

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 | 3.12 million units (31 January 2020) | Fund Size | RM6.39 million (31 January 2020) |
| Unit NAV | RM2.0475 (31 January 2020) | 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 |

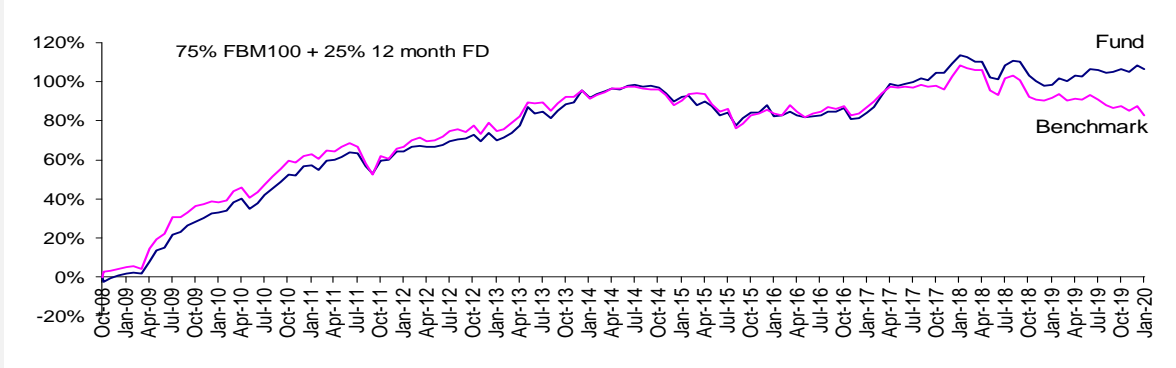
ASSET ALLOCATION

| 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 |
|-------------------------------|-------------------------------------|-------|---------|
| 74.25% | 25.65% | 0.10% | 100.00% |

PERFORMANCE RECORD



| % | YTD | 1M | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|------------------|-------|-------|--------|--------|--------|---------|-----------------|
| Fund* | -0.87 | -0.87 | 4.06 | 11.93 | 7.42 | 55.02 | 106.44 |
| Benchmark | -2.72 | -2.72 | -4.76 | -2.43 | -4.07 | 32.32 | 82.63 |

* 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 January 2020, the Fund's performance decreased by 0.87%, but outperforming the benchmark by 1.85%.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") started the year positively before succumbing to sell-down as fears of novel coronavirus outbreak dampens investor's sentiment. The benchmark index declined 3.6% in Jan 2020 with notable gainers were gloves and healthcare stocks such as Top Glove (+24.5%), Hartalega (+8.0%), and IHH (+4.2%) which are beneficiaries of the novel coronavirus outbreak. Given the widespread travel curtailment imposed by various governments since the novel coronavirus outbreak in Wuhan, global tourism will be hit in the near term. This dampens the prospect of Malaysia achieving its 30m tourist arrival target during Visit Malaysia Year 2020 as China accounts for 2.94m or 12% of arrivals in 2018 (vs 0.7m or 6% in 2002 prior to SARS). BNM has surprised the market in Jan by cutting the Overnight Policy Rate (OPR) by 25 bps to 2.75% as the central bank took pre-emptive measure to support the economic growth trajectory amid benign inflationary pressure and still uncertain geopolitical tensions and policy uncertainties in a number of countries. Despite external headwinds, we expect growth to be sustained at a moderate rate in 2020. This will be underpinned by more growth-oriented Budget 2020 (higher fiscal deficit, resumption of mega infrastructure projects) and accommodative monetary policy. Externally, the rebound in PMI to 50 in Dec 19 after hitting a low of 46.8 in Dec 18 bodes well for exports outlook particularly in the electronics and electrical (E&E) segment. Furthermore, the plantation sector will also be boosted by improving supply and demand dynamics. Given a modest consensus earnings growth expectation of 7.5% in 2020, we believe earnings upside risks outweigh downside risks

FUND MANAGER'S COMMENTS (CONTINUED)

The Federal Reserve kept rates unchanged during its recent FOMC meeting, as expected, while signaling that policy would stay on hold for the time being. The European Central Bank kept their main deposit rate at the historic low of -0.5%, in line with market expectation, while launching its first strategic review since 2003, in a bid to establish whether its inflation target is still appropriate. The People's Bank of China (PBOC) cut the bank's reserve requirement ratio (RRR) by 50 basis points, effective January 6, to 12.5%, as the country's economic growth slows to the weakest pace in nearly 30 years. Following the coronavirus outbreak, PBOC further announced that they will inject 1.2 trillion yuan (US\$174 billion) into markets via reverse repo operations in early-February and lowered the 7-day and 14-day reverse repo rates by 10bps to 2.4% and 2.55%, respectively. Against most expectations, Bank Negara Malaysia (BNM) also delivered a surprise rate cut during its latest Monetary Policy Committee (MPC) meeting. The Overnight Policy Rate (OPR) was reduced by 25bps to 2.75% with the official statement highlighting as a pre-emptive measure to secure the improving growth trajectory amid price stability, while citing downside risks to global growth and geopolitical tensions.

Source : *Principal Asset Management Bhd*

Date : *31 January 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.