

# Sun Life Malaysia Balanced Aggressive Fund

January 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	2.72 million units (31 January 2023)	Fund Size	RM5.97 million (31 January 2023)
Unit NAV	RM2.1928 (31 January 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	<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>	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"> <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>

## ASSET ALLOCATION

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

## WHERE THE FUND INVESTS

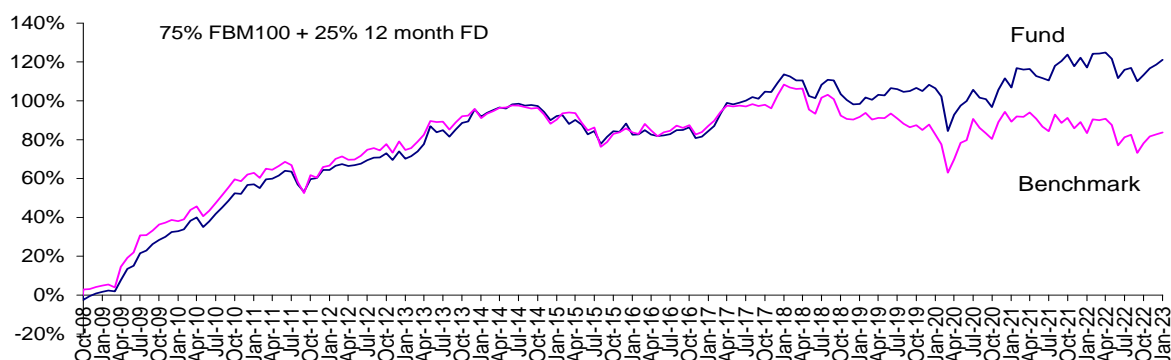
Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
74.67%	25.05%	0.28%	100.00%

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## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	1.14	1.14	1.83	7.10	3.49	29.94	121.09
<b>Benchmark</b>	0.53	0.53	0.13	0.57	-11.87	5.12	83.66

\* 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 2023, the Fund's performance increased by 1.14%, outperforming the benchmark by 0.61%. The FBMKLCI fell 10pts or 0.7%, ending January 2023 at 1486pts. The index underperformed the region, with North Asia especially China dominating EM fund flows. Globally, growth stocks outperformed, with technology stocks leading the pack as US inflation cooled further as well as optimism from China's reopening. Gaming (+8%), Tech (+7%), REITs (+6%) and Building Materials (+6%) were among the biggest winners for the month, while Gloves (-7%), Plantations (-5%) and Healthcare (-4%) languished.

Malaysia's PMI declined further from to 46.5pts from 47.8pts in December, representing the sixth consecutive month of contraction. This contrasted with the rest of ASEAN, which saw PMI improving to an average of 51.0pts compared to 50.3pts in December. Moderating global demand led to declines in the manufacturing sector, with manufacturers cutting on new order inflows. Positively, the survey by S&P Global noted that supply chain disruptions continue to improve, albeit slowly, with delivery times shortening for the first time since November 2019.

During the latest MPC meeting, Bank Negara held its OPR at 2.75%. This came as a surprise as consensus was expecting a 25bps hike. This marks the first pause after four consecutive rate hikes that began in May 2022. In a statement, BNM noted that this will enable them to assess the impact of the past OPR adjustments, which tends to have a lagging effect on the economy. Malaysia's CPI increased 3.8% YoY in December, a slight moderation compared to 4.0% in November, with food and non-alcoholic beverages the main contributors. This brought full year 2022 headline inflation to 3.3%, up from 2.5% in 2021.

The Malaysian Government Securities ("MGS") benchmark yield curve shifted lower across the board as Bank Negara Malaysia ("BNM") unexpectedly paused its monetary policy tightening during its first Monetary Policy Committee ("MPC") meeting in January. BNM left the Overnight Policy Rate ("OPR") unchanged at 2.75% and stated that the decision will allow the MPC to assess the impact of the cumulative past OPR adjustments, given the lag effects of monetary policy on the economy. Additionally, the local fixed income market sustained its positive momentum into the new year with sentiment continues to improve into January amid increased expectation of an imminent peak in global and domestic monetary policy cycle as signs of consistent moderating inflation emerges. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.46% (-27bps), 3.57% (-31bps), 3.72% (-29bps), 3.83% (-24bps), 4.03% (-25bps), 4.20% (-22bps) and 4.38% (-32ps) respectively at the end of January.

Headline inflation declined to 3.8% in December (November: 4.0%) due to the continued moderation in fresh food and fuel inflation, as well as lower core inflation. Core inflation edged lower but remained high at 4.1% during the month (November: 4.2%). The lower core inflation largely reflected lower inflation for repair and maintenance for personal transport, bread and bakery products, and lotteries and gambling. Meanwhile, Malaysia's total trade grew at 8.6% in December 2022, with the amount of RM236.0 billion as compared to RM217.4 billion in the same month of preceding year. Exports increased by 6.0% to RM131.9 billion in December 2022. Imports amounted at RM104.1 billion rose by 12.0% YOY. Trade balance remained to record a surplus with a value of RM27.8 billion, despite the decrease of 11.8% from the previous year.

## 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 January 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.