

### 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 | 31.82 million units<br>(30 October 2020)  | Fund Size     | RM47.79million<br>(30 October 2020)           |
| Unit NAV             | RM1.5020<br>(30 October 2020)   | Dealing       | Daily<br>(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"> <li>▪ Have a medium to long term investment horizon</li> <li>▪ Want a diversified portfolio of fixed interest securities</li> <li>▪ Are looking for a less volatile investment but can accept lower returns</li> </ul> | Other Charges | Inclusive of auditor fee & transaction charge |

### ASSET ALLOCATION OF THE FUND

|                  |           |
|------------------|-----------|
| Bonds/Debentures | Cash      |
| 80% - 98%        | Up to 20% |

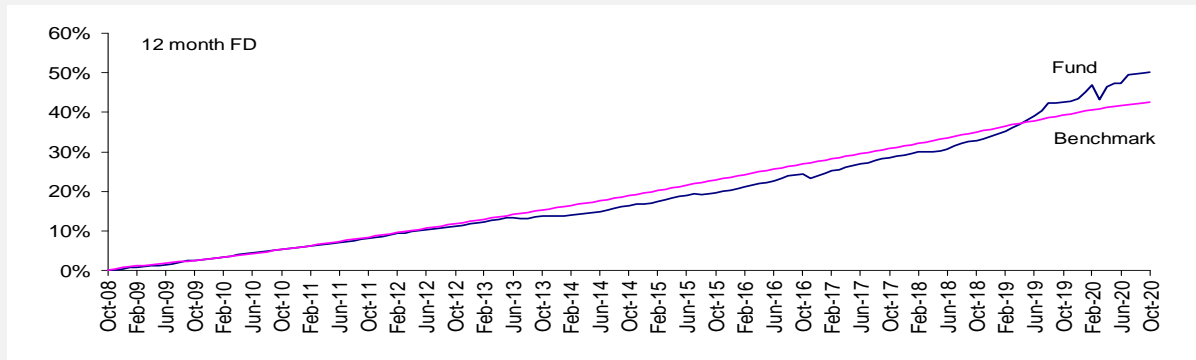
### SECTOR ALLOCATION OF THE FUND

| Corporate Bond | Government Bond | Short Term Paper | Cash  | Total   |
|----------------|-----------------|------------------|-------|---------|
| 94.16%         | 2.98%           | -                | 2.86% | 100.00% |

### TOP HOLDINGS OF THE FUND

| Bond Issuer              | Coupon | Maturity Date | %    | Bond Issuer                  | Coupon | Maturity Date | %    |
|--------------------------|--------|---------------|------|------------------------------|--------|---------------|------|
| Fortune Premiere Sdn Bhd | 4.65%  | 21/12/2022    | 7.73 | Fortune Premiere Sdn Bhd     | 4.85%  | 07/09/2023    | 4.43 |
| IJM Corp Bhd             | 5.05%  | 18/08/2028    | 6.96 | MMC Corporation Bhd          | 5.95%  | 12/11/2027    | 3.64 |
| Sarawak Energy Bhd       | 5.50%  | 04/07/2029    | 6.34 | YTL Power International Bhd  | 4.65%  | 24/08/2023    | 3.31 |
| GENM Capital Bhd         | 4.98%  | 11/07/2023    | 5.53 | Ambank Bhd                   | 4.98%  | 15/11/2028    | 2.83 |
| WCT Holdings Berhad      | 5.32%  | 11/05/2022    | 5.47 | Sports Toto Malaysia Sdn Bhd | 4.95%  | 30/06/2022    | 2.83 |

## PERFORMANCE RECORD



| %                | YTD  | 1M   | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|------|------|--------|---------|---------|----------|-----------------|
| <b>Fund*</b>     | 4.76 | 0.19 | 5.34   | 16.82   | 25.59   | 42.63    | 50.20           |
| <b>Benchmark</b> | 1.81 | 0.15 | 2.32   | 8.97    | 15.95   | 35.41    | 42.52           |

\* 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 steepened as the shorter-end of the curve (i.e. 3 & 5 years) traded sharply lower during the period, with the market anticipating another round of rate cut by BNM in its next November MPC meeting. However, the market was more cautious towards the longer-end of the curve, given the uncertainties of the upcoming US elections and potential heavy govvnies supply for 2021 to support the fiscal spending and economic recovery. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields traded to 1.82% (-25bps), 2.04% (-21bps), 2.38% (-9bps), 2.57% (-17bps), 3.18% (+7bps), 3.48% (+8bps) and 3.93% (+6bps) respectively by the end of October.

### Outlook & Strategy

On macro data, the unemployment rate remained at 4.7% in August (July: 4.7%) – with increase in employment seen in the services sector but manufacturing jobs fell. In the near-term, the unemployment rate is expected to increase with the resurgence of the COVID-19. Headline CPI remained negative at -1.4% YoY in September (Aug: -1.4% YoY) while unchanged MoM (Aug: +0.2% MoM). Core inflation remained relatively stable at +1.0% YoY (Aug 2020: +1.1% YoY). In September, exports rebounded by +13.6% YoY (Aug: -2.9% YoY) boosted by manufacturing and agriculture products. Imports recorded a smaller decline of -3.6% YoY (Aug: -6.5% YoY).

For MYR fixed income strategy, as we approach the last quarter and market have turned more cautious ahead of the Budget 2021 and US election, 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:

|  |   |
|--|---|
| <b>Market risk</b>                       | <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"> <li>• Economic and financial market conditions</li> <li>• Political change</li> <li>• Broad investor sentiment</li> <li>• Movements in interest rate and inflation</li> <li>• Currency risks</li> </ul> <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> |
| <b>Interest rate risk</b>                | <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>   |
| <b>Liquidity risk</b>                    | <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>  |
| <b>Company or security specific risk</b> | <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>  |
| <b>Credit risk</b>                       | <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 October 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.