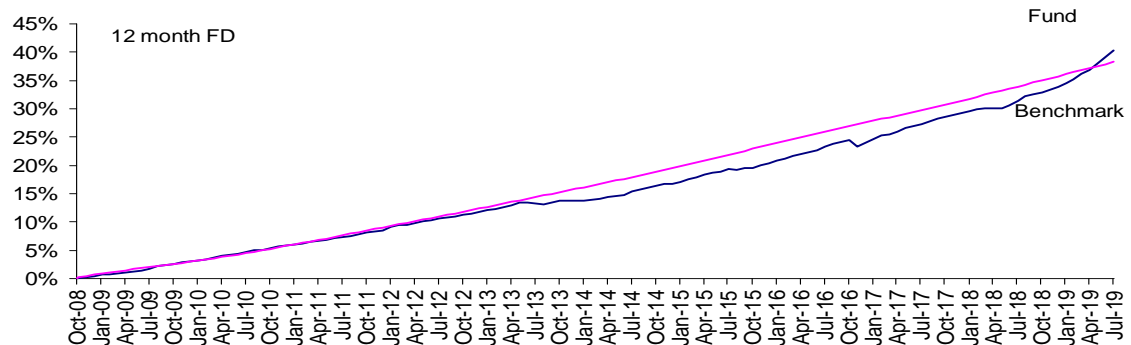
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
91.82%	3.53%	-	4.65%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
MMC Corporation Bhd	5.95%	12/11/2027	12.13	GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	5.88
IJM Corp Bhd IMTN	5.05%	18/08/2028	12.10	WCT Holdings Bhd	5.32%	11/05/2022	5.76
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	11.59	Fortune Premiere Sdn Bhd IMTN	4.85%	7/09/2023	4.75
Sarawak Energy Bhd	5.50%	4/07/2029	6.32	GII Murabahah	4.07%	30/09/2026	3.53
Sabah Development Bank	5.30%	27/04/2023	5.94	Exsim Capital Resources Bhd IMTN	5.00%	28/01/2022	3.42

PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	4.87	0.91	2.58	4.36	6.76	13.77	40.37
Benchmark	1.85	0.25	0.75	1.57	3.23	9.76	38.25

* 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

During the month, the MGS yield curve flattened the most in the 15- and 30-year tenors as new auctions set the tone for further extension of duration to capture yield. The MGS curve exhibited a clear bull flattening trend with long-end yields moved lower compared to short-end yields. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields traded 3.32% (flat), 3.44%(+1bps), 3.55% (+1bps), 3.59% (-4bps), 3.81% (-13ps), 4.02% (-6bps) and 4.21% (-15bps) respectively at the end of July.

FUND MANAGER'S COMMENTS (CONTINUED)

Outlook & Strategy

Globally, Federal Reserve delivered 25bps of Fed Fund cut in the July-19 FOMC meeting, in line with market consensus. Despite delivering on expectation of a 25bps cut and an early end to balance sheet reduction, Chair Powell emphasized that the cut should be viewed as a “mid-cycle adjustment” rather than the start of a full cutting cycle. Locally, BNM keep OPR on hold at 3.00%, as widely expected. On the global front, BNM reiterated that growth momentum is moderating and “considerable” downside risks remained on the unresolved trade tensions. 2019 growth still seen intact within the 4.3 – 4.8% official forecast range, on stable labour markets and capacity expansion plans. Inflation assessment was unchanged with headline “broadly stable” for 2019 as a whole. Overall, the tone does not suggest further policy rate change. June 2019 headline CPI rises to 1.5% YoY (consensus: 1.5%, May-19: 0.2% YoY) due to the base effects in June-18 (when GST was removed). Over the next 5 months horizon, headline inflation is projected to rise as the impact of changes in consumption tax policy lapses.

On Fixed Income strategy, we continue to expect 3.00% OPR will remain for the rest of 2019. With further flattening of yield curves in July-19, we think the long-end yields are too rich and the risk/reward of staying long duration is no longer attractive. For government bond, we aim to take profit on the rich tenors and keep some exposure on the shorter tenors, just to hedge against a potential rate cut. For credit, we will continue on a bottom-up approach to look for value. Issuers with fewer exposures to external trade shocks and strong financial metrics will be preferred. Overall, we still call for a mild overweight duration exposure against benchmark.

Source : *Principal Asset Management Bhd*

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.