

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	5.41 million units (30 March 2018)
Fund Size	RM9.49 million (30 March 2018)
Unit NAV	RM1.7542 (30 March 2018)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	50% FBM100 + 50% 12 month FD
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> Want a balanced portfolio between equities and bonds Are risk neutral between bonds and equities
Fees	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"> Sun Life Malaysia Growth Fund: 1.5% p.a. Sun Life Malaysia Conservative Fund: 1.0% p.a. There are no other fund management charges on this fund
Taxation	8% of annual investment income

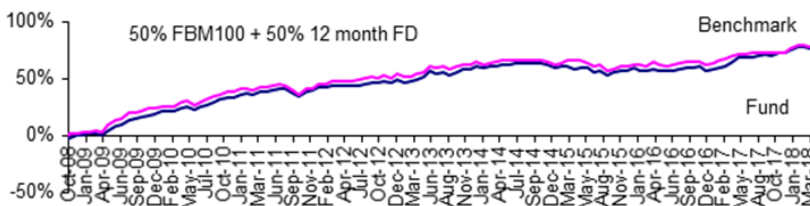
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	49.99%
Sun Life Malaysia Growth Fund	50.01%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	49.99%
Sun Life Malaysia Growth Fund	50.01%
Cash	0.00%
Total	100.00%

PERFORMANCE RECORD



NAV TO NAV

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	0.60	-0.61	0.60	3.57	6.96	11.17	76.87
Benchmark	1.34	-0.15	1.34	3.51	5.08	7.58	78.93

* 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

For the month of March 2018, the Fund decreased 0.61%. In March 2018, MGS traded richer on the belly of the curve as yields tightened by 4 to 14 basis points ("bps") between the 3 and 20-year MGS. We believe the strong interest in the govies was driven by liquidity from the MGS/MGII maturity in February 2018 and March totaling RM16.4 billion. The risk off mode in the global market have also resulted in better buying interest in the govies as United States Treasury ("UST") yields traded tighter in respond to possible trade war between the U.S and China. During the month, the benchmark 3-, 5- 10-, 15- and 30-year MGS yields close at 3.37%, 3.60%, 3.98%, 4.40% and 4.89% respectively. Corporate bond / Sukuk trading volume returned with RM 13.9 billion traded after the lackluster February's 2018 festive season. This was also higher than similar period previous year's RM11 billion. Most of the trades remain focused on AA Corporates and GGs with interest returning on the AAA. Credit spreads widened in March 2018 for all ratings bringing the first quarter of the year's credit spread wider than the 3 year average for the AAA. Generally the 5 and 7 year saw greater quantum of widening compare to the rest of the curve.

On the Fund's strategy and outlook, we prefer to maintain our investment in credit segment for stable and higher total return but will participate in the government bond market if trading opportunity arises. On technical note, we prefer AA-rated fixed income investment as supply is expected to be less compared to Government Guaranteed securities. Lastly, we maintain our neutral call on duration as interest rates environment globally is still on hawkish tone.

March 2018 was a positive month as the FBMKLCI added 7 points or 0.4% to 1,863 points despite rising concerns of escalating US-China trade disputes. Large caps continued to outperform the broader market and small caps. For the first quarter of 2018, the FBMKLCI rose 3.7%, supported by net foreign inflows of RM2.2 billion.

At the time of writing in early April 2018, mounting US-China trade tensions have unnerved equity markets as evidenced by the global sell down. Is this Trump's posturing for better negotiation power to open markets in China, or is this the start of a trade war which could derail the synchronised global economic recovery trend seen so far? In our opinion, a full-blown trade war will be avoided as it is detrimental to all. Instead, we expect resolution via bilateral negotiations and dialogue on strategic economic sectors. Locally, the election constituency re-delineation exercise has been completed, and the 14th General Elections ("GE14") will be held within 60 days from Parliament dissolution on 7 April 2018. Our base case is for no major political changes following GE14, and for market to re-focus on earnings delivery and policy continuity, amidst a mainly externally-driven volatile macro environment. However, until we get a firm resolution on the US-China trade war and the final outcome of the GE14, volatility in the equity markets is expected to remain high. Nevertheless, we remain constructive on Malaysian equities and will look to selectively add to our preferred stocks opportunistically in market corrections. We will stay invested, and continue to prefer large caps to small caps, to maintain portfolio liquidity. We continue to like Financials, Tourism and Industrials. We will also re-look at sectors which have retraced substantially.

Source: CIMB-Principal Asset Management Bhd

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.