

## 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	5.30 million units (31 May 2017)
Fund Size	RM8.85 million (31 May 2017)
Unit NAV	RM1.6714 (31 May 2017)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Benchmark	50% FBM100 + 50% 12 month FD
Risk Profile	Suitable for investors: <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	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>
Taxation	8% of annual investment income

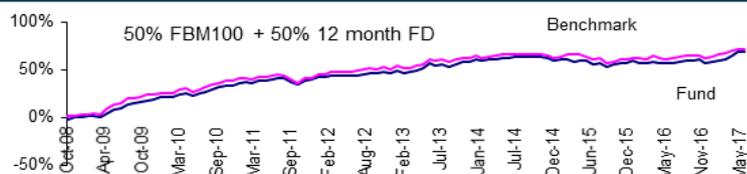
## ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	50.46%
Sun Life Malaysia Growth Fund	49.34%

## WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	50.46%
Sun Life Malaysia Growth Fund	49.34%
Cash	0.20%
Total	100.00%

## PERFORMANCE RECORD



## NAV TO NAV

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
<b>Fund*</b>	6.73	-0.11	4.31	7.18	7.07	3.85	68.52
<b>Benchmark</b>	5.16	-0.06	2.83	5.75	6.63	3.57	72.19

\*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 May 2017, the Fund fell by 0.11% underperforming the benchmark by 0.05%.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") traded sideways in May despite a strong 1Q17 Gross Domestic Product ("GDP") growth of 5.6% year-on-year. The Ringgit (MYR) strengthened 1.3% from 4.341 to 4.281 during the month, led by portfolio inflows in both the equity and fixed income markets. Notable developments during the month were: 1) Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at 3% 2) Purchasing Managers Index rose to 50.7 basis points ("bps") in April from 49.5 in March 3) Malaysia and China have signed nine Memoranda of Understanding (> US\$7.22bn) during the China Belt and Road Forum.

The local market undertones continue to be bullish despite a more cautious note heading into May. Foreign net buying continued in May, with cumulative net inflows of RM10.4bn (RM2.1bn in May). 1Q corporate results season have just concluded with a 12% y-o-y growth (CIMB Securities estimates). If this trend continues till the year end, 2017 will mark the first year of positive earnings growth after 2 years of negative earnings growth. We continue to be bullish and believe that a combination of earnings upgrades, positive foreign inflows and stronger MYR will support the market. We maintain our FBKLCI year-end target of 1,820-1,850 bps which is pegged at 17.2-17.5 times target PER. We continue to prefer cyclical over defensives by overweighting banks, construction and tourism related-companies. Government-linked Companies restructuring and e-commerce companies remain core holdings in our portfolios. We continue to seek bottom up ideas in the small cap space.

For fixed income, the Malaysia Government Securities ("MGS") yield curve in general moved lower across the curve by -1 to 21 bps except for the 3-year MGS which moved slightly higher by 1 bps. Market participants noted that there was some foreign participation in the buying of MGS that pushed the MGS yield curve lower. Bank traders opine that the foreign investors wanted exposure to the undervalued ringgit and had purchased MGS to gain that exposure. Trading volume for corporate bonds increased to MYR8.7bn in May from MYR6.1bn in April. Credit spreads generally widened across the curve except for the 3-year part of the curve where credit spreads tightened. The general tightening of spreads were due to the massive rally seen in the MGS space.

Foreign sentiment has improved as a result of new regulations announced by BNM which has resulted in the strengthening of the MYR. The current MGS rally have widened the corporate private debt securities ("PDS") spreads further, although we think that the spreads still remains expensive as compared to its long-term averages, there are some spots on the curve where spreads have begun to look more constructive. We continue to overweight PDS and have a tactical position in government bonds depending on valuations. We will also look for opportunistic switching from current on-the-run government bonds to future on-the-run government bonds and participate in new corporate bond issuances with better yield pick-up.

**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.