

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	31.62 million units (29 January 2021)	Fund Size	RM47.57million (29 January 2021)
Unit NAV	RM1.5043 (29 January 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	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 	Other Charges	Inclusive of auditor fee & transaction charge

ASSET ALLOCATION OF THE FUND

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

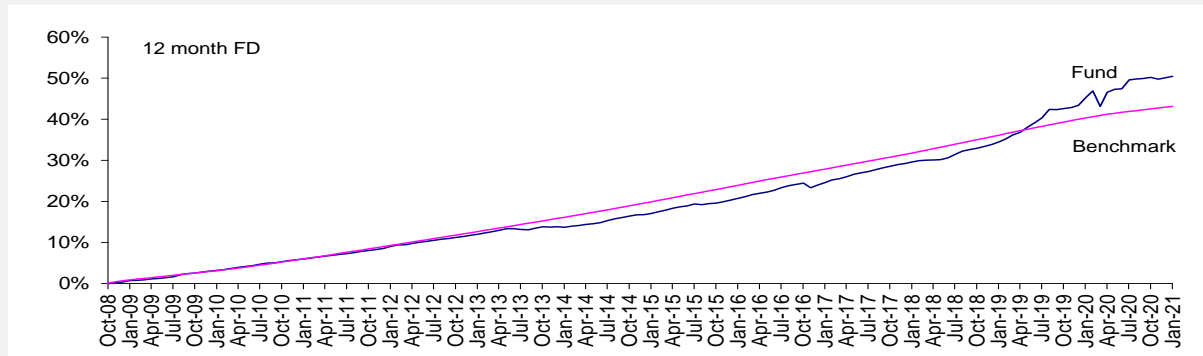
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
91.86%	4.08%	-	4.06%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
IJM Corp Bhd	5.05%	18/08/2028	7.02	Fortune Premiere Sdn Bhd	4.65%	21/12/2022	4.37
Sarawak Energy Bhd	5.50%	04/07/2029	6.22	MMC Corporation Bhd	5.95%	12/11/2027	3.56
GENM Capital Bhd	4.98%	11/07/2023	5.49	YTL Power International Bhd	4.65%	24/08/2023	3.35
WCT Holdings Berhad	5.32%	11/05/2022	5.42	Sports Toto Malaysia Sdn Bhd	4.95%	30/06/2022	2.80
Fortune Premiere Sdn Bhd	4.85%	07/09/2023	4.49	Ambank Bhd	4.98%	15/11/2028	2.80

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.21	0.21	3.54	16.07	24.56	41.92	50.43
Benchmark	0.15	0.15	2.02	8.63	15.51	35.02	43.14

* 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 January-2021, the MGS yield curve bear steepened as the second MCO and State of Emergency sparked concern on potentially bigger stimulus package needed to revive the economy. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 1.93%(-1bps), 2.13%(-3bps), 2.42% (+0bps), 2.68% (+9bps), 3.38% (+12bps), 3.58% (+18bps) and 3.95% (+9bps) respectively at the end of January 2021.

Outlook & Strategy

For domestic economic data, BNM decided to maintain OPR at 1.75%. The central bank continued to mention that the overall outlook locally and globally remains subject to downside risks, primarily if there is a further resurgence of Covid-19 cases. They expect growth for 2020 to be at the lower end of the forecasted range and for a pick-up in growth to be seen in Q22021. The government unveiled PERMAI on 18 January, its 5th economic stimulus package to date worth RM15 billion spread over 22 initiatives aimed at safeguarding the welfare of the people and supporting business continuity following the implementation of MCO2.0. Lastly, Moody's reaffirmed Malaysia's A3 rating and maintained its stable outlook on 28 January. The rating agency cited strong medium-term growth prospects, credible and effective macro policymaking institutions and expectations of gradual fiscal consolidation over the next 2-3 years. These credit strengths moderate Malaysia's relatively high debt level.

For MYR fixed income strategy, we carry on with our Q42020 strategy to take profit on govies and move to credits for better yield pick-up. With that said, we continue to be mindful in our credit selection with a preference on Issuers/Sectors which are more resilient with stronger fundamentals, as well as better liquidity. Any sell-off in the market is an opportunity to buy on dip as we continue to expect government bond yields to remain range-bound but to be mindful that it is for trading purposes only.

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<p>Market risk</p>	<p>Market risk is the risk of negative movement that affects the price of all assets in a particular capital market. The factors influencing the performance of the markets include:</p> <ul style="list-style-type: none"> • Economic and financial market conditions • Political change • Broad investor sentiment • Movements in interest rate and inflation • Currency risks <p>Securities values fluctuate in response to the activities and performance of individual companies and general market or economic conditions. Such movements in the underlying values of the securities of the investment portfolio will cause the NAV or prices of units to fall as well as rise. Market risk is mitigated through careful selection of securities and diversification through spreading of risk across a basket of assets and/or sectors.</p>
<p>Interest rate risk</p>	<p>Interest rates are inclined to fluctuate over time. A rise in the general level of interest rates will result in a decline of the value of all bonds and fixed interest securities. Hence a bond fund's NAV will most probably decrease with the rise of interest rates. Maintaining an appropriate diverse mix of assets with different yield and maturity profiles will lessen the impact of interest rate risk.</p>
<p>Liquidity risk</p>	<p>Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volumes traded on the market. Liquidity risk is mitigated through the selection of stocks with an active trading volume in the open market. This ensures that exit strategies can be executed with little/minimal impacts to price fluctuations.</p>
<p>Company or security specific risk</p>	<p>There are many specific risks, which apply to individual companies or securities. Examples include the possible effect on a company of losing a key executive or the unforeseen entry of a new competitor into the market. The risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>
<p>Credit risk</p>	<p>Credit risk refers to an issuer's ability to make timely payments of profit and principal. In the event that the issuer of the instrument is faced with financial difficulties, leading to a decrease in their credit worthiness (i.e Bond prices will change/drop in the event of rating downgrade) and default in the payment of profit and principal, the value of the fund may be adversely affected. Credit risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>

Source : Principal Asset Management Bhd
Date : 29 January 2021

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. Sun Life Malaysia may suspend the unit pricing and defer the payment of benefits, other than death and total and permanent disability benefits, subscription or redemption of units, switching of funds, under this contract for a reasonable period in exceptional circumstances, such as and including intervening events resulting in temporary closure of any stock exchange.