

# Sun Life Malaysia Balanced Aggressive Fund

December 2023



## FUND OBJECTIVE

To provide a mixed exposure into equities and bonds, with higher allocation into equities.

## FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	2.62 million units (29 December 2023)	Fund Size	RM5.91 million (29 December 2023)
Unit NAV	RM2.2595 (29 December 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	75% FBM100 + 25% 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 portfolio with higher exposure in equities</li> <li>Preference to higher equity exposure for potentially higher capital appreciation</li> <li>Need to reduce risk by investing in diversified bond portfolio</li> <li>Prefer investing in bonds to cushion fund volatility</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 Growth Fund	Sun Life Malaysia Conservative Fund
75.00%	25.00%

## WHERE THE FUND INVESTS

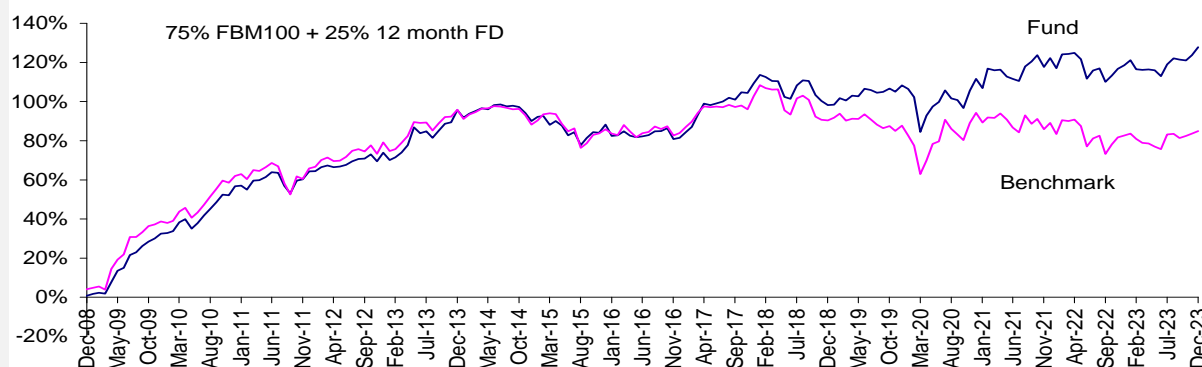
Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
75.02%	25.01%	-0.03%	100.00%

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

Telephone (603) 2612 3600 Client Careline 1300-88-5055 [wecare@sunlifemalaysia.com](mailto:wecare@sunlifemalaysia.com) [sunlifemalaysia.com](http://sunlifemalaysia.com)

**PERFORMANCE RECORD**



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	4.22	1.82	4.22	7.69	14.96	16.46	127.82
<b>Benchmark</b>	1.25	0.71	1.25	-4.79	-2.82	-5.55	84.98

\* 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 2023, the Fund's performance increased by 1.82%, outperforming the benchmark by 1.11%.

KLCI was up only marginally in December, +2pts or 0.1%, and ended 2023 at 1,454.66 pts. Investors rejoiced at Fed's decision to hold rates and signaling the end of hikes given the cooling inflation data and recent economic data out of the US, coupled with the weaker Dollar and falling treasury yields. They were quick to lock in gains when the index rose to 1,470pts and ahead of the year-end holidays. Financials, Utilities, Healthcare and select Telcos saw gains, while select commodities and Consumer-related names were sold off. Within the broader market, Tech and Gloves did well, the latter spurred by recent surge in Covid-19 cases.

Malaysia's PMI was unchanged at 47.9 pts in December. According to S&P Global, Malaysian manufacturers continue to endure weak demand conditions, albeit the moderation of new orders was the softest since August. Also, firms hired for the first time in eight months while input prices eased. Manufacturers remain optimistic of demand conditions over the course of the next 12 months. The latest PMI suggests that GDP growth is running at similar level to that seen in 2Q and 3Q of 2.9% and 3.3% yoy respectively. To recap, BNM projects GDP to grow 4% in 2023 and 4-5% in 2024.

BNM maintained OPR at 3.00% in November's MPC. We expect no rate hikes for 2024 given muted inflation and modest economic growth. Inflation eased further to 1.5% in November, significantly undershooting BNM's revised target of 2.5-3.0% for 2023. Given the low base, there appears to be sufficient headroom to central bank's 2.1-3.6% CPI forecast for 2024 with the impending cut back in subsidies.

The Malaysian Government Securities (MGS) yield curve continued to shift lower in December as the US Treasuries continued to rally, largely fueled by the expectations that the Federal Reserve would start cutting interest rates soon. Sentiments continued to be supported during the month following the Fed's December meeting, where it indicated an end to rate hikes and did not strongly oppose market bets on rate cuts in 2024. During the month, yield on the 7-year benchmark fell the most with a decline of 10bps MoM, while the 3-year benchmark rose by 1bp as demand on duration remained strong. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.53% (+1bp), 3.65% (-3bps), 3.74% (-10bps), 3.73% (-9bps), 3.99% (-6bps), 4.11% (-7bps) and 4.25% (-5bps), respectively in December.

Data released during the month showed that Malaysia's industrial production index (IPI) recovered to expand by 2.7% in October 2023, after reporting a 0.5% contraction the month prior, led by the improved performance of the mining sector, and continuous growth in electricity and manufacturing sector's output. According to the data released by the Department of Statistics Malaysia (DOSM) on Monday, the growth in October was the highest since May 2023, as the mining sector grew 8.7% (September 2023: -5.2%), while the electricity and manufacturing sector grew 5.8% (September 2023: 2.5%) and 0.9% (September 2023: 0.4%) respectively.

## 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 : 29 December 2023**

### 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.