

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	7.399 million units (31 December 2018)	Fund Size	RM9.207 million (31 December 2018)
Unit NAV	RM1.2443 (31 December 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-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	Management fee: 1.500% p.a.

ASSET ALLOCATION OF THE TARGET FUND

Equities (Local)	Equities (Foreign)	Preferred Stock	Cash
45.00%	43.42%	0.04%	11.54%

SECTOR ALLOCATION OF THE TARGET FUND

Finance	35.12%
Consumer	21.15%
Industrials	7.09%
Utilities	3.90%
Telecommunications	3.68%
Technology	3.38%
Oil & Gas	2.76%
Plantation	2.01%
Energy	1.86%
Transportation/Logistics	1.79%
Mutual Fund	1.72%
Health Care	1.67%
Construction	1.24%
REIT	1.05%
Property	0.04%
Cash	11.54%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Public Bank Bhd – Local (Malaysia)	5.54%
Malayan Banking Bhd (Malaysia)	4.59%
Tenaga Nasional Bhd (Malaysia)	3.90%
CIMB Group Hldgs Bhd (Malaysia)	2.77%
Petronas Chemicals Group Bhd (Malaysia)	2.72%
Samsung Electronics Co. Ltd (South Korea)	2.21%
Hong Leong Bank Bhd (Malaysia)	2.15%
Link REIT (Hong Kong)	2.03%
AIA Group Ltd (Hong Kong)	2.01%
Reliance Industries Ltd (India)	1.85%
Total	29.77%

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 December 2018:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	-9.96%	-1.86%	-7.77%	-5.23%	-9.96%	16.24%	24.43%
Benchmark	-11.83%	-2.23%	-8.13%	-5.92%	-11.83%	7.62%	12.82%

***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 December, the Fund declined by 1.86%, outperforming its benchmark by 0.37%. Year-to-date, the Fund is down by 7.77%, outperforming the benchmark by 0.36%.

We expect Malaysia's GDP growth to moderate in 2019 on softening external demand and government's austerity measure. The Street expects the budget deficit to narrow from 3.7% in 2018 to 3.4% in 2019 as the government draws on Petronas's financial resources with a RM30bn special dividend. On the back of all these uncertainties, we reiterate our capital preservation investment strategy with preference on big cap GLCs and companies with strong fundamentals and solid cash flow and dividends in sectors such as Utilities & Renewable Energy, REITs, Consumer Staples and Industrials. Asia Pacific ex-Japan equities lost 3% (US\$ terms) month-on-month in December 2018 but outperformed MSCI World (-8%). China was the worst performing major market (-6%) on scepticism of deal making progress between US & China and as economic activity indicators pointed to a soft outlook.

However, we are more positive on Asian equities. Negotiations have resumed between the US & China which pushes out the tail risks of trade war escalating further. The US Fed will also be "patient" in their pace of monetary tightening and sensitive to risks in markets which will help keep the US\$ stable. Growth is slowing and inflation is easing in Asia which means monetary policy can be accommodative. Valuations are also undemanding at 11x PER FY2019. Consensus EPS growth for 2019 in Asia Pac is now +8% yoy. The market is probably ahead in discounting more downgrades (we forecast +6% yoy). We have grown more positive on Indonesia and India as the currencies have stabilized and oil prices have fallen below US\$70/bbl (WTI). Given the more muted outlook for interest rates, REITs are also favoured.

Source : CIMB-Principal Asset Management Bhd
Date : 31 December 2018

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.