

Sun Life Malaysia Conservative Fund

December 2025



FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

INVESTMENT STRATEGY & APPROACH

Please refer to the Master Fund Fact Sheets at <https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/> for more information on the Investment Strategy and Approach for the target fund.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	22.83 million units (31 December 2025)	Fund Size	RM39.39 million (31 December 2025)
Unit NAV	RM1.7257 (31 December 2025)	Performance Benchmark	12-month FD
Fund Manager	Principal Asset Management Bhd	Frequency and Basis of Unit Valuation	The unit price determined daily based on the value of our 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 & transaction charge
Target Market	Suitable for investors: ▪ Have a medium to long term investment horizon ▪ Want a diversified portfolio of fixed interest securities ▪ Are looking for a less volatile investment but can accept lower returns	Fund Management Charges	Management Fee: 1.0% p.a

ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
Minimum 80% of Net Asset Value (NAV)	Balance of fund

SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
92.35%	3.84%	0.00%	3.81%	100.00%

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

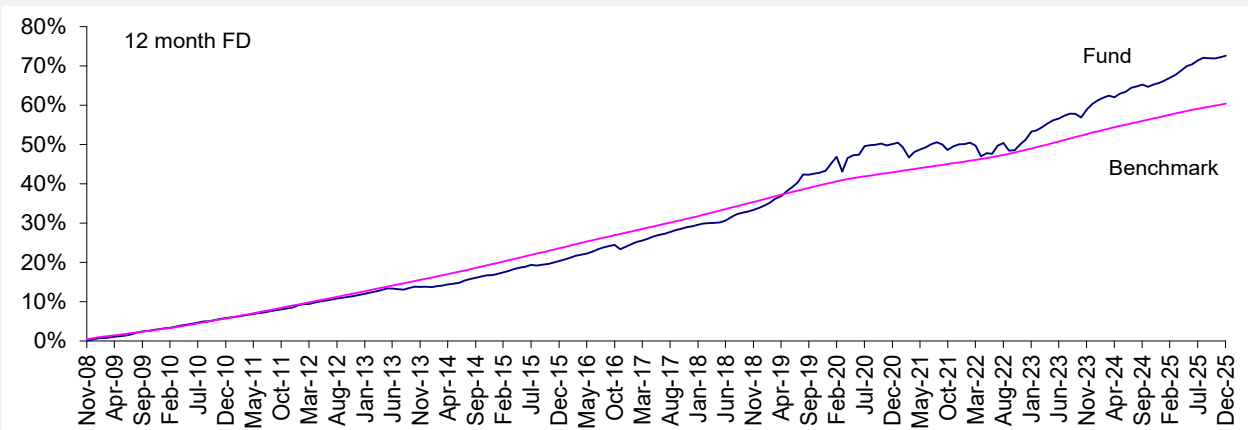
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TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Sarawak Energy Bhd	5.50%	04/07/2029	6.92	OSK Rated Bond Sdn Bhd	4.12%	02/03/2035	2.20
Sarawak Energy Bhd	4.70%	24/11/2028	2.63	Dialog Group Bhd	4.53%	28/01/2032	1.89
United Overseas Bank Malaysia	3.85%	03/07/2037	2.59	Point Zone M Sdn Bhd	4.69%	13/03/2030	1.79
Malaysia Government Securities	4.065%	15/06/2050	2.58	Quantum Solar Park Green SRI Sukuk	5.56%	06/10/2027	1.78
Perbadanan Kemajuan Pertanian Negeri Pahang	4.36%	29/10/2027	2.56	UEM Sunrise Bhd	4.08%	04/03/2032	1.75

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	4.16	0.23	4.16	14.10	14.95	43.39	72.57
Benchmark	2.20	0.16	2.20	7.91	12.22	29.78	60.40

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

Source: Lipper

FUND MANAGER'S COMMENTS

Market Review

The Malaysian Government Securities ("MGS") yield curve ended mixed during the month as the lack of domestic catalysts limited directional conviction, with benign inflation and a resilient growth outlook anchoring expectations for a steady OPR in the near term. Performance diverged across the curve, with the 7-year benchmark outperforming as yields fell by 7bps, while the 10-year lagged as its yield increased by 4bps over the month. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS closed at 3.09% (-1bp), 3.30% (unch.), 3.39% (-7bps), 3.53% (+4bps), 3.80% (+3bps), 3.86% (-2bps), and 3.98% (unch.) respectively in December. MGII saw relatively better support across most tenors during the month with yields largely unchanged to lower. The 20-year segment outperformed the curve, as yields declined by 4bps while the 30-year tenor edged marginally higher by 1bp. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGII closed at 3.14% (unch.), 3.28% (unch.), 3.39% (-2bps), 3.56% (-1bp), 3.76% (unch.), 3.86% (-4bps), and 4.02% (+1bp) respectively in December.

