

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	4.66 million units (29 May 2020)	Fund Size	RM5.23 million (29 May 2020)
Unit NAV	RM1.1210 (29 May 2020)	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 Affin Hwang Asset Management Berhad

ASSET ALLOCATION

Bonds	Cash	Money Market Instruments/Deposits
Min 70%; Max 100%	Remaining Balance	Min 0%; Max 30%

SECTOR ALLOCATION OF THE TARGET FUND

Real Estate	21.70%
Banks	18.30%
Industrials	10.60%
Others	10.30%
Government	8.00%
Financial Services	7.30%
Oil & Gas	4.80%
Insurance	3.70%
Basic Materials	3.30%
Cash & Cash Equivalents	11.90%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
China Life Insurance Co. Ltd	4.00%	03.07.75	2.1
Lafarge Cement Sdn Bhd	5.06%	08.07.22	1.5
Santos Finance Ltd	5.25%	13.03.29	1.4
MGS	3.50%	31.05.27	1.4
Singapore Government Bond	2.88%	01.09.30	1.4
Eco World Capital Assets Bhd	6.50%	12.08.22	1.4
UBS Group AG	6.88%	22.03.49	1.3
BHP Billiton Finance USA Ltd	6.75%	19.10.75	1.2
DNB Bank ASA	4.88%	12.11.49	1.1
Australia Government Bond	2.50%	21.05.30	1.1

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 29 May 2020:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	1.62	2.11	-0.44	1.88	6.08	N/A	12.10
Benchmark	1.10	0.19	0.62	1.37	2.93	N/A	7.81

* 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

- The Asian credit market held up well for the most part of May 2020 amid an improvement in overall sentiment mainly driven by stimulus programmes by governments and central banks, a gradual reopening of economies, and the recovery in oil prices.
- Credit spreads for both the investment grade and high yield segment have markedly tightened over the month; though momentum somewhat tapered off towards the end of the month as US-China tensions resurfaced.
- Primary issuances appears relatively vibrant still, with issuances by Tencent well subscribed, though subsequent action in the secondary market was slightly softer as sentiment waned amid headlines surrounding US and China. The same was also seen for a HY perpetual issuance by a Chinese property firm during the month.
- The PBOC injected RMB 120bil (USD 16.8bil) into the financial system to keep liquidity ample.
- BNM cut 50bps in its recent May meeting, bringing OPR to 2% as market had expected. Market reaction was relatively muted as had been priced in, with slight profit taking seen among locals investors.
- Market saw improved bids for short to mid tenure bonds towards month end driven by foreign flows with yields declining. However, long tenure bonds continued to be sold off.
- SRR was kept unchanged at 2% to assist in liquidity. BNM announced that MGS and GII can be used by banking institutions to fully meet the SRR compliance effective, available until May 2021. This is expected to release approximately MYR 16bil into the banking system.

FUND MANAGER'S COMMENTS (CONTINUED)

- **STRATEGY:** The fund increased its invested level to 85-90%, given strong market rally and inflows. We see risk-on throughout the month as bond funds saw significant inflows globally. The fund continues to focus primarily in new issuance markets.
- The fund participated in new issuances such as Apple, Exxon Mobile and HK Land. The fund has also bought into MGS & GII, given expectation of further rate cut in Malaysia.
- Portfolio duration was further increased to the range of 4.8 -5.0 years, as interest rates are expected to remain low in the near term.

Source : *Affin Hwang Asset Management Berhad*
Date : *29 May 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.