

# Sun Life Malaysia Balanced Moderate Fund

November 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	9.90 million units (30 November 2022)	Fund Size	RM18.61 million (30 November 2022)
Unit NAV	RM1.8791 (30 November 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"> <li>Want a balanced portfolio between equities and bonds</li> <li>Are risk neutral between bonds and equities</li> </ul>	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"> <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

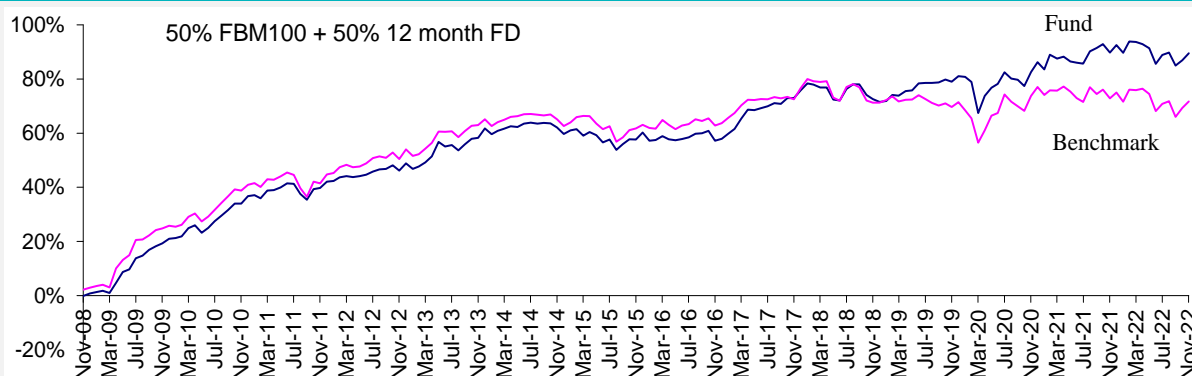
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
49.65%	50.61%	-0.26%	100.00%

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-1.59	1.36	-0.16	5.86	9.54	29.62	89.46
<b>Benchmark</b>	-1.88	1.41	-0.69	1.23	-0.44	14.10	71.70

\* 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 November 2022, the Fund's performance increased by 1.36%, underperforming the benchmark by 0.05%.

FBMKLCI rose 28.4pts or 1.9% to 1,489 pts in November. Investors cheered as the political deadlock from GE15 (which resulted in a hung parliament) was broken with the appointment of Datuk Seri Anwar Ibrahim as Malaysia's 10th Prime Minister who will lead a 'unity government' comprising of members from his party Pakatan Harapan and MPs from Barisan National, as well as parties from Borneo and other party blocs. Global sentiment also improved on raised bets that the US Fed may start slowing the pace of rate hikes in the upcoming FOMC meeting in December following the softer October inflation print.

Malaysia's manufacturing sector slowed further in November with a PMI reading of 47.9pts vs 48.7pts in October, representing the third straight month of contraction. The weak reading stemmed from waning global demand with order book volumes losing further momentum. New export orders were scaled back for the fifth time in many months. Consequently, firms lowered input buying and moderated inventory levels. Encouragingly employment stabilized after falling in the previous month. Prices of inputs and outputs ticked up slightly from October. According to S&P Global, firms remained hopeful that demand conditions would normalize over the coming year, but the degree of confidence did fall to a five-month low amid concerns over the longer-term effect of the current economic climate.

At the last Monetary Policy Committee meeting of the year in early November, Bank Negara Malaysia ("BNM") increased the Overnight Policy Rate ("OPR") by another 25 basis points to 2.75%. BNM states that the MPC decided to further adjust the OPR to pre-emptively manage the risk of price pressures against the backdrop of continued positive growth prospects for the local economy. They also mentioned that the MPC is not on any pre-set course, and any further decisions is dependent on evolving conditions and their implications on the overall outlook to domestic inflation and growth. In the 15th General Election, Anwar Ibrahim was sworn in as the 10th Prime Minister forming Unity Government led by Pakatan Harapan with the support of Barisan National and the parties from Borneo and other party blocs. First Parliament sitting will be on 19th December, starting with a vote of confidence to solidify the political stability. It is expected that Budget 2023 will be tabled in one or two months.

Meanwhile, Malaysia economy recorded a robust growth of 14.2% YoY in 3Q2022 (2Q2022:8.9%, consensus: 12.5%) bringing the YTD growth to 9.3% YoY. The strong growth was achieved on the back of strong domestic demand, favorable employment market and ongoing policy support. BNM opines that the economy will continue to expand albeit at a more moderate pace in 4Q2022. It is noted that GDP growth for 2022 was revised up by Ministry of Finance recently to 6.5-7.0% from 5.3-6.3% earlier. Exports continued to expand in October amid at a slower pace of 15% YoY as compared to 30.1% in September. The moderation in exports was broad based across all key export categories with the exception of crude petroleum and top three key export markets. Additionally, imports growth continued to outpace exports growth rising at 29.2% YoY in October (September: 32.8% YoY). Hence, trade surplus shrank 32% to RM18.1 billion. Malaysia's inflation rate eased for the second consecutive month to 4.0% YoY in October (September: 4.5% YoY). The slight moderation in inflation was attributed to the slower price gains across all key categories except for food, education and recreation & culture. Core inflation, however, rose slightly from 4.0% to 4.1% in October.

## 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 November 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.