

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 | 20.95 million units | Fund Size | RM36.34 million |
| Unit NAV | RM1.7348 | 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: <ul style="list-style-type: none"> 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 |

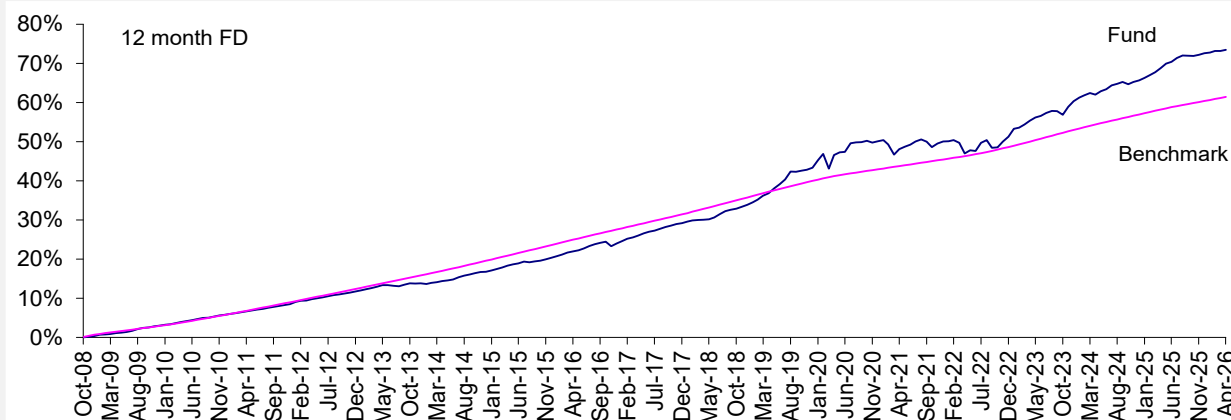
SECTOR ALLOCATION OF THE FUND

| Corporate Bond | Government Bond | Short Term Paper | Cash | Total |
|----------------|-----------------|------------------|-------|---------|
| 92.06% | 1.35% | 1.10% | 5.49% | 100.00% |

TOP HOLDINGS OF THE FUND

| Bond Issuer | Coupon | Maturity Date | % | Bond Issuer | Coupon | Maturity Date | % |
|---|--------|---------------|------|------------------------------------|--------|---------------|------|
| Perbadanan Kemajuan Pertanian Negeri Pahang | 4.21% | 30/10/2026 | 4.13 | Point Zone M Sdn Bhd | 4.69% | 13/03/2030 | 1.92 |
| 7-Eleven Malaysia Holdings Bhd | 4.56% | 13/02/2031 | 3.55 | Quantum Solar Park Green SRI Sukuk | 5.56% | 06/10/2027 | 1.90 |
| Perbadanan Kemajuan Pertanian Negeri Pahang | 4.36% | 29/10/2027 | 2.76 | UEM Sunrise Bhd | 4.08% | 04/03/2032 | 1.88 |
| OSK Rated Bond Sdn Bhd | 4.12% | 02/03/2035 | 2.35 | Tenaga Nasional Bhd | 3.55% | 10/08/2040 | 1.85 |
| Dialog Group Bhd | 4.53% | 28/01/2032 | 2.02 | DRB-Hicom Bhd | 5.05% | 06/08/2031 | 1.77 |

PERFORMANCE RECORD



| % | YTD | 1M | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|------|------|--------|---------|---------|----------|-----------------|
| Fund* | 0.53 | 0.17 | 2.78 | 11.66 | 17.14 | 42.23 | 73.48 |
| Benchmark | 0.64 | 0.15 | 2.04 | 7.61 | 12.28 | 29.19 | 61.45 |

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

Source: Lipper

FUND MANAGER'S COMMENTS

Market Review

The MGS yield curve shifted lower in April, with yields declining by 4–8 bps across tenors, in line with global rate markets.

The decline in sovereign yields led to a widening in credit spreads, as corporate bond yields remained relatively sticky despite the downward shift in the MGS curve. The widening was most pronounced in the AA segment, followed by the AAA segment.

We expect spreads to widen further if MGS yields remain higher for longer, as the secondary market continues to adjust to a heavier primary issuance pipeline priced at higher spreads.

Outlook & Strategy

BNM kept the OPR unchanged at 2.75% at the May 2026 MPC meeting, reaffirming that the current policy stance remains appropriate in supporting price stability and sustainable growth despite heightened uncertainties arising from the Middle East conflict. Malaysia's economic growth moderated to 5.3% YoY in 1Q26, reflecting slower expansion across most sectors, including services, manufacturing, construction and agriculture, although consumer spending remained resilient, underpinned by a stable labour market and rising incomes. External trade momentum softened amid weaker global demand and lower commodity prices, while the labour market stayed firm with unemployment around 2.9%. Inflation remained moderate, with headline inflation at 1.7% YoY, providing BNM with policy flexibility. Meanwhile, manufacturing sentiment improved, with PMI rising to a four-year high of 51.6 in April, supported by stronger output and inventory rebuilding, though export orders weakened and cost pressures intensified.

Looking ahead, we expect BNM to remain on hold in the near term, with future policy decisions closely tied to developments surrounding the Middle East conflict. Despite elevated external uncertainties, Malaysia enters this period from a position of strength, supported by resilient domestic demand and stable macroeconomic fundamentals.

We maintain our preference for the credit segment, focusing on high-quality, domestically oriented issuers with strong cash flow visibility, while avoiding companies with exposure to conflict-affected regions. In view of the strong primary pipeline, we will aim to rebalance into new issuances offering yields that better reflect current market conditions. Meanwhile, we downgrade our view to neutral from bullish for MGS, as yields have retraced from its April highs. We will take a tactical approach within the Government Bonds segment, taking positions opportunistically, primarily for trading purposes.

Overall, we target a neutral positioning on duration in light of current external uncertainties backdrop to preserve flexibility and manage risk amid heightened volatility.

RISKS

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

| | |
|---|---|
| <p>Market risk</p> | <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"> • Economic and financial market conditions • Political change • Broad investor sentiment • Movements in interest rate and inflation • Currency risks <p>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.</p> |
| <p>Interest rate risk</p> | <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> |
| <p>Liquidity risk</p> | <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> |
| <p>Company or security specific risk</p> | <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> |
| <p>Credit risk</p> | <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

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.