Sun Life Malaysia Conservative Fund
February 2021

Sun Life

FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	31.52 million units (26 February 2021)	Fund Size	RM47.06million (26 February 2021)
Unit NAV	RM1.4928 (26 February 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	12 month FD
Taxation	8% of annual investment income	Fees	Management Fee: 1.0% p.a.
Risk Profile	Suitable for investors: ▪ Have a medium to long term investment horizon ▪ Want a diversified portfolio of fixed interest securities ▪ Are looking for a less volatile investment but can accept lower returns	Other Charges	Inclusive of auditor fee & transaction charge

ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
80% - 98%	Up to 20%

SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
91.65%	4.18%	-	4.17%	100.00%

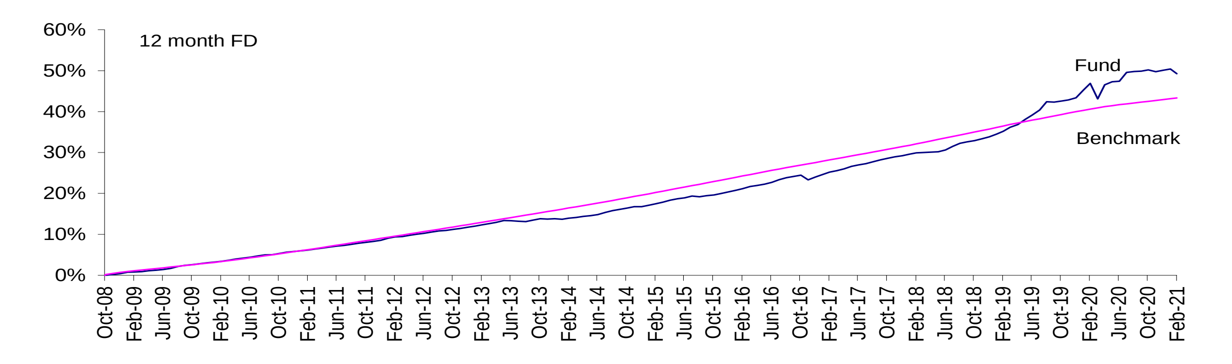
TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
IJM Corp Bhd	5.05%	18/08/2028	6.91	MMC Corporation Bhd	5.95%	12/11/2027	3.59
Sarawak Energy Bhd	5.50%	04/07/2029	6.20	YTL Power International Bhd	4.65%	24/08/2023	3.32
WCT Holdings Berhad	5.32%	11/05/2022	5.49	Sports Toto Malaysia Sdn Bhd	4.95%	30/06/2022	2.84
GENM Capital Bhd	4.98%	11/07/2023	5.48	Ambank Bhd	4.98%	15/11/2028	2.83
Fortune Premiere Sdn Bhd	4.65%	21/12/2022	4.42	Edra Energy Sdn Bhd	6.71%	05/01/2038	2.65

Sun Life Malaysia Conservative Fund
February 2021

Sun Life

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-0.56	-0.76	1.63	14.91	23.22	40.59	49.28
Benchmark	0.29	0.15	1.93	8.50	15.36	34.90	43.35

** 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

Market Review

Tracking higher UST yields, Malaysia's bond markets bear steepened around 17 – 48bps as government bond supply profile, sovereign rating and EPF withdrawal concerns dampened sentiment. The belly to the long-end curve experienced the most steepening, with the 15-year MGS closed +48bps from January's level. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.10% (+17bps), 2.43% (+31bps), 2.82% (+40bps), 3.07% (+40bps), 3.85% (+48bps), 3.96% (+38bps) and 4.32% (+37bps) respectively at the end of February.

Outlook & Strategy

For domestic economic data, Malaysia's 4Q2020 real GDP shrank by -3.4% YoY, as the CMCO 2.0 came into effect in mid-October 2020. The biggest impact was seen in the services, mining, agriculture and construction sectors. For FY2020, real GDP contracted by -5.6% YoY and BNM is forecasting a 6.5% - 7.5% YoY growth for 2021. Unemployment rate remained at 4.8% in December 2020, reversing the earlier downtrend from the peak of 5.3% in May 2020. The deflation rate eased further to -0.2% YoY in January 2021, mainly on continued decline in transport and electricity costs. Core inflation remained stable at +0.7% YoY. Exports were up +6.6% YoY and imports were up +1.3% YoY in January 2021 with a trade surplus of +MYR1.6 billion. This reflect the better external demand, which is underpinned by the increase in manufacturing products vis-à-vis domestic demand.

For MYR fixed income strategy, the current steepness in government bond yields is mainly due to the sharp rise in UST yields. We are not expecting BNM to revise policy rate upward in 2021 and this present as an opportunity to increase fixed income exposure at a relatively cheap cost. However, as rising yields worldwide has yet to peak, we are cautious of the near-term outlook. We continue to focus on high quality short duration corporate bonds in the primary market to enhance portfolio yield while watching very closely on the government bond market to tactically increase exposure, when buying momentum resumes.

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)
Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur
Telephone (603) 2612 3600 Client Careline 1300-88-5055 wecare@sunlifemalaysia.com sunlifemalaysia.com

Sun Life Malaysia Conservative Fund

February 2021

Sun Life

RISKS

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

Market risk	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: • Economic and financial market conditions • Political change • Broad investor sentiment • Movements in interest rate and inflation • Currency risks 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 securities 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.
Interest rate risk	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.
Liquidity risk	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.
Company or security specific risk	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.
Credit risk	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.

Source : Principal Asset Management Bhd
Date : 26 February 2021