

Sun Life Malaysia Balanced Aggressive Fund

September 2023



FUND OBJECTIVE

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

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	2.65 million units (29 September 2023)	Fund Size	RM5.81 million (29 September 2023)
Unit NAV	RM2.1967 (29 September 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	75% FBM100 + 25% 12 month FD
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee
Risk Profile	Suitable for investors: <ul style="list-style-type: none">▪ Want a portfolio with higher exposure in equities▪ Preference to higher equity exposure for potentially higher capital appreciation▪ Need to reduce risk by investing in diversified bond portfolio▪ Prefer investing in bonds to cushion fund volatility	Fees	The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges: <ul style="list-style-type: none">▪ 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 Growth Fund	Sun Life Malaysia Conservative Fund
75.00%	25.00%

WHERE THE FUND INVESTS

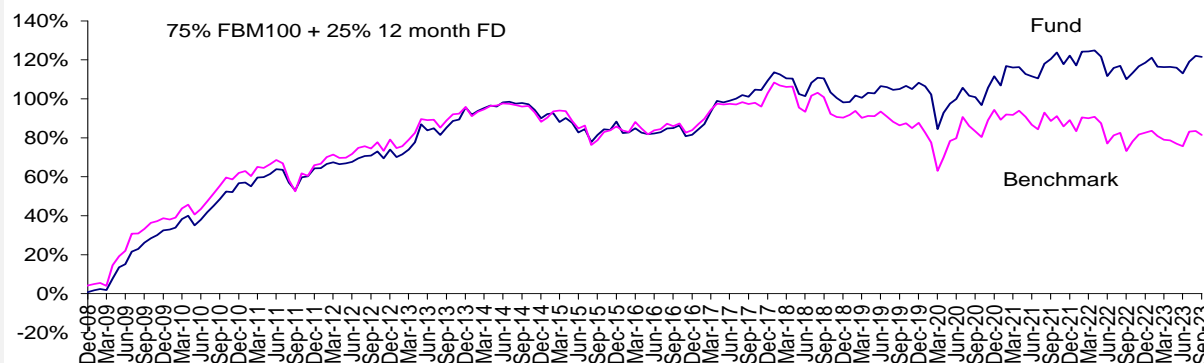
Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
74.61%	25.30%	0.09%	100.00%

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	1.32	-0.27	5.44	10.29	5.21	19.42	121.49
Benchmark	-0.69	-1.14	4.75	-0.99	-9.69	-3.94	81.44

* 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 September 2023, the Fund's performance decreased by 0.27%, outperforming the benchmark by 0.87%.

KLCI lost 27.8pts or 1.9% in September. The sell-off, which largely concentrated towards the last week of the month, was rather broad-based, led by Financials and Commodities. While there could be volatility caused by quarter-end rebalancing, investors were spooked by US treasury yields at a 16-year high and persistent dollar strength affecting EM markets, in addition to the Fed's hawkish messaging on interest rates. Domestically, there also seems to be a lack of fresh leads and some political noises surrounding cabinet reshuffling.

Malaysia's economy expanded 2.9% yoy in 2Q23, below the 3.6% yoy expected by economists polled by Bloomberg. In addition to the high 2Q22 base, there were temporary commodity-related factors that weighed on growth such as lower production of oil and related products, and lower CPO output – these collectively shaved off 40bps of growth according to BNM. However, the economy accelerated 1.5% qoq vs 0.9% qoq in 1Q23, well above the long-run 1.1% SA qoq growth. BNM anticipates a subdued 3Q23 given the weak external demand, but momentum should improve from 4Q23 and into 2024 on the back of a recovery in E&E exports and tourism-led consumption. Maintains Malaysia's GDP growth of 4-5% in 2023.

The Malaysian Government Securities (MGS) yield curve steepened in September, with the longer-end tenors adjusting higher tracking the movements in US Treasuries. Longer dated government bonds were the worst performing segment during the month while shorter dated corporate bonds outperformed. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.61% (+13bps), 3.77% (+14bps), 3.92% (+15bps), 3.98% (+13bps), 4.18% (+13bps), 4.31% (+14bps) and 4.43% (+15bps) respectively. Meanwhile, the Malaysian Government Investment Issue (MGII) yield curve also steepened in line with the movements in the MGS yield curve. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGII closed at 3.58% (+12bps), 3.81% (+17bps), 3.88% (+9bps), 4.02% (+12bps), 4.14% (+13bps), 4.33% (+9bps), 4.49% (+11bps) respectively. Overall, credit spreads continued to tighten in September driven by higher MGS as valuation of corporate bonds tend to lag, giving thinner buffers to protect investors from potential downside risks.

Bank Negara Malaysia (BNM) kept the overnight policy rate (OPR) unchanged at 3% for the second consecutive meeting as it expects growth will continue to be supported by resilient domestic expenditure amid the challenging external environment. The central bank has dropped the "slightly accommodative" phrase, highlighting that the prevailing OPR level is consistent with the current assessment of the inflation and growth outlook, which remains supportive of the economy.

RISKS

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

Market risk	<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">• Economic and financial market conditions• Political change• Broad investor sentiment• Movements in interest rate and inflation• Currency risks <p>Stock and/or 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 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.</p>
Interest rate risk	<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>
Liquidity risk	<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>
Company or security specific risk	<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>
Credit risk	<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 : 29 September 2023

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. 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.