Sun Life Malaysia Balanced Stable Fund
October 2020

FUND OBJECTIVE

To provide a mixed exposure into equities and bonds, with higher allocation in bonds.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	1.61 million units (30 October 2020)	Fund Size	RM2.53 million (30 October 2020)
Unit NAV	RM1.5735 (30 October 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	25% FBM100 + 75% 12 month FD
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee
Risk Profile	Suitable for investors: ▪ Want a diversified portfolio in equities but higher exposure in bonds ▪ Prefer less volatile performance and want slightly higher gains than bond return	Fees	The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges: ▪ Sun Life Malaysia Growth Fund: 1.5% p.a. ▪ Sun Life Malaysia Conservative Fund: 1.0% p.a. ▪ There are no other fund management charges on this fund

ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
75.00%	25.00%

WHERE THE FUND INVESTS

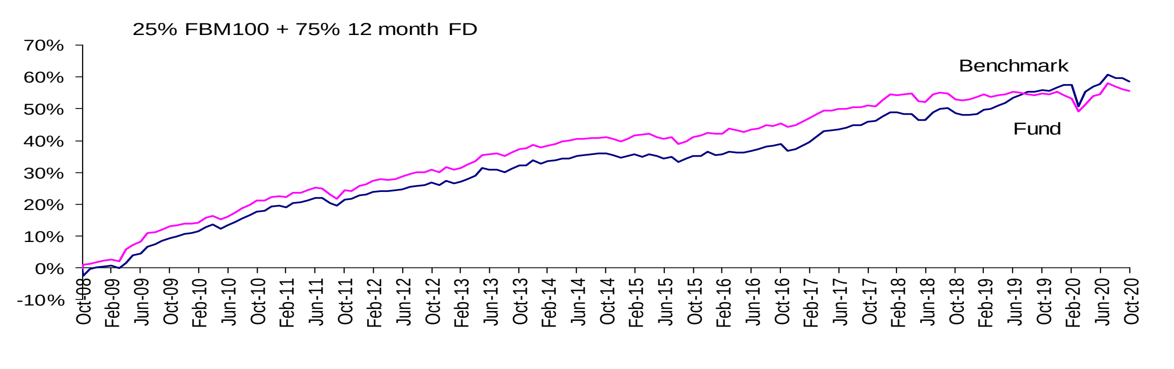
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
75.35%	24.29%	0.36%	100.00%

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)
Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur
Telephone (603) 2612 3600 Facsimile (603) 2698 7035 Client Careline 1300-88-5055 sunlifemalaysia.com

Sun Life Malaysia Balanced Stable Fund

October 2020

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	1.20	-0.56	1.78	8.64	17.40	34.69	58.65
Benchmark	0.06	-0.43	0.44	2.99	10.24	28.31	55.54

** 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

In October 2020, the Fund's performance decreased by 0.56%, underperforming the benchmark by 0.13%.

The FTSE Bursa Malaysia Composite Index ("KLCI") fell -2.37% as the market continued its downtrend due to a resurgence in covid19 cases and rising political uncertainty contributed to the softer market. Politics also took the limelight in October when there was news that PM Muhyiddin Yassin had proposed to the King (YDPA) to call for a state of emergency for the country (which was later declined by the King) and faced challenges to his slim parliamentary majority from the opposition and coalition partner, UMNO. Energy -9.9% Construction -5.7% and REIT -4.7% were the worst performing sectors in October. While the best performing sectors were Technology +8.4% and Healthcare +7.1%.

Main economic highlights for October will be the implementation of Conditional MCO ("CMCO") in Sabah, Selangor, Putrajaya and Kuala Lumpur due to the resurgence of Covid cases in these states. The National Security Council ("NSC") decided to allow all economic sectors in the Klang Valley to continue operating as usual under strict compliance of standard operating procedures. PM Muhyiddin assured the public that there will not be another total lockdown as this would have a significant impact on Malaysia's economic and social systems but said the govt will enforce Targeted Enhanced MCO ("TEMCO") in high-risk areas. Despite assurance that all economic sectors will be allowed to operate during the implementation of CMCO or TEMCO, productivity and consumer sentiment and spending will be affected, and impact can only be seen in the coming months. Unemployment recorded a marginal increase of 0.5% MoM (Jul: 0.6%) to 15.15mn ppl in Aug but with the CMCO in Klang Valley and Sabah, it is expected that unemployment number to increase in the coming months. Declining PMI for a 3rd consecutive months to 49.0 in Sep20 could be an early signs of a downward pressure to the economy in the coming months. With threats to the economy is growing by the day, there have been high hopes on the current government to deliver a Budget that will provide enough economic stimulus to steer past the Covid-19 and providing enough safety net for the B40. Warily, politically, due to PM Muhyiddin weak coalition, there will a threat that the Budget may not get enough support for approval.

On macro data, the unemployment rate remained at 4.7% in August (July: 4.7%) – with increase in employment seen in the services sector but manufacturing jobs fell. In the near-term, the unemployment rate is expected to increase with the resurgence of the COVID-19. Headline CPI remained negative at -1.4% YoY in September (Aug: -1.4% YoY) while unchanged MoM (Aug: +0.2% MoM). Core inflation remained relatively stable at +1.0% YoY (Aug 2020: +1.1% YoY). In September, exports rebounded by +13.6% YoY (Aug: -2.9% YoY) boosted by manufacturing and agriculture products. Imports recorded a smaller decline of -3.6% YoY (Aug: -6.5% YoY). For MYR fixed income strategy, as we approach the last quarter and market have turned more cautious ahead of the Budget 2021 and US election, we recommend taking profit and lighten some positions in the sovereign segment especially on the shorter part of the curve and move to credits for better yield pick-up. Any sell off in the market is opportunity to buy as yields are expected to stay range bound. We continue to selectively participate in the corporate bonds segment with strong and stable fundamentals.

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)
Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur
Telephone (603) 2612 3600 Facsimile (603) 2698 7035 Client Careline 1300-88-5055 sunlifemalaysia.com

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

Market risk	Market risk is the risk of negative movement that affects the price of all assets in a particular capital market. The factors influencing the performance of the markets include: • Economic and financial market conditions • Political change • Broad investor sentiment • Movements in interest rate and inflation • Currency risks Stock values fluctuate in response to the activities and performance of individual companies and general market or economic conditions. Such movements in the underlying values of the share of the investment portfolio will cause the NAV or prices of units to fall as well as rise. Market risk is mitigated through careful selection of securities and diversification through spreading of risk across a basket of assets and/or sectors.
Interest rate risk	Interest rates are inclined to fluctuate over time. A rise in the general level of interest rates will result in a decline of the value of all bonds and fixed interest securities. Hence a bond fund's NAV will most probably decrease with the rise of interest rates. Maintaining an appropriate diverse mix of assets with different yield and maturity profiles will lessen the impact of interest rate risk.
Liquidity risk	Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volumes traded on the market. Liquidity risk is mitigated through the selection of stocks with an active trading volume in the open market. This ensures that exit strategies can be executed with little/minimal impacts to price fluctuations.
Company or security specific risk	There are many specific risks, which apply to individual companies or securities. Examples include the possible effect on a company of losing a key executive or the unforeseen entry of a new competitor into the market. The risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.
Credit risk	Credit risk refers to an issuer's ability to make timely payments of profit and principal. In the event that the issuer of the instrument is faced with financial difficulties, leading to a decrease in their credit worthiness (i.e Bond prices will change/drop in the event of rating downgrade) and default in the payment of profit and principal, the value of the fund may be adversely affected. Credit risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.

Source : Principal Asset Management Bhd
Date : 30 October 2020