

# Sun Life Malaysia Balanced Moderate Fund

December 2021



## FUND OBJECTIVE

To provide a balanced exposure into equities and bonds.

## FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	9.58 million units (31 December 2021)	Fund Size	RM18.29 million (31 December 2021)
Unit NAV	RM1.9095 (31 December 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	50% FBM100 + 50% 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 balanced portfolio between equities and bonds</li> <li>Are risk neutral between bonds and equities</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>

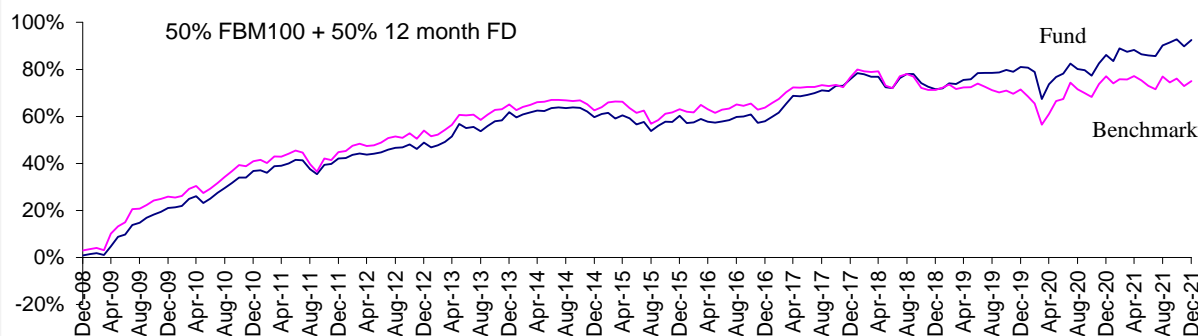
## ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
50.00%	50.00%

## WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
49.56%	50.62%	-0.18%	100.00%

**PERFORMANCE RECORD**



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	3.43	1.45	3.43	12.24	21.93	35.51	92.53
<b>Benchmark</b>	-1.15	1.21	-1.15	2.20	6.87	20.89	74.98

\* 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 December 2021, the Fund's performance increased by 1.45%, outperforming the benchmark by 0.24%.

FBMKLCI rallied 53.5pts or +3.5%, fully reversing the Omicron triggered sell-off in November, and ended 2021 at 1,567.53pts in December, which represented a decline of -3.6% for the year. Investors sighed relief as encouraging findings on the severity of the latest Covid variant were published and data pointing to a decoupling of new cases and hospitalization rates. Reopening plays and Tech dominated the leaderboard, while Glove stocks gave up some of their earlier gains.

Malaysia's manufacturing PMI improved further from 52.3pts in November to 52.8pts in December, the third straight month of growth in factory activity and the strongest since April. Production and new order volumes expanded aided by lifting of movement restrictions and demand recovery. New export sales also expanded on stronger demand from US and China. Despite mounting pressure on production lines, manufacturers scaled down workforce.

Data released in December showed that foreign holdings in Malaysian debt securities dropped by RM 3.6 billion in November (October: +RM 2.9 billion) driven mainly by MGS holdings which fell by RM 4.9 billion. However, small inflows could be seen on other instruments where the Government Investment Issuance (GII) saw an inflow of RM 1.2 billion while short-term instruments saw an inflow of RM 0.1 billion. As of November 2021, total foreign holdings in MGS stood at RM 187.1 billion, representing approximately 39.3% of outstanding MGS issuances.

With the fiscal deficit target of 6% for 2022 and the sizeable maturity of MGS/MGII in 2022 totaling RM 78.9 billion, we estimate the gross MGS/MGII funding for 2022 is to be around RM 165 billion (2021: RM 160 billion, 2020: RM 148.8 billion) given the proactive management of maturities via debt switches and some flexibility in government's funding strategy. Based on the auction calendar 2022, the 36 government bond auctions (18 MGS and 18 GII) with 14 private placements are skewed more towards the 15- to 30-year maturity bucket and likely to be fronted loaded with 19 auctions with estimated issuance size of RM 86.5billion target to be issued in 1H2022.

Meanwhile, valuation of the front end of the curve appears more favorable based on the historical averages following the continuous flattening of the sovereign yield curve. Yields on the front end of the bond curve continued to be pressured further as sentiment weakens amid the more hawkish tone from the Federal Reserve's December minutes.

## 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 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.