

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	30.59 million units (31 January 2019)	Fund Size	RM41.14 million (31 January 2019)
Unit NAV	RM 1.3450 (31 January 2019)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-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 		

ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
80% - 98%	Up to 20%

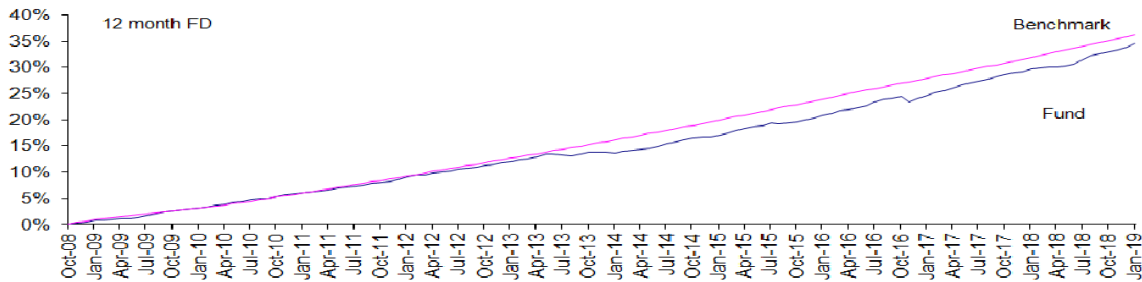
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
88.72%	6.18%	-	5.10%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
MMC Corporation Berhad	5.95%	12/11/2027	12.67%	Sabah Development Bank MTN 1826D	5.30%	27/04/2023	6.21%
Mumtaz Rakyat Sukuk Berhad	4.95%	18/06/2021	12.34%	GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	6.17%
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	12.25%	Jimah East Power Sdn Bhd	5.77%	04/12/2029	5.32%
Sarawak Energy Bhd	5.50%	04/07/2029	6.55%	Fortune Premiere Sdn Bhd IMTN	4.85%	07/09/2023	5.00%
WCT Holdings Berhad	5.32%	11/05/2022	6.22%	Serba Dinamik Holdings Berhad IMTN	4.95%	02/10/2023	3.72%

PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	0.49	0.49	1.19	2.30	3.78	11.37	34.50
Benchmark	0.27	0.27	0.81	1.64	3.30	9.83	36.11

* 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, Malaysia Government Securities (“MGS”) yield curve bull flattened with yields dropping the most in the 7-year segment. The 7-year tightened by 13 bps and the long-end MGS tightened between 7 to 9 bps during the month. The 3-, 5-, 15-, 20- and 30-year MGS yields traded lower at 3.61% (-2bps), 3.80% (-5bps), 4.43% (-4 bps), 4.59% (-7bps) and 4.79% (-9bps) respectively at end of January save for the 10-year which remained unchanged at 4.11% (-0bps).

Outlook & Strategy

On the local economy front, Malaysia’s exports tracked higher at 4.4% YoY in December rebounding from a weak November. For the full year 2018, export growth moderated to 6.7% in 2018 from 18.8% in 2017. Import growth slowed to 4.9% in 2018 from 19.7% in 2017 and the trade deficit widened 23.7% to RM120.3bil. Malaysia’s December CPI rose 0.2% YoY similar to the growth rate seen in November. For 2018 as a whole, headline inflation averaged at 1% compared with 3.7% seen in 2017. BNM maintained the OPR at 3.25% on 24 January. In its statement, the central bank highlighted the moderating global growth momentum. BNM also mentioned that they expect inflation to ‘average moderately higher’ in 2019. Malaysia’s growth has been decelerating since 4Q17, reflecting supply side disruptions and weaker public spending. BNM forecast growth of 4.9% in 2019 was projected taking into consideration the initial US-China tariffs announced. However, BNM has also estimated that a full scale trade war could result in real GDP growth falling below 4.0%. A slower growth will risk Government missing the fiscal deficit target of 3.4% of GDP for 2019, if it decided on expansionary mode to support growth.

On Fixed Income strategy, the recent rally in government bond was mainly led by foreigners as yield difference between US Treasury and MGS/MGII widened. We are still not penciling a change in OPR at this juncture and the sharp move in MGS yield is somewhat overdone, in our opinion. We may start taking profit on government bond and will gradually increase our core portfolio yield by investing in strong fundamental AA-rated credit, at a fair spread. We are still advocating overweight duration portfolio as risk of OPR hike is relatively remote given the high volatility in capital markets around the world and soft domestic economic growth.

Source : CIMB-Principal Asset Management Bhd

Date : 31 January 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.