

# Sun Life Malaysia Select Bond Fund

February 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.

## FUND DETAILS

Launch Date	16 January 2018	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	7.96 million units (29 February 2024)	Fund Size	RM8.84 million (29 February 2024)
Unit NAV	RM1.1105 (29 February 2024)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad	Target Fund	AHAM 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 AHAM Asset Management Berhad</li></ul>

## ASSET ALLOCATION

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

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## SECTOR ALLOCATION OF THE TARGET FUND

Banks	20.30%
Financial Services	13.10%
Government	11.20%
Real Estate	10.80%
Industrials	8.60%
Utilities	7.20%
Energy	5.60%
Consumer Discretionary	5.00%
Insurance	4.00%
Basic Materials	3.00%
Telecommunications	2.60%
Technology	1.60%
Others	2.60%
Cash & Cash Equivalents	4.40%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
Yinson Juniper Ltd	8.10%	29.03.49	3.0%
GII	4.12%	30.11.34	2.1%
GII	3.73%	31.03.26	2.1%
Dialog Group Bhd	4.15%	16.11.49	2.0%
Scentre Group Trust 2	4.75%	24.09.80	1.6%
Geely Automobile Holdings Ltd	4.00%	09.12.49	1.5%
YTL Power International Bhd	4.30%	24.08.29	1.4%
MGS	3.76%	22.05.40	1.3%
QBE Insurance Group Ltd	5.88%	17.06.46	1.1%
IOI Investment Bhd	3.38%	02.11.31	1.1%

## 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 February 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	1.40	0.48	4.02	1.36	-4.34	7.91	11.05
<b>Benchmark</b>	0.45	0.21	1.38	2.85	7.27	13.13	17.23

\* 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

- The global economy is expected to experience a soft landing in 2024, with growth projected at 3.1% according to the IMF. China's growth target is also likely to be set around 5%, while India is showing strong GDP growth.
- Inflation remains a concern, particularly in the US where core PCE inflation is still above the Fed's 2% target. However, there are signs of inflation cooling as headline inflation has fallen in some regions.
- The Fed is expected to begin tapering its balance sheet runoff in May 2024, with potential rate cuts in June depending on economic data. The ECB is also considering rate cuts, but the timing is uncertain. In contrast, the Bank of Japan is still on track to tighten its policy.
- Despite some volatility, the outlook for fixed income remains positive in 2024. Slower global growth due to tighter monetary policy and geopolitical tensions is expected. Inflation concerns may linger, but inflationary pressures are likely to peak. Political uncertainties, especially around the US Presidential election in November, might create noise in the second half of the year.
- Moderate growth and controlled inflation support Malaysia's fixed income market. Reduced government bond issuance and ample domestic liquidity further benefit the market. However, the implementation of targeted subsidies could push inflation upwards.

### STRATEGY:

- The focus is on mid- to long-term government bonds. Selective participation in corporate bond/sukuk issuances is considered for potential yield gains. Overall, a neutral to slightly long portfolio duration is targeted.
- While currency dragged the performance slightly for the month of February, credits have contributed positively to the fund performance in the month across sector except communication services and industrials.
- Materials and Information Technology, followed by Utilities being the key contributors to the performance.
- Ringgit exposure is reduced and switch to foreign bond due to attractive absolute yield level. Exited local banks such as Public Islamic Bank and UOB Malaysia, reduced MGS and initiated position such as UBS Group, Power Finance Corporate and HDFC Bank.

## RISKS

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

<b>Market risk</b>	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.
<b>Liquidity risk</b>	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.
<b>Credit and default risk</b>	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.
<b>Interest rate risk</b>	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.
<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><u>Currency risk at the target fund level</u> 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.</p>

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<b>Structured products risk</b>	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.
<b>Country risk</b>	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.
<b>Regulatory risk</b>	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 February 2024**

**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.