

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	119,773 units (31 July 2018)	Fund Size	RM119,760 (31 July 2018)
Unit NAV	RM0.9999 (31 July 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"> 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 Fund Manager

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	23.6%
Others	14.2%
Industrials	14.1%
Real Estate	12.3%
Financial Services	9.7%
Utilities	7.3%
Insurance	6.5%
Basic Materials	3.9%
Government	3.7%
Cash & Cash Equivalent	4.7%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
China Life Insurance Co. Ltd	4.00%	03.07.75	2.8
Yinson Juniper Ltd	7.85%	05.10.49	2.6
CIMB Bank Bhd	4.80%	13.09.23	2.4
Heungkuk Life Insurance Co Ltd	4.48%	09.11.47	2.0
Australia New Zealand Bank Gp	6.75%	15.06.49	1.8
PTT Exploration & Production	4.88%	18.06.49	1.8
BHP Billiton Finance USA Ltd	6.75%	19.10.75	1.7
Yinson TMC Sdn Bhd	7.00%	25.09.49	1.7
Eco World Capital Assets Bhd	6.50%	12.08.22	1.6
GENM Capital Bhd	4.78%	31.03.22	1.6

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 31 July 2018.

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	-0.01	0.55	0.54	0.18	N/A	N/A	-0.01
Benchmark	1.92	0.28	0.84	1.67	N/A	N/A	1.92

* 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

- Markets stayed volatile in July as trade tensions between the US and other major economies continue, with trade tariffs now in effect while more has been announced.
- A sharp depreciation of the Chinese Yuan dragged regional Emerging Markets (EM). An index of Asian currencies against the USD was down 3.80% YTD.
- This was seen to impact China's economic activities, with the PMI for July falling to 51.2 from 51.5 in June, which is also lower than analyst estimates of 51.3.
- The Bank of Japan maintained its accommodative monetary policy as inflation remains soft.
- This could continue to support market liquidity while the US Federal Reserve is expected to continue with their gradual rate increase.
- Benchmark 10 year US Treasury yields ended the month higher at 2.96% while the 10 year Japanese government bonds soared as much as 9bps.

FUND MANAGER'S COMMENTS (CONTINUED)

- Asian credits saw better overall performance in July following a soft market in recent months. Perpetual bonds saw signs of revival while the broader JPMorgan Asia Credit Index rebounded by 0.5%.
- The Fund recorded a gain of 0.55% in the month of July, while its benchmark index rose 0.28% over the same period.
- **STRATEGY:** We expect volatility in the market to continue amidst the continued trade tensions and developments on China's deleveraging efforts.
- We think that the tightening monetary policy by global central banks will continue to be gradual and data dependent.
- The Fund has increased its invested level, adding some exposure to Malaysian credits. Hence, cash holdings had been reduced to around 5%-10%.
- We remain relatively defensive on the Fund's interest rate exposure, keeping its short duration positioning at around 3 to 4 years.
- We will also maintain some open positions for our USD exposure amid the current strengthening bias of the greenback.
- Although still at attractive valuations, we still refrain from heavily entering the market due to expectations of further upside expectations of bond yields. Focus will be on IG and shorter dated issuances.

Source : Affin Hwang Asset Management Berhad

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.