

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	31.42 million units (30 August 2019)	Fund Size	RM44.74 million (30 August 2019)
Unit NAV	RM1.4239 (30 August 2019)	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%

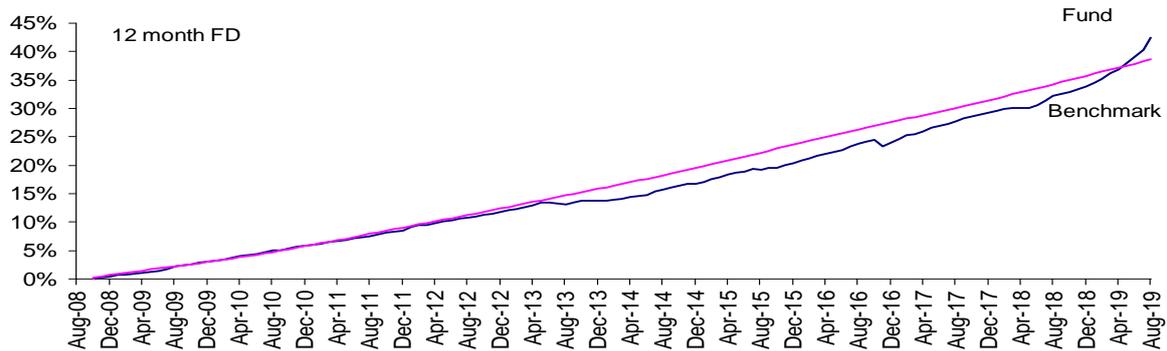
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
91.80%	3.55%	-	4.65%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
MMC Corporation Bhd	5.95%	12/11/2027	12.19	GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	5.91
IJM Corp Bhd IMTN	5.05%	18/08/2028	11.97	WCT Holdings Bhd	5.32%	11/05/2022	5.81
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	11.60	Fortune Premiere Sdn Bhd IMTN	4.85%	7/09/2023	4.76
Sarawak Energy Bhd	5.50%	4/07/2029	6.50	GII Murabahah	4.07%	30/09/2026	3.55
Sabah Development Bank	5.30%	27/04/2023	5.94	Exsim Capital Resources Bhd IMTN	5.00%	28/01/2022	3.41

PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	6.38	1.44	3.12	5.31	7.67	14.98	42.39
Benchmark	2.10	0.25	0.75	1.55	3.21	9.75	38.60

* 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

During the month, the MGS yield curve continued to bull flatten with yields moving lower across the curve. The longer end of the curve tightened significantly with the 20- and 30-year tenors moved lower by 44bps and 40bps respectively MoM. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields traded 3.17%(-15bps), 3.24%(-20bps), 3.28% (-27bps), 3.32% (-27bps), 3.49% (-32ps), 3.58% (-44bps) and 3.81% (-40bps) respectively at the end of August.

FUND MANAGER'S COMMENTS (CONTINUED)

Outlook & Strategy

Globally, protracted trade tensions with mutual retaliations between the US and China coupled with weaker China data and a contraction in Germany's 2Q growth has sparked global growth concerns. Rising uncertainties have pushed the global government bond yields lower with the 2/10 US Treasuries yield curve inverted, heightened recession fear. Domestically, Malaysian economy increased at a faster pace of 4.9% YoY as compared to 1Q19 GDP of 4.5% (above market's consensus of 4.7%) led by firmer domestic demand and across all economic sectors. On the supply side, all sectors recorded positive growth primarily driven by services and manufacturing sectors. Meanwhile, net exports grew at a much faster pace lifted by a bigger decline in imports amid sustained exports. July 2019 inflation continued to experience large gain for the second consecutive month at 1.4% YoY as compared to June's 1.5% YoY.

On Fixed Income strategy, we are revising our call on OPR and we expect one more 25bps cut before end of 2019. The basis of our change in call is premised on 2020 growth risk where we think the trade tension is unlikely to be resolved in a meaningful way in 2019. Growth in 2019 will still be around 4.3 – 4.8% and BNM is likely to do secure another "insurance cut" by lowering the OPR to 2.75%, to ensure 2020 growth to remain at around 4.0 – 5.0%. Nevertheless, we still think the long-end government bond curve is rich as it has already priced in more than 25bps of cut. As such, we still advocate having short tenor government bond exposure only for our portfolio. For credit, we will continue on a bottom-up approach to look for value. Issuers with fewer exposures to external trade shocks and strong financial metrics will be preferred. Overall, we still call for a mild overweight duration exposure against benchmark but cautious on exposure on the long-end bonds.

Source : *Principal Asset Management Bhd*

Date : *30 August 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.