Sun Life Malaysia
Balanced Aggressive Fund
March 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	2.72 million units (31 March 2023)	Fund Size	RM5.84 million (31 March 2023)
Unit NAV	RM2.1447 (31 March 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: ▪ 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: ▪ 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%

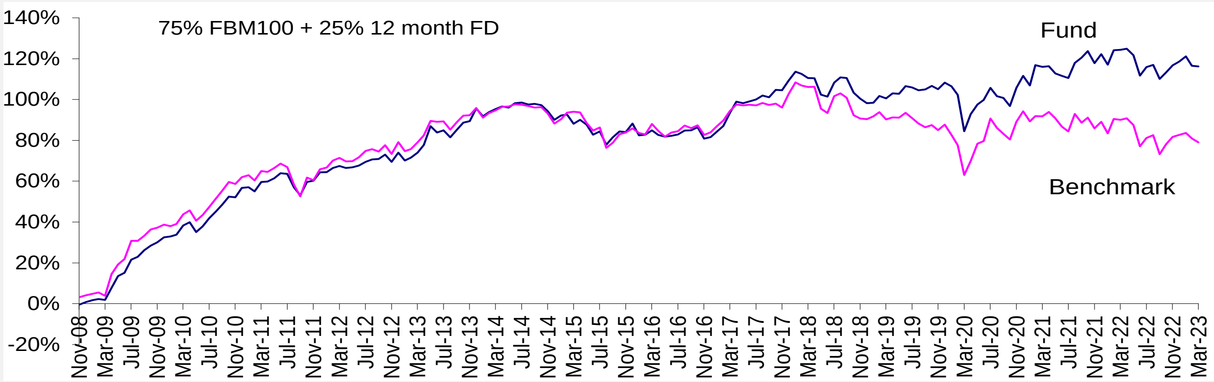
WHERE THE FUND INVESTS

Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
75.13%	24.92%	-0.05%	100.00%

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

Sun Life Malaysia
Balanced Aggressive Fund
March 2023

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-1.07	-0.14	-3.61	17.24	2.71	24.29	116.24
Benchmark	-2.03	-1.09	-5.82	9.80	-13.16	0.004	78.98

** 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 March 2023, the Fund's performance decreased by 0.14%, outperforming the benchmark by 0.95%.

FBMKLCI fell 33pts or over 2%, ending the month of March at 1,422pts. Weakness was in line with the sell-off in regional markets as investors aggressively risked off following the collapse of several high-profile banks in the US and Europe, potentially triggering a global liquidity squeeze, and mounting worries that US Fed's aggressive tightening may have finally taken a toll on the US economy. Market however rebounded towards the later part of the month following Fed's decision to go ahead with a 25bps hike, downplaying fears of a banking contagion and shifting attention back to inflation which has started to ease, albeit very gradually. Financials and Commodities were sold down in favor of defensive sectors such as Healthcare and Utilities during the month.

Malaysia's PMI improved further to 48.8pts in March from February's 48.4pts, alongside improvements seen in many economies in Asia. According to S&P Global, the latest reading was consistent with sustained expansions in both manufacturing production and GDP, with signs that growth has accelerated since the start of the year. New orders scaled back to the least extent since last October, but production volumes remain muted as client confidence was relatively subdued. Encouragingly, input cost and selling price inflation eased, the former at its lowest in 34 months, and delivery times shortened further. Overall, firms surveyed remained hopeful that demand conditions would normalize over the coming 12 months.

Sentiments in the local bond market generally improved during the month of March as the benchmark yield curve bull steepened in line with the movements in US Treasuries following the fallouts seen in the US and European banking system. Nevertheless, the rally seen in the local markets was more muted as investors digested the slightly hawkish views in the latest BNM Annual Report. The Malaysian Government Securities ("MGS") yield curve bull steepened in the month of March, in line with the movements in US Treasuries ("UST"), though the rally in the local Ringgit curve was more tepid as they digested the slightly more hawkish views from BNM in the latest Annual Report. Short MGS traded lower by 9 to 13bps, while the bellies moved flat or up to 4bps lowers and longer MGS traded slightly higher, with the exception of the 30-year. The 3- , 5- , 7- , 10- , 15- , 20- and 30-year MGS yields closed at 3.33% (-13bps), 3.57% (-13bps), 3.81% (unch.), 3.92% (-4bps), 4.18 (+2bps), 4.23% (+4bps) and 4.42% (-3bps) respectively at the end of March.

With a lower budget deficit of RM93.9 billion versus the previously tabled RM99.0 billion, we will see lower gross issuance of RM175 billion in 2023 (vs our earlier projection of RM180 billion). We opine the revised budget to be largely bond positive as the new government is committed to fiscal consolidation of reaching fiscal deficit of 3.2% of GDP by 2025 that will see further reduction in public debt and total debt to GDP ratio. The issuance is likely to be slightly front loaded slightly with 52% targeted in 1H2023. There will be RM80.9 billion maturity in 2023 (2022: RM78.9 billion) with the bulk of the maturity amounting to RM65.4 billion (81%) between the months of March to August 2023. The supply dynamics is turning favorable, as we have past the highest expected quarterly net issuances (i.e. RM29.38 billion) in 1Q2023 and the net issuances in the 2Q2023 is expected to be the lowest (i.e. RM17.7 billion) as we have large government bond maturities during this period. There will be three government auctions in April with an estimated net issuances of about RM14.0 billion which are focused towards the mid to longer end of the curve (i.e. 10-year MGII 10/32, 5-year MGS 4/28 and 30-year GII 5/52).

Sun Life Malaysia
Balanced Aggressive Fund
March 2023

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 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.
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 : 31 March 2023