

FUND OBJECTIVE

To provide investors with an opportunity to gain consistent and stable income by investing in a diversified portfolio of dividend yielding equities and fixed income securities. The Fund may also provide moderate capital growth potential over the medium to long-term period.

FUND DETAILS

Launch Date	20 May 2014	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	7.63 million units (31 May 2019)	Fund Size	RM9.93 million (31 May 2019)
Unit NAV	RM1.3021 (31 May 2019)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	CIMB Principal Equity Income Fund
Benchmark	50% FBM100 Index + 50% MSCI AC Asia ex-Japan Index	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> ▪ Have a medium to long-term investment horizon ▪ Target capital appreciation ▪ Do not require regular income ▪ Comfortable with higher volatility ▪ Willing to take higher risk for potential higher gains 	Fees	<ul style="list-style-type: none"> ▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Equity Income Fund. ▪ Up to 1.5% of per annum fund management charge is applied on the target fund's NAV by Principal Asset Management Berhad.

ASSET ALLOCATION OF THE TARGET FUND

Equities (Local)	Equities (Foreign)	Mutual Fund	Cash
54.88%	38.59%	1.72%	4.81%

SECTOR ALLOCATION OF THE TARGET FUND

Financials Services	23.32%
Industrials	13.94%
Real Estate	10.75%
Communication Services	8.85%
Energy	7.46%
Consumer Staples	7.21%
Consumer Discretionary	6.89%
Utilities	5.31%
Information Technology	4.86%
Materials	3.22%
Mutual Fund	1.72%
Health Care	1.67%
Cash	4.81%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Tenaga Nasional Bhd (Malaysia)	5.31%
Malayan Banking Bhd (Malaysia)	3.80%
CIMB Group Hldgs Bhd (Malaysia)	3.73%
Reliance Industries Ltd (India)	2.83%
Tencent Hldg Ltd (Hong Kong)	2.63%
Petronas Chemicals Group Bhd (Malaysia)	2.45%
Link REIT (Hong Kong)	2.32%
AIA Group Ltd (Hong Kong)	2.19%
Taiwan Semiconductor Manuf (Taiwan)	1.96%
RHB Bank Bhd (Malaysia)	1.96%
Total	29.18%

PERFORMANCE RECORD

This fund feeds into CIMB Principal Equity Income Fund (“target fund”) with the objective to provide investors with an opportunity to gain consistent and stable income by investing in a diversified portfolio of dividend yielding equities and fixed income securities. The Fund may also provide moderate capital growth potential over the medium to long-term period.

Table below shows the investment returns of Sun Life Malaysia Equity Income Fund versus its benchmark as at 31 May 2019:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	4.65	-2.96	0.40	2.70	-3.38	25.31	30.21
Benchmark	2.44	-3.94	-2.42	0.14	-6.19	14.79	15.57

* 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 May, the Fund declined by -2.96%, outperforming the Benchmark by 98 basis points (bps). Our holdings in REITs and underweight in selected Consumer Discretionary and Internet stocks in China contributed to the outperformance. YTD, the Fund rose +4.65%, outperforming the Benchmark by 221bps.

The FBMKLCI rebounded in May 2019 by 0.52% led by banks, telco and utilities. Trade tensions between US and China intensified during the month, culminating in additional taxes on US\$200bn worth of Chinese exports to US and blacklisting of Huawei by the Trump administration. President Trump has also threatened to raise tariffs on remaining US\$325bn of Chinese goods unless a deal is reached. A series of general elections from India, Indonesia, Thailand and Australia has concluded with incumbents retaining dominance, paving way for political stability in these countries.

Overall, we remain NEUTRAL on Malaysia given lack of earnings growth (consensus penciled in negative earnings growth for 2019) which is balanced by undemanding valuation now. Having said that, we are of the opinion that value is emerging in Malaysian equities having shed 2.7% YTD and Malaysia tend to be more defensive when volatility in global equity markets rises. While we will continue with the high equity weighting with low beta investment strategy, we will continuously accumulate some alphas for the portfolio. We look to add selected blue chips in banks, telecommunication, glove sectors while maintaining our weight on Energy (Tenaga). At the same time, we are reducing exposure on some of the Technology-related names on the back of rising trade conflicts.

Asia: The weakness in Asian stock markets could be attributed to renewed and heightened trade tensions between US & China after talks fell apart and tariffs were raised. Looking ahead towards the near term, we maintain a neutral on Asia Pacific Ex Japan equities as we think upside in the near term would be capped by high valuations and a lack of positive earnings revision. The mitigating factor is subdued inflation worldwide which has allowed central banks to adopt extremely accommodative monetary policies, with the consequent low interest rates across the entire term structure providing ample support for equity valuations. There is increasingly high likelihood of a global synchronized economic slowdown, so interest rates could stay lower.

Source : *Principal Asset Management Bhd*

Date : *31 May 2019*

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.