Sun Life Malaysia
Balanced Moderate Fund
September 2021

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	9.30 million units (30 September 2021)	Fund Size	RM17.65 million (30 September 2021)
Unit NAV	RM1.8988 (30 September 2021)	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	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

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
49.50%	50.57%	-0.07%	100.00%

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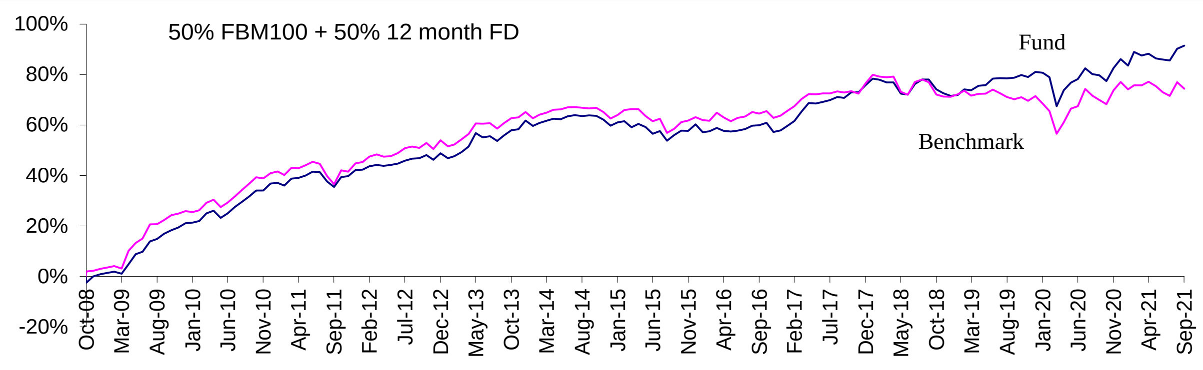
PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	2.85	0.66	6.53	7.54	19.71	41.35	91.45
Benchmark	-1.47	-1.45	2.64	-1.44	6.01	27.80	74.42

** 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 September 2021, the Fund's performance increased by 0.66%, outperforming the benchmark by 2.11%.

FBMKLCI lost 64pts or 4% to 1,537pts in September. Investors were spooked by a surprise move by the MOF seeking local banks to waive interest payments for loans under moratorium in 4Q21 for borrowers in the B50 category, and concerns that the government might be imposing a windfall tax levy or capital gains tax to shore up revenues to fund stimulus measures. China's Evergrande debacle and US taper tantrums may have also added to the pessimism.

Malaysia's manufacturing PMI rose further to 48.1pts in September from 43.4pts in August suggesting that the weakness in the manufacturing sector has eased. IHS Markit also indicated that manufacturers were increasingly confident that output would rise over the coming year, citing hopes that the end of the pandemic would encourage new projects to begin and aid a broad-based recovery in market demand. It also added that the degree of optimism reached the highest since April.

BNM's MPC kept the OPR unchanged as expected, with its assessment of the growth trajectory, current policy stance and outlook for policy broadly like July 2021. The MPC's expectations for relatively subdued 2022 core CPI signals a bias for policy to stay on an accommodative, extended pause for now as the current pace of vaccination likely closer to BNM's "faster recovery" scenario. With the MPC reiterating data-dependence, we tentatively see the first hike commencing in 2H22 as the recovery broadens and labor market slack diminishes. Industrial Production Index posted a bigger than expected decline in July (-5.2% YoY) as weaker data confirms a weak start to 3Q21. This marked its first contraction in 8 months as the reimposition of MCO continued to take a toll on economic activities amid closure. However with gradual reopening of more economic sectors and phased migration according to the National Recovery Plan, we expect IP readings to improve in 4Q21. Headline CPI moderated slightly to +2.0% YoY in August-2021, slightly below market estimate of 2.2%. Most price categories saw stable to low inflation, reflected in the softer core CPI. These readings reinforced market's view of subdued inflation, as price pressure caused by supply tightness was cushioned by benign demand amid still cautious consumer sentiments. In the 12th Malaysia Plan announced by PM Ismail Sabri, RM400bil (or 4% GDP) of development expenditure will be allocated to drive GDP growth of 4.5 – 5.5% from now until 2025. However, this will also cause the fiscal deficit to stay until 2025, with an expected range of 3.0 – 3.5% of GDP (2020: -6.8% fiscal deficit/ GDP). Aside from the fiscal budget, funding for major on going projects may lean on bonds issued by government-owned-companies, unless other financing models are tapped.

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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 : 30 September 2021