

Sun Life Malaysia Balanced Moderate Fund

May 2024



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	11.22 million units (31 May 2024)	Fund Size	RM24.47 million (31 May 2024)
Unit NAV	RM2.1809 (31 May 2024)	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

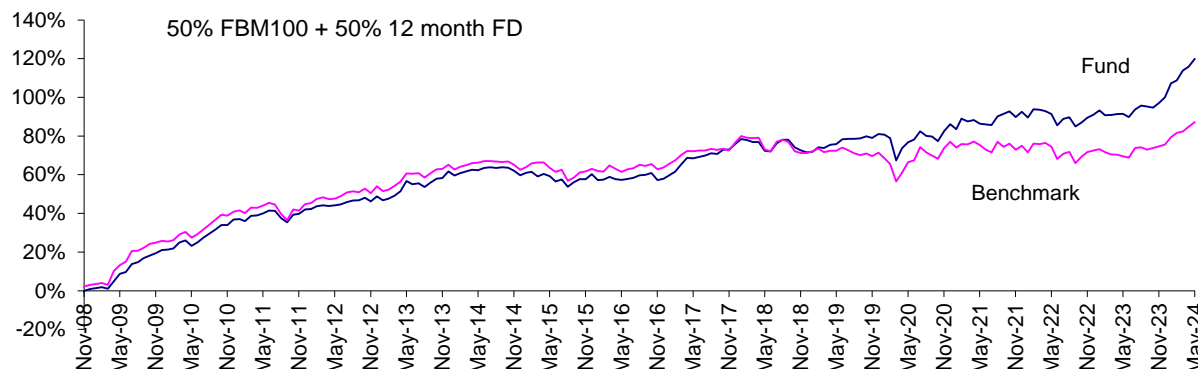
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
49.44%	50.54%	0.02%	100.00%

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	9.94	1.87	14.87	17.96	25.09	35.50	119.89
Benchmark	6.56	1.27	10.40	6.73	8.54	12.58	87.17

* 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 2024, the Fund's performance increased by 1.87%, outperforming the benchmark by 0.60%.

KLCI gained 1.3% in May, albeit slight distortion from MSCI May rebalancing, with investors staying upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. Utilities, Financials, Consumer and Industrial led gains while Telcos and Commodities lagged. Within the broader market, Construction, Property and Tech did well.

Corporate earnings in 1Q24 were decent with the first quarter numbers forming 24% of analysts' full year forecast for FBM30 constituents. Sectors that beat were Gaming, Transport and Consumer, while Commodities trailed. For the broader market, Software was ahead while Tech, Gloves and Media trailed. Revisions stayed pat or 2024 but earnings estimates for 2025 were raised.

Malaysia's manufacturing sector expanded for the first time since June 2022, with the PMI reading at 50.2pts in May vs 49.0pts in the previous month. S&P Global saw renewed growth of new business and production, as well as job creation. That said, firms remained cautious in acquiring inputs and business confidence waned. Higher raw material prices and currency weakness added to firms' input costs and output charges. 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 Malaysia Government Securities ("MGS") yield curve bull flattened during the month as demand for duration surged, driven by global bonds finding some respite from steady US inflation prints and weaker-than-expected US economic data. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.59% (-2bps), 3.69% (-7bps), 3.85% (-4bps), 3.91% (-7bps), 4.03% (-3bps), 4.13% (-12bps) and 4.22% (-8bps), respectively in May. Meanwhile, the Malaysian Government Investment Issue ("GII") yield curve bull steepened, with short-end yields falling more than long-end yields, reversing the movement seen in April. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year GII closed at 3.58% (-8bps), 3.70% (-10bps), 3.82% (-6bps), 3.91% (-9bps), 4.02% (-7bps), 4.16% (-6bps), and 4.25% (-4bps) respectively in May.

During the month, Bank Negara Malaysia ("BNM") maintained its overnight policy rate at 3% for the sixth consecutive meeting in May 2024, with policymakers emphasizing that the current monetary policy stance continues to support the economy and aligns with the present evaluation of inflation and growth prospects.

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 : 31 May 2024

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.