

# Sun Life Malaysia Balanced Aggressive Fund

May 2021



## FUND OBJECTIVE

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

## FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	2.96 million units (31 May 2021)	Fund Size	RM6.25million (31 May 2021)
Unit NAV	RM2.1100 (31 May 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	75% FBM100 + 25% 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 portfolio with higher exposure in equities</li> <li>Preference to higher equity exposure for potentially higher capital appreciation</li> <li>Need to reduce risk by investing in diversified bond portfolio</li> <li>Prefer investing in bonds to cushion fund volatility</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 Growth Fund	Sun Life Malaysia Conservative Fund
75.00%	25.00%

## WHERE THE FUND INVESTS

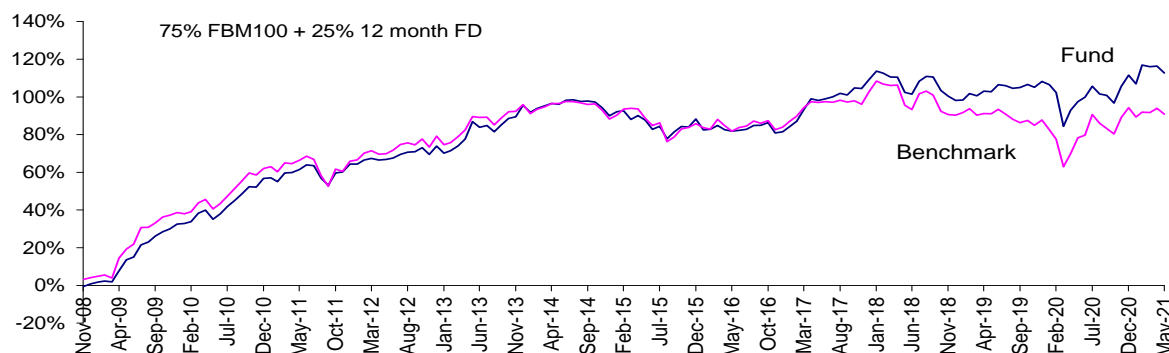
Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
75.09%	24.96%	-0.05%	100.00%

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## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	0.56	-1.66	7.71	5.10	16.99	31.76	112.74
<b>Benchmark</b>	-1.78	-1.61	7.00	-2.41	4.95	14.63	90.82

\* 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 May 2021, the Fund's performance decreased by 1.66%, underperforming the benchmark by 0.05%.

FBMKLCI fell 18pts or just over 1% to 1,583.55pts in May. Investors were spooked by the surge in US CPI reading for the month of April which came in at 4.2%, the sharpest increase since the GFC, while Malaysia instituted much stricter movement controls due the surge in COVID-19 cases domestically. Except Financials where sentiment was lifted by prospects of rising interest rates and strong quarterly results reported during the month, all sectors were in the red led by Energy (-9%), Construction (-8%), Tech (-8%). Healthcare was also not spared, down 3%, with gloves the hardest hit.

Malaysia's manufacturing PMI eased from April's record of 53.9pts to 51.3pts in May, given the stricter measures imposed to combat COVID-19 infections, but the measure suggested that the manufacturing sector was still expanding. It was also the first time back-to-back monthly improvements were reported since mid-2018. Manufacturing output could be dampened in the months ahead, as the country goes into 'full lockdown', but firms surveyed by IHS Markit remained optimistic that output would increase over the coming 12 months.

BNM maintained its OPR at 1.75% during its May policy meeting despite expecting inflation to average 2.5-4.0% this year. We continue to expect that the central bank will maintain an accommodative monetary policy and resort to fiscal measures and stimulus to support the economy. Bank Negara pegs 2021 GDP growth at 6.0-7.5%, but the recent lockdown measures have caused economists to shave 100-150bps off their respective GDP forecasts.

While Malaysia reported decent 1Q21 GDP recovery (+2.7% QoQ or -0.5% YoY), surging covid cases has prompted the federal government to announce 2-week lockdown from 1st June. MoF has not officially guided new GDP forecast taking into consideration of the lockdown impact, but most business economists are downgrading 2021 growth to 4.4 – 5.4% (MoF original forecast 6.0 – 7.5% YoY). With the lockdown, risk of fiscal slippage and sovereign rating pressure have risen. Although the latest RM5bn fiscal injection will only translate to 0.3% of GDP, Malaysia's external debt profile is already very close to sell impose limit of 60% (official guidance at 58.5% in 2021 based on 7% GDP growth). Come June 2021, S&P is expected to review Malaysia's sovereign rating (currently at A-/Negative) and with the current development, it is hard to expect a positive outcome. While BNM kept policy rate unchanged in the May-2021 meeting, policy action may be required in the next meeting if pandemic related headwinds turned out to be stronger than initially assumed.

## 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 May 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.