

Sun Life Malaysia Balanced Moderate Fund

April 2023



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	9.96 million units (28 April 2023)	Fund Size	RM18.91 million (28 April 2023)
Unit NAV	RM1.8979 (28 April 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	50% FBM100 + 50% 12 month FD
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee
Risk Profile	Suitable for investors: <ul style="list-style-type: none">Want a balanced portfolio between equities and bondsAre 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

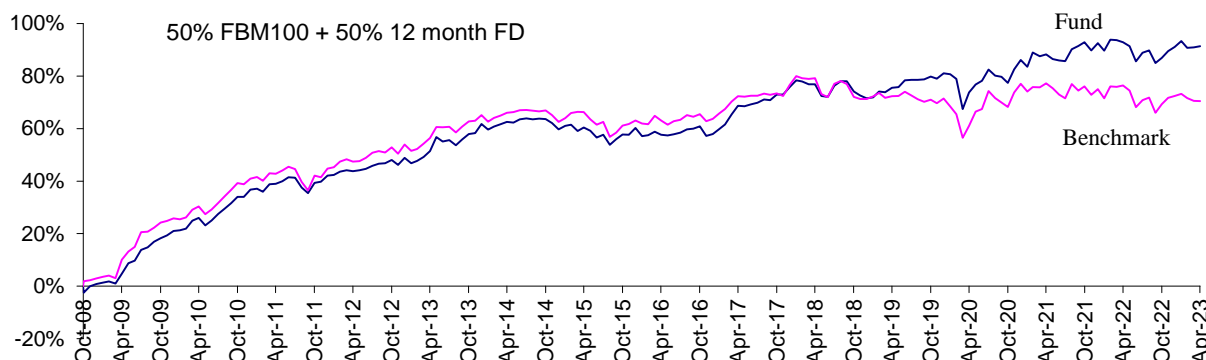
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
50.00%	50.00%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
50.43%	49.55%	0.02%	100.00%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.16	0.24	-0.79	10.15	8.20	26.36	91.35
Benchmark	-1.18	-0.05	-3.41	5.81	-4.90	8.94	70.42

* 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 April 2023, the Fund's performance increased by 0.24%, outperforming the benchmark by 0.29%.

FBMKLCI was down 0.5%, hence ending April at 1416 pts. Commodities, Telcos and Consumer Discretionary did well during the month, while Financials weakened further on lingering fear of a potential banking contagion.

Malaysia's PMI reading for April was 48.8 pts, similar to March. According to S&P Global, demand generally remained subdued, leading firms to limit production and scale back their purchasing activity. However, there were some positive signs with regards to new export orders. Also positive was improving employment trends with hirings up for the fourth month running, shorter delivery times and input cost inflation muted, the latter enabling firms to reduce output prices to stimulate demand. Overall, hopes that new orders will return to growth supported confidence that production will rise over the next 12 months.

No change to BNM's GDP growth of 4-5% in 2023. BNM raised OPR by 25bps to 3.00% in the latest MPC meeting and economists are still expecting another 25bps hike for the rest of the year. Malaysia's CPI eased to 3.4% in March against February's 3.7%, driven by lower price of RON97, as well as lower pace of increase in Restaurant and Hotels, and Food and Non-alcoholic beverages. The latest reading was within BNM's inflation target of 2.8-3.8% for 2023.

Most fixed income indices fared well in the month of April with positive performances seen across the board. The local bond market rallied in line with the rally in US Treasuries ("UST") during the month. The long-end tenures performed the best locally as the yield curve bull flattened in April. Strong buying in the local market was also driven by reinvestment demand from local government bond maturities in April.

The Malaysian Government Securities ("MGS") yield curve bull flattened in the month of April as yields lowered across all tenures with the largest movements seen in the longer end of the curve. Yields lowered the most for the 15- and 30-year tenures as they ended the month closing lower by -25bps and -24bps, respectively. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.29% (-4bps), 3.45% (-12bps), 3.66% (-16bps), 3.74% (-18bps), 3.93% (-25bps), 4.02% (-21bps) and 4.17% (-24bps).

In April, credit spreads widened across all tenures and rating bands except for the 3y for the AAA and AA rating band. Spreads widened by 5-11bps for the 5- to 10-year tenures for all rating bands, whilst the more than 15-year tenures widened 12-21bps in line with the long-end rally of the local govovies during the month. Credit spreads for the AAA and AA rated segments for the belly of the curve are close to their 3- and 5-year historical averages. Meanwhile, the 3- and 5-year maturities and the longer-end (above 15-year) have turned attractive, spread-wise this month.

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 April 2023*

Disclaimer:

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