

### 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	7.20 million units (28 August 2020)	Fund Size	RM8.28 million (28 August 2020)
Unit NAV	RM1.1497 (28 August 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	Suitable for investors: <ul style="list-style-type: none"> <li>Have a medium to long term investment horizon</li> <li>Risk averse and conservative</li> </ul>	Fees	<ul style="list-style-type: none"> <li>Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Bond Fund</li> <li>Up to 1.0% p.a. of fund management charge is applied on the Target Fund's NAV by Affin Hwang Asset Management Berhad</li> </ul>

### ASSET ALLOCATION

Bonds	Cash	Money Market Instruments/Deposits
Min 70%; Max 100%	Remaining Balance	Min 0%; Max 30%

### SECTOR ALLOCATION OF THE TARGET FUND

Banks	21.50%
Real Estate	20.70%
Others	10.10%
Industrials	10.00%
Government	9.60%
Financial Services	6.00%
Oil & Gas	4.80%
Insurance	3.30%
Consumer Goods	2.90%
Cash & Cash Equivalents	11.20%
<b>Total</b>	<b>100.00%</b>

### TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
Singapore Government Bond	2.88%	01.09.30	1.8
MGS	4.64%	07.11.33	1.4
Eco World Capital Assets Bhd	6.50%	12.08.22	1.3
Yinson Juniper Ltd	7.85%	05.10.49	1.3
Lafarge Cement Sdn Bhd	5.06%	08.07.22	1.2
Santos Finance Ltd	5.25%	13.03.29	1.2
UBS Group AG	6.88%	22.03.49	1.0
BHP Billiton Finance USA Ltd	6.75%	19.10.75	1.0
Australia Government Bond	2.50%	21.05.30	1.0
DNB Bank USA	4.88%	12.11.49	1.0

## 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 28 August 2020:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	4.22	0.33	2.56	2.11	5.36	N/A	14.97
<b>Benchmark</b>	1.58	0.14	0.47	1.10	2.63	N/A	8.31

\* 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

- Despite the rise in treasury yields, buying interest within the region remained as fund flows continued to pour into EM bond funds, including Asia. Asian credits enjoyed a relatively good performance in August as spreads further compressed on the back of supportive flows.
- The PBoC maintained its loan prime rates and said that it would make its prudent monetary policy more flexible and targeted while keeping liquidity ample to support economic recovery.
- Asia saw a slew of central bank action during the month with India, New Zealand and Thailand further reducing their policy rates. Other central banks in the region, including the Philippines, Australia and Indonesia kept their benchmark rate unchanged.
- The MYR Fixed Income market had a weaker month despite the weaker than expected 2Q GDP number. Government bond saw disappointing auctions though the corporate bond market continues to see good buying demand throughout all ratings as investors continue their search for yields.
- **STRATEGY:** The fund's invested levels remain at around 90% as the fund continues to see strong inflows. We look to gradually deploy cash by participating in primary issuances.
- During the month, we were active in primary issuances in the USD, EUR and AUD space.
- We also bought into some Malaysian Government Securities as yields moved higher, including participating into a longer dated bond auction.
- Portfolio duration increased to 5.4 years with the view that rates are expected to remain low in the near term given concerns on low growth and a lack of inflationary pressures.
- On the Fund's FX strategy, we have reduced the Fund's USD position, which is now at 6%. We have also increased the Fund's SGD open position to 9%.

## RISKS

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

<b>Market risk</b>	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.
<b>Liquidity risk</b>	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.
<b>Credit and default risk</b>	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.
<b>Interest rate risk</b>	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.
<b>Currency risk</b>	<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><b>Currency risk at the Fund level</b> 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><b>Currency risk at the Class level.</b> 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 : 28 August 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.