Sun Life Malaysia Select Bond Fund

November 2024

FUND OBJECTIVE

To provide a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

INVESTMENT STRATEGY & APPROACH

Please refer to the Master Fund Fact Sheets at https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/ for more information on the Investment Strategy and Approach for the target fund.

FUND DETAILS

Launch Date	16 January 2018	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	11.49 million units (29 November 2024)	Fund Size	RM12.96 million (29 November 2024)
Unit NAV	RM1.1285 (29 November 2024)	Target Fund	AHAM Select Bond Fund
Fund Manager	AHAM Asset Management Berhad	Taxation	8% of annual investment income
Performance Benchmark	Maybank 12-Month Fixed Deposit Rate	Frequency and Basis of Unit Valuation	The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund
Target Market	Suitable for investors: ▪ Have a medium to long term investment horizon ▪ Risk averse and conservative	Fund Management Charge	▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Bond Fund ▪ Up to 1.0% p.a. of fund management charge is applied on the Target Fund's NAV by AHAM Asset Management Berhad

ASSET ALLOCATION

Bonds	Cash
Minimum 70% of Net Asset Value (NAV)	Maximum 30% of NAV

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Sun Life

SECTOR ALLOCATION OF THE TARGET FUND

Banks	25.20%
Energy	9.70%
Utilities	9.50%
Real Estate	9.50%
Consumer Discretionary	8.80%
Financial Services	7.80%
Insurance	7.50%
Industrials	6.80%
Government	5.70%
Basic Materials	1.80%
Telecommunications	1.70%
Consumer Staples	1.70%
Technology	1.60%
Health Care	0.70%
CIS	0.70%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
Genting Capital Bhd	4.90%	08.06.2027	2.9
Dialog Group Bhd	4.20%	16.11.2049	2.2
Scentre Group Trust	4.80%	24.09.2080	2.0
Geely Automobile Holdings Ltd	4.00%	09.12.2049	1.5
YTL Power International Bhd	4.30%	24.08.2029	1.5
MGS	3.80%	22.05.2040	1.4
Standard Chartered PLC	3.50%	12.02.2030	1.3
Yinson Production Offshore Pte	9.60%	03.05.2029	1.3
United States Treasury N/B	4.10%	15.08.2044	1.2
HDFC Bank Ltd	3.70%	25.08.2049	1.2

PERFORMANCE RECORD

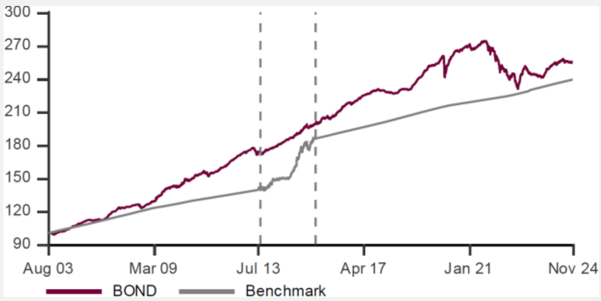
This fund feeds into AHAM Select Bond Fund ("Target Fund") with the objective to provide a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

Table below shows the investment returns of Sun Life Malaysia Select Bond Fund versus its benchmark as at 29 November 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	3.04	0.52	0.65	4.36	-2.52	2.56	12.85
Benchmark	1.93	0.20	0.80	2.16	7.35	11.85	18.96

** Calculation of past performance is based on NAV-to-NAV*

Graph Below shows the historical performance of the underlying collective investment schemes (CIS) for calendar year returns:



Source: www.morningstar.com

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FUND MANAGER'S COMMENTS

- In November 2024, the global fixed income market recovered from the October sell-off as UST yields repriced lower post-US Elections, with much of the repricing having been front-loaded. Additionally, the Fed cut 25bps in November, as expected, bringing the target range to 4.50–4.75%, with a slight weakening in language toward a more dovish stance. Notably, the Fed highlighted that "labor conditions have generally eased"; however, it did not offer forward guidance, keeping options open for the December meetings and beyond. This has led to a general repricing of rate cuts in December and FY2025.

