

Sun Life Malaysia Balanced Stable Fund

June 2024



FUND OBJECTIVE

To provide a mixed exposure into equities and bonds, with higher allocation in bonds.

FUND DETAILS

| | | | |
|----------------------|--|---------------------------------------|--|
| Launch Date | 20 October 2008 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 1.14 million units (28 June 2024) | Fund Size | RM2.08 million (28 June 2024) |
| Unit NAV | RM1.8241 (28 June 2024) | Performance Benchmark | 25% FBM100 + 75% 12 month FD |
| Fund Manager | Principal Asset Management Bhd | Frequency and Basis of Unit Valuation | The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund |
| Taxation | 8% of annual investment income | Other Charges | Inclusive of auditor fee |
| Target Market | Suitable for investors: <ul style="list-style-type: none">Want a diversified portfolio in equities but higher exposure in bondsPrefer less volatile performance and want slightly higher gains than bond return | Fund Management Charge | 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 |

ASSET ALLOCATION

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

WHERE THE FUND INVESTS

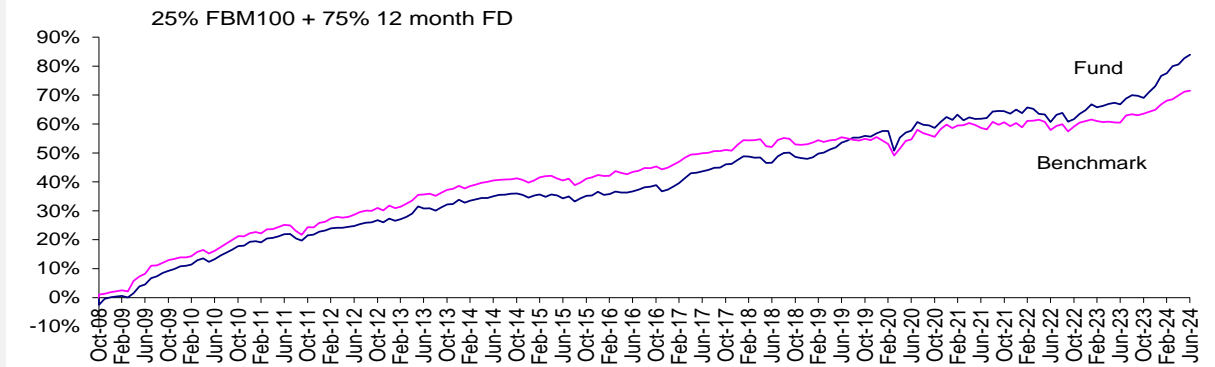
| Sun Life Malaysia Conservative Fund | Sun Life Malaysia Growth Fund | Cash | Total |
|-------------------------------------|-------------------------------|-------|---------|
| 75.11% | 24.86% | 0.03% | 100.00% |

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PERFORMANCE RECORD



| % | YTD | 1M | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|------|------|--------|---------|---------|----------|-----------------|
| Fund* | 6.29 | 0.65 | 10.25 | 13.65 | 19.78 | 36.18 | 83.91 |
| Benchmark | 4.03 | 0.22 | 6.91 | 8.10 | 10.34 | 22.10 | 71.53 |

* Calculation of past performance is based on NAV-to-NAV

Source: Lipper

FUND MANAGER'S COMMENTS

In June 2024, the Fund's performance increased by 0.65%, outperforming the benchmark by 0.43%.

KLCI shed 0.4% in June as investors took the opportunity to lock in gains during half-time, but still remained relatively upbeat considering recent weakness in US economic data and inflation moderating. Utilities and Healthcare rose while Consumer eased. Within the broader market, Construction and Tech posted strong gains, while other sectors were mixed.

Malaysia's manufacturing sector reflected stable conditions in June, with the PMI reading at 49.9pts vs 50.2pts in May. S&P Global saw further expansion in total new orders and exports, while staffing levels were unchanged. There was also stability in input cost inflation and firms raised prices at an accelerated pace. Firms remained cautious and scaled back purchases as well as inventories, and business confidence waned further. That said, the latest PMI data supports an acceleration in GDP growth into 2Q. To recap, BNM projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023, and 4.2% in 1Q24.

The MGS yield curve bull steepened in the month of June as we saw yields for the 7-year and below falling between 4 to 6bps whilst the 10-year and longer end fell between 1 to 3 bps. The 30-year closed unchanged. The MGS curve moved in tandem with the movements of US Treasuries as it moved lower fueled by signs of inflation moderating, thereby prompting market expectations of Fed rate cuts. Meanwhile QoQ, yields were unchanged for the 10-year whilst the 3-year and longer end were higher by 1 to 5bps. Only the 5y was lower by 1bps. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.53% (-6bps), 3.65% (-4bps), 3.80% (-5bps), 3.88% (-3bps), 4.01% (-2bps), 4.12% (-1bps) and 4.22% (-0bps), respectively in June.

Like the MGS curve, the GII yield curve also bull steepened with yields on the 3- to 7-year falling between 3 to 6bps. The 3-year GII fell 6bps the most during month driven by higher supply. Meanwhile the 10-year and above, fell between 1 to 2bps. QoQ, yields were higher across the curve for the GII curve. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGII closed at 3.52% (-6bps), 3.67% (-3bps), 3.78% (-3bps), 3.89% (-2bps), 4.01% (-1bps), 4.14% (-2bps), and 4.24% (-1bps) respectively in June.

Corporate bond yields continued to fall on a monthly basis for the AAA and AA corporate bond yield curve, except for the 10-year AAA which remained largely unchanged. Credit spreads movement were mixed in June with the spreads tightening between 1 to 3bps for the 7-year and above tenures for AAA and AA rating band except for the 10-year. Spreads for 10-year in the AA rating band widened by 3bps. Meanwhile, for the single A rating band, spreads widened across the board for all tenures between 1 to 5bps.

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>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> |
| 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 : 28 June 2024

Disclaimer:

This is strictly the performance of the investment fund, and not the returns earned on the actual premiums paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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.