# Sun Life Malaysia
# Balanced Aggressive Fund
July 2022

## FUND OBJECTIVE

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

## FUND DETAILS

| | | | |
|---|---|---|---|
| Launch Date | 20 October 2008 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 2.85 million units<br>(29 July 2022) | Fund Size | RM6.09 million<br>(29 July 2022) |
| Unit NAV | RM2.1414<br>(29 July 2022) | Dealing | Daily<br>(as per Bursa Malaysia trading day) |
| Fund Manager | Principal Asset Management Bhd | Benchmark | 75% FBM100 + 25% 12 month FD |
| Taxation | 8% of annual investment income | Other Charges | Inclusive of auditor fee |
| Risk Profile | Suitable for investors:<br>▪ Want a portfolio with higher exposure in equities<br>▪ Preference to higher equity exposure for potentially higher capital appreciation<br>▪ Need to reduce risk by investing in diversified bond portfolio<br>▪ Prefer investing in bonds to cushion fund volatility | Fees | The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges:<br>▪ Sun Life Malaysia Growth Fund: 1.5% p.a.<br>▪ Sun Life Malaysia Conservative Fund: 1.0% p.a.<br>▪ There are no other fund management charges on this fund |

## ASSET ALLOCATION

| Sun Life Malaysia Growth Fund | Sun Life Malaysia Conservative Fund |
|---|---|
| 75.00% | 25.00% |

## WHERE THE FUND INVESTS

| Sun Life Malaysia Growth Fund | Sun Life Malaysia Conservative Fund | Cash | Total |
|---|---|---|---|
| 75.30% | 24.59% | 0.11% | 100.00% |

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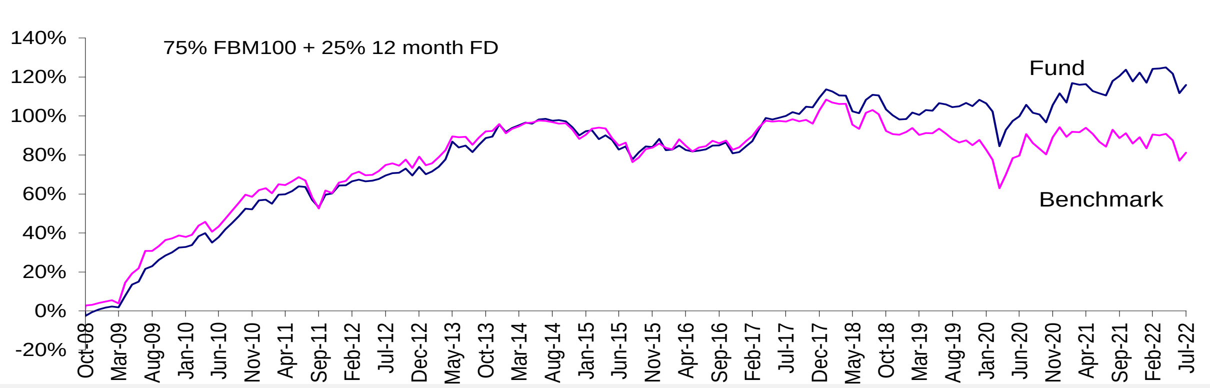
## PERFORMANCE RECORD




| % | YTD | 1M | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|---|---|---|---|---|---|---|---|
| **Fund*** | -2.82 | 2.00 | 2.57 | 4.83 | 7.92 | 27.40 | 115.91 |
| **Benchmark** | -4.17 | 2.33 | -1.69 | -5.07 | -8.07 | 3.65 | 81.21 |

** 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 July 2022, the Fund's performance increased by 2.00%, underperforming the benchmark by 0.33%.

FBMKLCI rebounded 40.8pts or 2.8% to 1,492pts in July, mainly on the back of easing inflation concerns and rising hopes that a hard landing of the US economy may be avoided. The compression in bond yields also raised the appeal of equities, especially growth stocks. Gainers were relatively broad-based but Tech (+6%), Telcos (+4%), Financials (+4%) and Consumer (+3%) led gains, while Glove stocks continue to languish despite the WHO declaring the rapidly spreading Monkeypox a global health emergency and the resurgence of Covid-19 cases.

Malaysia's manufacturing sector picked up further in July, with an improvement in the PMI from 50.4pts in June to 50.6pts in July, signaling a third straight month of expansion and the strongest since April. Production returned to growth for the first time in seven months amid the strongest rise in new orders. Manufacturers noted that input price inflation eased to the softest rate since last September - supply-chain constraints showed clear signs of easing which should help alleviate some industrial price pressure. Employment was down marginally mainly due to the non-placement of voluntary leavers and lack of foreign workers. Overall, "Sentiment strengthened to the highest since February, amid hopes of stronger recovery demand once price and supply pressures ease follow the lifting of Covid-19 restrictions", according to S&P Global.

The MGS benchmark yield curve bull flattened in July with the mid and longer ends of the curve seeing strong movements. Overall, we saw better buying interest in the local govvies tracking lower UST yields in respond to growing concerns over global growth as well as investors extending duration for month end rebalancing flows. July has the largest maturity of government bonds for the year. The 3- , 5- , 7- , 10- , 15- , 20- and 30-year MGS yields closed at 3.59% (-3bps), 3.76% (-33bps), 3.88% (-40bps), 3.92% (-38bps), 4.36% (-43bps), 4.57% (-19bps) and 4.90% (-59bps) respectively at the end of July.

Bank Negara Malaysia ("BNM") increased the Overnight Policy Rate ("OPR") by 25bps from 2.00% to 2.25% at its July meeting. This is the second time BNM has increased the OPR this year. In its statement, it is mentioned that amid the growth prospects for the Malaysian economy, BNM decided to further adjust the degree of monetary accommodation, consistent in its view that the unprecedented conditions that necessitated a historically low OPR have continued to recede. However, BNM highlighted that downside risks to growth continue to stem from a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions suggesting any adjustments to the OPR moving forward will be done in a measured and gradual manner. They continue to project headline inflation to be within 2.2%-3.2% forecast range but expect higher inflation in certain months due to base effect of electricity prices.

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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:<br>• Economic and financial market conditions<br>• Political change<br>• Broad investor sentiment<br>• Movements in interest rate and inflation<br>• Currency risks<br>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 : 29 July 2022***