Sun Life Malaysia Balanced Stable Fund

July 2014

FUND OBJECTIVE

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

FUND DETAILS

Launch Date	20 October 2008
Domicile	Malaysia
Currency	Ringgit Malaysia
Launch Price	RM1.0000
Units in Circulation	2.32 million units (31 July 2014)
Fund Size	RM 3.12 million (31 July 2014)
Unit NAV	RM 1.3440 (31 July 2014)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	25% FBM100 + 75% 12 month FD
Risk Profile	Suitable for investors: ▪ Want a diversified portfolio in equities but higher exposure in bonds ▪ Prefer less volatile performance and want slightly higher gains than bond return
Fees	▪ Management Fee: 1.125% p.a. ▪ Switching Fee: 3 free fund switches per policy year

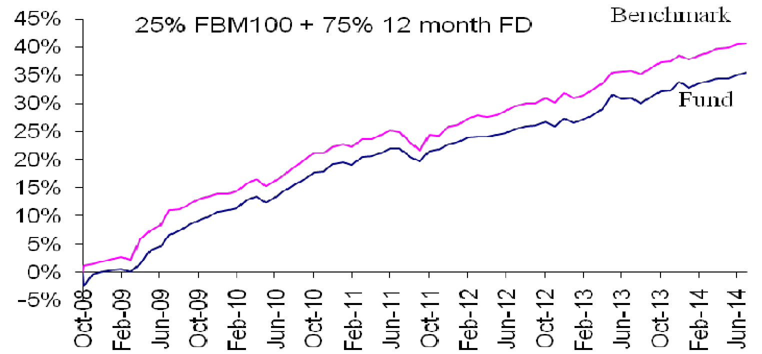
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	75%
Sun Life Malaysia Growth Fund	25%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	75.39%
Sun Life Malaysia Growth Fund	25.07%
Cash	-0.46%
Total	100.00%

PERFORMANCE RECORD



NAV TO NAV

%	MTD	YTD	1-Year	3-Year	Since Inception
Fund*	0.34	1.27	3.53	11.12	35.51
Benchmark	0.15	1.50	3.54	12.64	40.70

**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

The Fund gained 0.34% in July 2014, outperforming the benchmark by 0.19%. On a YTD basis, the Fund has underperformed the benchmark by 0.23%.

As we enter the 2nd Half of 2014, the IMF has been lowering global GDP forecasts. It has led to some concern over a slower 2nd Half. But the US Manufacturing and Services Indicators are way above the breakeven level of 50 while Eurozone indicators, although above 50, are showing weakness. On balance, 1st Half GDP growth looks set to carry through into the 2nd Half but with some moderation. In Malaysia, JP Morgan expects 2H14 GDP growth to be sustained by further expansion in domestic demand as the investment cycle kicks into higher gear.

For equities, Bursa Malaysia is currently at 2014 and 2015 PER of 16.5x and 15.0x respectively. Earnings per share growth for both years have been downgraded to 3.4% and 9.8%. Compared to the 5-year average forward PER of 14.6x, the market is still a tad overvalued. We maintain our yearend target of 1920 based on a higher PER of 15.5x (previously 15.0x) on 2015 earnings. Stock picking, from both growth (Oil & Gas) and value (Property) perspectives are being employed. We are reducing PER by concentrating weightings in the lower PER stocks in each sector and adding small caps. We continue to overweight the Oil & Gas, Telecommunications, Construction and Utilities sectors. For fixed income, we incline to be cautious and will continue to maintain a trading stance on government securities and overweight corporate bonds with focus on higher rated issues in view of the cautious investor sentiment alongside with expectations of a potential rate hike in the second half of this year.

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