

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 | 2.92 million units (31 October 2019) | Fund Size | RM3.20 million (31 October 2019) |
| Unit NAV | RM1.0955 (31 October 2019) | 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

| | |
|-------------------------|--------|
| Banks | 20.50% |
| Real Estate | 19.50% |
| Industrials | 13.30% |
| Government | 10.30% |
| Others | 10.30% |
| Financial Services | 4.00% |
| Utilities | 3.50% |
| CIS | 3.30% |
| Oil & Gas | 3.00% |
| Cash & Cash Equivalents | 12.30% |
| Total | 100.0% |

TOP HOLDINGS OF THE TARGET FUND

| Bonds Issuer | Coupon | Maturity Date | % |
|------------------------------|--------|---------------|-----|
| China Life Insurance Co. Ltd | 4.00% | 03.07.75 | 2.0 |
| Lafarge Cement Sdn Bhd | 5.06% | 08.07.22 | 1.5 |
| Eco World Capital Assets Bhd | 6.50% | 12.08.22 | 1.5 |
| BHP Billiton Finance USA Ltd | 6.75% | 19.10.75 | 1.5 |
| CIFI Holdings Group Co Ltd | 6.55% | 28.03.24 | 1.4 |
| WCT Holdings Bhd | 5.80% | 27.09.49 | 1.4 |
| GII | 4.47% | 15.09.39 | 1.3 |
| Santos Finance Ltd | 5.25% | 13.03.29 | 1.2 |
| HSBC Holdings PLC | 6.00% | 22.05.49 | 1.2 |
| Yinson Juniper Ltd | 7.85% | 05.10.49 | 1.2 |

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 October 2019:

| % | YTD | 1M | 3M | 6M | 1-Year | 3-Year | Since Inception |
|------------------|------|------|------|------|--------|--------|-----------------|
| Fund* | 8.63 | 0.16 | 1.63 | 4.27 | 8.71 | N/A | 9.55 |
| Benchmark | 2.67 | 0.26 | 0.77 | 1.57 | 3.24 | N/A | 6.07 |

* 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 US Federal Reserve delivered a widely expected 25 bps rate cut last week at its policy meeting which would bring down its benchmark overnight lending rate to a target range of 1.75% to 2.00%. The Fed is also expected to restart quantitative easing (QE) through bond purchases sometime this year.
- Indonesia's central bank cut its key interest rates for a 4th straight month amid a deteriorating outlook for global growth while Singapore eased monetary policy for the first time in 3 years.
- Local bonds sold off in October due to declining expectations that Bank Negara will cut the overnight policy rate during its upcoming November meeting. Investors will be watching closely for any explicit change in language that usually precedes an impending change in interest rate by the central bank.
- Both the MGS and GII yield curves witnessed selling pressure across all tenors. The MGS yield curve flattened with yields correcting around 5–10 bps for 3–10-year papers while longer tenor papers of 15-years and above inched higher by about 15–26 bps.
- STRATEGY:** Duration was kept between 4.5-4.7 years as the fund participated in several new issuances and added positions in Indonesia government bonds.
- The emphasis remains on the quality names with robust financial position and business outlook, while keeping our fixed income portfolios diversified across countries and sectors.
- Invested level was above 85% for the month with a slight tilt towards the banking sector.

Source : Affin Hwang Asset Management Berhad

Date : 31 October 2019

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.