

## 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	30.66 million units (30 November 2018)	Fund Size	RM40.89 million (30 November 2018)
Unit NAV	RM 1.3336 (30 November 2018)	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	<p>Suitable for investors:</p> <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>		

## ASSET ALLOCATION OF THE FUND

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

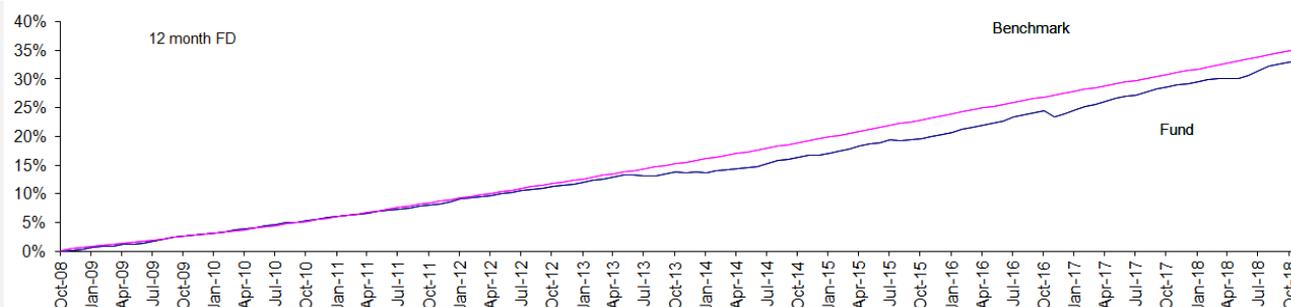
## SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
84.28%	6.12%	-	9.60%	100.00%

## TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Mumtaz Rakyat Sukuk Berhad	4.95%	18/06/2021	12.62%	Sabah Development Bank MTN 1826D	5.30%	27/04/2023 – Tranche 17	6.23%
MMC Corporation Berhad	5.95%	12/11/2027	12.57%	WCT Holdings Berhad	5.32%	11/05/2022	6.20%
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	12.46%	Fortune Premiere Sdn Bhd IMTN	4.85%	07/09/2023	4.97%
Tenaga Nasional Bhd	4.98%	27/8/2038	9.91%	YTL Power International Bhd	5.05%	03/05/2027	4.97%
GENM Capital Bhd	4.98%	11/07/2023	6.30%	GII Murabahah	4.07%	30/09/2026	3.66%

## PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	3.21	0.33	0.85	2.46	3.43	11.17	33.36
<b>Benchmark</b>	3.00	0.27	0.81	1.64	3.26	9.84	35.38

\* 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 sentiment in the local bond space continued to be mostly on a cautious tone. There was some selling pressure on the belly of the yield curve attributable to the increased supply (on the back of higher fiscal deficit). Overall, the MGS yield curve bear flattened with yields from short to belly rising by 2-7bps while the back end of the curve dropping by 2-5bps. The 3-, 5-, 10-year MGS yields closed higher at 3.70% (+4bps), 3.92% (+7bps), 4.16%(+3bps) respectively at end of November. Meanwhile, the longer tenure 15- and 30-year MGS ended lower at 4.55%(-5bps) and 4.92% (-3bps) respectively. On the economic front, Malaysia's 3Q18 GDP continued to moderate further to 4.4% YoY (2Q: +4.5% and consensus: +4.6%). Growth was dampened by negative net exports even as domestic demand picked up. Exports contracted 0.8% YoY (2Q: +2% YoY) due partly to supply side disruptions in the mining sector while aggregate domestic demand remained robust as it grew at a faster pace of +6.9% YoY in 3Q18 (2Q:+5.6%). October CPI accelerated to 0.6% YoY (matching consensus: 0.6%) from 0.3% YoY in September. The higher CPI was mainly driven by quicker gains in food and beverages and transportation costs. During the month, we saw the oil price hitting the 2018 low which has translated to Ringgit weakness with USDMYR breaking 4.2000 level for a brief period of time. As expected, BNM kept the OPR steady at 3.25% in its November meeting and the monetary policy statement was overall neutral. Policymakers maintained that domestic economy is on steady growth path but noted there is risk to growth from the global front amid trade tensions. Hence, we expect interest rate to stay pat on subdued inflation and moderating economic growth. Budget 2019 saw a delayed in fiscal consolidation path. 2018 fiscal deficit will widen to 3.7% of GDP (from 2.8%) and gradually reduce to 3.4% in 2019, 3.0% in 2020 and 2.8% in 2021.

## FUND MANAGER'S COMMENTS (CONTINUED)

### Outlook & Strategy:

On Fixed Income strategy, 4Q18 will see an increase of government bond supply by circa RM10bil to fund the added fiscal deficit that is expected in 2018. While BNM have added private placement for the remaining auctions to alleviate supply pressure, there is still a risk of yield curve re-pricing if any of these auctions receive weak bid-to-cover ratio. While certain part of the yield curve does look cheap (notably the long-end) on historical spread basis, investors need to factor in potential higher government bond supply given that fiscal deficit will likely stay until year 2021. On policy rate, we think BNM will likely to maintain OPR unchanged at 3.25% given that there is a structural shift in lower GDP growth potential for the remaining of 11th Malaysia Plan. Nevertheless, investors can expect some knee-jerk reaction if rating agencies downgrade or put Malaysia rating on negative outlook. On credit risk, some cyclical corporate are showing signs of earnings and cash flow weaknesses as a result of challenging business landscape. Coupled with the tight credit spreads and low secondary liquidity, we are very selective in adding credit risks at this juncture. Fundamental factors will play a bigger role in analyzing credit risk going forward.

*Source : CIMB-Principal Asset Management Bhd*

*Date : 30 November 2018*

### **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.