

Sun Life Malaysia Balanced Moderate Fund

March 2022



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	9.69 million units (31 March 2022)	Fund Size	RM18.62 million (31 March 2022)
Unit NAV	RM1.9206 (31 March 2022)	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	<p>Suitable for investors:</p> <ul style="list-style-type: none"> Want a balanced portfolio between equities and bonds Are risk neutral between bonds and equities 	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"> 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

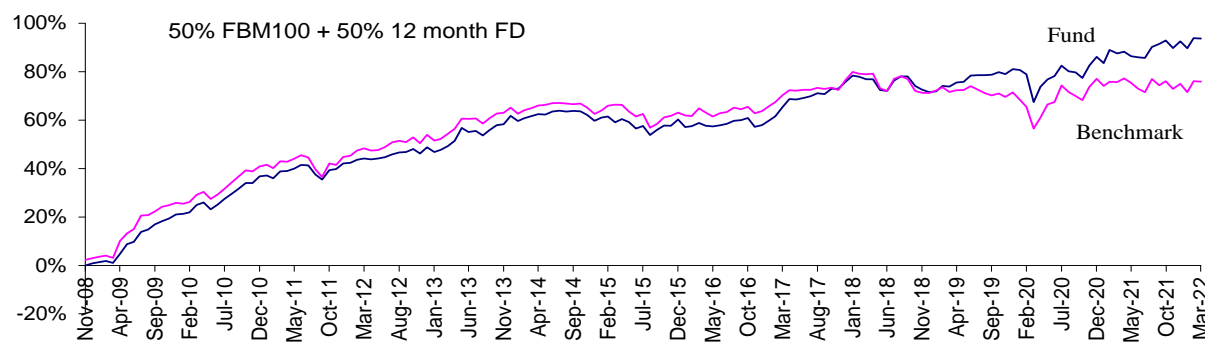
Sun Life Malaysia Fund Growth	Sun Life Malaysia Conservative Fund	Cash	Total
50.10%	49.81%	0.09%	100.00%

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.58	-0.10	3.26	11.42	17.11	34.32	93.65
Benchmark	0.50	-0.11	0.07	2.45	3.28	18.55	75.86

* 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 March 2022, the Fund's performance decreased by 0.10%, outperforming the benchmark by 0.01%.

FBMKLCI fell 20.9 points or 1.3% in March as profit-taking set in given the index proximity to the psychological 1,600pts level. Construction was the largest gainer driven by anticipation of a revival in jobs, followed by Telcos and Financials. Tech bounced as investors acclimatized with Fed interest rate hikes, which saw its first lift-off of 25bps. Tourism plays also saw interest with the 1 April border reopening. Commodities (Plantations, Energy and Alum/Steel) corrected following the strong rally in the previous month stoked by the Russian-Ukraine conflict.

Malaysian manufacturers reported a near-stagnation of operating conditions. Headline manufacturing PMI fell from 50.9pts in February to 49.6pts – the last time the reading was below 50 was in Sept 2021. New orders and output moderated for the third month running and at faster rates. Firms attributed weakening demand conditions to rising Covid-19 cases and higher input prices, with manufacturing capacity constrained by supply shortages, more recently exacerbated by the Russia-Ukraine war. Higher input costs have also prompted businesses to raise output charges at the sharpest rate since April 2021.

As Malaysia enters into the "Transition to Endemic" phase of Covid 19 on 1st April 2022 with all restrictions on business operating hours removed, borders will also reopen on 1st April as the country seeks to revive economy. Travelers who have received full vaccinations are not required to go through quarantine. Bank Negara Malaysia ("BNM") kept its Overnight Policy Rate ("OPR") unchanged at 1.75% as widely expected in its MPC meeting on 3 March 2022. The official policy statement appears to be neutral suggesting there is no plan for an immediate rate hike. BNM maintained their view that both the global and domestic economy would continue to recover and strengthen in 2022 but highlighted new risk from the ongoing Russia-Ukraine conflict that could tilt the outlook to the downside. Along the release of the 2021 Annual Report, BNM lowered the 2022 GDP slightly to 5.3%-6.3% from the earlier MOF's forecast of 5.5%-6.5%. Despite risks from higher costs and price pressures, continued Covid 19 uncertainties and ongoing geopolitical tensions, the recovery will be supported by continued expansion in external demand, borders reopening, improvement in labour market conditions, continued access to targeted policy measures. CPI is forecasted to remain manageable averaging between 2.2% and 3.2% in 2022. High input costs are projected to affect selected fresh food prices but will be partly mitigated by price controls. Meanwhile, core inflation will trend higher between 2.0 and 3.0% in 2022 from the subdued +0.7% last year mainly attributable to stronger demand conditions amid lingering cost pressures. BNM states that the monetary policy will continue to support a sustainable economic recovery while preserving price stability. The Monetary Policy Committee ("MPC") is mindful of the potential upside risks to inflation and opines that monetary policy may not be the best tool to react to deal with cost-push inflation. Going forward, BNM will focus on ensuring the degree of monetary accommodation is consistent with the expected improvement in economic conditions amid moderate upward price pressures. Data released in March showed that in February, headline CPI moderated to 2.2% YoY as compared to January's CPI of 2.3% and market consensus of 2.4% amid a slowdown in cost of transport but inflation was unchanged for both alcoholic beverages & tobacco and education. Meanwhile, food prices went up the most since January 2018.

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 March 2022*

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.