

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	30.60 million units (29 March 2019)	Fund Size	RM41.66 million (29 March 2019)
Unit NAV	RM 1.3616 (29 March 2019)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-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 		

ASSET ALLOCATION OF THE FUND

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

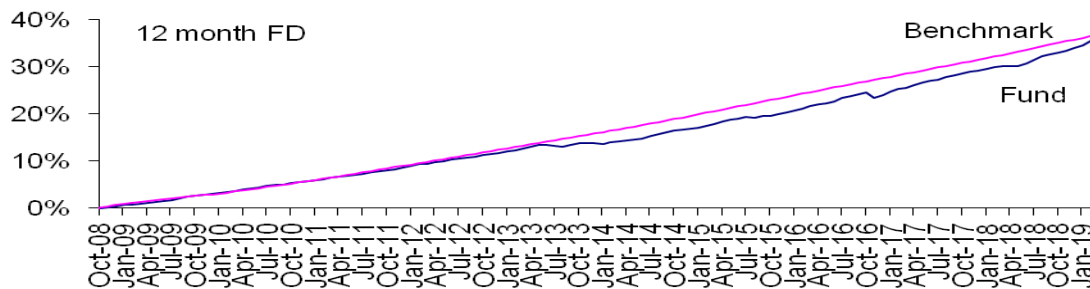
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
93.00%	3.74%	-	3.26%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
MMC Corporation Berhad	5.95%	12/11/2027	12.69%	WCT Holdings Berhad	5.32%	11/05/2022	6.19%
Mumtaz Rakyat Sukuk Berhad	4.95%	18/06/2021	12.28%	GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	6.17%
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	12.24%	Jimah East Power Sdn Bhd	5.77%	04/12/2029	5.38%
Sarawak Energy Bhd	5.50%	04/07/2029	6.64%	Fortune Premiere Sdn Bhd IMTN	4.85%	07/09/2023	4.88%
Sabah Development Bank MTN 1826D	5.30%	27/04/2023	6.22%	GII Murabahah	4.07%	30/09/2026	3.74%

PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	1.73	0.70	1.73	2.70	4.72	11.91	36.16
Benchmark	0.81	0.27	0.81	1.64	3.30	9.82	36.90

* 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, Malaysia Government Securities ("MGS") yield curve shifted lower in Mar-19 on the back of dovish MPC minutes and weaker 2019 GDP growth forecast published in the 2018 BNM annual report. Newly auctioned 3-year MGS had the biggest drop in yield by 21bps to 3.39%. The 3-, 5-, 10, 15-, 20- and 30-year MGS yields traded lower at 3.39% (-21bps), 3.59% (-17bps), 3.71 (-15bps), 3.76% (-12 bps), 4.13% (-19bps), 4.32% (-19bps) and 4.61% (-13bps) respectively at end of Mar-19.

Outlook & Strategy

Globally, the policy makers from the Federal Reserve held rate unchanged at 2.50% and guided no change in Fed Fund Rate for the rest of 2019. This is a sharp change from Dec-18's meeting where the forward points were still showing 2 hikes in 2019. Locally, the Mar-19 MPC meeting saw BNM held OPR unchanged at 3.25% but the meeting minutes noted the moderation of growth. Also, BNM lowered 2019's inflation expectation due to policy measures. On domestic inflation trend, Feb-19 CPI stayed negative on consecutive month (Jan-19: -0.7% YoY) at -0.4% YoY (consensus: -0.3% YoY) with drags mainly from transport. In the 2018 BNM annual report, the Central Bank downgraded 2019 growth to 4.3 – 4.8% (2018: 4.7%), below MoF's forecast of 4.9% in October-18. 2019 headline CPI forecast also revised down to 0.7 – 1.7% (2.5 – 3.5% during Budget 19 projection) given the lower oil prices and price ceiling mechanism on retail fuel prices. Combine the above fundamental points and current market yield curve level, we are lowering our Overnight Policy Rate ("OPR") forecast to 3.00% from 3.25%.

On Fixed Income strategy, the Fund will continue to extend duration to capture higher yield as the window for OPR cut getting closer. The Fund will still overweight on credit against govies as some part of the government curve is already rich even on the back of 3.00% OPR. On credit selection, we are overweighting high grade AA as corporate results were still weak.

Source : CIMB-Principal Asset Management Bhd

Date : 29 March 2019

Disclaimer:

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