

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	8.14 million units (28 February 2020)	Fund Size	RM14.45 million (28 February 2020)
Unit NAV	RM1.7744 (28 February 2020)	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 bonds ▪ Are 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

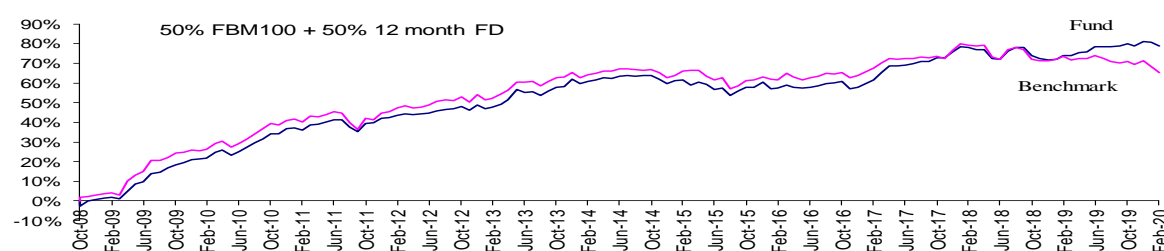
ASSET ALLOCATION

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
50.91%	48.81%	0.28%	100.00%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	-1.18	-1.00	2.76	10.73	10.80	46.75	78.90
Benchmark	-3.47	-1.77	-4.67	-1.18	-0.27	31.12	65.48

* 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 February 2020, the Fund's performance decreased by 1.00%, but outperforming the benchmark by 0.77%.

KLCI declined 3.2% in Feb (YTD: -6.7%) amid concerns over uncertainty in domestic politics and Covid-19 outbreak. Further compounding the poor equity performance was another set of lacklustre corporate results. 23 of the KLCI component stocks registered losses as compared to only 5 gainers during the month. The benchmark index was mainly dragged by declines in Public Bank (-8.1%), Petronas Chemical (-12.8%) and Tenaga (-2.9%). Political uncertainty engulfed Malaysia again following the shocked resignation of Tun Dr Mahathir as prime minister after losing a majority support in the parliament. However, the uncertainty of not having a functioning federal government was short-lived as the King has appointed Tan Sri Muhyiddin Yasin as the 8th Prime Minister after determining that the latter is likely to get a majority support in the parliament. This was achieved following the forming of a coalition by Bersatu, UMNO and PAS. While the forming of a cabinet in the coming days will further lift uncertainty, the new coalition government will likely need to survive an expected no-confidence vote when the parliament re-convenes as the Pakatan Harapan coalition led by Tun Dr Mahathir insists that it has also garnered a majority support. As such, market risk premium will likely increase in the near term given the policy and regulatory risks. In his last act as interim prime minister, Tun Dr Mahathir unveiled a RM20bn stimulus package to mitigate the adverse economic impact from the Covid-19 outbreak. This encompasses a cut in employees' EPF contribution from 11% to 7% which is expected to release RM10bn into the economy and fast-tracking planned spending including the Bantuan Sara Hidup subsidy for the B40 households. Measures were also announced to provide relief to sectors directly affected by the Covid-19 outbreak particularly in the hospitality and travel industries. He further lower Malaysia GDP growth forecast in 2020 from 4.8% to 3.2-4.2% while raising the fiscal deficit target from 3.2% to 3.4%. While these measures will provide relief to the affected sectors as well as the broader economy, much will depend on whether the new government will re-affirm these measures going forward. Against the backdrop of a disappointing 4Q19 GDP growth of 3.6% (vs 4.1% street expectation) and a weaker PMI reading of 48.5 in Feb, BNM has followed through with its second interest rate cut this year as it lowers the Overnight Policy Rate (OPR) by 25 bps to 2.50% in its March's MPC meeting.

FUND MANAGER'S COMMENTS (CONTINUED)

The central bank continues to take pre-emptive measure to support the economic growth trajectory amid slower growth outlook due to the Covid-19 outbreak and weak commodity markets. Given the benign inflationary outlook and growth risk, we believe BNM has further headroom to ease monetary policy to support growth. Corporate earnings continued to disappoint in 4Q19 mainly dragged by the aviation, petrochemical and auto sectors. Post earnings season, KLCI earnings growth estimate for 2020 has been lowered to 4.0% which is underpinned by growth in plantation, utilities, petrochemical and shipping sectors. The Fed cut interest rates on 3 March in an emergency move ahead of the scheduled meeting on 18 March. The decision to cut was unanimous citing "Covid-19 poses evolving risks to economic activity" despite "fundamentals of the U.S. economy remain strong". Following the cut by the Fed, investors are now expecting a rate cut in the euro zone as well as by the Bank of England. BNM's MPC cut the OPR for a second time this year on 3 March bringing it to 2.50% which is a level not seen since the global financial crisis. The central bank noted that global economic conditions have weakened in the recent period as the ongoing Covid-19 has disrupted production and travel activity within the region. They stated that the OPR cut will provide a more accommodative monetary environment but overall seemed to continue sounding dovish in their statement.

Source : *Principal Asset Management Bhd*

Date : *28 February 2020*

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.