

### FUND OBJECTIVE

To provide investors with a steady income stream over 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	382,022 units (28 September 2018)	Fund Size	RM384,648 (28 September 2018)
Unit NAV	RM1.0069 (28 September 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"> <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% per annum fund management charge is applied on the Target Fund's NAV by Fund Manager</li> </ul>

### ASSET ALLOCATION

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

### SECTOR ALLOCATION OF THE TARGET FUND

Banks	26.3%
Industrials	14.7%
Others	12.6%
Real Estate	12.5%
Insurance	7.0%
Financial Services	5.7%
Utilities	5.6%
Basic Materials	4.7%
Consumer Services	3.8%
Cash & Cash Equivalent	7.1%
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
Heungkuk Life Insurance Co Ltd	4.48%	09.11.47	2.3
Australia New Zealand Bank Gp	6.75%	15.06.49	2.1
PTT Exploration & Production	4.88%	18.06.49	2.0
BHP Billiton Finance USA Ltd	6.75%	19.10.75	2.0
Yinson TMC Sdn Bhd	7.00%	25.09.49	1.9
Eco World Capital Assets Bhd	6.50%	12.08.22	1.8
GENM Capital Bhd	4.78%	31.03.22	1.8
Parkway Pantai Ltd	4.25%	27.07.49	1.7
Yinson Juniper Ltd	7.85%	05.10.49	1.7

## 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 September 2018.

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	0.69	0.15	1.25	1.21	N/A	N/A	0.69
<b>Benchmark</b>	2.48	0.26	0.82	1.67	N/A	N/A	9.28

\* 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

- Markets were mixed in September as a somewhat positive outcome than market expectation on tariff rates were countered by political and financial uncertainties across Europe and Asia.
- In a widely anticipated move, the US Fed announced for another 25 basis point rate hike following the FOMC meeting on Wednesday, bringing the US benchmark rate to 2.00-2.25%.
- 10-Year US Treasury Yield breached beyond the 3.00% level and ended the month at 3.06% as investors seemingly shrugged off potential risks on global trade front.
- Fears of a fiscal slippage in Italy and a potential collision with the European Commission due to its recent budget announcement led to sell-off in Italian government bonds, with spillover effects in European markets.
- Asian credits had a weak showing in September amidst heavy supplies, with Bloomberg Barclays Asia USD Investment Grade Bond Index declining by 0.86%.
- Malaysian bond space has stayed largely resilient albeit the soft patch witnessed in early September, as a stable Ringgit have translated to better support for local bond market in the month of September.
- The Fund recorded a gain of 0.15% in the month of September, while its benchmark index rose to 0.26% over the same period.

#### FUND MANAGER'S COMMENTS (CONTINUED)

- **STRATEGY:** We expect markets to stay volatile as binary outcomes concerning trade and diverging economic strength with a tightening rate cycle embarked by the US Federal Reserve and broad dollar strength that will continue put pressure on Emerging Markets.
- Treasury yields would likely be capped from rising further in the longer-term if the US-China dispute continues to spiral, as we may see investors reallocate back to safe haven instruments.
- Markets will be looking for cues on the US Fed's outlook for 2019, and if they will stick to their rate hike cycle amidst ongoing trade escalation that could potentially derail growth.
- We believe that most managers and investors are waiting for valuations to correct further in the Asian hard currency bond space.
- In term of portfolio action, we are beginning to nibble back into markets, particularly within the government bond space, while looking to gradually trim down domestic corporate bonds as valuations in the space lean higher.
- Our cautious stance still remains with a clear emphasis for IG names, with short portfolio duration between 3 to 4 years and cash level between 5% to 10%.

*Source : Affin Hwang Asset Management Berhad*

*Date : 28 September 2018*

**Disclaimer:**

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