

### 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	31.61 million units (31 October 2019)	Fund Size	RM45.07 million (31 October 2019)
Unit NAV	RM1.4259 (31 October 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"> <li>▪ Have a medium to long term investment horizon</li> <li>▪ Want a diversified portfolio of fixed interest securities</li> <li>▪ Are looking for a less volatile investment but can accept lower returns</li> </ul>	Other Charges	Inclusive of auditor fee & transaction charge

### ASSET ALLOCATION OF THE FUND

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

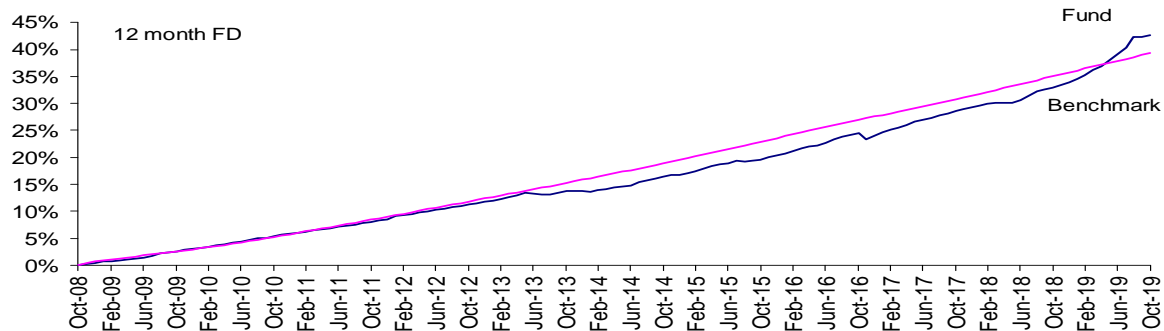
### SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
93.62%	3.48%	-	2.90%	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	WCT Holdings Bhd	5.32%	11/05/2022	5.81
IJM Corp Bhd IMTN	5.05%	18/08/2028	11.85	Sabah Development Bank	5.30%	27/04/2023	5.81
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	11.59	Fortune Premiere Sdn Bhd IMTN	4.85%	7/09/2023	4.64
Sarawak Energy Bhd	5.50%	4/07/2029	6.43	GII Murabahah	4.07%	30/09/2026	3.48
GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	5.87	Exsim Capital Resources Bhd IMTN	5.00%	28/01/2022	3.41

**PERFORMANCE RECORD**



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	6.53	0.18	1.58	4.20	7.28	14.58	42.59
<b>Benchmark</b>	2.61	0.25	0.75	1.51	3.17	9.75	39.29

\* 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 trade higher with yields moving higher across the curve. The longer end of the curve widened significantly with the 20- and 30-year tenors moved higher by 26bps and 15bps respectively MoM. The 30-year which was previously trading at sub 4% at the beginning of the month closed at 4.07% at the end of October. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields traded 3.21%(+7bps), 3.34%(+10bps), 3.39% (+5bps), 3.44% (+7bps), 3.72% (+17bps), 3.87% (+26bps) and 4.07% (+15bps) respectively at the end of October.

## FUND MANAGER'S COMMENTS (CONTINUED)

### Outlook & Strategy

Globally, Fed cut rates for the third time this year and signaled an intention to take a pause in the easing cycle while keeping the door open for a cut in December. US-China trade negotiation improved after both countries agreed on the outline of a mini trade deal. In Europe, Draghi's last ECB meeting was uneventful with limited information on the medium-term outlook. Elsewhere, Brexit situation improved after a deal was agreed on between the UK and the EU; however, the country is now headed to a General Election. Domestically, Budget 2020 was released with moderately fiscal expansion expected next year. Budget deficit target in 2020 is widened to 3.2% from 3.0% forecasted a year ago. 2020 GDP growth is expected to be 4.8% with private consumption as main contributor.

On Fixed Income strategy, we view the 2020 budget positively as government led spending will remove the need for BNM to continue easing path, which have driven the yield curve to an overvalued level. Resumption of mega projects will likely increase credit supply particularly in the government guaranteed bucket, and market may re-price credit spreads as a result. All-in-all, we continue to position the Fund in a neutral duration position for the remaining of the year while further increase exposure in credit especially in the AA- and single-A rated segment. Key focus will still be on credit with improved financial metrics and strong cashflow visibility.

**Source :** *Principal Asset Management Bhd*

**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.