Sun Life Malaysia Conservative Fund
May 2026

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	21.18 million units	Fund Size	RM36.79 million
Unit NAV	RM1.7371	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
91.82%	0.73%	1.09%	6.36%	100.00%

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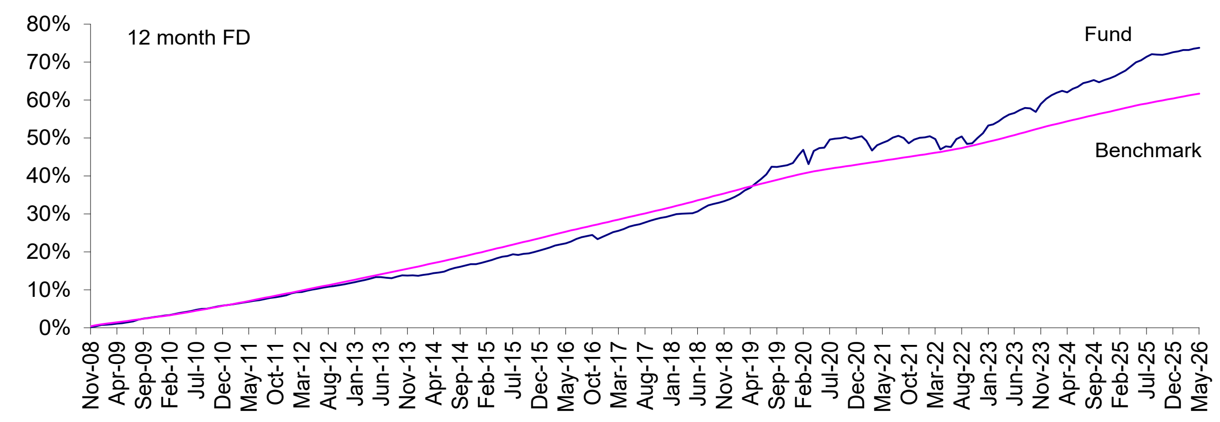
TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
7-Eleven Malaysia Holdings Bhd	4.56%	13/02/2031	3.53	Point Zone M Sdn Bhd	4.69%	13/03/2030	1.90
Pengurusan Air SPV Bhd	4.00%	03/06/2036	3.40	Quantum Solar Park Green SRI Sukuk	5.56%	06/10/2027	1.88
Perbadanan Kemajuan Pertanian Negeri Pahang	4.36%	29/10/2027	2.74	UEM Sunrise Bhd	4.08%	04/03/2032	1.86
OSK Rated Bond Sdn Bhd	4.12%	02/03/2035	2.33	Tenaga Nasional Bhd	3.55%	10/08/2040	1.81
Dialog Group Bhd	4.53%	28/01/2032	2.00	DRB-Hicom Bhd	5.05%	06/08/2031	1.75

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.66	0.13	2.22	11.22	16.81	42.08	73.71
Benchmark	0.80	0.15	2.00	7.51	12.29	29.04	61.68

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

Source: Lipper

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FUND MANAGER'S COMMENTS

Market Review

MGS yield curve bear-flattened, with the 3Y–7Y segment rising by 4–6 bps, while the 10Y–20Y segment remained broadly anchored in May.

Credit spreads were mixed during the month. Spreads tightened by 2-5 bps in the 3Y-7Y tenors, reflecting continued investor demand for credit risk and carry opportunities. In contrast, longer-dated credit spreads were broadly stable to wider (1-5bps) indicating investors remained cautious on duration risk and required higher compensation at the long-end.

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

Malaysia's macro backdrop remains resilient, with BNM holding the OPR at 2.75% in May 2026 amid contained inflation and steady growth, while highlighting external risks from Middle East tensions. Economic growth moderated slightly to 5.4% YoY in 1Q2026 but stayed above expectations, supported by domestic demand and a rebound in exports. Inflation edged up to 1.9% due to higher transport costs, though core inflation eased, giving policymakers flexibility, even as producer prices surged on higher oil prices. While leading indicators showed mild moderation, manufacturing and exports rebounded strongly, reflecting resilient external demand and inventory restocking. On the policy front, fiscal tightening is underway via spending cuts to manage rising subsidies, reinforcing discipline despite ongoing geopolitical and cost pressures.

With inflation staying contained and domestic growth remaining resilient, we expect BNM to keep the OPR unchanged in the near term. We continue to favor credits and will selectively switch into primary issuances, as secondary market spreads appear tight. Meanwhile, we maintain a neutral stance on government bonds and will look to take tactical positions during periods of market weakness.

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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

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