- The highly anticipated November US Presidential Elections saw a Trump Red Sweep, where the US Republican Party held on to its slim majority, giving them unified control over all three elected branches of government, while suggesting few curbs on Trump's upcoming fiscal policies. Nevertheless, the appointment of Scott Bessent as Treasury Secretary—considered to be a fiscal hawk favoring lower deficits, lower inflation, and a gradual approach to tariffs—brought some cheer to markets, as this appointment may provide some checks and balances for the Trump administration. US Treasuries bull-flattened, with the 2-year, 10-year, and 30-year ending the month at 4.15% (-2 bps), 4.17% (-12 bps), and 4.36% (-12 bps), respectively. Overall, US economic data no longer suggest a hard-landing scenario. US Core PCE in October and unrevised 3Q GDP growth at +2.8% YoY reaffirmed the Fed's gradual rate path. October Core PCE came in within consensus expectations at +0.3% mom (Sep: 0.3%) and +2.8% YoY (Sep: +2.7%) as service costs remain elevated. Meanwhile, US initial claims for the week ending November 23rd fell to 213k (consensus: 215k), remaining relatively steady at 7-month lows.

- Domestically, MGS yields rallied in tandem with USTs. The 3-year, 10-year, and 30-year MGS ended the month at 3.46% (-6 bps), 3.81% (-12 bps), and 4.18% (-6 bps), respectively. BNM, in its November MPC meeting, kept the OPR unchanged at 3.00%, as expected by consensus, amid sustained strength in domestic economic activities and a benign inflation outlook heading into 2025. BNM stated that the MYR's recent performance was driven by external factors and that they have ample buffers to manage currency volatility. Malaysia's actual 3Q24 GDP came in at +5.3%, in line with the advanced GDP report, which was previously reported at +5.9% for 2Q24. Strong growth was attributed to an investment upcycle, with both private and public investments reporting solid growth. Meanwhile, October headline inflation remained benign at +1.9% YoY (Sep: +1.8% YoY; 10M24: +1.9%), while core inflation remained steady at +1.8% YoY (Sep: +1.8%), on track to meet the full-year 2024 forecast of +1.9%. Easing PPI inflation creates a buffer to accommodate potential cost increases next year, with limited impact from cost pass-through. With this in mind, we maintain our view that the OPR will stay at 3.00% in 2025, amid external downside risks following Trump's victory in the US Elections and upside risks to domestic inflation.

STRATEGY:

- The portfolio remains diversified, with ongoing progress to reduce MYR bond exposure from the current 28% to a near-term target of 25%, reallocating to regional markets to enhance portfolio yield.

- Currently, the portfolio yield stands at 5.3%, and the fund is fully invested with minimal cash reserves. In November, portfolio duration was slightly extended to 4.9 years. It holds a 5% open position in USD and recently added 1.5% exposure to AUD as AUDMYR dropped to 2.8.

- The portfolio continues to see opportunities in AUD and USD bonds and look to increase exposure in these spaces.

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RISKS

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

Market risk	Market 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 scenario 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 credit worthiness of the issuers of the bonds or money market instruments ("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. In the case of rated investment, 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 ("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	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. Currency risk at the target fund level The impact of the exchange rate movement between the base currency of the target 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 target fund.

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Structured products risk	The NAV of the target fund will be impacted by the valuation of the structured product. Factors that may impact the valuation of the structured products will include, but not be limited to movement of the underlying assets, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the structured products, hence impacting the NAV of the target fund. As such, the target fund's NAV will be exposed to potential price volatility, which will be dependent on the valuation of the structured products that the target fund invested in.
Country risk	Investments of the target fund in any country may be affected by changes in economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the target fund invests. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the target fund in those affected countries. This in turn may cause the NAV of the target fund or prices of units to fall.
Regulatory risk	The investments of the target fund would be exposed to changes in the laws and regulations in the countries the target fund is invested in. These regulatory changes pose a risk to the target fund as it may materially impact the investments of the target fund. In an effort to manage and mitigate such risk, the fund manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream media) in that country. The fund manager may dispose its investments in that particular country should the regulatory changes adversely impact the investors' interest or diminish returns to the target fund.

Source : AHAM Asset Management Berhad
Date : 29 November 2024