

# Sun Life Malaysia Balanced Moderate Fund

April 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	8.90 million units (30 April 2021)	Fund Size	RM16.62 million (30 April 2021)
Unit NAV	RM1.8671 (30 April 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	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>Want a balanced portfolio between equities and bonds</li> <li>Are risk neutral between bonds and equities</li> </ul>	Fees	<p>The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges:</p> <ul style="list-style-type: none"> <li>Sun Life Malaysia Growth Fund: 1.5% p.a.</li> <li>Sun Life Malaysia Conservative Fund: 1.0% p.a.</li> <li>There are no other fund management charges on this fund</li> </ul>

## ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
50.00%	50.00%

## WHERE THE FUND INVESTS

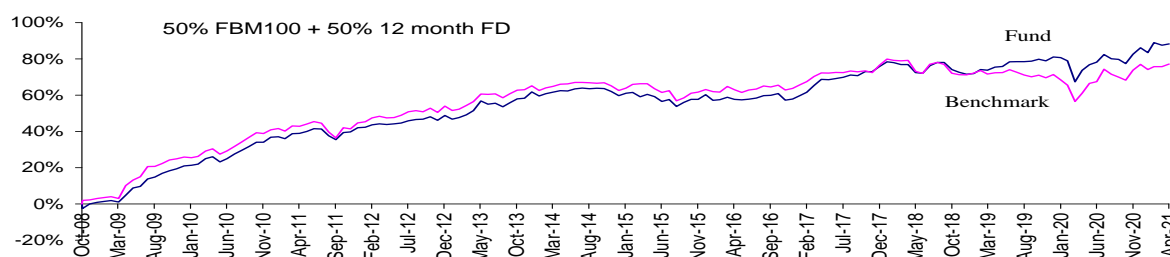
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
50.06%	50.02%	-0.08%	100.00%

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**PERFORMANCE RECORD**



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	1.13	0.39	8.36	6.45	19.38	35.47	88.25
<b>Benchmark</b>	0.09	0.82	10.01	-1.13	8.66	24.04	77.18

\* 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 April 2021, the Fund's performance increased by 0.39%, underperforming the benchmark by 0.43%.

FBMKLCI rose 28pts or 1.8% to 1,601.65pts in April. Gloves rallied on the back of the surge in COVID-19 cases domestically and abroad especially in India, while reopening plays took a hit. The Healthcare sector index was up 15%, followed by Industrial (+4), Transport (+4%), Tech (+3%) and Construction (+2%), while Energy and Finance were the worst performers, down 3% and 2% respectively. Malaysia's manufacturing PMI rose to a record of 53.9pts in April from 49.9pts in March, suggesting that the economy is steadily recovering from the pandemic. The last time the measure showed the economy was in expansion was in July 2020. Output also grew for the first time in nine-months, while new orders also returned to expansion. Export sales grew for the first time since November 2019 as demand across Asia and the US recovered. However, there was a renewed fall in employment while input cost inflation rose to its highest in over four years, according to IHS Markit.

BNM is expected to maintain its OPR at 1.75% during its May policy meeting. There is expectation of a spike in inflation of 2.5-4.0% this year but we expect the central bank to maintain an accommodative monetary policy and instead resort to fiscal measures and stimulus to support the economy. To recap, Bank Negara pegged 2021 GDP growth at 6.0-7.5%. Consensus projects KLCI earnings to grow almost 48% in 2021 but fall 1.5% in 2022 (from close to zero growth previously) following downgrades on Consumer and Gaming. The surge in soft commodity prices could affect companies like Nestle, while analysts could be turning more cautious on the speed of reopening. Excluding gloves, earnings growth for 2022 is still projected to be in the mid-teens, which is still very commendable.

For domestic economic data, BNM projects for the economy to recover in 2021 with growth ranging between 6.0-7.5%. Growth will be underpinned by stronger external demand and higher private and public expenditure. The central bank expects monetary policy in 2021 to remain accommodative to support an enhanced and sustained economic growth. Headline inflation pressure will be transitory while core inflation projection to be between 0.5 – 1.5% amid spare capacity in the economy. Exports grew stronger by 31% YoY from RM87.6bil in February to RM104.95bil in March, mainly fueled by the low base effect as well as broad-based growth across sectors. For 1Q2021, total trade grew 14.8% from 1Q2020 whilst trade surplus expanded 58.6% to RM58.7bil. Malaysia's CPI rose 1.7% YoY (February: +0.1% YoY) led by a 9.8% increase in the CPI's transport segment as fuel prices rose. Meanwhile, the CPI in the first quarter of 2021 (1Q21) grew 0.5% from a year earlier, and 1.8% on a QoQ basis.

## 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>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>
<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 April 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.