

Sun Life Malaysia Balanced Stable Fund

February 2021



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	1.59 million units (26 February 2021)	Fund Size	RM2.58 million (26 February 2021)
Unit NAV	RM1.6186 (26 February 2021)	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"> Want a diversified portfolio in equities but higher exposure in bonds Prefer less volatile performance and want slightly higher gains than bond return 	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"> 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 Conservative Fund	Sun Life Malaysia Growth Fund
75.00%	25.00%

WHERE THE FUND INVESTS

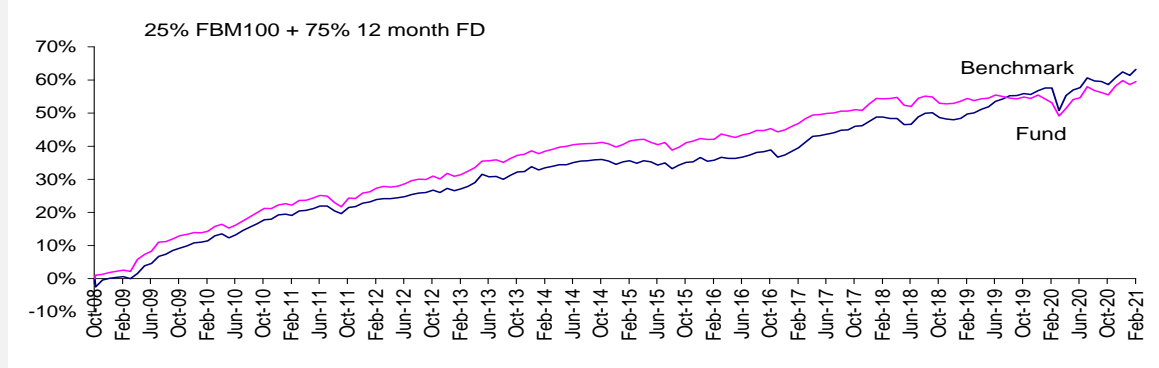
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
74.65%	25.36%	-0.01%	100.00%

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PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.47	1.09	3.56	9.68	20.18	37.03	63.19
Benchmark	-0.20	0.55	4.17	3.33	12.22	30.50	59.48

* 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 February 2021, the Fund's performance increased by 1.09%, outperforming the benchmark by 0.54%.

The FTSE Bursa Malaysia Composite Index ("KLCI") eased during the month of February giving up 3.04% ytd to end the month at 1577.8 pts. The softer sentiment in the market was dampened by the jump in the number of COVID-19 cases that reached new peak over 5000 cases per day. Despite the market weakness the Tech sector remained robust at +27.5% ytd. On the other end, the Construction sector was the worst performer -8.6% ytd followed by the Property sector at -5.3%.

Much of the optimism over recovery in Nov and Dec went away as numbers of COVID-19 cases climbed which led to the government imposing MCO 2.0 which began mid-January. This was quickly followed by the Yang Di Pertuan Agong declaring State of Emergency for Malaysia until the end of July 2021. In addition, the suspension of Regulated Short Selling (RSS) from 24th March last year, was lifted this year adding to the volatility of the market. On the macro end, Malaysia's PMI eased again in January to 48.9 after picking up to 49.1 in December, remaining below 50 suggesting that growth is not improving at the pace earlier anticipated. With further extension of MCO 2.0, the government's earlier GDP target of 6.5-7.5% for 2021 is at risk of being adjusted 0.5-1.0% lower. The market remains hopeful with the vaccine roll-out scheduled at the end of February but the speed and efficiency of the execution and how that translate to improvement in the numbers of COVID-19 cases is critical to the timing of overall recovery.

For domestic economic data, Malaysia's 4Q2020 real GDP shrank by -3.4% YoY, as the CMCO 2.0 came into effect in mid-October 2020. The biggest impact was seen in the services, mining, agriculture and construction sectors. For FY2020, real GDP contracted by -5.6% YoY and BNM is forecasting a 6.5% - 7.5% YoY growth for 2021. Unemployment rate remained at 4.8% in December 2020, reversing the earlier downtrend from the peak of 5.3% in May 2020. The deflation rate eased further to -0.2% YoY in January 2021, mainly on continued decline in transport and electricity costs. Core inflation remained stable at +0.7% YoY. Exports were up +6.6% YoY and imports were up +1.3% YoY in January 2021 with a trade surplus of +MYR1.6 billion. This reflect the better external demand, which is underpinned by the increase in manufacturing products vis-à-vis domestic demand.

RISKS

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

Market risk	<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">• Economic and financial market conditions• Political change• Broad investor sentiment• Movements in interest rate and inflation• Currency risks <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>
Interest rate risk	<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>
Liquidity risk	<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>
Company or security specific risk	<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>
Credit risk	<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 : *26 February 2021*

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.