

Sun Life Malaysia Select Bond Fund

February 2026



FUND OBJECTIVE

To provide a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

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	16 January 2018	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	17.24 million units	Fund Size	RM20.57 million
Unit NAV	RM1.1933	Target Fund	AHAM Select Bond Fund
Fund Manager	AHAM Asset Management Berhad	Taxation	8% of annual investment income
Performance Benchmark	Maybank 12-Month Fixed Deposit Rate	Frequency and Basis of Unit Valuation	The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund
Target Market	Suitable for investors: <ul style="list-style-type: none">Have a medium to long term investment horizonRisk averse and conservative	Fund Management Charge	<ul style="list-style-type: none">Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Bond Fund.

ASSET ALLOCATION

Bonds	Cash
Minimum 70% of Net Asset Value (NAV)	Maximum 30% of NAV

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SECTOR ALLOCATION OF THE TARGET FUND

Banks	21.40%
Real Estate	11.00%
Insurance	11.00%
Industrials	9.10%
Financial Services	8.90%
Energy	8.50%
Telecommunications	5.00%
Consumer Discretionary	4.70%
Basic Materials	3.90%
Utilities	3.60%
Technology	2.60%
Government	2.10%
Others	2.20%
Cash And Cash Equivalent	6.00%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
HDFC Bank Ltd	3.70%	25.08.2026	1.9
Mitsubishi UFJ Fin Group Inc	6.35%	15.01.2036	1.9
Telefonica Europe BV	5.75%	15.01.2032	1.9
Aldar Properties PJSC	6.62%	15.04.2055	1.8
GC Treasury Center Co	6.50%	10.09.2030	1.7
Verizon Communications Inc	4.00%	15.06.2056	1.5
Ma'aden Sukuk Ltd	5.25%	29.01.2036	1.5
Zurich Finance Ireland	3.00%	19.04.2051	1.5
Yinson Production Offshore Pte	9.63%	03.05.2029	1.4
Maf Sukuk Ltd	4.88%	22.10.2035	1.4

PERFORMANCE RECORD

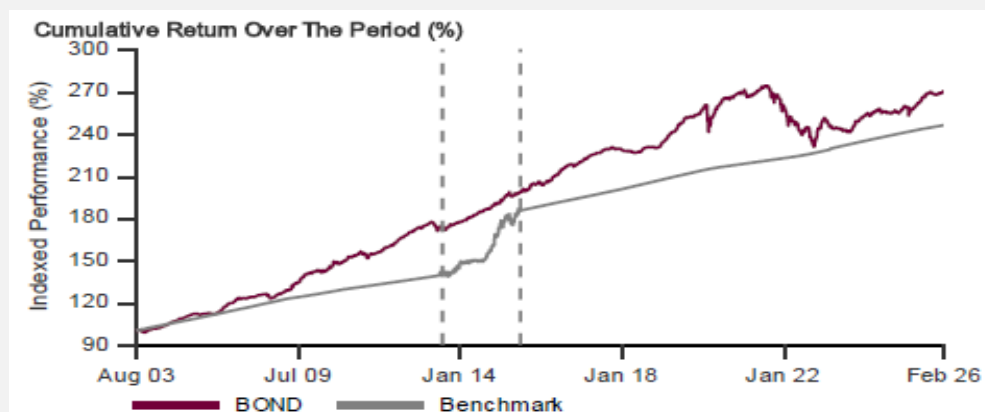
This fund feeds into AHAM Select Bond Fund ("Target Fund") with the objective to provide a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

Table below shows the investment returns of Sun Life Malaysia Select Bond Fund versus its benchmark:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	0.89	0.56	1.60	4.33	8.92	2.79	19.33
Benchmark	0.32	0.15	1.02	2.22	7.84	12.47	22.91

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

Graph Below shows the historical performance of the underlying collective investment schemes (CIS) for calendar year returns:



Source: www.morningstar.com

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FUND MANAGER'S COMMENTS

- In February 2026, global fixed income markets rallied as a confluence of factors drove investors toward safe-haven assets. US Treasury yields shifted meaningfully lower amid (1) intense geopolitical risk and renewed trade uncertainties, (2) expectations of a more dovish Federal Reserve with the incoming new Chair, and (3) a sharp derating in the AI sector that triggered broader risk-off sentiment across equity markets. The 2-year, 10-year, and 30-year UST ended the month at 3.38% (-14 bps), 3.94% (-26 bps), and 4.61% (-26 bps) respectively, with the long-end leading the rally.
- The Federal Reserve is widely expected to tilt dovish under its new leadership, though wider dot plot dispersion from the December 2025 Summary of Economic Projections suggests that some committee members remain resistant to aggressive easing. Inflation remains sticky above the 2% target, although the Fed has already eased in 2025 despite elevated inflation readings. On the energy front, AI-driven demand coupled with potential supply and trade route disruptions continue to pose cost-push inflation risks, which may ultimately constrain the extent of further monetary policy easing. Additional OPEC supply could partially mitigate upward pressure, but persistent disruption to oil trade routes remains a lingering concern.
- Domestically, the Malaysian Government Securities (“MGS”) yield curve shifted modestly lower during the month, led by the 5-year and 7-year tenors, while the rest of the curve remained relatively unchanged. The move was largely attributed to banking demand, supported by decent term premium at the short-end relative to the Overnight Policy Rate (“OPR”). The 3-year, 10-year, and 30-year MGS ended the month at 3.12% (+1 bps), 3.52% (unchanged), and 4.02% (unchanged) respectively. The belly of the curve and corporate bonds outperformed during the period.
- Malaysia's economic fundamentals continued to impress, with 4Q25 GDP recording 6.3% year-on-year growth, lifting full-year 2025 GDP growth to 5.2%, exceeding the official forecast of 4.8%. The unemployment rate declined to a decade-low of 2.9%, underscoring the strength of the domestic labor market. On the fiscal front, the deficit narrowed to 3.7% of GDP, marginally outperforming the 3.8% target, although a sovereign rating upgrade remains unlikely in the near term given the debt-to-GDP ratio of approximately 65%, which exceeds rating agencies' guidance of around 60%. Resilient electrical and electronics (“E&E”) exports remain a key growth pillar, though this also underscores Malaysia's reliance on the ongoing AI upcycle.

