

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	31.72 million units (31 December 2019)	Fund Size	RM45.48 million (31 December 2019)
Unit NAV	RM1.4337 (31 December 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%

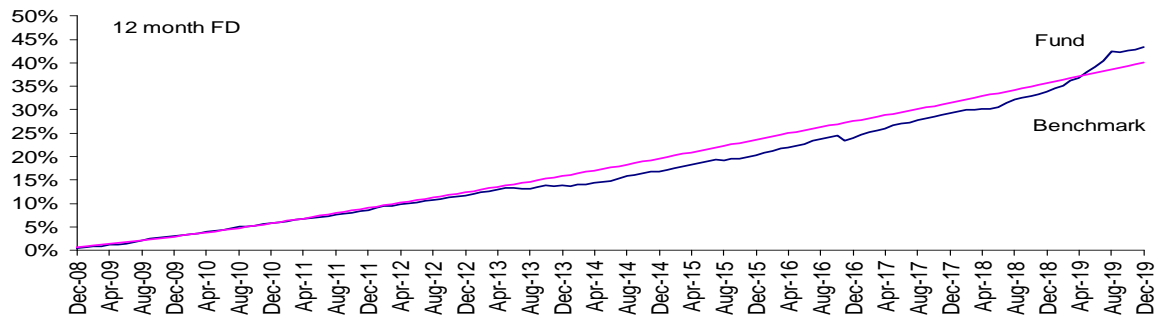
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
88.64%	3.47%	-	7.89%	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	11.84	WCT Holdings Bhd	5.32%	11/05/2022	5.66
IJM Corp Bhd IMTN	5.05%	18/08/2028	11.82	Fortune Premiere Sdn Bhd IMTN	4.85%	7/09/2023	4.63
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	11.30	GII Murabahah	4.07%	30/09/2026	3.47
Sarawak Energy Bhd	5.50%	04/07/2029	6.41	Exsim Capital Resources Bhd IMTN	5.00%	28/01/2022	3.41
GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	5.84	Sport Toto Malaysia Sdn Bhd	4.95%	30/06/2022	2.89

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	7.11	0.37	7.11	15.62	22.79	39.37	43.37
Benchmark	3.13	0.25	3.13	9.75	17.07	35.98	39.99

* 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

Market Review

During the month, overall MGS yield curve closed mostly lower (-2 tp -13bps) except for 30-year MGS which saw yield went up by 19bps. Trading interest was sporadic as investors were mostly away from desk for the festive seasons. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.07%(-2bps), 3.22% (flat), 3.31% (-4bps), 3.32% (-13bps), 3.61% (-9bps), 3.69% (-6bps) and 4.17% (+19bps) respectively at the end of December 2019.

FUND MANAGER'S COMMENTS (CONTINUED)

Outlook & Strategy

In the last FOMC meeting of 2019, Federal Reserve kept rate at 1.75% with officials agreed that the current interest rate stance is likely to remain unchanged for a period of time, despite raising concerns that low interest rates could exacerbate imbalances in the financial sector. Policymakers also pledged to discuss changes to the way the central bank manages liquidity in financial markets at future meetings, including the potential role of a standing repo facility, the setting of administered rates, and the composition of the Fed's holdings of Treasury securities over the longer run. Multiple US media outlets reported that US and China have reached consensus on the terms of a "phase one" trade deal despite no official confirmation from both sides of the government. Consensus is already expecting a trade truce to be officially signed in January-20. Domestic macro data is scant in December with only the release of MGS/MGII auction calendar for 2020. With a fiscal target of 3.2% of GDP in 2020 (gross supply of RM117.5bn by our estimation), we think the supply profile is manageable.

Although we find technical and valuation as weak factors to overweight duration, we recognize that calendar effect and fund flows will still favor fixed income assets, at least in 1Q2020. For that reason, we will use govies as building block to achieve the desired portfolio duration exposure. Credit selection (i.e. carry) will continue to be the biggest driver of portfolio return, with tactical duration positioning to capitalize on short-term interest rates movement.

Source : Principal Asset Management Bhd
Date : 31 December 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.