Sun Life Malaysia
Balanced Aggressive Fund
July 2023

Sun Life

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	2.66 million units (31 July 2023)	Fund Size	RM5.78 million (31 July 2023)
Unit NAV	RM2.1725 (31 July 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	Suitable for investors: ▪ Want a portfolio with higher exposure in equities ▪ Preference to higher equity exposure for potentially higher capital appreciation ▪ Need to reduce risk by investing in diversified bond portfolio ▪ Prefer investing in bonds to cushion fund volatility	Fees	The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges: ▪ 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 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
75.47%	24.70%	-0.17%	100.00%

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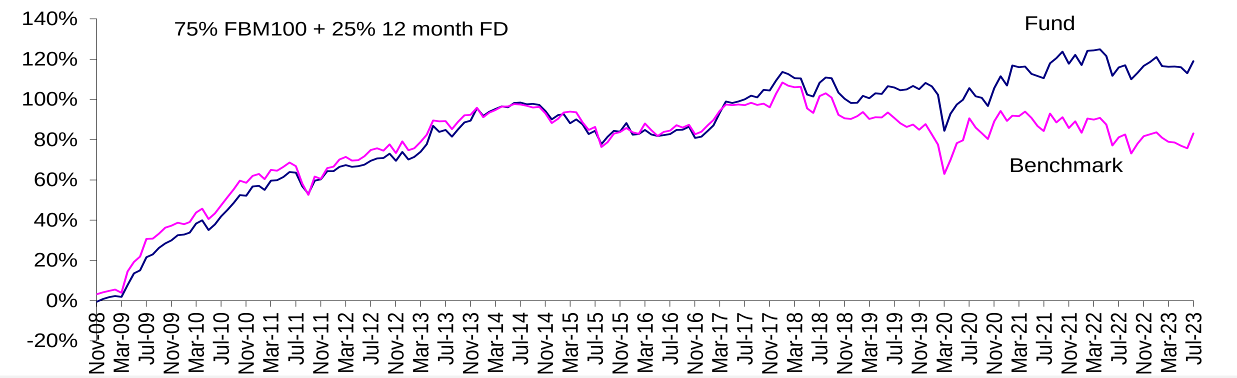
PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.21	2.82	1.45	6.51	5.18	17.55	119.05
Benchmark	0.26	4.24	1.08	-3.93	-9.16	-3.23	83.17

** 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 July 2023, the Fund's performance increased by 2.82%, underperforming the benchmark by 1.42%.

FBMKLCI gained 83pts or 6% in July, fully reversing the loss sustained in 2Q23. Sentiment was sharply lifted by the slump in the US dollar, benefiting the Ringgit, and waning expectations of a US recession following recent favorable economic data points – cooling inflation and still resilient jobs market. Gainers were broad-based, with mainly large caps forging ahead.

Malaysia's PMI reading for July was 47.8pts, a slight improvement versus June. According to S&P Global, the Malaysian manufacturing sector continued to indicate sustained weakness in operating conditions in July. New order intakes moderated to the greatest extent for six months, while production levels continued to be scaled back, indicating that the sector still has some way to go before demand recovers fully. Input price inflation accelerated for the fourth month in a row to reach the highest since February, while firms looked to reduce workforce to manage costs. Manufacturers remained hopeful that demand conditions would normalize, albeit sentiment has weakened further.

Malaysia's economy expanded 5.6% yoy in 1Q23 but expected to moderate to 3.6% yoy in 2Q23 according to economists polled by Bloomberg. BNM maintains Malaysia's GDP growth of 4-5% in 2023.

BNM kept OPR unchanged at 3.00% despite mounting pressures to intervene given the Ringgit weakness but may pause for the rest of the year. Inflation eased further with June's CPI reading at 2.4% vs 2.8% in May, now undershooting BNM's target of 2.8-3.8% for 2023.

The Malaysian Government Securities ("MGS") yield curve bear steepened in July. Sentiment towards local government bonds grew cautious and more subdued in the latter part of the month, influenced by the weakened global bond market, amplified by the extended duration, and augmented auction supply observed throughout August. The demand for the new 10-year benchmark remained strong in July, causing yields to decrease by 5 basis points ("bps"). This trend is attributed to market expectations that this bond will be added to the GBI-EM Index within the current year.

The 3-, 5-, 7-, 10-, 15-, 20- and 30-year benchmarks closed at 3.50% (+1bps), 3.63% (+1bps), 3.79% (+3bps), 3.84% (-5bps), 4.04% (+2bps), 4.12% (+2bp) and 4.23% (+8bps) respectively in July 2023.

Overall, credit spreads continued to tighten across all ratings and tenors in July as the govvies yields adjusted higher. Despite the volatility in government bonds and tight secondary credit spreads which are trading below historical averages, demand for credits remains healthy as evidenced by the strong bid-to-cover ratios in recent primary issuances.

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RISKS

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

Market risk	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: • Economic and financial market conditions • Political change • Broad investor sentiment • Movements in interest rate and inflation • Currency risks 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.
Interest rate risk	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.
Liquidity risk	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.
Company or security specific risk	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.
Credit risk	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.

Source : Principal Asset Management Bhd
Date : 31 July 2023