Malaysia's consumer prices rose by 1.4% YOY in November, up from 1.3% in October, while core inflation remained stable at 2.2%. The uptick in headline inflation was partly driven by higher cigarette prices following the increase in excise duty and food-at-home prices, particularly fresh meat and fish. Core inflation remained stable, reflecting steady underlying price pressures. Higher inflation in mobile communication services and motor vehicles were offset by lower inflation in jewelry and watches and audio-visual services. Meanwhile, Malaysia's Producer Price Index (PPI) declined further by 1.8% in November from a 0.1% decrease in October 2025.

Malaysia's exports recorded a positive growth of 7.0% YOY in November, reaching RM135 billion. The trade surplus for the same period was RM6.1 billion, reflecting strong external trade performance.

For October 2025, the industrial production index (IPI) recorded a robust 6.0% YOY growth, the highest since September 2022. Manufacturing output surged 6.5%, driven by electronics and consumer goods. Mining grew 5.8%, while electricity rose 1.2%, reflecting broad-based industrial strength.

The Ministry of Economy will introduce MyRMK, an integrated monitoring system for the implementation of the 13th Malaysia Plan (13MP) starting 2026. MyRMK functions as a dynamic and continuous monitoring system, rather than merely a static plan, with the capability to provide real-time updates on the progress of project implementation and the achievement of policy objectives set under 13MP.

Outlook & Strategy

Malaysia's economy is projected to grow at a steady ~4%-4.5% in 2026, supported by resilient consumption, investment and exports, while headline inflation is expected to average between about 1.3% and 2.0% in 2026, according to Bank Negara Malaysia (BNM) projections and Ministry of Finance (MOF) forecasts.

BNM is expected to keep the overnight policy rate (OPR) unchanged at 2.75% through most of 2026 amid stable domestic growth and inflation, while global central banks such move toward easing, narrowing yield differentials and enhancing the carry appeal of MYR bonds.

Key January events include the release of the 4Q25 advance GDP estimate and December CPI, while the first MPC meeting of the year will also be closely watched.

Government bond supply in 2026 is expected to remain elevated but manageable, with gross MGS/MGII issuance of about RM183 billion, a front-loaded 1H profile, and a greater skew toward short- to mid-tenor auctions, while issuance flexibility (including short-term bills) is likely to be used to support long-duration yields and manage curve volatility.

Malaysian bonds saw renewed net foreign inflows in late 2025, reversing earlier outflows, supported by stable fundamentals and a firmer ringgit, which is increasingly viewed as a high-quality carry currency and, together with Malaysia's strong credit profile, is likely to sustain foreign demand into 2026.

FUND MANAGER'S COMMENT (CONTINUED)

The MGS yield curve steepened by end-December, with benchmark term spreads now trading above their one-year average, as a more pronounced decline in short-end yields relative to the long end has increased the duration premium offered at longer maturities. Credit spreads showed mixed performance, with spreads for 10- and 15-year corporate issuances generally tightening across rating categories. In contrast, longer-dated credits beyond this segment were broadly flat or widened marginally, while short- to intermediate-tenor issuances experienced some spread widening, with the 7-year corporate issuances seeing the most pronounced move.

We expect BNM to keep the OPR unchanged in the near term, supported by a stronger ringgit and contained inflationary pressures. While a rate cut is not our base case, we do not rule out a pre-emptive easing later in the year should growth momentum soften.

Asset allocation continues to favor corporate bonds, where carry remains attractive relative to government securities. We maintain a preference for high-quality, domestically oriented credits, as these issuers are better insulated from potential external risks, including evolving tariff dynamics and global trade uncertainty. Primary market opportunities remain a key focus, particularly where new issues offer incremental yield pick-up over the secondary market.

In the government bond space, movements are expected to be largely driven by external factors, including US rate developments and global risk sentiment. With government bond spreads to OPR already nearing five-year lows, we see limited near-term downside and remain cautious amid the prospect of increased government bond supply. As such, we will take profit on government bond rallies, while selectively participating in government securities for trading opportunities, supported by improved sentiment from a firmer ringgit.

Overall, we maintain a neutral to modestly overweight duration stance, balancing carry accumulation with active trading opportunities, while remaining disciplined amid valuation constraints and supply considerations.

RISKS

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

Market risk	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: • Economic and financial market conditions • Political change • Broad investor sentiment • Movements in interest rate and inflation • Currency risks 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 securities 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.
Interest rate risk	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.
Liquidity risk	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.
Company or security specific risk	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.
Credit risk	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.

Source : Principal Asset Management Bhd
Date : 31 December 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.