

# Sun Life Malaysia Balanced Stable Fund

May 2023



## FUND OBJECTIVE

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

## FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	1.46 million units (31 May 2023)	Fund Size	RM2.42 million (31 May 2023)
Unit NAV	RM1.6596 (31 May 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	25% FBM100 + 75% 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 diversified portfolio in equities but higher exposure in bonds</li><li>Prefer less volatile performance and want slightly higher gains than bond return</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
75.00%	25.00%

## WHERE THE FUND INVESTS

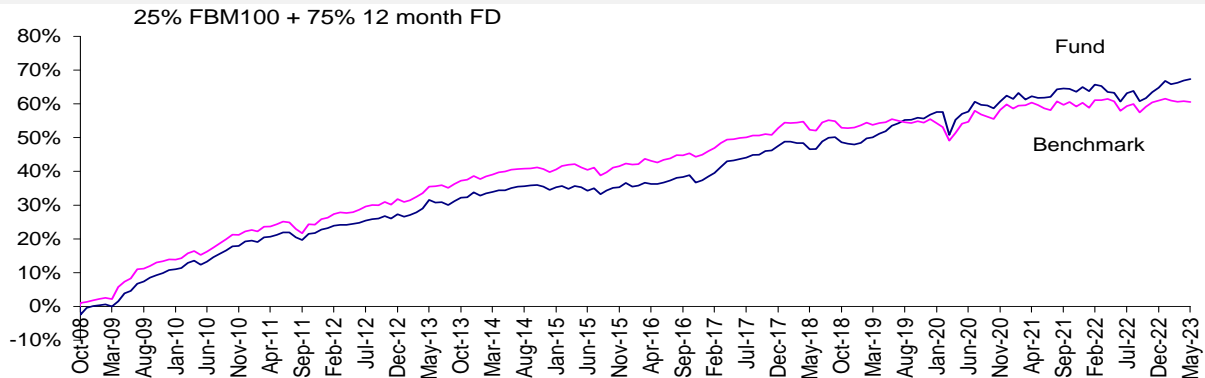
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
75.29%	24.71%	0.00%	100.00%

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**PERFORMANCE RECORD**



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	1.54	0.25	2.48	6.57	14.19	27.23	67.33
<b>Benchmark</b>	-0.27	-0.14	-0.11	4.18	5.40	18.50	60.56

\* 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 May 2023, the Fund's performance increased by 0.25%, outperforming the benchmark by 0.39%.

FBMKLCI lost 28.8pts or 2% and ended May at 1,383pts. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green, and we believe it was largely triggered by the recent weakness of the Ringgit on the back of poor Chinese data and consequently the depreciation of the Yuan. Further aggravating the situation was the stronger Dollar due to concerns surrounding the US debt ceiling, and recent US data – encouraging payroll and wage, sticky inflation, and more recently a rebound in job openings - stoking bets on further rates hikes in the next FOMC meeting. The recently concluded 1Q23 US earnings season saw 78% of companies beating analyst's earnings estimates by an aggregate of 6.5%.

Malaysia's PMI reading for May was 47.8pts vs 48.8 pts in April. According to S&P Global, respondents often cited weak demand leading them to scale back purchasing as well as staffing. Improvement in supply chains have however contributed to relatively muted inflation pressures. There remains concerns that demand weakness could persist until 3Q23. Overall, outlook remained positive amid hopes that demand environment would recover over the year ahead leading to higher production.

Movements on the Malaysian Government Securities ("MGS") benchmark yield curve whipsawed during the month of May as concerns over global policy outlook continued to weigh on sentiments on the local front. Domestic bonds were supported during the first couple of weeks of the month following the 25bps hike by Bank Negara and amid improved sentiments over the stronger than expected 1Q23 GDP data released during the month. However, earlier gains were reversed towards the end of the month with the MGS yield curve bear-flattened with the longer end of the curve remained fairly supported. The sell-off in US Treasuries amid the Federal Reserve policy outlook and concerns over US debt ceiling pressured yields on the local government bonds upwards, while the persistently weaker Ringgit during the month also dampened sentiments in the local bond market.

Bank Negara Malaysia ("BNM") unexpectedly raised its Overnight Policy Rate ("OPR") to 3.00% (+25bps) in its latest Monetary Policy Committee ("MPC") meeting on 3 May 2023, as it seeks to preemptively ward off inflationary pressures amid strong domestic demand and potential subsidy cuts. BNM warned that the balance of risk to the inflation outlook is tilted to the upside and remains highly subject to changes to domestic policy including subsidies and price controls. BNM also stated that it is timely to further normalize the degree of monetary accommodation with the domestic growth prospects remain resilient.

**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 May 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.