

Sun Life Malaysia Conservative Fund

April 2023



FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	31.91 million units (28 April 2023)	Fund Size	RM49.58 million (28 April 2023)
Unit NAV	RM1.5537 (28 April 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	12 month FD
Taxation	8% of annual investment income	Fees	Management Fee: 1.0% p.a.
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> Have a medium to long term investment horizon Want a diversified portfolio of fixed interest securities Are looking for a less volatile investment but can accept lower returns 	Other Charges	Inclusive of auditor fee & transaction charge

ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
80% - 98%	Up to 20%

SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
87.70%	9.59%	-	2.71%	100.00%

TOP HOLDINGS OF THE FUND

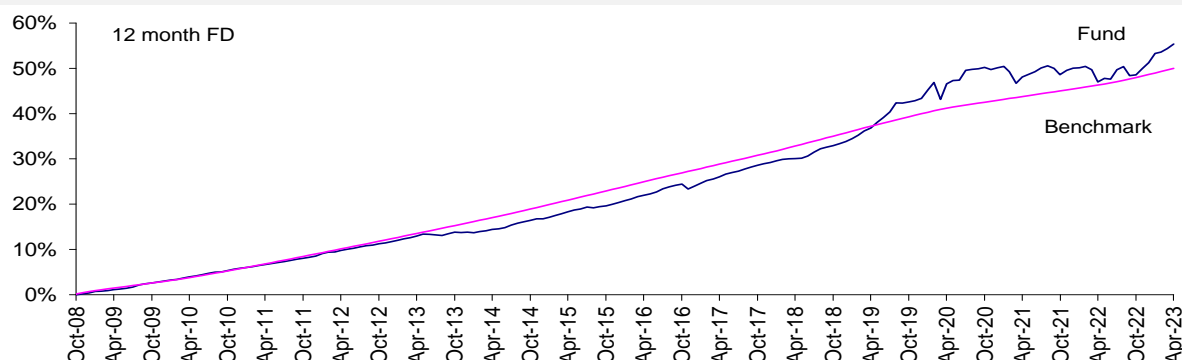
Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Sarawak Energy Bhd	5.50%	04/07/2029	5.51	YTL Power International Bhd	4.65%	24/08/2023	3.06
RHB Bank Bhd	3.65%	28/04/2031	4.28	GII Murabahah	4.417%	30/09/2041	2.43
Ponsb Capital Bhd	4.96%	28/12/2028	3.31	Edra Energy Sdn Bhd	6.71%	05/01/2038	2.38
MMC Corporation Bhd	5.95%	12/11/2027	3.28	UniTapah Sdn Bhd	6.15%	12/12/2030	2.28
Projek Lebuhraya Usahasama Bhd Sukuk Plus	4.80%	12/01/2027	3.14	Sarawak Energy Bhd	4.70%	24/11/2028	2.12

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	2.73	0.65	5.70	6.01	19.44	37.56	55.37
Benchmark	0.92	0.23	2.53	6.22	12.92	32.14	50.00

* 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

Market Review

Most fixed income indices fared well in the month of April with positive performances seen across the board. The local bond market rallied in line with the rally in US Treasuries (“UST”) during the month. The long-end tenures performed the best locally as the yield curve bull flattened in April. Strong buying in the local market was also driven by reinvestment demand from local government bond maturities in April.

The Malaysian Government Securities (“MGS”) yield curve bull flattened in the month of April as yields lowered across all tenures with the largest movements seen in the longer end of the curve. Yields lowered the most for the 15- and 30-year tenures as they ended the month closing lower by -25bps and -24bps, respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.29% (-4bps), 3.45% (-12bps), 3.66% (-16bps), 3.74% (-18bps), 3.93% (-25bps), 4.02% (-21bps) and 4.17% (-24bps).

In April, credit spreads widened across all tenures and rating bands except for the 3y for the AAA and AA rating band. Spreads widened by 5-11bps for the 5- to 10-year tenures for all rating bands, whilst the more than 15-year tenures widened 12-21bps in line with the long-end rally of the local govies during the month. Credit spreads for the AAA and AA rated segments for the belly of the curve are close to their 3- and 5-year historical averages. Meanwhile, the 3- and 5-year maturities and the longer-end (above 15-year) have turned attractive, spread-wise this month.

Outlook & Strategy

We remain positive on the local bond markets as we believe the tightening trend on monetary policies has reached its peak with the last rate hike by MPC this month.

We aim to take profit on local government bonds as we believe the current valuation seems fair at this juncture and aim to switch out to corporate bonds when possible as it provides an overall better total return. As such, trading for local government bonds is mainly on a short-term basis to take advantage of any knee-jerk selloffs in the market. We aim to continue to participate in any new corporate bond issuances in the market albeit being selective in our credit picks.

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>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 securities 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 : *28 April 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.