

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	30.39 million units (31 January 2017)
Fund Size	RM 37.88 million (31 January 2017)
Unit NAV	RM 1.2464 (31 January 2017)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	12 month FD
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
Fees	<ul style="list-style-type: none"> Management Fee: 1.0% p.a.
Taxation	8% of annual investment income

ASSET ALLOCATION

Bonds/ Debentures	80% - 98%	Cash	Up to 20%
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WHERE THE FUND INVESTS

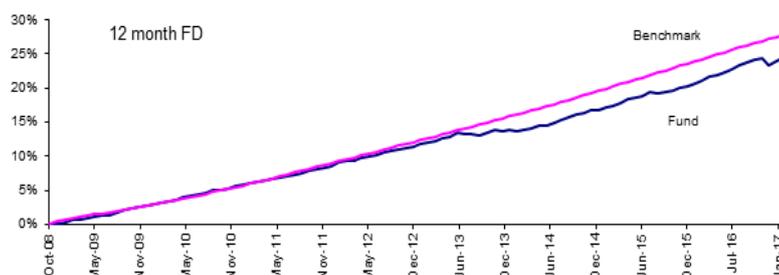
Corporate Bond	88.99%
Government Bond	3.94%
Short Term Paper	-
Cash	7.07%
Total	100.00%

TOP 10 HOLDINGS

MMC Corporation Berhad	5.950%	12/11/2027	13.70%
AMMB Hldg Bhd	4.30%	08/08/2017	13.47%
UniTapah Sdn Bhd	4.900%	12/06/2018	13.39%
Berjaya Land Bhd	4.750%	15/12/2017	13.31%
UEM Sunrise Bhd	4.6%	13/12/2018	13.27%
Malakoff Power Bhd	4.9%	17/12/2018	6.69%
Perdana Petroleum Bhd	4.450%	27/04/2018	6.68%
Tanjung Bin Power Sdn Bhd	4.66%	14/08/2020	5.43%
Temasek Eksklusif Sdn Bhd	4.620%	20/11/2019	4.01%
GII Murabahah	4.070%	30/09/2026	4.00%

Source: CIMB-Principal Asset Management Bhd

PERFORMANCE RECORD



Source: CIMB-Principal Asset Management Bhd

NAV TO NAV

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	0.52	0.52	0.15	1.02	3.20	9.64	24.64
Benchmark	0.25	0.25	0.75	1.52	3.19	10.10	27.87

Source: CIMB-Principal Asset Management Bhd

*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'S MANAGER COMMENTS

For the month of January 2017, the Fund gained 0.52% outperforming the benchmark by 0.27%.

For fixed income, The MGS yield curve normalized in January 2017 following an inverted yield curve in December 2016 as 30-year MGS was traded lower versus the 20-year MGS. Consequently, yield curve bull steepened as demand on the shorter end from 15-year below pushed the yields lower versus a month ago. Trading volume for corporate bonds was higher than previous month as market players start to rebuild portfolios for the new financial year. Focus remained in the AA and GG segment. During the month, credit spread widened for the 3 and 5 years with mixed action for the other tenures. We see continued risk and volatility to come from uncertainties with regards to the tightening by the US Fed, future US policies/rhetoric under Donald Trump and political developments in the Eurozone. Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 3.00% as expected during its first meeting of the year in January. The tone of the Monetary Policy Committee's (MPC) statement was broadly neutral. Despite the recent rally in sovereign market in December 2016 and January 2017, the MGS and MGII valuations are still relatively attractive taking into consideration OPR is expected to stay unchanged for 2017. For corporate bonds, we expect corporate bonds spread to move wider with new issuances coming into the market.

We will be looking to put money to work in MGS and GIIs with preference on the short to medium tenors. We will be cautious as the large and more frequent 2017 MGS/MGII issuances could see longer dated yields remain elevated. We will participate in the MGS/MGII auctions for opportunistic trade based on attractive valuations. We also propose to switch into re-priced short to medium lower rated corporate bonds from the primary and secondary market for yield pickup.

Source: CIMB-Principal Asset Management Bhd

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.