Sun Life Malaysia
Balanced Aggressive Fund
June 2024

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	2.53 million units (28 June 2024)	Fund Size	RM6.62 million (28 June 2024)
Unit NAV	RM2.6202 (28 June 2024)	Performance Benchmark	75% FBM100 + 25% 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: ▪ Want a portfolio with higher exposure in equities ▪ Preference to higher equity exposure for potentially higher capital appreciation ▪ Need to reduce risk by investing in diversified bond portfolio ▪ Prefer investing in bonds to cushion fund volatility	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: ▪ 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 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
74.81%	25.14%	0.05%	100.00%

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)
Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur
Telephone (603) 2612 3600 Client Careline 1300-88-5055 wecare@sunlifemalaysia.com sunlifemalaysia.com

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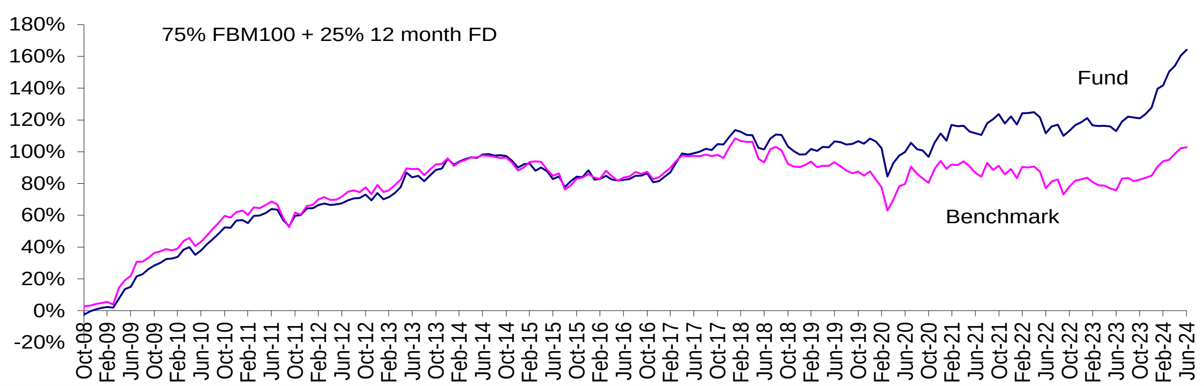
PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	15.96	1.40	24.01	24.84	27.90	33.28	164.19
Benchmark	9.63	0.23	15.41	8.59	4.81	2.60	102.79

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

Source: Lipper

FUND MANAGER'S COMMENTS

In June 2024, the Fund's performance increased by 1.40%, outperforming the benchmark by 1.17%.

KLCI shed 0.4% in June as investors took the opportunity to lock in gains during half-time, but still remained relatively upbeat considering recent weakness in US economic data and inflation moderating. Utilities and Healthcare rose while Consumer eased. Within the broader market, Construction and Tech posted strong gains, while other sectors were mixed.

Malaysia's manufacturing sector reflected stable conditions in June, with the PMI reading at 49.9pts vs 50.2pts in May. S&P Global saw further expansion in total new orders and exports, while staffing levels were unchanged. There was also stability in input cost inflation and firms raised prices at an accelerated pace. Firms remained cautious and scaled back purchases as well as inventories, and business confidence waned further. That said, the latest PMI data supports an acceleration in GDP growth into 2Q. To recap, BNM projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023, and 4.2% in 1Q24.

The MGS yield curve bull steepened in the month of June as we saw yields for the 7-year and below falling between 4 to 6bps whilst the 10-year and longer end fell between 1 to 3 bps. The 30-year closed unchanged. The MGS curve moved in tandem with the movements of US Treasuries as it moved lower fueled by signs of inflation moderating, thereby prompting market expectations of Fed rate cuts. Meanwhile QoQ, yields were unchanged for the 10-year whilst the 3-year and longer end were higher by 1 to 5bps. Only the 5y was lower by 1bps. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.53% (-6bps), 3.65% (-4bps), 3.80% (-5bps), 3.88% (-3bps), 4.01% (-2bps), 4.12% (-1bps) and 4.22% (-0bps), respectively in June.

Like the MGS curve, the GII yield curve also bull steepened with yields on the 3- to 7-year falling between 3 to 6bps. The 3-year GII fell 6bps the most during month driven by higher supply. Meanwhile the 10-year and above, fell between 1 to 2bps. QoQ, yields were higher across the curve for the GII curve. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGII closed at 3.52% (-6bps), 3.67% (-3bps), 3.78% (-3bps), 3.89% (-2bps), 4.01% (-1bps), 4.14% (-2bps), and 4.24% (-1bps) respectively in June.

Corporate bond yields continued to fall on a monthly basis for the AAA and AA corporate bond yield curve, except for the 10-year AAA which remained largely unchanged. Credit spreads movement were mixed in June with the spreads tightening between 1 to 3bps for the 7-year and above tenures for AAA and AA rating band except for the 10-year. Spreads for 10-year in the AA rating band widened by 3bps. Meanwhile, for the single A rating band, spreads widened across the board for all tenures between 1 to 5bps.

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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 : 28 June 2024