

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 | 3.01 million units (29 January 2021) | Fund Size | RM6.18 million (29 January 2021) |
| Unit NAV | RM2.0520 (29 January 2021) | 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 | <p>Suitable for investors:</p> <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 | <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"> ▪ 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 |

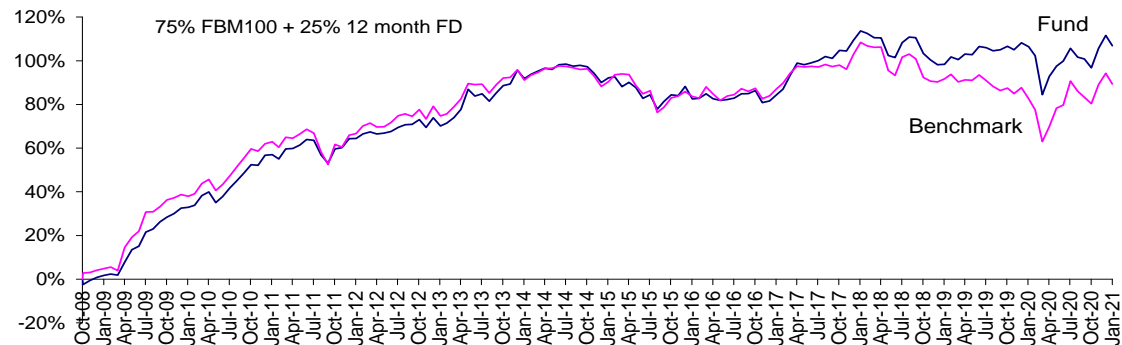
ASSET ALLOCATION

| 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 |
|-------------------------------|-------------------------------------|-------|---------|
| 74.40% | 25.42% | 0.18% | 100.00% |

PERFORMANCE RECORD



| % | YTD | 1M | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|-------|-------|--------|---------|---------|----------|-----------------|
| Fund* | -2.20 | -2.20 | 0.22 | -3.16 | 13.38 | 31.75 | 106.90 |
| Benchmark | -2.55 | -2.55 | 3.67 | -9.15 | 3.08 | 16.19 | 89.32 |

* 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 January 2021, the Fund's performance decreased by 2.20%, outperforming the benchmark by 0.35%.

The FTSE Bursa Malaysia Composite Index ("KLCI") eased during the month of January giving up 60.8pts or 3.73% ytd to end the month at 1566.4pts. The softer sentiment in the market was dampened by the jump in the number of COVID-19 cases that reached new peak over 5000 cases per day. Despite the market weakness the Tech sector remained robust at +17.6% ytd led by names like Unisem +35.9%, UWC +30.4% and MPI +27.1%. On the other end, the Construction sector was the worst performer -13.2% ytd followed by the Energy sector -1.5% and Property sector -8.9%.

Much of the optimism over recovery in Nov and Dec went away as numbers of COVID-19 cases climbed which led to the government imposing MCO 2.0 which began mid-January. This was quickly followed by the Yang Di Pertuan Agong declaring State of Emergency for Malaysia until the end of July 2021. In addition, the suspension of Regulated Short Selling (RSS) from 24th March last year, was lifted this year adding to the volatility of the market. On the macro end, Malaysia's PMI eased again in January to 48.9 after picking up to 49.1 in December, remaining below 50 suggesting that growth is not improving at the pace earlier anticipated. With further extension of MCO 2.0, the government's earlier GDP target of 6.5-7.5% for 2021 is at risk of being adjusted 0.5-1.0% lower. The market remains hopeful with the vaccine roll-out scheduled at the end of February but the speed and efficiency of the execution and how that translate to improvement in the numbers of COVID-19 cases is critical to the timing of overall recovery.

For domestic economic data, BNM decided to maintain OPR at 1.75%. The central bank continued to mention that the overall outlook locally and globally remains subject to downside risks, primarily if there is a further resurgence of Covid-19 cases. They expect growth for 2020 to be at the lower end of the forecasted range and for a pick-up in growth to be seen in Q22021. The government unveiled PERMAI on 18 January, its 5th economic stimulus package to date worth RM15 billion spread over 22 initiatives aimed at safeguarding the welfare of the people and supporting business continuity following the implementation of MCO2.0. Lastly, Moody's reaffirmed Malaysia's A3 rating and maintained its stable outlook on 28 January. The rating agency cited strong medium-term growth prospects, credible and effective macro policymaking institutions and expectations of gradual fiscal consolidation over the next 2-3 years. These credit strengths moderate Malaysia's relatively high debt level.

RISKS

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

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|---|---|
| <p>Market risk</p> | <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> |
| <p>Interest rate risk</p> | <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> |
| <p>Liquidity risk</p> | <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> |
| <p>Company or security specific risk</p> | <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> |
| <p>Credit risk</p> | <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 : 29 January 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.