

# Sun Life Malaysia Conservative Fund

September 2024



## FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

## INVESTMENT STRATEGY & APPROACH

Please refer to the Master Fund Fact Sheets at <https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/> for more information on the Investment Strategy and Approach for the target fund.

## FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	32.92 million units (30 September 2024)	Fund Size	RM54.40 million (30 September 2024)
Unit NAV	RM1.6526 (30 September 2024)	Performance Benchmark	12 month FD
Fund Manager	Principal Asset Management Bhd	Frequency and Basis of Unit Valuation	The unit price determined daily based on the value of our holdings in the target fund, net of expenses, divided by the total number of units in that fund
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee & transaction charge
Target Market	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>	Fund Management Charges	Management Fee: 1.0% p.a

## ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
Minimum 80% of Net Asset Value (NAV)	Balance of fund

## SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
90.44%	6.26%	0.00%	3.30%	100.00%

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

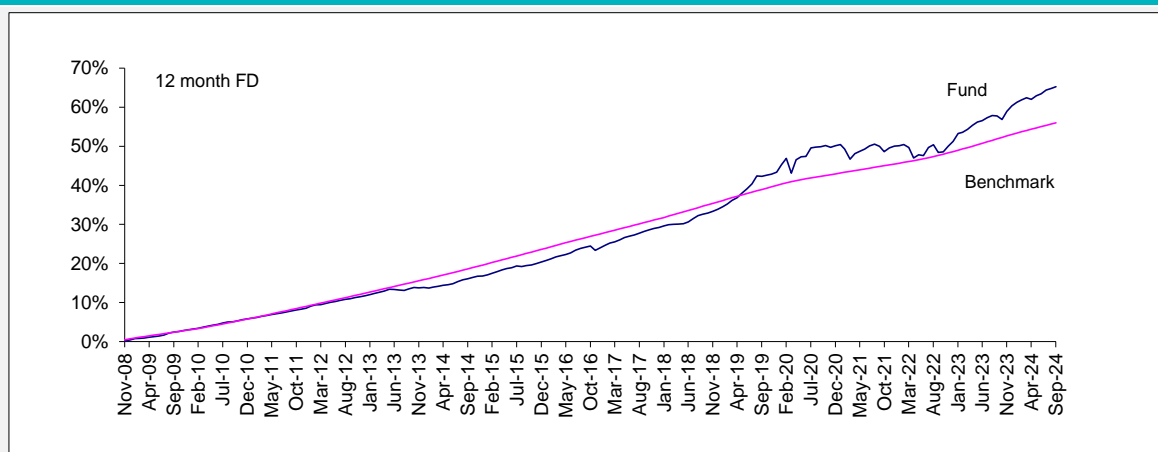
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## TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Sarawak Energy Bhd	5.50%	04/07/2029	5.00	Projek Lebuhraya Usahasama Bhd Sukuk Plus	4.80%	12/01/2027	2.85
Edra Energy Sdn Bhd	6.23%	05/01/2032	4.25	UniTapah Sdn Bhd	6.15%	12/12/2030	2.09
Prasana Capital Bhd	4.54%	29/01/2044	3.93	Projek Lebuhraya Usahasama Bhd Sukuk Plus	4.954%	12/01/2037	2.03
Ponsb Capital Bhd	4.96%	28/12/2028	3.05	DanaInfra Nasional Bhd	4.49%	23/10/2043	1.97
MMC Corporation Bhd	5.95%	12/11/2027	2.99	Sarawak Energy Bhd	4.70%	24/11/2028	1.94

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	3.07	0.29	4.73	10.18	16.11	42.36	65.26
<b>Benchmark</b>	1.95	0.21	2.71	7.73	12.28	31.54	56.01

\* Calculation of past performance is based on NAV-to-NAV

Source: Lipper

## FUND MANAGER'S COMMENTS

### Market Review

The Malaysian Government Securities (“MGS”) yield curve shifted lower in September, with the 10-year yield compressing by 5bps, while both short-term and long-term yields remained relatively unchanged by the end of the month. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.36% (-1bps), 3.51% (-1bps), 3.70% (-2bps), 3.72% (-5bps), 3.90% (-1bps), 4.04% (-2bps) and 4.20% (-1bps) respectively in September.

Meanwhile, the Malaysian Government Investment Issue (“MGII”) curve also saw an overall downward shift, with the exception of the 30-year which widened by 1bps. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGII closed at 3.39% (-1bps), 3.53% (unchanged), 3.69% (-1bps), 3.75% (-4bps), 3.92% (-3bps), 4.07% (-2bps), and 4.21% (+1bps) respectively in September.

Bank Negara Malaysia (“BNM”) kept the overnight policy rate (“OPR”) unchanged at 3.00% at its September meeting while noting that the current rate is supportive of economic growth and aligns with their inflation and growth outlook. The central bank emphasized a neutral monetary stance but remain watchful of domestic and inflationary trends heading into 2025.

The monetary policy committee (“MPC”) assessment on growth outlook continues to see upside from global tech upcycle, robust tourist spending and faster investment project implementation, while the downside risk to growth comes mainly from external demand. BNM has maintained its 2024 headline and core consumer price index (“CPI”) forecasts at 2.0-3.5% and 2-3%, respectively. However, they indicated that inflation is unlikely to surpass 3%, citing muted price pressures following the SST increase and diesel subsidy rationalization. This also suggests a lower probability of any major RON95 fuel price adjustments in this year.

Data released during the month showed that headline inflation rate moderated to 1.9% YoY in August, slightly down from 2.0% in July. For the first eight months of 2024, inflation averaged 1.8%, compared to 2.5% for the whole of 2023. The broadening of the services tax base and its rate increase from 6% to a range of 6%-8% had a mild impact on services inflation, which remained at 2.2% YoY. Additionally, adjustments in diesel prices in Peninsular Malaysia had a muted effect on inflation so far.

### Outlook & Strategy

Looking ahead, we expect the local govies to trade in range and continue to be influenced by movements and events occurring in the US Treasury space. We continue to prefer corporate bonds and will stay with our bottom-up approach to look for value and participate in new issuances. The current market environment continues to be favorable for an overweight duration position given stable domestic policy rate, firmer economic growth and stable Ringgit. Return of foreign funds driven by an anticipated reduction in Fed’s fund rate and narrowing interest differentials will continue keep the bond market anchored.

## RISKS

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

<b>Market risk</b>	<p>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:</p> <ul style="list-style-type: none"><li>• Economic and financial market conditions</li><li>• Political change</li><li>• Broad investor sentiment</li><li>• Movements in interest rate and inflation</li><li>• Currency risks</li></ul> <p>Securities 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 securities 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.</p>
<b>Interest rate risk</b>	<p>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.</p>
<b>Liquidity risk</b>	<p>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.</p>
<b>Company or security specific risk</b>	<p>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.</p>
<b>Credit risk</b>	<p>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.</p>

Source : *Principal Asset Management Bhd*

Date : *30 September 2024*

### Disclaimer:

This is strictly the performance of the investment fund, and not the returns earned on the actual premiums paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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. Sun Life Malaysia may suspend the unit pricing and defer the payment of benefits, other than death and total and permanent disability benefits, subscription or redemption of units, switching of funds, under this contract for a reasonable period in exceptional circumstances, such as and including intervening events resulting in temporary closure of any stock exchange.