Sun Life Malaysia
Global Sustainable Fund
September 2023

FUND OBJECTIVE

To achieve long term capital growth through investment in a relatively concentrated, actively managed portfolio of global equity securities issued by companies with a high overall positive impact on society.

FUND DETAILS

Launch Date	21 July 2021	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	8.75 million units (29 September 2023)	Fund Size	RM8.79 million (29 September 2023)
Unit NAV	RM1.0040 (29 September 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Nomura Asset Management Malaysia Sdn Bhd	Target Fund	Nomura Global Sustainable Equity Fund - MYR Class B
Benchmark	MSCI All Country World Index	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: ▪ are seeking long term capital growth; ▪ want a portfolio of investments that provides positive impact on the sustainable development of society; ▪ want to have portfolio with global exposure; or ▪ are prepared to accept moderate level of volatility.	Fees	▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Global Sustainable Fund. ▪ Up to 1.6% p.a. fund management charge is applied on the target fund's NAV by Nomura Asset Management Malaysia Sdn Bhd.

ASSET ALLOCATION OF THE TARGET FUND

Equity Fund	Cash and Others
99.36%	0.64%

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SECTOR ALLOCATION OF THE TARGET FUND	
Health Care	27.22%
Financials	20.23%
Information Technology	19.52%
Industrials	15.89%
Utilities	6.43%
Consumer Staples	3.48%
Communication Services	3.07%
Materials	2.63%
Cash & Others	1.53%

TOP HOLDINGS OF THE TARGET FUND	
Microsoft Corporation	4.08%
Mastercard Incorporated Class A	4.05%
Novo Nordisk A/S Class B	3.86%
Thermo Fisher Scientific Inc.	3.71%
Johnson Controls International plc	3.66%

PERFORMANCE RECORD

This fund feeds into Nomura Global Sustainable Equity Fund - MYR Class B ("target fund") with the objective to achieve long-term capital growth through investment in a relatively concentrated, actively managed portfolio of global equity securities issued by companies with a high overall positive impact on society.

Table below shows the investment returns of Sun Life Malaysia Global Sustainable Fund versus its benchmark as at 29 September 2023:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
Fund*	11.48	-3.79	-3.89	5.81	17.23	N/A	0.40
Benchmark	15.65	-3.13	-3.24	8.06	20.19	N/A	3.11

** 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.

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FUND MANAGER'S COMMENTS

Allocation was broadly neutral as benefits from being overweight Healthcare and underweight Consumer Discretionary were offset by the underweight to Energy. Selection was weakest across Financials as the holding in the Hong Kong listed life insurance business AiA Group continued to underperform whilst Utilities and Industrial holdings also underperformed. A combination of strong economic data, higher oil (Brent +11%) and more hawkish central banker commentary drove long term interest rates sharply higher over the month with the US ten year rising from 4.11% to 4.57%. This in turn led to a relatively broad based sell off led by Growth (MSCI ACWI Growth -5.5%, Value -2.6%).

The top contributors were CVS (+7%) and UnitedHealth (+6%), in addition to not holding Apple (-9%). Having had a tough year to date CVS recovered on more positive sentiment around operational problems abating and an improving likelihood that its primary Medicare Advantage plan will gain back its 4 star rating from the Centers for Medicare & Medicaid Services (CMS).

The greatest detractors were NextEra Energy (-12%) and Johnson Controls (-9%). The Utilities sector has significantly underperformed the broader market on a growing expectation that inflation and interest rates will remain higher for longer and this has impacted higher growth, more highly rated stocks such as NextEra the most given the greater sensitivity/ longer duration. At a stock specific level towards the end of September, NextEra Energy Partners (NEP, the publicly listed yieldco partly owned by NextEra Energy (NEE)) delivered a large downgrade of its expectation for distributions through 2026 due to rates pressure. Given the relative MCap of NEP to NEE and size of its stake in the yieldco the direct impact of the fall in NEP is relatively limited. However, NEE does use NEP as one source of capital recycling, selling approximately USD1bn of renewables per year to NEP, to support future growth investments. This has therefore brought into question NEE's ability to grow its renewables business at its targeted level and more broadly driven a spike in investor concern over the vulnerability of the renewables sector in the current economic environment.

Impact focus of the month: NextEra Energy has been a long term holding of the strategy since its inception as a key enabler of climate change mitigation. The company was a first mover within North America and its renewable business NextEra Energy Resources operates 31GW of clean energy assets, primarily onshore wind but with a growing solar portfolio. The company further expects to add between 20GW of wind, solar and storage over the next couple of years. The impact on mitigate climate change has not only been huge from the direct replacement of fossil fuel generation but also as a result of the enormous investment made in to renewables supporting a lowering of the cost to build out renewables more broadly.

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

Returns not guaranteed	The investment of the fund is subject to market fluctuations and its inherent risk. There is NO GUARANTEE on the investment returns, nor any assurance that the target fund's investment objective will be achieved.
Market risk	The value of an investment will decrease or increase due to changes in market factors i.e. economic, political or other events that impact large portions of the market. Market risk cannot be eliminated, hence the target fund's investment portfolio may be prone to changing market conditions that may result in uncertainties and fluctuations in the value of the underlying of the target fund's investment portfolio, causing the NAV or prices of units to fluctuate.
Inflation risk	This is the risk that your investment in the target fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the nominal value of the investment in monetary terms has increased.
Manager's risk	This risk refers to the day-to-day management of the target fund by Nomura which will impact the performance of the target fund, e.g. investment decisions undertaken by Nomura as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weakness in operational process and systems may adversely affect the performance of the target fund. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by Nomura.
Concentration risk	As the target fund invests at least 80% of its NAV in the master fund, it is subject to concentration risk as the performance of the target fund would be dependent on the performance of the master fund.
Country risk	The investment of the target fund may be affected by risk specific to the country which it invests in. Such risks include changes in the country's economic, social and political environment. The value of the assets of the target fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country which the target fund invests in, i.e. Ireland, the domicile country of the master fund.

RISKS (CONTINUED)

Default risk	Default risk relates to the risk that an issuer of a money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the money market instruments. This could affect the value of the target fund as up to 20% of the NAV of the target fund will be invested in liquid assets which include but are not limited to deposits and money market instruments.
Investment manager of the master fund risk	The target fund will invest in the master fund managed by a foreign asset management company. This risk refers to the risk associated with the investment manager, which include: i) The risk of non-adherence to the investment objective, strategy and policies of the master fund; ii) The risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems by the investment manager; and iii) The risk that the master fund may underperform its benchmark due to poor investment decisions by the investment manager.

Source : Nomura Asset Management Malaysia Sdn Bhd
Date : 29 September 2023