Sun Life Malaysia Balanced Moderate Fund

December 2017

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	5.52 million units (31 December 2017)
Fund Size	RM9.62 million (31 December 2017)
Unit NAV	RM1.7437 (31 December 2017)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	50% FBM100 + 50% 12 month FD
Risk Profile	Suitable for investors: ▪ Want a balanced portfolio between equities and bonds ▪ Are risk neutral between bonds and equities
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
Taxation	8% of annual investment income

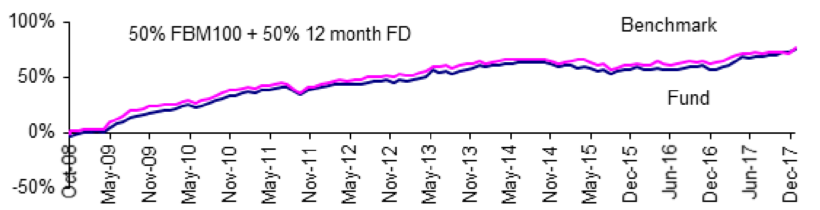
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	49.55%
Sun Life Malaysia Growth Fund	50.45%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	49.55%
Sun Life Malaysia Growth Fund	50.45%
Cash	0.00%
Total	100.00%

PERFORMANCE RECORD



NAV TO NAV

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	11.35	1.65	2.95	3.93	11.35	10.08	75.81
Benchmark	7.83	2.38	2.14	2.33	7.83	8.60	76.56

** 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

For the month of December 2017, the Fund increased 1.65%.

December was a good month as the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") jumped 79 pts or 4.6% to 1,796.81 points on the back of window dressing activities, driven by banking and technology stocks. For the year, the FBMKLCI rose 155 points or 9.45%, but underperformed the broader market and the region. Foreign investors were net buyers of RM10.3 billion in 2017 versus net sellers of RM3.2 billion in 2016. Brent crude oil price rose 5.2% m-o-m or 17.7% y-o-y to USD67/barrel, while the Ringgit closed the year stronger at 4.0465, up 10% y-o-y.

We remain positive on Malaysia in the run up to the 14th General Election ("GE14") this year. The stronger-than-expected Gross Domestic Product ("GDP") should lift street earnings. Portfolio inflows have pushed the Ringgit up to 4.0465 versus the US Dollar as foreign funds are still underweighted Malaysia. Firmer commodity prices are also a positive for Malaysia. Overall, there is no change to our view of an improving global economy in 2018. In terms of strategy, we like banks to play the interest rate hike theme and selective large caps that give us exposure to improving fundamentals in cyclicals like autos and heavy equipment. We will also participate selectively in GE14 plays. In addition, we will hold on to our longer-term themes, i.e. construction, e-commerce/logistics, Chinese tourism, consumer and technology. Our base case is that there is no political upheaval arising from GE14.

Following a strong showing in November, Malaysian Government Securities ("MGS") rallied further in December supported by the Ringgit strength, rebound in exports and steady improvement in current account surplus. The World Bank has upgraded its forecast for Malaysia's 2017 GDP from 5.2% to 5.8% following strong economic performance. The stronger-than-expected growth was said to be fuelled by robust domestic demand, improving labour market conditions and strengthened external demand for Malaysia's manufactured goods and commodities. The World Bank expects Malaysia to continue showing robust GDP growth at above 5% in 2018 and 2019.

2017 saw one of the largest corporate issuances as companies took opportunity to lock in their borrowing cost before global monetary policy tightening begins in a pronounced manner. We expect to see equally strong pipeline for government guaranteed debts in 2018, especially for infrastructure projects.

We will continue to favour corporate bond relative to sovereign for better yield pickup. We expect secondary demand to remain relatively robust, especially in the lower rated credits, as there would be lower net issuances in this space. We will monitor and increase exposure into the government securities when the opportunity arises.

Source: CIMB-Principal Asset Management Bhd

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