

# Sun Life Malaysia Balanced Moderate Fund

December 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	9.97 million units (30 December 2022)	Fund Size	RM18.89 million (30 December 2022)
Unit NAV	RM1.8949 (30 December 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	Suitable for investors: <ul style="list-style-type: none"><li>Want a balanced portfolio between equities and bonds</li><li>Are risk neutral between bonds and equities</li></ul>	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"><li>Sun Life Malaysia Growth Fund: 1.5% p.a.</li><li>Sun Life Malaysia Conservative Fund: 1.0% p.a.</li><li>There are no other fund management charges on this fund</li></ul>

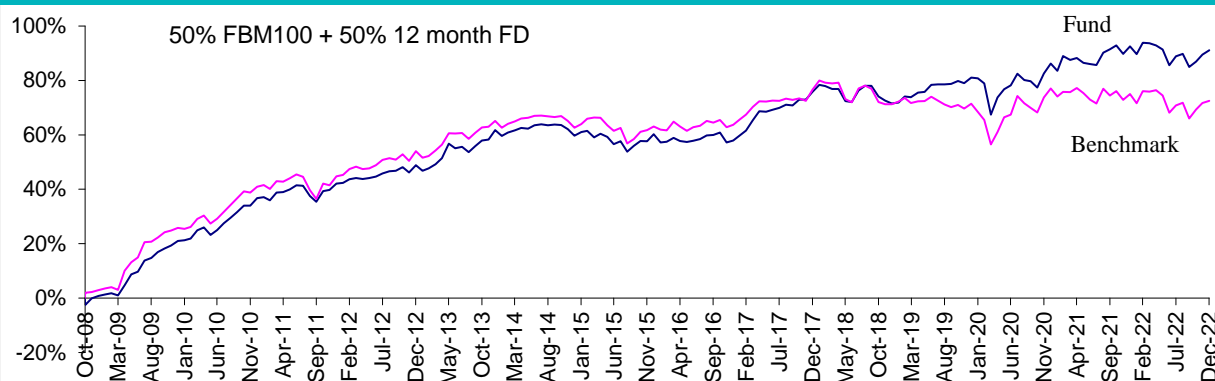
## ASSET ALLOCATION

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
49.74%	50.24%	0.02%	100.00%

**PERFORMANCE RECORD**



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-0.76	0.84	-0.76	5.54	8.67	28.40	91.05
<b>Benchmark</b>	-1.45	0.44	-1.45	0.60	-2.33	12.01	72.46

\* 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 December 2022, the Fund's performance increased by 0.84%, outperforming the benchmark by 0.40%.

FBMKLCI rose 6.7 pts and ended the year at 1,495 pts, aided by year-end window-dressing and optimism over China's reopening come 8th January 2023. However, these were negated by renewed fears of a US recession with concerns of inflation staying higher for longer and as the pace of US Fed rate hikes starts taking a toll on the economy. Recent Institute for Supply Management (ISM) data showed an unexpected rise in services industry in November while employment and wage growth remain robust, albeit US home prices fell for the fourth month running. Commodities (mainly Plantation +5%), Transport (+5%; mainly MISC), Healthcare (+7%) and Utilities (+2%) were among the key gainers for the month, while Tech and Telcos languished.

Malaysia's PMI was 47.8pts in December, down slightly from 47.9pts in November, representing the fourth straight month of contraction. Weak demand continues to contribute to moderations in output and order books. Consequently, companies trimmed buying and lowered inventories levels. Employment had also softened for the second time in the past three months. Encouragingly, cost and supply pressured eased further – input cost inflation slowed to a 31-month low while output cost fell for the first time since May. According to S&P Global, firms remained hopeful that demand conditions would normalize over the coming year.

During the month, the Malaysian Government Securities (MGS) yield curve bull steepened as yields on the short end up to 20-year moved lower by 4 to 15bps whilst the more than 20-year maturities rose higher by 6 to 16 bps. In general, the rally from prior month continued albeit on a milder scale. Better local and global sentiment was seen as there was better clarity seen for domestic politics and US inflation fears eased albeit some volatility continued to be seen throughout the month. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.73% (-15bps), 3.87% (-7bps), 4.01% (-5bps), 4.07% (-7bps), 4.29% (-12bps), 4.41% (-4bps) and 4.70% (+16bps) respectively at the end of December.

Based on the 2023 government budget tabled in October, there is a projected RM180 billions of gross supply (annual increase of 4.98%) taking into consideration maturity of RM80.9 billion and a deficit of RM99.0 billion. The projection will likely change should there be a change for the deficit amount after the new government re-tables Budget 2023 on 24 February 2023.

Based on earlier projections, government bond auctions are likely to be slightly front loaded slightly with 51% targeted in 1H2023. Looking at the net issuances, 3Q2023 will see the highest supply of RM29 billion while 2Q2023 lowest. There will be RM80.9 billion maturity in 2023 (2022: RM78.9 billion) with the bulk of the maturity amounting to RM65.4 billion (81%) between the months of March to August 2023.

## RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<b>Market risk</b>	<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"><li>• Economic and financial market conditions</li><li>• Political change</li><li>• Broad investor sentiment</li><li>• Movements in interest rate and inflation</li><li>• Currency risks</li></ul> <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>
<b>Interest rate risk</b>	<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>
<b>Liquidity risk</b>	<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>
<b>Company or security specific risk</b>	<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>
<b>Credit risk</b>	<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 : *30 December 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.