

Sun Life Malaysia Balanced Aggressive Fund

June 2023



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	2.68 million units (30 June 2023)	Fund Size	RM5.66 million (30 June 2023)
Unit NAV	RM2.1129 (30 June 2023)	Dealing	Daily (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: <ul style="list-style-type: none">▪ 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	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">▪ 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

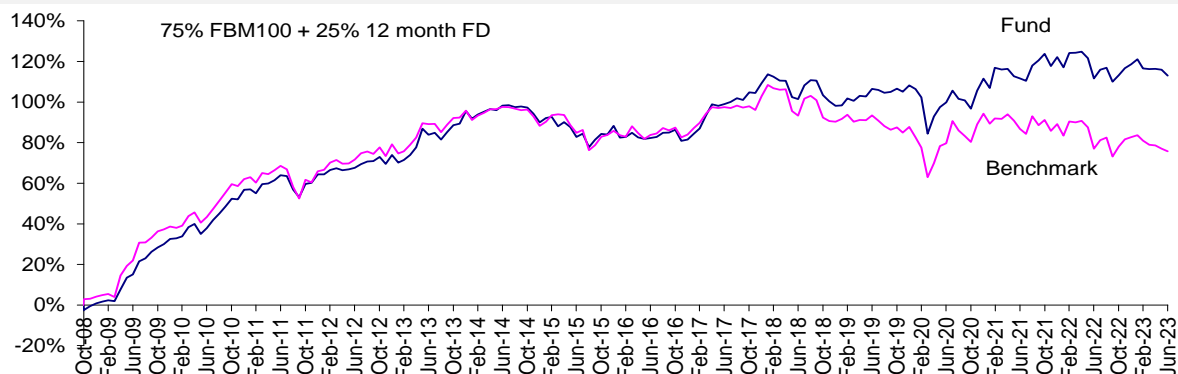
Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
74.70%	25.25%	0.05%	100.00%

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-2.54	-1.36	0.64	6.60	5.77	16.55	113.04
Benchmark	-3.82	-0.73	-0.78	-2.23	-9.12	-7.09	75.71

* 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 June 2023, the Fund's performance decreased by 1.36%, underperforming the benchmark by 0.63%.

FBMKLCI lost 10.4pts or 0.75% and ended June at 1,376.68pts. Investors remain cautious of the sustained weakness of the Ringgit, a rather uninspiring 1Q23 corporate results although they were broadly in line, and domestic political uncertainties caused by the upcoming State elections. Expectations of a US recession have now been pushed back to 2024 given the still buoyant data points coming out of the US and consequently stoking bets of further rate hikes by the Fed in 2H23.

Malaysia's economy expanded 5.6% yoy in 1Q23. The strong growth was contributed by further expansion of household spending, continued investment activity, improving labor market and higher tourism activities. S&P Global opines that the 2Q23 PMI data so far suggests the GDP will hold steady around the 5.5% yoy mark in proximity with the 1Q23 print. BNM made no change to Malaysia's GDP growth of 4-5% in 2023.

BNM may keep OPR unchanged at 3.00% in the upcoming meeting, but there are mounting pressures to intervene given the Ringgit weakness. The central bank could resort to administrative measures instead. Inflation cooled further with May's CPI reading at 2.8% vs April 3.3% and remained in line with BNM's target of 2.8-3.8% for 2023.

The MGS yield curve bear flattened in the month of June, influenced by continued hawkishness by global central banks. Demand for duration came towards the end of the month as rebalancing activities caused the benchmark yield curve to flatten. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.49% (+10bps), 3.62% (+13bps), 3.76% (+13bps), 3.88% (+14bps), 4.03% (+3bps), 4.10% (+1bp) and 4.15% (-2bps) respectively.

During its MPC meeting in early July, the Monetary Policy Committee (MPC) of Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00%. In its statement, BNM stated that the monetary policy stance is slightly accommodative and remains supportive of the economy while continues to see limited risks of future financial imbalances.

Meanwhile, Standard & Poor's (S&P) has affirmed its "A-" and "A" long-term foreign and local currency sovereign ratings of Malaysia stable outlook. The rating agency is quoted as saying that "the stable outlook reflects our expectations that Malaysia's steady growth momentum and fiscal policy will allow modest improvements in fiscal performance over the next two to three years,". S&P expects GDP growth to moderate to 4.0% this year on weakened global growth environment while current account surplus which is of a rating strength will stabilize around 3.0% of GDP over the next three years.

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

Market risk	<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">• Economic and financial market conditions• Political change• Broad investor sentiment• Movements in interest rate and inflation• Currency risks <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>
Interest rate risk	<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>
Liquidity risk	<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>
Company or security specific risk	<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>
Credit risk	<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 June 2023*

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.