

## 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	30.54 million units (31 July 2018)	Fund Size	RM40.16 million (31 July 2018)
Unit NAV	RM1.3148 (31 July 2018)	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	<p>Suitable for investors:</p> <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>		

## ASSET ALLOCATION OF THE FUND

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

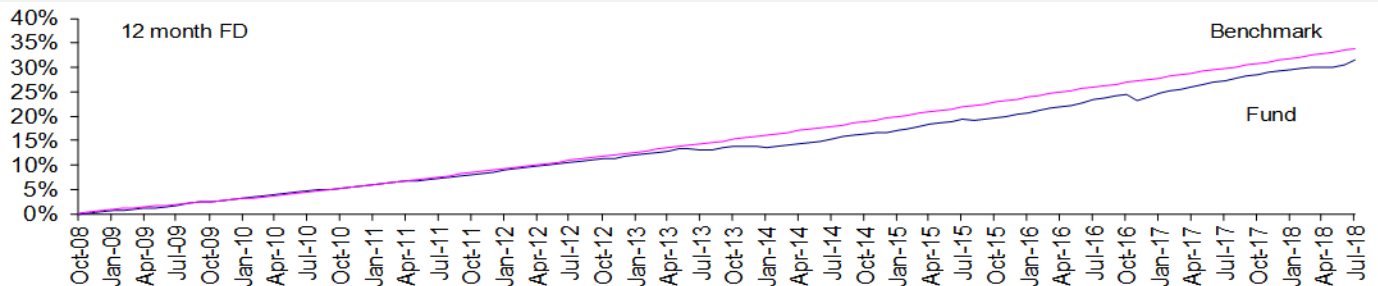
## SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
90.43%	6.30%	-	3.27%	100.00%

## TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Jimah Energy Ventures	9.30%	11/21/2021	14.50	WCT Hldgs Bhd	5.32%	11/05/2022	6.35
MMC Corporation Berhad	5.95%	12/11/2027	12.90	WCT Hldgs Bhd	5.65%	20/04/2026	6.35
Mumtaz Rakyat Sukuk Berhad	4.95%	18/06/2021	12.58	WCT Hldgs Bhd	5.55%	03/01/2025	6.30
Fortune Premiere Sch Bhd IMTN	4.65%	21/12/2022	12.44	YTL Power International Bhd	5.05%	03/05/2027	6.25
Sabah Development Bank MTN 1826D	5.30%	27/04/2023 – Tranche 17	6.39	GENM Capital Bhd	4.98%	11/07/2023	5.09

## PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	1.76	0.66	1.08	1.45	3.30	10.14	31.48
<b>Benchmark</b>	1.89	0.27	0.81	1.64	3.17	9.86	33.92

\* 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:

In July 2018, Malaysia Government Securities ("MGS") traded lower across the curve with the yields falling the most on the belly of the curve. The 10-year MGS was the most active with yield traded 13 basis points ("bps") lower to close the month at 4.08%. The 20-year MGS yield tightened and is trading close to its long-term averages while the 30-year MGS yield was relatively steady trading within 4.90%. Credit spreads were mixed with the long end of the credit curve (15- & 20-year) saw tightening spreads versus the MGS (1 – 3bps) whilst the 10-year and below credit spreads widen (1 – 6bps), signaling better buying on the long end of the credit segment. On YTD, it appears credit spreads have tightened. As at end of July 2018, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS traded at 3.59% (May 2018: 3.64%), 3.89% (3.84%), 4.10% (4.04%), 4.21% (4.20%), 4.62% (4.60%), 4.88% (4.91%) and 4.89% (4.93%). On fixed income outlook, we still think that Bank Negara Malaysia will likely hold policy rate unchanged at 3.25% for the rest of 2018. With consumer inflation moderated to 0.8% YoY post GST removal, we expect the second half of 2018 inflation to come in lower compared to the first half of 2018. We also take comfort from technical factor such as low supply of government bonds in the second half of 2018 to support the local fixed income market. That said, bond investors are still keeping an eye on the government fiscal pledge which is to maintain the deficit ratio not more than 2.8% of 2018 GDP.

### Portfolio strategy:

Lastly on fixed income strategy, we view that the credit risk environment has improved for certain sectors with the new government trying to take a pragmatic approach in keeping their manifesto promises. The portfolio will continue to overweight fundamental over technical and valuation when it comes to taking credit risk, and may continue to add exposure on Issuers which we are comfortable with. On interest rate, we will hold a neutral-to-slightly-overweight duration portfolio against benchmark as both fundamental and technical factors are supporting the local rates environment. That said, we are still assessing the developed market interest rates trend as any negative surprises will still impact on the local bond market.

Source : CIMB-Principal Asset Management Bhd

Date : 31 July 2018

### 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.