

### 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	357,726 units (30 August 2018)	Fund Size	RM359,650 (30 August 2018)
Unit NAV	RM1.0054 (30 August 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	27.5%
Industrials	14.5%
Others	13.6%
Real Estate	11.6%
Insurance	6.6%
Financial Services	6.0%
Utilities	5.4%
Basic Materials	4.5%
Consumer Services	3.6%
Cash & Cash Equivalent	6.7%
Total	100.0%

### TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
China Life Insurance Co. Ltd	4.00%	03.07.75	2.6
CIMB Bank Bhd	4.80%	13.09.23	2.5
Heungkuk Life Insurance Co Ltd	4.48%	09.11.47	2.2
Australia New Zealand Bank Gp	6.75%	15.06.49	2.0
Yinson Juniper Ltd	7.85%	05.10.49	2.0
PTT Exploration & Production	4.88%	18.06.49	1.9
BHP Billiton Finance USA Ltd	6.75%	19.10.75	1.9
Yinson TMC Sdn Bhd	7.00%	25.09.49	1.8
Eco World Capital Assets Bhd	6.50%	12.08.22	1.7
GENM Capital Bhd	4.78%	31.03.22	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 30 August 2018.

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	0.5	0.6	1.3	1.0	N/A	N/A	0.5
<b>Benchmark</b>	2.2	0.3	0.8	1.7	N/A	N/A	2.2

\* 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 stayed volatile in August as economic turmoil in Turkey and Argentina unfold, on top of headwinds from trades and potential strain in relationship between US and China.
- US Central Bankers showed confidence of strong economic growth where a 25bps rate hike in September has been widely priced-in by markets.
- 10Y US Treasury Yield declined by 10 bps to close the month at 2.86% prompted by fractious development in Argentina and Turkey.
- China took steps to arrest the decline of the yuan by reintroducing its counter-cyclical factor to its daily price-fixing mechanism to support the currency.
- Chinese Yuan rebounded upon the announcement, ending the month at 6.83 against the greenback, after falling to a YTD low of 6.93.
- Asian credits stayed resilient in August following a rebound in July as Bloomberg Barclays Asia USD Investment Grade Bond Index rose by 0.64%.

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

- The Fund recorded a gain of 0.6% in the month of August, while its benchmark index rose 0.3% over the same period.
- **STRATEGY:** We expect volatility in the market to continue amidst the continued trade tensions and developments and renewed uncertainties from Emerging Markets.
- We are seeing a more optimistic outlook for the domestic bond scene, at least for the near-term on the back of ample domestic liquidity and lack of supply.
- The new measure by Chinese regulator to waive taxes for foreign investors should breathe some life back into Chinese bond market, and encourage foreign inflows for the near-term.
- With more new issuances rolling in, there may be repricing opportunities which could push yields higher. Hence, we are refraining from redeploying too heavily at this point.
- Cash level is around the 5% - 10% levels, while portfolio duration is maintained between 3 to 3.5 years.
- We have taken the opportunity to participate in several shorter-dated Euro and USD-denominated AT1s given that yields have corrected to more attractive levels from a risk-adjusted perspective.

*Source : Affin Hwang Asset Management Berhad  
Date : 30 August 2018*

**Disclaimer:**

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