

# Sun Life Malaysia Balanced Moderate Fund

June 2022



## 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	9.79 million units (30 June 2022)	Fund Size	RM18.02 million (30 June 2022)
Unit NAV	RM1.8405 (30 June 2022)	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"> <li>Want a balanced portfolio between equities and bonds</li> <li>Are risk neutral between bonds and equities</li> </ul>	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"> <li>Sun Life Malaysia Growth Fund: 1.5% p.a.</li> <li>Sun Life Malaysia Conservative Fund: 1.0% p.a.</li> <li>There are no other fund management charges on this fund</li> </ul>

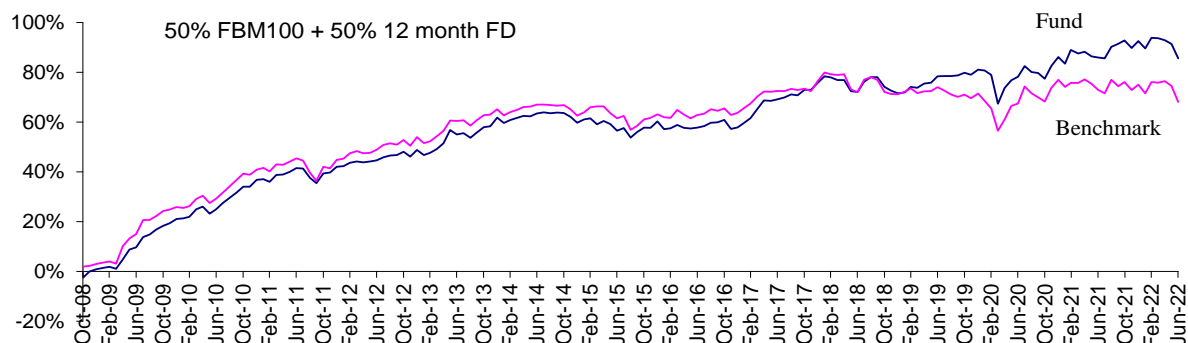
## ASSET ALLOCATION

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
49.75%	50.15%	0.10%	100.00%

**PERFORMANCE RECORD**



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-3.61	-3.03	-0.21	4.04	9.70	28.28	85.57
<b>Benchmark</b>	-3.92	-3.65	-2.79	-3.39	-2.56	12.92	68.13

\* 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 2022, the Fund's performance decreased by 3.03%, outperforming the benchmark by 0.62%.

FBMKLCI slumped 126pts or 8% to 1,444pts in June 2022. The sell-off was triggered by the release of the US May inflation data with the CPI at 8.6% which was a fresh 40-year high and renewed fears that the Fed could over-tighten and landing the world's largest economy into a recession. Commodities-related stocks were the most battered – Energy (-17%), Plantations (-13%) – while Gloves also languished.

Malaysia's manufacturing sector picked up in June, with an improvement in the PMI from 50.1pts in May to 50.4pts. Production levels stabilized for the first time after five consecutive months of decline, while new orders rose for the third month running. Manufacturers noted that inflationary pressures strengthened for the first time in three months amid sustained material shortages and rising energy prices. The bright spot was that supply-chain constraints showed clear signs of easing which should help alleviate some industrial price pressure.

The MGS benchmark yield curve bear-flattened in June as the short and intermediate segment of the curve shifted higher as inflation and the continued expectations of a more hawkish Fed monetary policy came back into the limelight during the month. The volatility in the bond market remain elevated as inflation and growth headlines were the main market catalyst during the month. The 3- , 5- , 7- , 10- , 15- , 20- and 30-year MGS yields closed at 3.61% (+7bps), 4.05% (+22bps), 4.24% (+17bps), 4.26% (+10bps), 4.65% (+8bps), 4.65% (+2bps) and 5.03% (+12bps) respectively at the end of June.

The Monetary Policy Committee (MPC) of Bank Negara Malaysia (BNM) increased the Overnight Policy Rate (OPR) by 25 basis points from 2.00% to 2.25% at its July meeting. This is the second time the MPC has increased the OPR this year. In its statement, it is mentioned that amid the growth prospects for the Malaysian economy, the MPC decided to further adjust the degree of monetary accommodation, consistent in its view that the unprecedented conditions that necessitated a historically low OPR have continued to recede. However, BNM highlighted that downside risks to growth continue to stem from a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions suggesting any adjustments to the OPR moving forward will be done in a measured and gradual manner. They continue to project headline inflation to be within 2.2%-3.2% forecast range but expect higher inflation in certain months due to base effect of electricity prices.

## 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>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>
<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 June 2022**

### 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.