

# Sun Life Malaysia Balanced Stable Fund

February 2025



## FUND OBJECTIVE

To provide a mixed exposure into equities and bonds, with higher allocation in bonds.

## INVESTMENT STRATEGY & APPROACH

The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund according to a predefined asset allocation.

The Sun Life Malaysia Growth Fund combines a top down asset and sector allocation process with a bottom-up stock selection process. The asset allocation process is made after a review of macroeconomic trends in Malaysia and for the major economies. In particular, we consider the direction of GDP growth, interest rates, inflation, currencies and government policies. We next assess their impact on the various sectors, together with sector specific parameters to predict any discernible trends or themes. These trends or themes form the basis of our sector selection. Stock selection is based upon improving fundamentals and attractive relative valuations. Rising investor sentiment is an additional criterion. While we use a number of valuation methodologies, the price-earnings ratio is still preferred.

For the Sun Life Malaysia Conservative Fund, the strategy will be reviewed periodically based on the country's economic and bond outlook. We will adopt an active trading strategy and will be especially selective in buying and selling of securities for the Fund. We formulate an interest rate outlook through examining factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenure and credit rating for the Fund. As part of the risk management strategy, the Fund is constructed and managed within the predetermined guidelines. Essentially, we monitor the bond portfolio according to duration, credit ratings and sector.

## FUND DETAILS

|                      |  |                                       |  |
|----------------------|--|---------------------------------------|--|
| Launch Date          | 20 October 2008  | Domicile                              | Malaysia   |
| Currency             | Ringgit Malaysia   | Launch Price                          | RM1.0000   |
| Units in Circulation | 1.12 million units<br>(28 February 2025)   | Fund Size                             | RM2.04 million<br>(28 February 2025)   |
| Unit NAV             | RM1.8253<br>(28 February 2025)   | Performance Benchmark                 | 25% FBM100 + 75% 12 month FD   |
| Fund Manager         | Principal Asset Management Bhd   | Frequency and Basis of Unit Valuation | The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund   |
| Taxation             | 8% of annual investment income   | Other Charges                         | Inclusive of auditor fee   |
| Target Market        | Suitable for investors: <ul style="list-style-type: none"><li>Want a diversified portfolio in equities but higher exposure in bonds</li><li>Prefer less volatile performance and want slightly higher gains than bond return</li></ul> | Fund Management Charge                | 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> |

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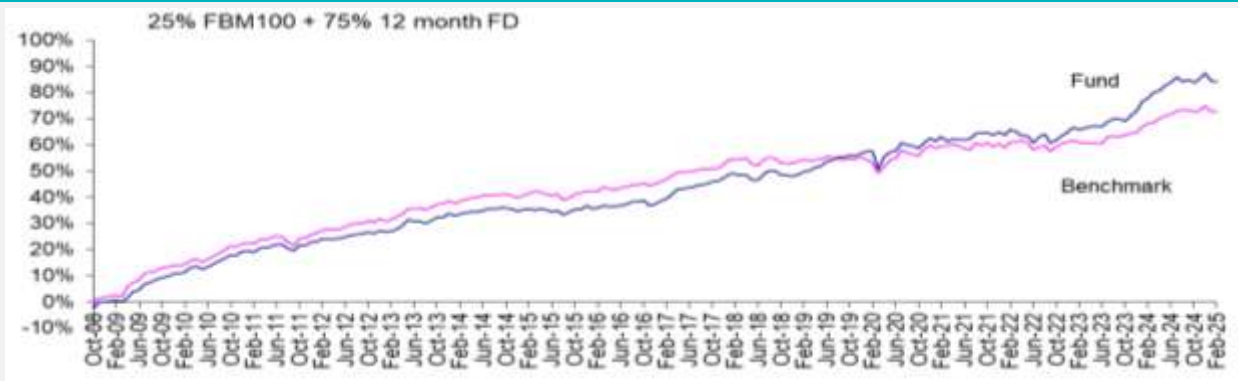
ASSET ALLOCATION

| Sun Life Malaysia Conservative Fund | Sun Life Malaysia Growth Fund |
|-------------------------------------|-------------------------------|
| 75.00%                              | 25.00%                        |

WHERE THE FUND INVESTS

| Sun Life Malaysia Conservative Fund | Sun Life Malaysia Growth Fund | Cash  | Total   |
|-------------------------------------|-------------------------------|-------|---------|
| 75.53%                              | 24.38%                        | 0.09% | 100.00% |

PERFORMANCE RECORD



| %                | YTD   | 1M    | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|-------|-------|--------|---------|---------|----------|-----------------|
| <b>Fund*</b>     | -1.71 | -0.22 | 3.67   | 11.06   | 16.78   | 35.68    | 84.03           |
| <b>Benchmark</b> | -1.27 | -0.02 | 2.75   | 7.20    | 12.78   | 21.95    | 72.67           |

\* Calculation of past performance is based on NAV-to-NAV

Source: Lipper

FUND MANAGER'S COMMENTS

In February 2025, the Fund's performance decreased by 0.22%, underperforming the benchmark by 0.20%.

The KLCI was up 1% and outperformed MSCI ASEAN's -3% during the month. Sentiment improved as investors re-assessed the impact of US AI diffusion rules, the launch of cost-effective AI models, US tariffs and the trajectory of Fed rates. We witnessed a strong rebound in the sectors affected by these developments, namely the DC-related plays namely Construction, Utilities, Properties, and to some extent Telcos, while select Financials and Healthcare also did well.

Malaysia's manufacturing sector improved markedly in February with a PMI reading of 49.7pts vs 48.7pts in the previous month and was the highest reading since August 2024. S&P Global noted that firms recorded a rise in new order intakes for the first time in four months which contributed to a softer moderation in production volumes, while business confidence at the highest level since October 2024. That said, several respondents are still seeing challenging business conditions. Employment was scaled back fractionally, while cost inflation remains subdued and allowed firms to reduce selling prices for the second consecutive month. The latest PMI data suggests modest growth in GDP for 1Q25 sustaining the trend seen in 2H24. To recap, Malaysia's GDP grew by 5% in 4Q24 and 5.1% for 2024. BNM projects GDP to grow by 4.5-5.5% in 2025.

Local government bonds market continued to be supported with marginal movements amid the low US Treasuries ("UST") yield levels in February. The Malaysian Government Securities ("MGS") yield curve steepened mildly with the 3-year to 10-year moving lower by 1 to 3 bps, apart from the 20-year which closed marginally higher by 1bp. Meanwhile, the 15-year MGS remained unchanged, and the 30-year adjusted lower by 1bp towards for the month. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed at 3.50% (-2bps), 3.63% (-3bps), 3.75% (-1bps), 3.81% (-1bps), 3.98% (0bps), 4.07% (+1bp) and 4.20% (-1bp), respectively in February.

Malaysia's economy grew by 5.0% YoY in 4Q2024, higher than the official advance estimates of 4.8% released earlier. The 4Q2024 growth was supported by the strong expansion in investment activities, sustained household spending amid improved labor market conditions and policy support as well as continued growth in exports of goods and services. Full year GDP growth accelerated to 5.1%, sharply higher than 3.6% in 2023, due to continued expansion in domestic demand of +6.5% YoY (2023: +4.6% YoY) and a rebound in net exports to +2.2% YoY (2023: -16.2% YoY).

## 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 : 28 February 2025

### Disclaimer:

This is strictly the performance of the investment fund, and not the returns earned on the actual premiums paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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.