

Sun Life Malaysia Conservative Fund

August 2021



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	31.69 million units (30 August 2021)	Fund Size	RM47.72 million (30 August 2021)
Unit NAV	RM1.5056 (30 August 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: <ul style="list-style-type: none"> 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
86.52%	7.60%	-	5.88%	100.00%

TOP HOLDINGS OF THE FUND

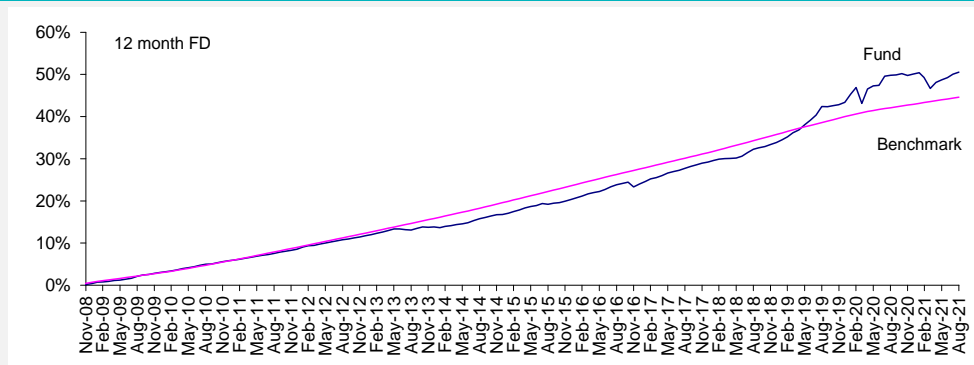
Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Sarawak Energy Bhd	5.50%	04/07/2029	5.99	YTL Power International Bhd	4.65%	24/08/2023	3.23
GENM Capital Bhd	4.98%	11/07/2023	5.35	Edra Energy Sdn Bhd	6.71%	05/01/2038	2.57
Fortune Premiere Sdn Bhd	4.65%	21/12/2022	4.32	UniTapah Sdn Bhd	6.15%	12/12/2030	2.47
MMC Corporation Bhd	5.95%	12/11/2027	3.57	GII Murabahah	4.417%	30/09/2041	2.42
Projek Lebuhraya Usahasama Bhd	4.80%	12/01/2027	3.42	Sarawak Energy Bhd	4.70%	24/11/2028	2.29

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

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.29	0.32	0.51	13.85	21.58	39.98	50.56
Benchmark	1.17	0.15	1.76	7.69	14.51	34.02	44.61

* 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

During the month, the MGS yield curve bearish flattened on the front-end by 1 to 9bps up to the 10-year bucket. Meanwhile, the long-end of the curve remained largely unchanged. Political headwinds was perhaps the reason investors stayed side-lines as well as profit taking activities. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.40% (+9bps), 2.65% (+8bps), 3.09% (+3bps), 3.22% (+1bps), 3.77% (+0bps), 4.01% (+0bps) and 4.23% (+1bps) respectively at the end of August.

Outlook & Strategy

MoF released the pre-budget statement recently with some highlights being the lowering of 2021 GDP growth to 3%-4% following BNM's estimate. They also project fiscal deficit to be between 6.5%-7% of GDP in 2021. Statutory debt to GDP ratio is expected to rise by end of the year following higher borrowings and GDP growth downgrade. The economy grew 16.1% YoY in 2Q21 (1Q21: -0.5%), compared with 2020 when a strict MCO was first imposed. CPI eased to 2.2% YoY in July-21 after a 3.4% YoY increase in June-21, mainly due the normalization of the low base effect. YTD July-21, CPI increased by 2.3% YoY. On 22 August, DS Ismail Sabri was sworn in as the 9th Prime Minister of Malaysia after TS Muhyiddin Yassin stepped down a week prior after losing majority support in Parliament. Prior to the new appointment, he remained as caretaker PM for the country. A new cabinet was then unveiled on 27 Aug 2021, with the new cabinet largely consisting of mostly the same people with some reshuffling of portfolios seen. Excluding Ismail Sabri, there were only five new ministers while 16 were retained in the same portfolio and another 10 were reshuffled.

For MYR fixed income strategy, we do not expect any change to the interest rates at the upcoming MPC meeting on 9 September. We believe interest rates will continue to remain accommodative in the near to medium term. We are seeing improvement in local bond market sentiment following the appointment of our new PM and the unveiling of the new cabinet. Additionally, ample domestic liquidity is seen following the maturities seen for the period and as such, believe the local bond market will remain supported.

RISKS

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

Market risk	<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>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.</p>
Interest rate risk	<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>
Liquidity risk	<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>
Company or security specific risk	<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>
Credit risk	<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 : *30 August 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.