

# Sun Life Malaysia Balanced Stable Fund

December 2024



## FUND OBJECTIVE

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

## INVESTMENT STRATEGY & APPROACH

The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund according to a predefined asset allocation.

The Sun Life Malaysia Growth Fund combines a top down asset and sector allocation process with a bottom-up stock selection process. The asset allocation process is made after a review of macroeconomic trends in Malaysia and for the major economies. In particular, we consider the direction of GDP growth, interest rates, inflation, currencies and government policies. We next assess their impact on the various sectors, together with sector specific parameters to predict any discernible trends or themes. These trends or themes form the basis of our sector selection. Stock selection is based upon improving fundamentals and attractive relative valuations. Rising investor sentiment is an additional criterion. While we use a number of valuation methodologies, the price-earnings ratio is still preferred.

For the Sun Life Malaysia Conservative Fund, the strategy will be reviewed periodically based on the country's economic and bond outlook. We will adopt an active trading strategy and will be especially selective in buying and selling of securities for the Fund. We formulate an interest rate outlook through examining factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenure and credit rating for the Fund. As part of the risk management strategy, the Fund is constructed and managed within the predetermined guidelines. Essentially, we monitor the bond portfolio according to duration, credit ratings and sector.

## FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	1.12 million units (31 December 2024)	Fund Size	RM2.07 million (31 December 2024)
Unit NAV	RM1.8571 (31 December 2024)	Performance Benchmark	25% FBM100 + 75% 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: <ul style="list-style-type: none"><li>Want a diversified portfolio in equities but higher exposure in bonds</li><li>Prefer less volatile performance and want slightly higher gains than bond return</li></ul>	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: <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>

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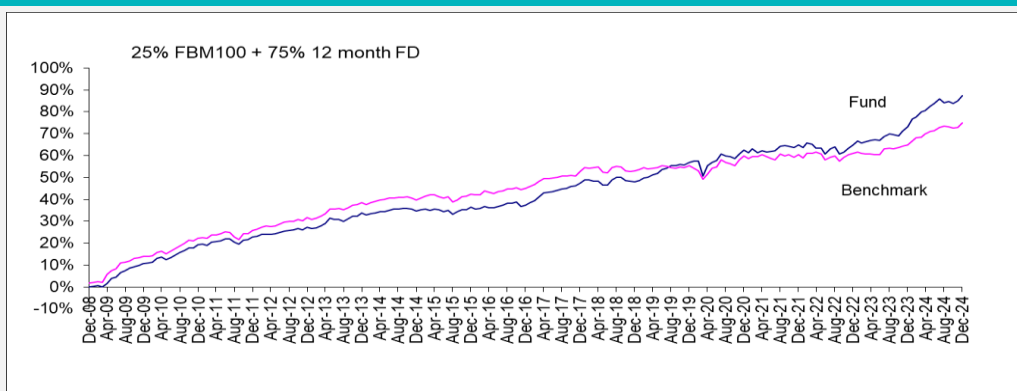
## ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
75.00%	25.00%

## WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
74.58%	25.47%	-0.05%	100.00%

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	8.22	1.27	8.22	13.49	19.44	39.17	87.24
<b>Benchmark</b>	6.04	1.09	6.07	9.07	12.50	25.12	74.89

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

Source: Lipper

## FUND MANAGER'S COMMENTS

In December 2024, the Fund's performance increased by 1.27%, outperforming the benchmark by 0.18%.

The KLCI ended the last month of year on a strong note, up 3% and outperforming MSCI ASEAN's -1.1%, aided by year-end window dressing and cash redeployment by domestic funds amidst another month of heavy foreign selling due to policy uncertainties under the new US administration and the trajectory of Fed rates coupled with rising bond yields.

Malaysia's manufacturing sector moderated further in December, with a PMI reading of 48.6pts vs 49.2 pts the previous month, as demand conditions remain muted. S&P Global noted a slowdown in new orders, output, purchasing and stocks, while employment also fell marginally. Positively, inflationary pressures softened sharply. Optimism of a recovery in new orders over the coming 12 months remains solid, unchanged from November. The latest PMI data suggests 4Q24 GDP growth momentum could sustain at a similar pace as the preceding quarter, which was at 5.9%, albeit at a slower rate of increase. To recap, BNM now projects GDP to grow 4.8-5.3% in 2024, revised up from 4-5% previously, and the economy to expand by 4.5-5.5% in 2025.

During the month of December, the Malaysian Government Securities ("MGS") yield curve flattened with selective longer maturities remained largely stable or edged marginally lower. In contrast, the short end of the curve shifted higher with the 5-year benchmark yield shifted the most by 4bps, followed by the 15-year which shifted 3bps higher. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.53% (2bps), 3.65% (4bps), 3.78% (1bp), 3.84% (2bps), 3.98% (3bps), 4.08% (1bp) and 4.19% (-1bp), respectively in December.

The S&P Global Malaysia Manufacturing PMI fell to 48.6 in December 2024 from 49.2 in November, marking the lowest reading since March and the seventh consecutive month of contraction in the manufacturing sector.

**RISKS**

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

<b>Market risk</b>	<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"><li>• Economic and financial market conditions</li><li>• Political change</li><li>• Broad investor sentiment</li><li>• Movements in interest rate and inflation</li><li>• Currency risks</li></ul> <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>
<b>Interest rate risk</b>	<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>
<b>Liquidity risk</b>	<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>
<b>Company or security specific risk</b>	<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>
<b>Credit risk</b>	<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 : *31 December 2024*

**Disclaimer:**

This is strictly the performance of the investment fund, and not the returns earned on the actual premiums paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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.