

# Sun Life Malaysia Balanced Moderate Fund

July 2021



## 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	9.11 million units (30 July 2021)	Fund Size	RM16.77 million (30 July 2021)
Unit NAV	RM1.8411 (30 July 2021)	Dealing	Daily (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

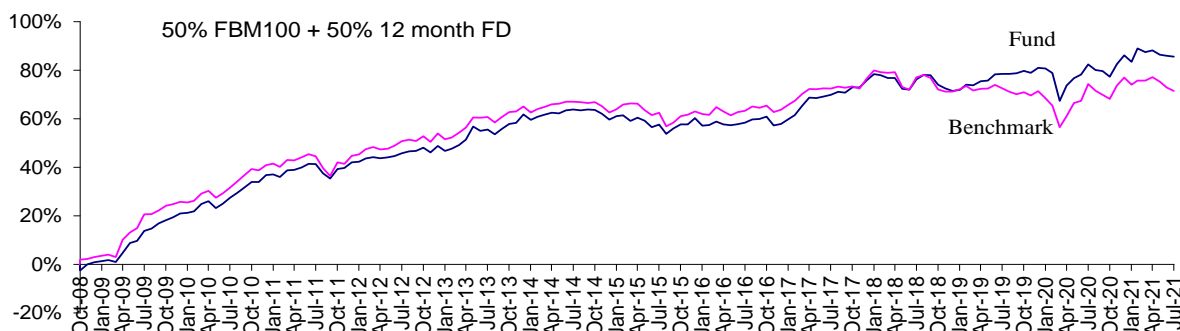
Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
50.24%	49.69%	0.07%	100.00%

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>	-0.28	-0.18	1.75	5.30	17.18	31.36	85.63
<b>Benchmark</b>	-3.10	-0.82	-1.59	-3.12	5.01	18.65	71.54

\* 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 2021, the Fund's performance decreased by 0.18%, outperforming the benchmark by 0.64%.

FBMKLCI fell 38pts or 2.5% to 1,494.60pts in July, which was a fresh low for the year. It was a relatively broad-based sell-off, but Plantation (-6%) and Energy (-6%) stocks were the worst hit. Financials (-3%), which were quite resilient in the past few months, also succumbed to selling pressure. We believe sentiment was badly affected by political issues domestically, while weakness in regional markets perhaps aggravated the sell-off. Only sector that showed positive returns in July was Technology (+12%), partly buoyed by the compression in global bond yields and strong corporate results.

Malaysia's manufacturing PMI rose slightly to 40.1pts in July from 39.9pts in June, but still represented a second consecutive month of decline. However, the output fell from 30.9pts in June to 29.3pts. This was not completely unexpected given the stricter movement controls which dampened demand, curbed production, and disrupted supply chains. On a positive note, manufacturers surveyed have showed renewed optimism about the outlook in the year ahead underpinned by hopes that restrictions would be lifted. This has in turn has led to some stabilization in employment and ending three consecutive months of deterioration.

BNM maintained the OPR unchanged at 1.75% at its July MPC meeting. While BNM noted that there had been improvement in economic activities in 1Q2021 continued into April, it highlighted that the growth outlook remains subject to significant downside risks. The government expects that most states will transition to the final Phase Four of the National Recovery Plan as early as October. Inflation rate in June moderated to 3.4% YoY (May: 4.4% YoY) mainly on dissipating base effect. This brings the headline inflation to average at 2.3% in 1H2021. Meanwhile, trade performance increased by 29.3% YoY to RM188.7 billion in June 2021. Exports recorded the 10th consecutive month of expansion at 27.7% YoY (May: 47.3%) with healthy demand from the top three export destinations. Imports grew 32.1% YoY (May: 50.3% YoY) outpacing exports for a second consecutive month. Lastly, Fitch has affirmed Malaysia's sovereign rating at BBB+ with a stable outlook premised on the strong and broad-based medium growth and consistent current account surpluses with a highly diversified export base.

For MYR fixed income strategy, we expect interest rates will remain accommodative for a longer period to support growth with Covid19 infections spiking new highs. We are optimistically cautious on the sovereign market in the near-term and we believe the bond market will stay supported in this quarter. Nevertheless, we are cautious on the upcoming events, 2022 Budget and the ongoing domestic political risks. We believe the credit segment will be well supported with manageable credit supply in the coming months. With that said, we continue to be mindful in our credit selection with a preference on Issuers with strong fundamentals and near-term cashflow visibility.

## 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 : 30 July 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.