

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	1.73 million units (31 October 2018)	Fund Size	RM2.55 million (31 October 2018)
Unit NAV	RM1.4742 (31 October 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd	Benchmark	25% FBM100 + 75% 12 month FD
Taxation	8% of annual investment income	Fees	The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges: <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
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 		

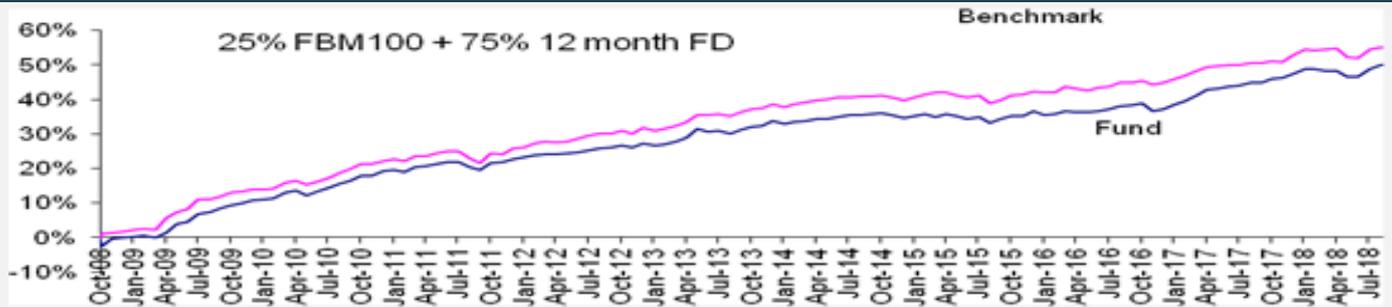
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
75.41%	24.57%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
75.41%	24.57%	0.02%	100.00%

PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	0.75	-0.99	-0.14	0.16	1.78	9.99	48.64
Benchmark	0.10	-1.24	-1.00	-1.17	1.27	8.40	52.95

* 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 October 2018, the Fund's performance dropped 0.99%, outperforming the benchmark by 0.25%.

The FBMKLCI ended October lower by 4.68% or 84 points to close at 1,709 points. On a year-to-date basis, the FBMKLCI is lower by 4.88%. The release of the mid-term review of the austere 11th Malaysia Plan offered no reprieve as investors further locked in gains made due to rising economic risk and uncertainties. Local investors were concerned that the government would unveil new taxes and announce higher fiscal deficits for Budget 2019. Telecommunication companies were the biggest losers on the back of regulatory risk, while construction sector underperformed on MRT Line 2 project cost cut. During the month, the Ringgit weakened by 1.1% while the 10Y MGS rose by 10bps to 4.08%. Brent crude oil fell to USD75 per barrel, down by 9% m-o-m. October saw foreign investors' net sell RM1.5bil versus net buy of RM0.1bil in the previous month. Total outflow for 10M2018 amounted to RM10.0bil vs. a net inflow of RM10.8b in 2017.

FUND MANAGER'S COMMENTS (CONTINUED)

MYR fixed income market continue to face profit taking activities which drove the yield curve steeper, especially on the long-end of the curve. The re-pricing of the yield curve mainly came from government bond auctions which saw the issuance size at the top end of the estimates. Combining with talks of higher fiscal deficits in 2018 and the risk of sovereign rating downgrade by international rating agencies, the 3-, 5-, 7-, 10-, 15-, 20-, and 30-year MGS widened by 3 - 11bps and closed at 3.66% (+7bps), 3.85% (+5bps), 4.04% (+5bps), 4.12% (+3bps), 4.60% (+11bps), 4.80% (+10bps) and 4.96% (+5bps) respectively. On the economic front, the Sep-18 CPI was below consensus at 0.3% YoY even after the full implementation of SST. Target fuel subsidy in 2019 and review of SST good list (likely by year-end) will likely to keep inflation pressure low. The 11th Malaysia plan midterm review saw GDP target reduce from 5% - 6% to 4.5% - 5.5% while inflation rate averaging 2% - 3% per annum. Both are positive factors to support stable/dovish policy rate. On Budget 2019, we saw a delayed in fiscal consolidation path where the 2018 fiscal deficit will widened to 3.7% of GDP (from 2.8%) and gradually reduce to 3.4% in 2019, 3.0% in 2020 and 2.8% in 2021. While most rating agencies praised the new government's commitment in fiscal consolidation, they are concerned with the short-term increase in debt issuance and the increase reliance on petrol related revenue. Watch out for risk of negative rating announcement.

Source : *CIMB-Principal Asset Management Bhd*

Date : *31 October 2018*

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.