

FUND OBJECTIVE

To provide a balanced exposure into equities and bonds.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	8.58 million units (30 June 2020)	Fund Size	RM15.17 million (30 June 2020)
Unit NAV	RM1.7675 (30 June 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	50% FBM100 + 50% 12 month FD
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> Want a balanced portfolio between equities and bonds Are risk neutral between bonds and equities 	Fees	<p>The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges:</p> <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

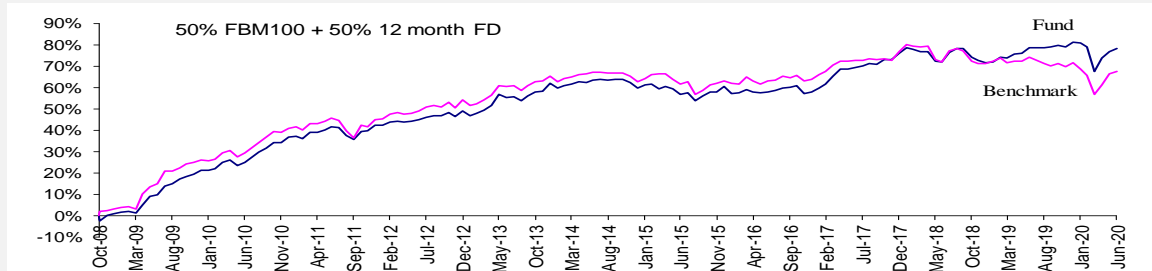
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
50.00%	50.00%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
49.63%	49.33%	1.04%	100.00%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	-1.56	0.81	-0.09	5.35	13.84	42.57	78.21
Benchmark	-2.33	0.57	-3.78	-2.97	3.66	29.56	67.43

* 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 June 2020, the Fund's performance increased by 0.81%, outperforming the benchmark by 0.24%.

FBMKLCI gained 1.88% in June driven by further rally on glove and reopening themes. Compared to the previous month, the rally was broader base with 20 gainers vs 12 losers among KLCI component stocks. Note that Telekom and KLCC Stapled Securities have replaced MAHB and AMBank in the benchmark index. Public Bank (+12.6%), Top Glove (+21.8%) and Press Metal (+20.4%) were the top contributors to the rally while Dialog (-9.2%), CIMB (-5.6%) and Axiata (-6.6%) were the main drags. Big cap blue chips have outperformed the small cap index (-1.7%) in June as retail investors took profit ahead of the decision by regulators on whether to extend short selling restriction beyond 30 Jun. Local Covid-19 cases continues to trend lower to single digit level since Malaysia entered into Recovery Movement Control Order (RMCO) on 10 Jun while more businesses have reopened given that Malaysia has largely contained the outbreak. The domestic tourism sector was the latest to be allowed to reopen although international border remains shut for now. Casinos and number forecasting operators (NFOs) have also reopened. Although 2Q economic data and corporate results will be worse than 1Q, we believe investors are already looking past these backward-looking numbers and pricing in rebound in economic activities and financial turnaround of corporates going forward. As such, the litmus test will be in 3Q and 4Q when investors evaluate whether the actual pace of recovery matches that of expectations. So far, consensus is expecting 21.2% decline in 2020 earnings follow by 20.6% rebound in 2021. The expected earnings rebound is largely driven by the financial and gaming sectors and therefore these sectors will be subject to close scrutiny over the next few months.

The Government announced RM35bil of stimulus package in June-2020 mainly on jobs initiatives, SMEs supports, and stimulation of FDI & consumption as well as to facilitate digitalization. With this, the MoF now expects the 2020 budget deficit/GDP at 5.8-6.0%. S&P reaffirmed Malaysia's ratings at A- but revised the outlook to negative from stable on 26 June. All three agencies still rate Malaysia at A-/A3, but the overall outlook has weakened on balance, with two negatives and one stable (Moody's). S&P cited the additional downside risks to Malaysia's fiscal metrics because of weak global growth outlook and heightened policy uncertainty. The country's unemployment rate in April spiked to 5% as the number of people out of jobs went up to 778,800, or 48.8%, compared to a year ago due to the closure of business operations during the MCO.

For MYR fixed income strategy, we expect BNM to act again in 2H2020 to secure a better economic recovery. However, the effectiveness of monetary policy as a tool to stimulus the economy is waning, and we are expecting fiscal spending to lead the economy recovery going forward. Given that we are near the bottom of the rate cycle, and low interest rate is likely to stay for another 12 to 18 months pending a meaningful recovery, we are gradually shifting to higher grade corporates for better yield pick-up.

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 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 : 30 June 2020

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.