

## 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	3.41 million units (30 April 2018)	Fund Size	RM7.12 million (30 April 2018)
Unit NAV	RM2.0872 (30 April 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd	Benchmark	75% FBM100 + 25% 12 month FD
Taxation	8% of annual investment income	Fees	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"> <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>
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>▪ Want a portfolio with higher exposure in equities</li> <li>▪ Preference to higher equity exposure for potentially higher capital appreciation</li> <li>▪ Need to reduce risk by investing in diversified bond portfolio</li> <li>▪ Prefer investing in bonds to cushion fund volatility</li> </ul>		

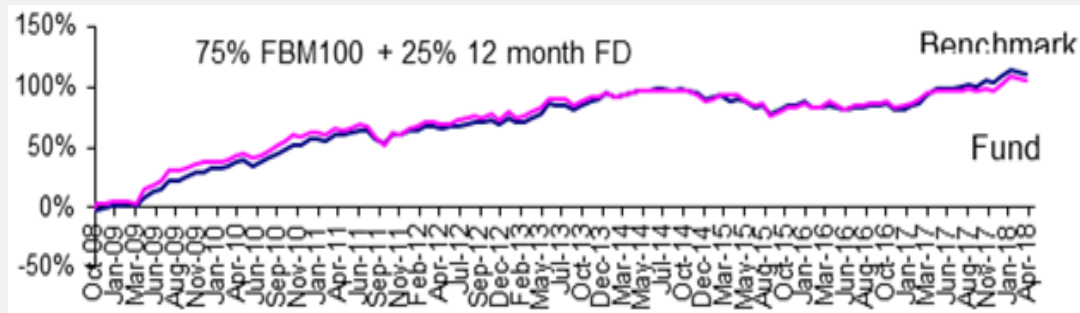
## ASSET ALLOCATION

Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund
75.09%	24.93%

## WHERE THE FUND INVESTS

Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
75.09%	24.93%	(0.02)%	100.00%

## PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	0.53	-0.04	-1.50	2.79	5.78	10.70	110.45
<b>Benchmark</b>	1.69	0.09	-1.01	4.21	4.44	6.53	106.28

\* 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

For the month of April 2018, the Fund decreased 0.04%.

In April, MGS yields widened with the benchmark 3-, 5-, and 15-year MGS impacted most, risen by 22, 17 and 23bps respectively. The backdrop of the selloff was largely technical driven, with 10Y UST breaching 3% momentarily and a high government bond supply quarter which discouraged demand. In terms of MGS valuation, the selloff has cheapened the MGS curve particularly the 3-year MGS which is trading close to 3.70%. However, term structure spreads above 3-year were still trading below long-term averages, and seems rich relative to the 3-year curve. Corporate bond trading volume dropped to RM10.3bil in April 2018, compared with RM13.9bil in March 2018. Higher MGS yield also impacted demand for credit, with most of the April 2018 trades concentrated in AAA corporate and Government Guaranteed only. While credit spreads compressed across tenor due to higher government bond yield, a strong primary pipeline is expected to re-price spreads wider in the short-to-medium term. On the Fund's strategy and outlook, we still think credit segment will provide bulk of the total return for the Fund for 2018. However, certain part of the MGS yield curve does look attractive now and may have room for short-term capital gain, should our expectation on no further OPR hike pans out true. Overall, we still neutral weight on duration and focus more on the AA-rated credit for total return.

#### FUND MANAGER'S COMMENTS (CONTINUED)

In April, FBMKLCI touched a new high of 1,895 pts on April 19, before closing up only 0.4% at 1,870 pts. YTD, FBMKLCI has gained 4.1%. Foreigners turned net buyers of RM1.5bn in April after being net sellers of RM0.1bn in March, bringing YTD net foreign inflows to RM3.5bn. In April, the RM depreciated 1.5%, while the 10Y MGS rose 19bps to 4.13%. Brent crude oil rose 7% to USD75/barrel. Construction and finance outperformed, while technology, consumer staples and telecommunications underperformed. Following Pakatan Harapan's (PH) victory in the 14th General Elections (GE14) on May 9th, we expect market to be volatile in the immediate term. However, market should rebound as similar government changes in other countries were brief. Furthermore, in our opinion, PH is not a totally inexperienced government. This is further supported by Malaysia's strong domestic liquidity in the form of large local government funds on the back of robust macroeconomic fundamentals. The key point here is that both foreign and local investors favour political change, if tangible policies such as transparency and corporate governance are delivered. Prior to GE14, we were de-risking our portfolios by reducing exposure in the construction sector and small caps, to focus on large caps that were likely beneficiaries of a cyclical recovery. Post GE14, Construction/Infrastructure-related names will be impacted. Also, certain companies in the plantation, automotive and services sectors may be reviewed by the new government. However, we believe that any market selloff will offer brief buying opportunities in quality names. We continue to invest in big cap companies with strong fundamentals and to focus on medium to long-term investment themes, such as Financials, Consumer, Technology and Industrials. We maintain our view that, despite the short term volatility, investors should relook at the longer term, where risk premiums may potentially reduce as a result of better governance.

Source : CIMB-Principal Asset Management Bhd

Date : 21 May 2018

**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.