STRATEGY:

- To start off, the Fund posted a 0.6% gain amid strong performance from global fixed income space, bringing YTD total return to 0.9%. Bond yields rallied through the month as AI valuation concerns and elevated geopolitical tensions weighed on sentiment, with the US Treasury 10-year yield closed at 3.94% (-30bps). Over the last weekend of February, US and Israel launched strikes on Iran, triggering a sharp and broad-based risk-off episode across global financial markets. Despite its traditional safe haven status, US Treasury did not benefit from the tension as investors focused on the inflationary implications of surging oil prices rather than fleeing to quality. With Strait of Hormuz reported closed by Tehran, it further amplified fears of a sustained energy supply disruption. Brent crude climbed 17% to above \$80 per barrel. At the time of writing, US Treasury 10-year yield continued to rise reaching its highest level since mid-February at 4.14%. Credit markets sold off in tandem, with high yield spreads widening materially as risk appetite deteriorated across the board. Rate cut expectation was further pushed back to September 2026. Futures market is now pricing less than 50bps rate cut for the full year of 2026.
- On the portfolio front, the portfolio yield stands at around 5.3% whereby portfolio duration was 5 years. In terms of breakdown, the fund's biggest is in USD space (corporate and small exposure in MBS), followed by AUD and EUR bonds. At the time of writing, duration was then slightly reduced to 4.4 years as the Fund took profit on some duration call. The portfolio remains highly hedged, with all foreign currency exposures fully covered except for a 5% allocation in AUD, where we expect AUD/MYR to trade within the 2.65–2.80 range. The Manager remains highly active in both primary and secondary markets across USD, AUD, EUR, and SGD, capitalizing on opportunities in global credits and government bonds to enhance returns. To note, the Fund has 5.5% exposure to UAE and Saudi Arabia, and the Manager will continue to monitor the ongoing developments in the Middle East. Looking ahead, the Manager maintains a constructive view on regional fixed income, where carry remains attractive. Focus remains on high-quality investment-grade bonds, which tend to be more resilient during risk-off periods.

RISKS

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

Market risk	Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the target fund's NAV.
Liquidity risk	Liquidity risk refers to two scenarios. The first scenario is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the target fund.
Credit and default risk	Credit risk relates to the credit worthiness of the issuers of the bonds or money market instruments ("Investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the Investment. In the case of rated investment, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the Investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Investment. This could adversely affect the value of the target fund.
Interest rate risk	This risk refers to the impact of interest rate changes on the valuation of bonds or money market instruments ("Investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the Investment. The reverse may apply when interest rates fall.
Currency risk	<p>As the Investments of the target fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.</p> <p><u>Currency risk at the target fund level</u> The impact of the exchange rate movement between the base currency of the target fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the base currency of the target fund.</p>

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Embedded derivatives risk

The NAV of the target fund will be impacted by the valuation of the embedded derivatives. Factors that may impact the valuation of the embedded derivatives will include, but not be limited to movement of the underlying assets, volatility of the underlying assets, interest rate levels, the correlation of the underlying assets and other such factors. Any change in the aforesaid factors would either positively or negatively impact the valuation of the embedded derivatives hence impacting the NAV of the target fund. As such, the target fund's NAV will be exposed to potential price volatility, which will be dependent on the valuation of the embedded derivatives that the target fund invested in.

Country risk

Investments of the target fund in any country may be affected by changes in economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the target fund invests. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the target fund in those affected countries. This in turn may cause the NAV of the target fund or prices of units to fall.

Regulatory risk

The investments of the target fund would be exposed to changes in the laws and regulations in the countries the target fund is invested in. These regulatory changes pose a risk to the target fund as it may materially impact the investments of the target fund. In an effort to manage and mitigate such risk, the fund manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream media) in that country. The fund manager may dispose its investments in that particular country should the regulatory changes adversely impact the investors' interest or diminish returns to the target fund.

Source : AHAM Asset Management Berhad

Date : 28 February 2026

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.