

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	550,362 units (31 December 2018)	Fund Size	RM555,019 (31 December 2018)
Unit NAV	RM1.0085 (31 December 2018)	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"> ▪ Have a medium to long term investment horizon ▪ Risk averse and conservative 	Fees	<ul style="list-style-type: none"> ▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Bond Fund ▪ Up to 1.0% per annum fund management charge is applied on the Target Fund's NAV by Fund Manager

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	23.8%
Real Estate	15.7%
Industrials	14.4%
Others	10.6%
Consumer Services	6.9%
Financial Services	6.6%
Insurance	6.1%
Utilities	4.6%
Basic Materials	4.0%
Cash & Cash Equivalents	7.3%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
China Life Insurance Co. Ltd	4.00%	03.07.75	2.8
PTT Exploration & Production	4.88%	18.06.49	2.4
Heungkuk Life Insurance Co Ltd	4.48%	09.11.47	2.4
Australia New Zealand Bank Gp	6.75%	15.06.49	2.1
BHP Billiton Finance USA Ltd	6.75%	19.10.75	2.0
Yinson TMC Sdn Bhd	7.00%	25.09.49	1.9
GENM Capital Bhd	4.78%	31.03.22	1.8
Yinson Juniper Ltd	7.85%	05.10.49	1.8
Parkway Pantai Ltd	4.25%	27.07.49	1.8
Eco World Capital Assets Bhd	6.50%	12.08.22	1.6

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 31 December 2018.

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	0.85%	0.28%	0.16%	1.41%	N/A	N/A	0.85%
Benchmark	3.33%	0.30%	0.84%	1.67%	N/A	N/A	3.33%

***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

- US Federal Reserve raised interest rates for the fourth time in the year in December FOMC meeting despite pressure from US president Donald Trump, though tilted towards a more dovish tone.
- 10-Year US Treasury yield fell amid sell-offs in equity markets and government shutdown and ended the month at 2.68%, as investors flocked to safe-haven assets.
- European Central Bank ended its quantitative easing of 30 billion Euro per month, despite a recent slowdown in the bloc's recovery, marking another step to reduce global liquidity.
- Default risk for Chinese companies has climbed to the highest in 13 years as Beijing seeks to rein in its post-crisis construction boom.
- China's top policy makers confirmed that more monetary and fiscal support will be rolled out in 2019, while officials will strike an appropriate balance between tightening and loosening.
- Hard currency corporate bonds in Asia climbed in tandem with US Treasuries despite rising supply, with Bloomberg Barclays Asia USD Investment Grade Bond Index rose 1.6% in the month.
- Local government bonds were flat in December, with 10-Year MGS yield ended the month at 4.11%, while corporate bonds continued its upward trend amid a shortage of primary issuances.

FUND MANAGER'S COMMENTS (CONTINUED)

- **STRATEGY:** A pause to the Fed interest rate trajectory and targeted Chinese stimulus could lend to a reprieve in EM as US growth moderates and the dollar strength started to wane.
- Trade will likely remain an overhang in markets in 2019, though we see a clear resolve between US and China to reach an amicable deal by the end of the 90-days truce period.
- Moving forward, markets will shift its attention to growth rates globally. We see a growing mismatch of growth and interest rate expectations between markets and policymakers.
- We expect that primary issuances within Asia region will remain high, which may continue to widen credit spread.
- We believe that the appropriate course of action for the near term is to keep portfolio duration around 3 to 4 years, considering that yield premium for investing into long term bonds remains low.
- Our emphasis remains on the quality names with robust financial position and business outlook, while keeping our fixed income portfolios diversified across countries and sectors.

*Source : Affin Hwang Asset Management Berhad
Date : 31 December 2018*

Disclaimer:

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