

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	3.47 million units (31 December 2017)
Fund Size	RM7.21 million (31 December 2017)
Unit NAV	RM2.0761 (31 December 2017)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	75% FBM100 + 25% 12 month FD
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> 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	<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
Taxation	8% of annual investment income

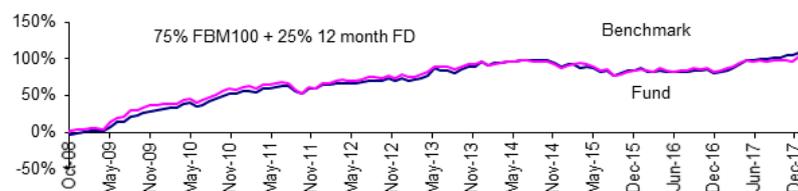
ASSET ALLOCATION

Sun Life Malaysia Growth Fund	75.33%
Sun Life Malaysia Conservative Fund	24.66%

WHERE THE FUND INVESTS

Sun Life Malaysia Growth Fund	75.33%
Sun Life Malaysia Conservative Fund	24.66%
Cash	0.01%
Total	100.00%

PERFORMANCE RECORD



NAV TO NAV

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	15.31	2.38	4.12	5.17	15.31	10.15	109.33
Benchmark	10.27	3.45	2.81	2.72	10.27	7.75	102.85

* 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

For the month of December 2017, the Fund increased 2.38%.

December was a good month as the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") jumped 79 pts or 4.6% to 1,796.81 points on the back of window dressing activities, driven by banking and technology stocks. For the year, the FBMKLCI rose 155 points or 9.45%, but underperformed the broader market and the region. Foreign investors were net buyers of RM10.3 billion in 2017 versus net sellers of RM3.2 billion in 2016. Brent crude oil price rose 5.2% m-o-m or 17.7% y-o-y to USD67/barrel, while the Ringgit closed the year stronger at 4.0465, up 10% y-o-y.

We remain positive on Malaysia in the run up to the 14th General Election ("GE14") this year. The stronger-than-expected Gross Domestic Product ("GDP") should lift street earnings. Portfolio inflows have pushed the Ringgit up to 4.0465 versus the US Dollar as foreign funds are still underweighted Malaysia. Firmer commodity prices are also a positive for Malaysia. Overall, there is no change to our view of an improving global economy in 2018. In terms of strategy, we like banks to play the interest rate hike theme and selective large caps that give us exposure to improving fundamentals in cyclical autos and heavy equipment. We will also participate selectively in GE14 plays. In addition, we will hold on to our longer-term themes, i.e. construction, e-commerce/logistics, Chinese tourism, consumer and technology. Our base case is that there is no political upheaval arising from GE14.

Following a strong showing in November, Malaysian Government Securities ("MGS") rallied further in December supported by the Ringgit strength, rebound in exports and steady improvement in current account surplus. The World Bank has upgraded its forecast for Malaysia's 2017 GDP from 5.2% to 5.8% following strong economic performance. The stronger-than-expected growth was said to be fuelled by robust domestic demand, improving labour market conditions and strengthened external demand for Malaysia's manufactured goods and commodities. The World Bank expects Malaysia to continue showing robust GDP growth at above 5% in 2018 and 2019.

2017 saw one of the largest corporate issuances as companies took opportunity to lock in their borrowing cost before global monetary policy tightening begins in a pronounced manner. We expect to see equally strong pipeline for government guaranteed debts in 2018, especially for infrastructure projects.

We will continue to favour corporate bond relative to sovereign for better yield pickup. We expect secondary demand to remain relatively robust, especially in the lower rated credits, as there would be lower net issuances in this space. We will monitor and increase exposure into the government securities when the opportunity arises.

Source: CIMB-Principal Asset Management Bhd

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.