

# Sun Life Malaysia Conservative Fund

November 2021



## 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	32.16 million units (30 November 2021)	Fund Size	RM48.10million (30 November 2021)
Unit NAV	RM1.4956 (30 November 2021)	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"> <li>Have a medium to long term investment horizon</li> <li>Want a diversified portfolio of fixed interest securities</li> <li>Are looking for a less volatile investment but can accept lower returns</li> </ul>	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
83.47%	8.37%	-	8.16%	100.00%

## TOP HOLDINGS OF THE FUND

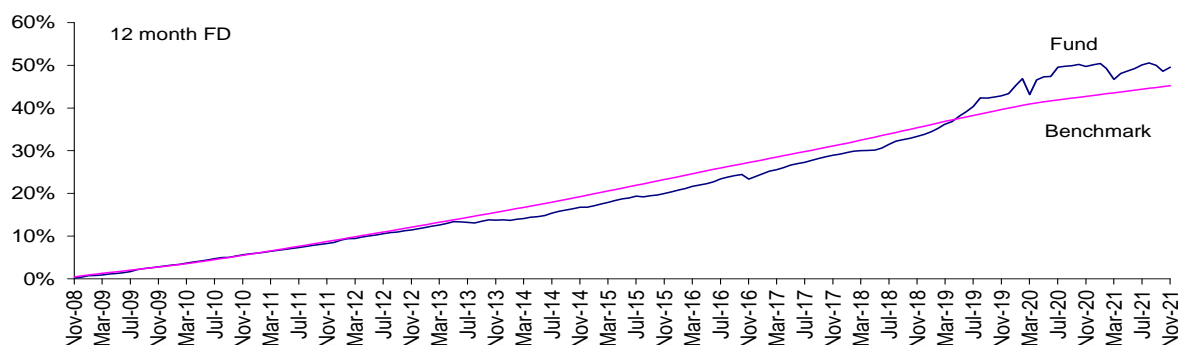
Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Sarawak Energy Bhd	5.50%	04/07/2029	5.85	Edra Energy Sdn Bhd	6.71%	05/01/2038	2.55
GENM Capital Bhd	4.98%	11/07/2023	5.38	GII Murabahah	4.417%	30/09/2041	2.48
MMC Corporation Bhd	5.95%	12/11/2027	3.41	UniTapah Sdn Bhd	6.15%	12/12/2030	2.42
Projek Lebuhraya Usahasama Bhd	4.80%	12/01/2027	3.36	Kapar Energy Ventures	4.95%	03/07/2026	2.21
YTL Power International Bhd	4.65%	24/08/2023	3.21	Sarawak Energy Bhd	4.70%	24/11/2028	2.18

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## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-0.37	0.63	-0.13	12.15	21.27	38.14	49.56
<b>Benchmark</b>	1.62	0.15	1.76	7.29	14.15	33.59	45.24

\* 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

Prices in the government bonds rallied during the month as the yield curve generally shifted lower across the board as investors sought the safer asset amid the Omicron variant headlines. Yields were lower between 4 to 19bps throughout the curve with the exception of the 3-year yield which rose slightly by 2bps.

### Outlook & Strategy

Data released in November showed Malaysia's consumer price index (CPI) increased by 2.9% in October 2021 from a year earlier on factors including rising fuel prices and discontinuation of electricity bill discounts by the government. On a monthly basis, CPI increased by 0.7% whilst year to date the CPI increased by 2.3% between January to October 2021. Exports in October 2021 maintained its steady growth momentum as it rose 25% YoY with a value of RM114.4 billion while imports also grew 21.8% YoY to RM801.2 billion. Total trade grew by 23.5% to RM1.8 trillion compared to the same period in 2020. Exports increase was driven by petroleum products, manufacture of metal and electrical and electronics, while imports rise was mainly due to electrical and electronics amongst others. The Malaysian economy contracted by -4.5% YoY in 3Q2021 (2Q2021:+16.1% YoY) which was largely due to the strict containment measures particularly in July under the National Recovery Plan. The construction sector contracted the most during the period with domestic demand declining by 4.1% YoY (2Q2021: +12.4%) weighed down mainly by the contraction in private consumption and investment activities, while continued increase in public sector consumption spending provided support to growth.

With the expectation of an interest rate hike intensifies, the yield curve will likely bear flattened with total return on the 7-year bonds likely to be higher compared to 3- and 5-year bonds. Additionally, as the economy begins to recover, we can expect corporate bond yields to stabilize and possibly tighten from here. As such, the Portfolio will keep a neutral duration with more focus on high grade credits.

## RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<b>Market risk</b>	<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"><li>• Economic and financial market conditions</li><li>• Political change</li><li>• Broad investor sentiment</li><li>• Movements in interest rate and inflation</li><li>• Currency risks</li></ul> <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>
<b>Interest rate risk</b>	<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>
<b>Liquidity risk</b>	<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>
<b>Company or security specific risk</b>	<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>
<b>Credit risk</b>	<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 November 2021*

### 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.