

Sun Life Malaysia Balanced Moderate Fund

August 2024



FUND OBJECTIVE

To provide a balanced exposure into equities and bonds.

INVESTMENT STRATEGY & APPROACH

Please refer to the Master Fund Fact Sheets at <https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/> for more information on the Investment Strategy and Approach for the target fund.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	11.45 million units (30 August 2024)	Fund Size	RM25.12 million (30 August 2024)
Unit NAV	RM2.1947 (30 August 2024)	Performance Benchmark	50% FBM100 + 50% 12 month FD
Fund Manager	Principal Asset Management Bhd	Frequency and Basis of Unit Valuation	The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee
Target Market	Suitable for investors: <ul style="list-style-type: none"> Want a balanced portfolio between equities and bonds Are risk neutral between bonds and equities 	Fund Management Charge	The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges: <ul style="list-style-type: none"> 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

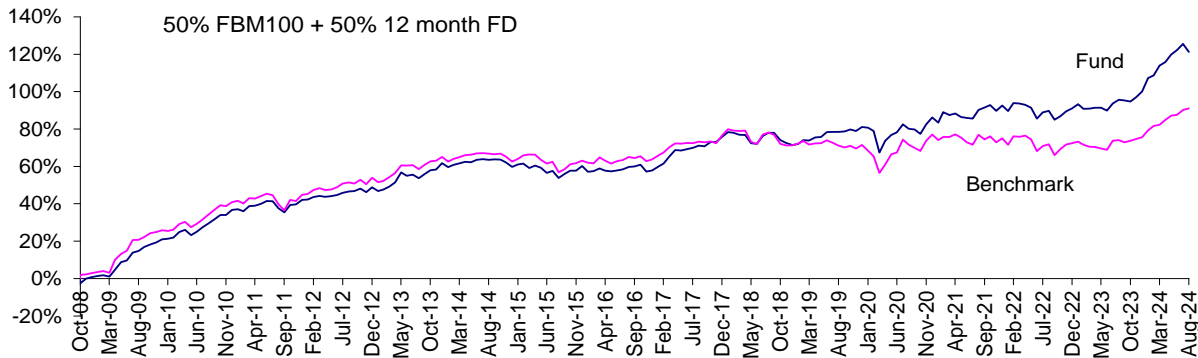
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
50.02%	49.32%	0.66%	100.00%

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	10.63	-1.87	13.08	16.35	23.96	35.32	121.28
Benchmark	8.79	0.43	9.73	7.97	11.66	14.53	91.09

* Calculation of past performance is based on NAV-to-NAV

Source: Lipper

FUND MANAGER'S COMMENTS

In August 2024, the Fund's performance decreased by 1.87%, underperforming the benchmark by 2.30%.

The KLCI rose a further 3.5% in August and landed at a 5-year high. This was despite the sharp sell-off at the start of the month due to the massive unwinding of the Yen carry trade. Sentiment was helped by waning US recession fears given the more 'upbeat' economic data, and greater conviction on Fed cuts, coupled with the 5% appreciation in the Ringgit during the month. MSCI rebalancing also helped. Unfortunately, gains were largely concentrated on Banks and Plantations – all other sectors languished.

Malaysia's August manufacturing PMI reading was unchanged compared to the previous month at 49.7pts. S&P Global indicated that demand conditions were subdued, and production and new orders moderated marginally. Consequently, manufacturers scaled back purchases, employment, and stock holdings. They were also faced with a marked increase in input cost due to rise in raw material prices and weak exchange rate, and output charges were raised accordingly. Optimism of a recovery in new orders supported confidence that production will rise over the coming 12 months. The latest PMI data suggests 2Q24 GDP growth momentum, which was at 5.9%, continuing. To recap, BNM projects GDP to grow 4-5% in 2024.

We expect BNM to maintain OPR at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation was at 2% in July, same as June. There appears to be sufficient headroom to central bank's latest 2.0-3.5% CPI forecast for 2024 with the impending subsidy rationalization plans.

The Malaysian Government Securities ("MGS") yield curve twisted in August as short-term yields declined marginally while the longer dated benchmark yields shifted higher during the month. The mid to long end of the curve rising by 2 to 4bps in view the heavy long duration supply until September and busy issuance calendar in October. In addition, there was some profit taking activities during the month following Malaysia printed a higher-than-expected 2Q2024 GDP and the civil service wages review announcement during the month.

Inflation held steady at 2% in July 2024 for the third consecutive month. Prices continued to rise led by services related industries. This includes cost of healthcare, communication, recreation/culture, insurance & financial as well as restaurants & hotels. Meanwhile, core inflation was also unchanged at 1.9% YoY.

Meanwhile, foreign investors holdings in Malaysian debt securities recorded an increase of RM7.8 billion in July, the highest in a year. Overall, YTD reported net inflows of RM8.7 billion and total foreign holdings rose to RM279.1 billion in July (June: RM271.3 billion). During the month of July, MGS saw an inflow of RM5.1 billion followed by MGII of RM1.4bilon and discount instruments of RM0.5 billion. As of July 2024, total foreign holdings in MGS stood at RM209.4bn, representing approximately 34.2% of outstanding MGS. (June: 33.3%).

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>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>
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 : 30 August 2024

Disclaimer:

This is strictly the performance of the investment fund, and not the returns earned on the actual premiums paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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.