Sun Life Malaysia Balanced Moderate Fund
August 2018

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	6.07 million units (31 August 2018)	Fund Size	RM10.72 million (31 August 2018)
Unit NAV	RM1.7659 (31 August 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd	Benchmark	50% FBM100 + 50% 12 month FD
Taxation	8% of annual investment income	Fees	The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges: ▪ 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
Risk Profile	Suitable for investors: ▪ Want a balanced portfolio between equities and bonds ▪ Are risk neutral between bonds and equities		

ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
49.93%	50.40%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
49.93%	50.40%	-0.33%	100.00%

Sun Life Malaysia

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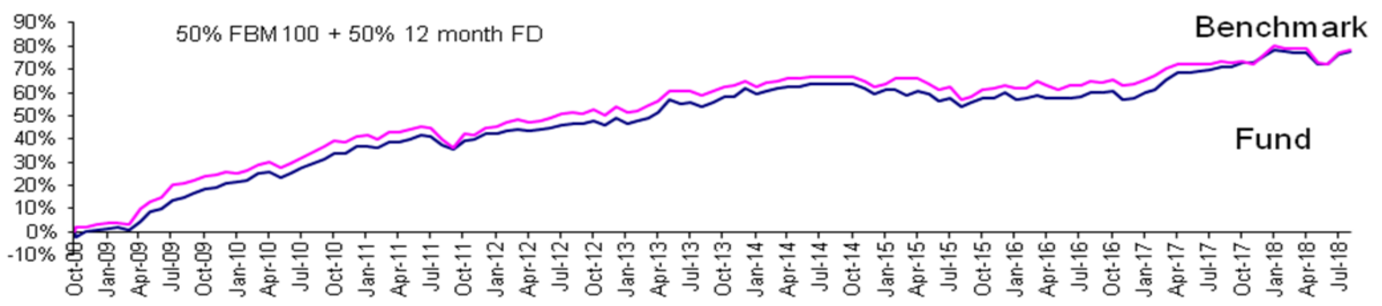
PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	1.27	1.00	3.28	0.06	4.06	15.77	78.05
Benchmark	0.85	0.56	2.85	-0.63	2.75	13.51	78.07

** 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 FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") ended August higher by 2% or 35 points to close at 1,819 points, which is just 27 points lower than the last trading day prior to GE14. On a year-to-date basis, the FBMKLCI is in positive territory with a gain of 1.3%. Foreigners continued to sell in the market, albeit of a smaller amount compared to the previous months. Total outflow for August 2018 amounted to RM8.6 billion vs. net inflow of RM10.8 billion in 2017. During the month, the Ringgit weakened by 1% to close at RM4.11/USD, the 10Y Malaysia Government Securities ("MGS") dropped 5bps to 4.03% and Brent crude oil strengthened by 4.2% to USD77.42 per barrel. Early August saw the FBMKLCI succumb to selling pressure due to the Turkish Lira crisis and the lower-than-expected 2Q2018 GDP growth for Malaysia. Nevertheless, global sentiment and risk appetite were given a boost from optimism over US-China trade talks and news of the new NAFTA deal. The Chinese government's continuous deleveraging measures have provided some stability to the Yuan and regional bourses. Domestically, the announcement on toll abolishment being deferred pending restoration of the government's financials provided a short-term lift to sentiment which led the FBMKLCI to a 3-month high. Corporate earnings for 2Q2018 were rather mixed and within consensus expectations with fewer corporations reporting earnings misses as compared to 1Q2018. We expect a range-bound market in the short term as odds of an escalating trade conflict and the impact on confidence from events in Turkey and Argentina are assessed. Domestically, investors are awaiting fresh leads on pro-growth initiatives by the new government and the 2019 budget. Our investment preference will be on big cap GLCs and companies with strong fundamentals and solid cash flow in sectors such as Banks, Power & Renewable Energy, Technology and Industrials.

FUND MANAGER'S COMMENTS (CONTINUED)

In August 2018, the MGS yield curve traded marginally lower across all tenures (between 1-9 bps) with the 20-year MGS yields shifting the most (-9bps) to close at 4.70% from 4.79% previously. As at end August 2018, the 3-, 5-, 10- and 15-year MGS yields ended lower to close at 3.46% (-6bps), 3.76% (-3bps), 4.05%(-1bps) and 4.47%(-5bps) while the 30-year MGS stay unchanged at 4.91%. For corporate bond/Sukuk, trading volume continued to increase in August with RM13.5bn traded versus RM11.1 in July, an increase of 21.53%. The pickup in trading volume has been seen since July (+104.89% m-o-m) after the relatively quiet 2 months post-GE14. Most of the trades were on quasi-sovereign, AAA-rated and AA-rated papers. Credit spreads tightened across almost the entire credit curve versus the MGS in the month of August between 1-12bps with the 5 to 10 year AA-rated tightening the most between 8 to 12 bps. Domestically, The Malaysian economy expanded at a slower pace of 4.5% in 2Q2018 (1Q2018: +5.4%). Growth was slower on account of supply disruptions in the mining sector and lower agriculture production. On the demand side, growth was dampened by lower public investment and net export growth. Following the release of 2Q GDP numbers, BNM cut their forecast for Malaysia's GDP growth this year to 5% from their earlier forecast of 5.5-6.0%. Headline inflation inched higher to 0.9% YoY from 0.8% seen in June mainly due to a pick-up in education, housing & utilities and transport costs – amid the zero-rating of GST. Core inflation however declined by 0.2% YoY signaling subdued demand.

Source : CIMB-Principal Asset Management Bhd
Date : 31 August 2018

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