

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	31.67 million units (30 November 2020)	Fund Size	RM47.42million (30 November 2020)
Unit NAV	RM1.4975 (30 November 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%

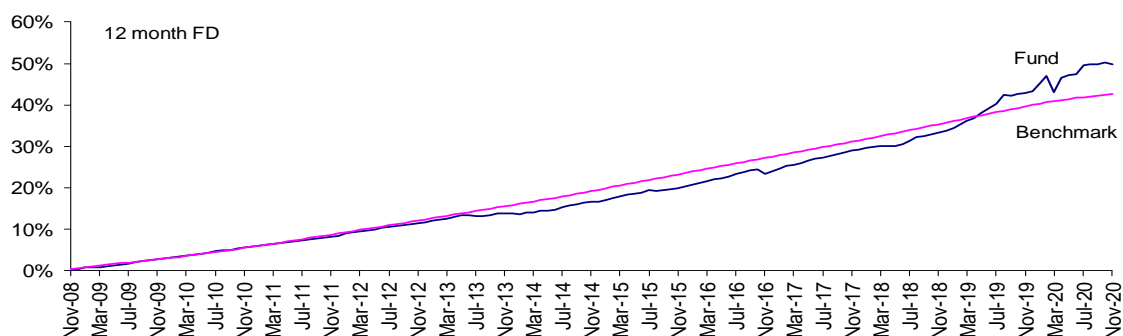
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
93.14%	2.90%	-	3.96%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
IJM Corp Bhd	5.05%	18/08/2028	6.99	Fortune Premiere Sdn Bhd	4.65%	21/12/2022	4.46
Sarawak Energy Bhd	5.50%	04/07/2029	6.37	MMC Corporation Bhd	5.95%	12/11/2027	3.57
GENM Capital Bhd	4.98%	11/07/2023	5.58	YTL Power International Bhd	4.65%	24/08/2023	3.34
WCT Holdings Berhad	5.32%	11/05/2022	5.39	Sports Toto Malaysia Sdn Bhd	4.95%	30/06/2022	2.86
Fortune Premiere Sdn Bhd	4.85%	07/09/2023	4.48	Ambank Bhd	4.98%	15/11/2028	2.79

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	4.45	-0.30	4.84	16.14	24.83	41.80	49.75
Benchmark	1.95	0.15	2.21	8.86	15.80	35.28	42.72

* 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 shifted higher across the curve amid uncertainties over a parliamentary vote on Budget 2021 which was later approved with additional measures announced. Selling pressures continued as market took a defensive stance to lighten up in risk in view of the possibility of EPF needing to offload assets to fund withdrawals in Account 1 under the i-Sinar scheme. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.00% (+18bps), 2.22% (+19bps), 2.64% (+26bps), 2.75% (+18bps), 3.55% (+38bps), 3.76% (+28bps) and 4.16% (=23bps) respectively at the end of November.

Outlook & Strategy

In Nov-20 MPC meeting, BNM has decided to maintain its OPR at 1.75% as BNM sounded upbeat and optimistic in the recovery of the global and domestic economies. BNM expects Malaysia's growth for 2020 to be within the earlier forecasted range of -3.5 to -5.5% and considers the current stance of the monetary policy to be "appropriate and accommodative". Malaysia's Budget 2021 was passed at its policy stage via a majority voice vote on 27th November 2020 with additional measures/amendments including a further loan moratorium for the B40 and micro SMEs and the expansion of i-Sinar facility to include all EPF members whose income has been affected persons from by the pandemic. 3Q GDP rebounded to +2.7% YoY as against the 2Q GDP's contraction of 17.1% and market consensus of -4.0% YoY. The improvement was aided by positive contribution from the manufacturing sector driven mainly by strong E&E production activity, pick up in government consumption and the turnaround in net exports.

For MYR fixed income strategy, as we approach the last quarter and market have turned more cautious, 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:

Market risk	<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>
Interest rate risk	<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>
Liquidity risk	<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>
Company or security specific risk	<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>
Credit risk	<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 November 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.