

### 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	7.82 million units (30 September 2020)	Fund Size	RM8.99 million (30 September 2020)
Unit NAV	RM1.1492 (30 September 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"> <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% p.a. of fund management charge is applied on the Target Fund's NAV by Affin Hwang Asset Management Berhad</li> </ul>

### 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	22.30%
Real Estate	21.40%
Other	11.10%
Industrials	9.70%
Government	9.60%
Financial Services	5.30%
Oil & Gas	4.80%
Consumer Goods	3.80%
Utilities	3.50%
Cash & Cash Equivalents	8.50%
Total	100.00%

### TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
Singapore Government Bond	2.88%	01.09.30	1.7
MGS	4.64%	07.11.33	1.3
Eco World Capital Assets Bhd	6.50%	12.08.22	1.2
Yinson Juniper Ltd	7.85%	05.10.49	1.2
Lafarge Cement Sdn Bhd	5.06%	08.07.22	1.1
Santos Finance Ltd	5.25%	13.03.29	1.1
UBS Group AG	6.88%	22.03.49	1.0
Australia Government Bond	2.50%	21.05.30	0.9
Australia Government Bond	1.75%	21.06.51	0.9
DNB Bank USA	4.88%	12.11.49	0.9

## 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 30 September 2020:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	4.18	-0.04	1.47	7.40	5.07	N/A	14.92
<b>Benchmark</b>	1.75	0.15	0.47	1.04	2.54	N/A	8.47

\* 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

- Risk sentiment was weaker in September driven by the rising number of Covid-19 cases globally and noises surrounding the upcoming US elections.
- Technical for credits was weak further driving the weakness due to the high volume of primary issuances and profit taking activities. As such, investment grade credit spreads widened by 6bps whereas High yield credit spreads sold off by 100bps.
- The Federal Reserve's latest economic projection indicates policy rates are likely to remain at current low levels at least until 2023 and pledged to continue with its asset purchase program at the current pace.
- FTSE Russel announced the inclusion of Chinese sovereign bonds in its indexes starting next year, paving the way for more foreign fund flows into the world's 2nd largest bond market.
- Malaysian bond yields trended higher as BNM held policy rates unchanged and with investors positioning defensively ahead of the FTSE Russell decision on Malaysia. The 10-year MGS benchmark yield ended the month at 2.67% from 2.60% in the previous month end. However, market sentiment recovered towards the end of the month.
- **STRATEGY:** During the month, we were active in primary as well as secondary deals as market traded slightly weaker giving us the opportunity to pick up bonds at cheaper level.
- As such, invested level has increased from August to currently 92%. We intend to keep invested level at 90-95%.
- New issuances we participated in include selected names within the financials, industrials, and infrastructure. We also added to selective AT1 bonds and to China property names we like.
- For government bonds, we added positions in Australian government bonds via primary auctions as yield rose.
- Portfolio duration increased to 5.4 years with the view that rates are expected to remain low in the near term given concerns on low growth and a lack of inflationary pressures.
- On FX strategy, we maintained the Fund's USD open position at 5% and the Fund's SGD open position at 9%.

## RISKS

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

<b>Market risk</b>	This risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the target fund's NAV.
<b>Liquidity risk</b>	Liquidity risk refers to two scenarios. The first is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the target fund.
<b>Credit and default risk</b>	Credit risk relates to the creditworthiness of the issuers of the bonds or money market instruments (the "Investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the Investment and this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the Investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Investment. This could adversely affect the value of the target fund.
<b>Interest rate risk</b>	This risk refers to the impact of interest rate changes on the valuation of bonds or money market instruments (the "Investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the Investment. The reverse may apply when interest rates fall.
<b>Currency risk</b>	<p>As the investments of the target fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.</p> <p><b>Currency risk at the Fund level</b>          The impact of the exchange rate movement between the Base Currency of the Fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the Base Currency of the Fund.</p> <p><b>Currency risk at the Class level.</b>          The impact of the exchange rate movement between the Base Currency of the Fund and the currency of the RM Class may result in a depreciation of your holdings as expressed in the Base Currency of the Fund.</p>

Source : Affin Hwang Asset Management Berhad  
 Date : 30 September 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. 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.