Sun Life Malaysia Balanced Stable Fund
March 2014

FUND OBJECTIVE

To provide a mixed exposure into equities and bonds, with higher allocation in bonds

FUND DETAILS

Launch Date	20 October 2008
Domicile	Malaysia
Currency	Ringgit Malaysia
Launch Price	RM1.0000
Units in Circulation	2.31 million units (31 March 2014)
Fund Size	RM 3.06 million (31 March 2014)
Unit NAV	RM 1.3238 (31 March 2014)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	25% FBM100 + 75% 12 month FD
Risk Profile	Suitable for investors: ▪ Want a diversified portfolio in equities but higher exposure in bonds ▪ Prefer less volatile performance and want slightly higher gains than bond return
Fees	▪ Management Fee: 1.125% p.a. ▪ Switching Fee: 3 free fund switches per policy year

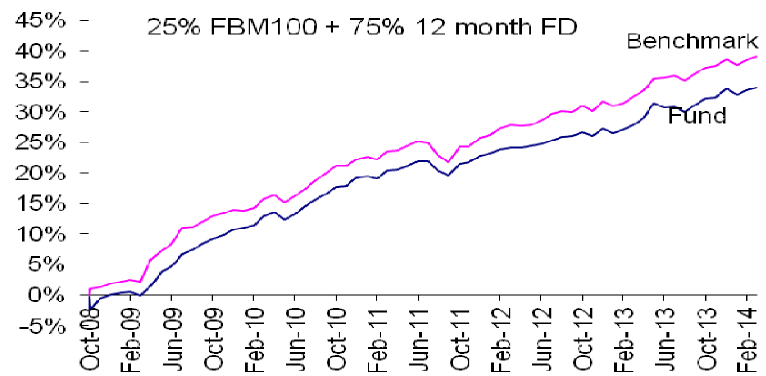
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	75%
Sun Life Malaysia Growth Fund	25%

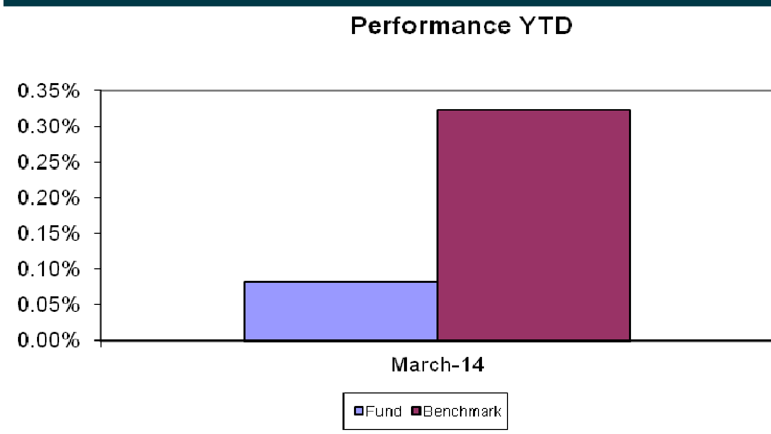
WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	75.16%
Sun Life Malaysia Growth Fund	24.95%
Cash	-0.35%
Total	100.00%

PERFORMANCE RECORD



NAV TO NAV



FUND MANAGER'S COMMENTS

The Fund gained 0.34% in March 2014, but underperformed the benchmark by 0.06%. On a YTD basis, the Fund has underperformed the benchmark by 0.24%.

Federal Reserve Chairperson, Janet Yellen has taken pains to reassure markets that interest rates will remain low even as QE is being withdrawn. But the increase in the fed funds rate 6-months after the end of QE, will raise the cost of funds at the short end resulting in a flattening of the yield curve. It has negative implications on bank margins globally. In Malaysia, in 2013, the banking system loan growth was 10.6% while deposit growth was 8.5%. It caused the loan to deposit ratio to rise from 82.1% (Dec 2012) to 84.6% (Dec 2013). In February 2014, loan growth rebounded to 9.5% from -0.1% the previous month. But it continues to exceed deposit growth of 7.0% for the same month. Expectations are for the loan to deposit ratio, currently at 85.5%, to rise further leading to higher cost of funds.

For equities, the portfolio remains at 90.0 – 95.0% as we continue to accumulate stocks in the Oil & Gas sector. Apart from Oil & Gas, we remain overweighted in Telecommunications and Utilities. For fixed income, our strategy remains unchanged and we continue a trading stance on the sovereign bonds. For corporate bonds, we concentrate mainly on primary issues that have already priced in the risks going forward such as potential OPR hike and the alignment of sovereign yields. We also prefer higher coupon bonds to cushion the impact of increasing yields.

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