

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	31.07 million units (31 May 2019)	Fund Size	RM42.90 million (31 May 2019)
Unit NAV	RM1.3808 (31 May 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%

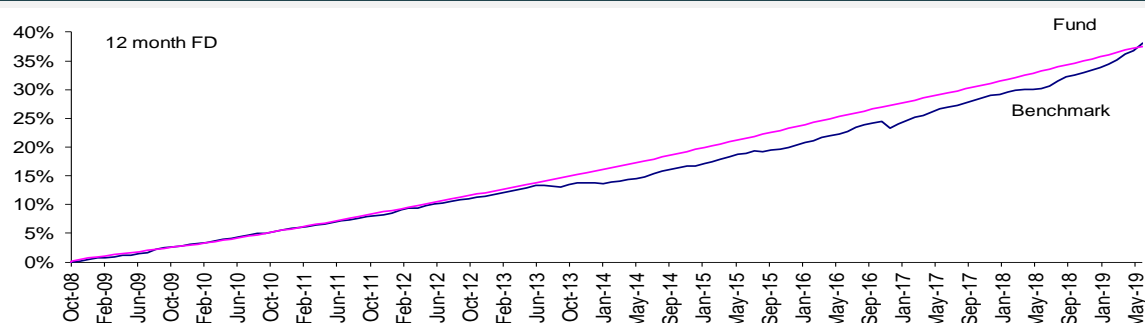
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
91.36%	3.58%	-	5.06%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
IJM Corp Bhd IMTN	5.05%	18/08/2028	12.27	Sabah Development Bank	5.30%	27/04/2023	6.00
MMC Corporation Berhad	5.95%	12/11/2027	12.22	WCT Holdings Berhad	5.32%	11/05/2022	5.90
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	12.06	Jimah East Power Sdn Bhd	5.77%	04/12/2029	5.32
Sarawak Energy Bhd	5.50%	04/07/2029	6.56	Fortune Premiere Sdn Bhd IMTN	4.85%	07/09/2023	4.82
GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	6.10	Exsim Capital Resources Bhd IMTN	5.00%	28/01/2022	3.58

PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	3.16	0.91	2.12	3.54	6.08	12.94	38.08
Benchmark	1.34	0.25	0.79	1.61	3.28	9.79	37.56

* 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 moved lower across mostly all tenures (between 6-13bps) except for the 3y and 10y which remained unchanged. Overall, better buying was seen following the OPR cut by BNM on 7 May as well as BNM's announcement to enhance onshore FX and bond market with new initiatives. The 5-, 7-, 15-, 20- and 30-year MGS yields traded lower to close at 3.58% (-6bps), 3.69%(-8bps), 4.12% (-6bps), 4.30% (-9bps) and 4.57% (-8bps) respectively at the end of May. Meanwhile, the 3- and 10-year MGS yields remained unchanged at 3.43% and 3.78%, respectively.

Outlook & Strategy

Globally, minutes from the most recent Fed Fund meeting held on 1-2 May "members observed that a patient approach to determining future adjustments to the target range for the federal funds rate would likely remain appropriate for some time." Notably, the meeting was held before the blowup in US-China trade talks. Domestically, BNM's Monetary Policy Committee cut the OPR by 25 basis points to 3.00% as much anticipated by the market. The MPC statement highlighted that while domestic monetary and financial conditions remain supportive of economic growth, there are some signs of tightening of financial conditions. The adjustment to the OPR is therefore intended to preserve the degree of monetary accommodativeness. BNM announced that it was taking several development initiatives to improve domestic FX and bond market liquidity, likely in response to the regulator's intention to continuously broaden and deepen the onshore financial markets. The initiatives include measures to enhance bond market liquidity and FX market accessibility and liquidity.

On Fixed Income strategy, we continue to expect 3.00% OPR will remain for the rest of 2019. Regardless of the OPR outcome, the Fund will still stay overweight duration against benchmark as we view the overall international and domestic monetary policies to be expansionary. The flattish long-end government yield curve will likely stay for the remaining of 2019. Fund will also overweight credit against government bond for better yield pick-up.

Source : Principal Asset Management Bhd

Date : 31 May 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.