

## 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	3.32 million units (31 July 2018)	Fund Size	RM6.86 million (31 July 2018)
Unit NAV	RM2.0656 (31 July 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd	Benchmark	75% FBM100 + 25% 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"> <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>
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>▪ Want a portfolio with higher exposure in equities</li> <li>▪ Preference to higher equity exposure for potentially higher capital appreciation</li> <li>▪ Need to reduce risk by investing in diversified bond portfolio</li> <li>▪ Prefer investing in bonds to cushion fund volatility</li> </ul>		

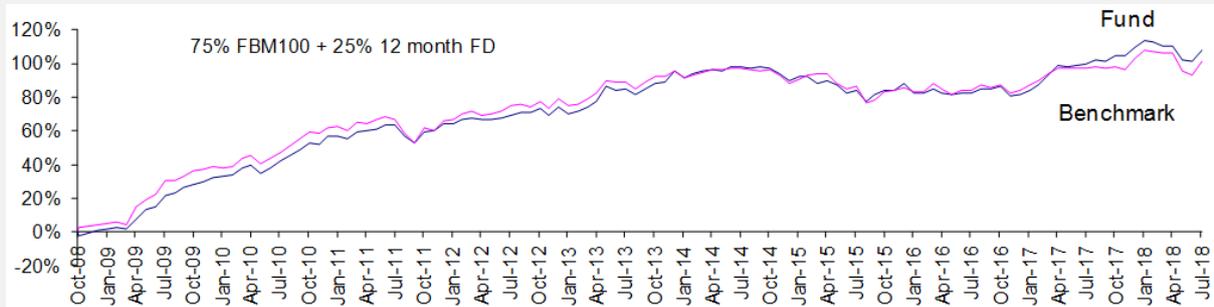
## ASSET ALLOCATION

Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund
75.19%	24.76%

## WHERE THE FUND INVESTS

Sun Life Malaysia Growth Fund	Sun Life Malaysia Conservative Fund	Cash	Total
75.19%	24.76%	0.05%	100.00%

## PERFORMANCE RECORD



%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	-0.51	3.40	-1.03	-2.52	4.10	12.94	108.27
<b>Benchmark</b>	-0.60	4.29	-2.25	-3.24	2.29	8.24	101.63

\* 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

### Market review:

After two consecutive months of net foreign selling post GE14, the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") ended higher by 5.2% or 87 basis points to close at 1,779 points, as local investors started to bargain-hunt. On YTD basis, the FBMKLCI is still lower by 1%. Foreigners continue to be selling in the market with a total net sold of RM1.7 billion, which is much lower than the RM4.9 billion in June. Total outflow for July 2018 amounted to RM8.5 billion vs. net inflow of RM10.8 billion in 2017. Telecommunication companies led the increase after the Government provided clarity on Broadband plans. Industrials companies also outperformed the benchmark after May IPI rose 3.0% year-on-year ("YoY"), driven by a rise in manufacturing output. June 2018 CPI came in at 0.8% YoY, reflecting the zero-rating of the GST. Meanwhile, on the global front, trade tensions remained a real risk after President Trump announced that the US is ready to impose additional tariffs on all China-made goods.

In July 2018, Malaysia Government Securities ("MGS") traded lower across the curve with the yields falling the most on the belly of the curve. The 10-year MGS was the most active with yield traded 13 basis points ("bps") lower to close the month at 4.08%. The 20-year MGS yield tightened and is trading close to its long-term averages while the 30-year MGS yield was relatively steady trading within 4.90%. Credit spreads were mixed with the long end of the credit curve (15- & 20-year) saw tightening spreads versus the MGS (1 – 3bps) whilst the 10-year and below credit spreads widen (1 – 6bps), signaling better buying on the long end of the credit segment. On YTD, it appears credit spreads have tightened. As at end of July 2018, the 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS traded at 3.59% (May 2018: 3.64%), 3.89% (3.84%), 4.10% (4.04%), 4.21% (4.20%), 4.62% (4.60%), 4.88% (4.91%) and 4.89% (4.93%). On fixed income outlook, we still think that Bank Negara Malaysia will likely hold policy rate unchanged at 3.25% for the rest of 2018. With consumer inflation moderated to 0.8% YoY post GST removal, we expect the second half of 2018 inflation to come in lower compared to the first half of 2018. We also take comfort from technical factor such as low supply of government bonds in the second half of 2018 to support the local fixed income market. That said, bond investors are still keeping an eye on the government fiscal pledge which is to maintain the deficit ratio not more than 2.8% of 2018 GDP.

## FUND MANAGER'S COMMENTS (CONTINUED)

### Portfolio strategy:

Both external and domestic macro backdrop remain challenging and we do not foresee much improvement in the short-term. 100 days of the new PH government, changes of GLC management team and the second quarter of 2018 reporting season will be key events that investors will be focusing on in August 2018. On fund flows, we are maintaining our view that global outflows from emerging markets, particularly for Malaysia, may be at a tail end in the short term, hence we are taking the opportunity to deploy cash gradually in the market and increasing overall equity exposure. We continue to prefer big cap companies with strong fundamentals in sectors such as Power & Renewables, Technology and Industrials. We maintain our view that longer term, Malaysian equities could outperform regional peers given better risk premiums as a result of better governance.

Lastly on fixed income strategy, we view that the credit risk environment has improved for certain sectors with the new government trying to take a pragmatic approach in keeping their manifesto promises. The portfolio will continue to overweight fundamental over technical and valuation when it comes to taking credit risk, and may continue to add exposure on Issuers which we are comfortable with. On interest rate, we will hold a neutral-to-slightly-overweight duration portfolio against benchmark as both fundamental and technical factors are supporting the local rates environment. That said, we are still assessing the developed market interest rates trend as any negative surprises will still impact on the local bond market.

**Source :** CIMB-Principal Asset Management Bhd

**Date :** 31 July 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.