Sun Life Malaysia Balanced Moderate Fund

August 2014

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	3.27 million units (31 August 2014)
Fund Size	RM 5.30 million (31 August 2014)
Unit NAV	RM 1.6219 (31 August 2014)
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: ▪ Want a balanced portfolio between equities and bonds ▪ Are risk neutral between bonds and equities
Fees	▪ Management Fee: 1.250% p.a. ▪ Switching Fee: 3 free fund switches per policy year

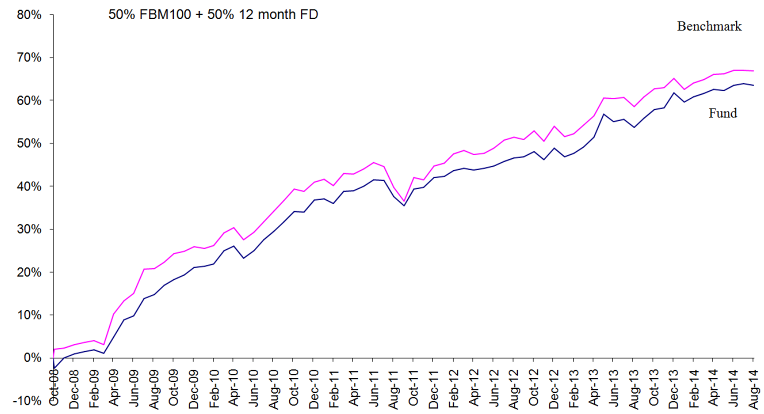
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	50%
Sun Life Malaysia Growth Fund	50%

WHERE THE FUND INVESTS

Sun Life Malaysia Growth Fund	49.75%
Sun Life Malaysia Conservative Fund	50.04%
Cash	0.21%
Total	100.00%

PERFORMANCE RECORD



NAV TO NAV

%	MTD	YTD	1-Year	3-Year	Since Inception
Fund*	-0.21	1.09	6.44	18.87	63.53
Benchmark	-0.13	1.04	5.23	19.44	66.84

**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

The Fund fell 0.21% in August 2014, underperforming the benchmark by 0.08%. On a year-to-date ("YTD") basis, the Fund has outperformed the benchmark by 0.05%.

Despite the strong 2Q14 real gross domestic product ("GDP") growth, the August results season was a letdown as the revision ratio deteriorated to a 3-year low of 0.37 times (CIMB Research). This was largely due to competitive pressures and higher costs which resulted in lower operating margins. Plantations disappointed from lower crude palm oil ("CPO") prices while Bank results showed signs of higher credit costs and continued net interest margin erosion. Our end-2014 KLCI target remains unchanged at 1920 based on 15 price earnings ratio ("PER") of 15.5 times. We also introduce an end-2015 KLCI target of 2,050 based on the same PER of 15.5 times and assuming the consensus earnings per share ("EPS") growth of 10.3% for 2015. However, we remain wary of potential earnings downgrades. While the market is in correction mode currently, we expect the market to inch higher towards our target in 4Q as window dressing activities result in PER expansion.

For equities, we continue to prefer stocks with high earnings growth but selling at reasonable valuations. Sector selection is being de-emphasized as we focus on stock selection. We like exporters that will benefit from the recovery in the Group of 3 ("G3") countries, regional players in infrastructure, telecommunications and power. Economic Transformation Programme ("ETP") plays - Oil & Gas and Construction - are largely well owned and fairly priced. The award of contracts for Rangkaian Pengangkutan Integrasi Deras ("RAPID") over the next 1-year could be the catalyst for these sectors. For fixed income, we are inclined to be cautious and are in favour of maintaining neutral portfolio duration until further clarity from the upcoming MPC meeting. We prefer primary and secondary issues which have been re-priced higher and also high coupon sukuk to cushion any increase in yields.

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