

# Sun Life Malaysia Balanced Moderate Fund

October 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 | 9.86 million units<br>(31 October 2022)  | Fund Size     | RM18.28 million<br>(31 October 2022)  |
| Unit NAV             | RM1.8539<br>(31 October 2022)  | Dealing       | Daily<br>(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

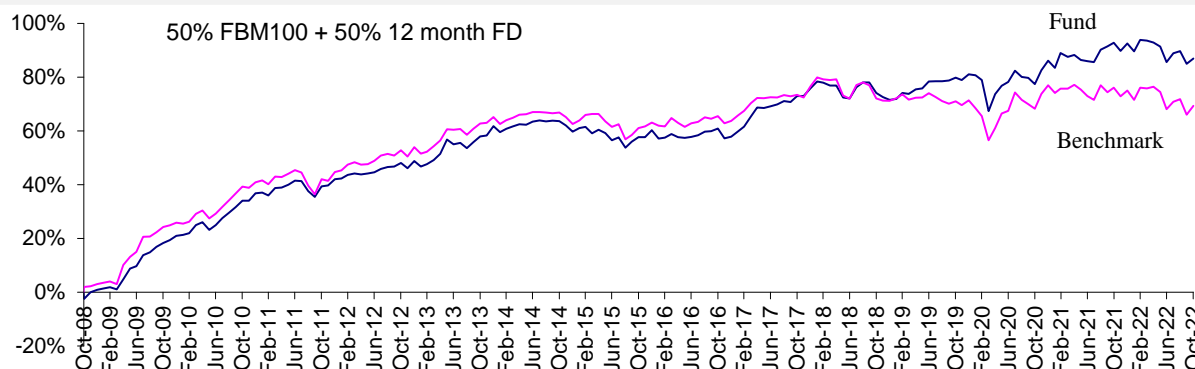
| Sun Life Malaysia Conservative Fund | Sun Life Malaysia Growth Fund | Cash  | Total   |
|-------------------------------------|-------------------------------|-------|---------|
| 49.77%                              | 50.22%                        | 0.01% | 100.00% |

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PERFORMANCE RECORD



| %                | YTD   | 1M   | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|-------|------|--------|---------|---------|----------|-----------------|
| <b>Fund*</b>     | -2.91 | 1.06 | -3.06  | 3.96    | 8.07    | 26.22    | 86.92           |
| <b>Benchmark</b> | -3.25 | 1.96 | -3.84  | -0.99   | -2.36   | 10.78    | 69.31           |

\* 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 October 2022, the Fund's performance increased by 1.06%, underperforming the benchmark by 0.90%.

FBMKLCI jumped 65.8pts or 4.7% to 1,460 pts in October in tandem with the rebound in global and regional markets. Investors shrugged off recent hot inflation print and strong employment data in the US, and instead focused on pockets of softness in the economy and expect the Fed to ease off its aggressive rate hikes soon. Recent corporate earnings in the US were also quite robust, albeit glaring weakness in some of the Tech giants. Consequently, the US dollar strength waned, and treasury yields compressed, helping EM flows and currencies. Healthcare (+15%; mainly Gloves), Transport (+12%) and Commodities (Energy +4%, Plantations +6% and metals) and Telcos (+4%) were among the key winners for the month.

Malaysia's manufacturing sector slowed further in October with a PMI reading of 48.7pts vs 49.1pts in September, representing the second straight month of contraction. The weak reading stemmed from sluggish global market conditions and muted customer demand – new orders softened for the second month while demand for overseas moderated at the strongest pace in 16 months. Spare capacity persisted, with backlogs depleted for the fifth consecutive month. Employment decreased following growth in the previous month. Positively, inflationary pressures eased with rates of input cost and output prices dipping to 2-year lows. According to S&P Global, sentiment remained positive from hopes for global market recovery and successful production launches.

The Malaysian Government Securities ("MGS") yield curve shifted higher in the short to belly of the curve by 6 to 16bps with the 5-year cheapening the most during the month. Meanwhile, the curve shifted lower for the 10-year and 15-year maturities as the 10-year closed lower by -8bps this month. The long end however remained largely unchanged. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.93% (+6bps), 4.18% (+16bps), 4.29% (+1bps), 4.36% (-8bps), 4.65% (-3bps), 4.81% (+2bps) and 5.03% (+0bp) respectively at the end of October.

Meanwhile, Malaysia 2023 Budget was tabled on 7 October followed by the dissolution of the Parliament on 10 October 2022. Following that, the 15th General Elections was announced to be held on 19 November with nomination day to be on 5 November. Budget 2023 was mildly expansionary as it proposed a total expenditure of RM372.3 billion, higher than the proposed RM322 billion for Budget 2022. The proposed spending for 2023 is nevertheless lower than the estimated spending of RM385.3 billion where the latter included the Covid fund. There was an increase in development expenditure to RM95 billion from RM76 billion. A lower fiscal deficit target is set for 2023 at 5.5% of GDP (2022: 5.8% of GDP (revised) vs. 6.0% budgeted). The target is higher than previously guided under medium-term fiscal framework ("MTFF") Budget 2022.

## 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 : 31 October 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.