

Sun Life Malaysia Conservative Fund

April 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	22.44 million units (30 April 2025)	Fund Size	RM37.87 million (30 April 2025)
Unit NAV	RM1.6878 (30 April 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: <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
81.21%	3.98%	0.00%	14.81%	100.00%

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

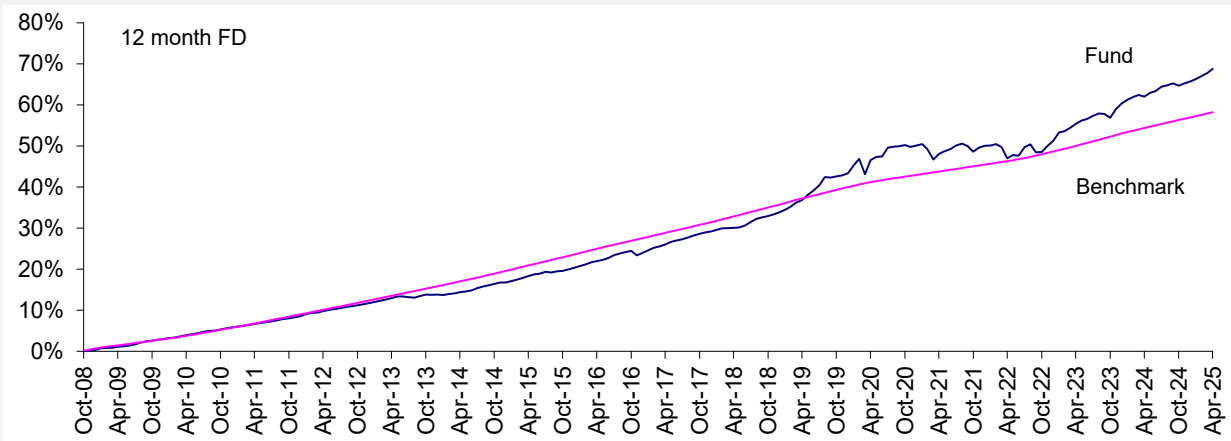
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TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
Sarawak Energy Bhd	5.50%	04/07/2029	7.18	Perbadanan Kemajuan Pertanian Negeri Pahang	4.36%	29/10/2027	2.62
Edra Energy Sdn Bhd	6.23%	05/01/2032	3.04	Lembaga Pembiayaan Perumahan Sektor Awam	4.24%	17/04/2054	2.17
UniTapah Sdn Bhd	6.15%	12/12/2030	3.00	Imtiaz Sukuk II Berhad	3.98%	05/05/2032	2.14
Sarawak Energy Bhd	4.70%	24/11/2028	2.79	Dialog Group Bhd	4.53%	28/01/2032	1.94
Malaysian Government Securities	4.065%	15/06/2050	2.69	UEM Sunrise Bhd	4.08%	04/03/2032	1.79

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	1.87	0.64	4.18	14.82	15.16	42.64	68.78
Benchmark	0.83	0.20	2.54	8.20	12.09	30.93	58.29

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

FUND MANAGER'S COMMENTS

Market Review

Local government bond market rallied in April, following a steepening trend in the US Treasuries as the market began pricing in the potential impacts from the retaliatory tariffs which could result in slower global growth. The Malaysian Government Securities ("MGS") yield curve steepened with the 3-year moving lower by 21 bps, while the 10-year and 30-year adjusted lower by 12bps and 8bps, respectively. The Malaysian Government Investment Issue ("MGII") yields also shifted lower during the month between 8 to 18bps throughout the curve. During the month, local government bonds remained supported with yields drifting lower in a bull-steepening fashion. However, credit spreads widened across all tenors and rating categories during the month, with the short end experiencing the most significant widening. Meanwhile, the long-end corporate bonds saw a more modest increase of 1 to 3 bps across all rating categories.

The Department of Statistics has released its advanced 1Q25 GDP estimates, showing growth slowed to 4.4% in 1Q25 (4Q24: 5.0%), signaling a softer start to the year. The advance estimate came in below the market's consensus of 4.8%. This marks the first sub-5% real GDP growth since 1Q24. On a seasonally adjusted quarterly basis, GDP contracted by 3.7% (4Q24: +2.7%), weaker than 1Q24 (-3.1%). The slowdown was broad-based, driven by continued weakness in mining and quarrying, while agriculture saw a modest rebound. The services sector eased to a three-quarter low at 5.2% but remained the primary growth engine. On the other hand, the construction sector sustained double-digit growth for a fifth consecutive quarter, albeit at a slower pace.

March headline CPI eased to 1.4% YoY (Feb: 1.5%), while core CPI remained stable at 1.9%. Inflation remained soft despite the minimum wage hikes in February. For the first quarter of 2025, inflation remained steady at 1.5%, with core inflation holding at 1.9%. When compared to regional peers, Malaysia's inflation rate remains relatively low, positioning us favorably within the Southeast Asian economy.

Meanwhile, Malaysia's trade continued its positive momentum in March 2025, marking the 15th consecutive month of YoY growth since January 2024. Total trade rose 2.2% to RM249.89 billion, the highest ever value recorded for March. Growth was driven by a 6.8% increase in exports to RM137.31 billion (record high for March), while imports declined by 2.8% to RM112.59 billion. Trade surplus expanded 94.4% YoY to RM24.72 billion, the highest since June 2023, and the 59th consecutive monthly surplus since May 2020. Export growth was mainly supported by higher demand for manufactured goods, especially electrical and electronic products, which recorded the highest monthly value to date, rising by over RM12 billion YoY. Agriculture goods, particularly palm oil and palm oil-based products, also contributed to the export increase.

FUND MANAGER'S COMMENT (CONTINUED)

Outlook & Strategy

Amid heightened uncertainties surrounding global trade policies, Bank Negara Malaysia (BNM) Governor Rasheed emphasized that the central bank is not in a hurry to revise its 2025 GDP growth forecast of 4.5% to 5.5%, although he acknowledged the projection is currently under review following the unexpected announcement of a 24% tariff on Malaysian exports to the US.

We remain cautious of external headwinds stemming from US trade actions and potential geopolitical tensions, which have contributed to a more risk-off tone across markets and may result in persistent volatility in the months ahead. Against this backdrop, we will closely monitor the upcoming MPC meeting for any changes in policy language; should the tone appear more dovish, we may consider increasing exposure to government bonds to take advantage of supportive conditions. At the same time, we are inclined to rotate out of shorter-duration corporate bonds into longer-dated credit issuances, both in the primary and secondary market, given the recent widening in credit spreads. Overall, the current environment remains conducive for an overweight duration strategy, and we intend to maintain this positioning to enhance portfolio carry while strategically capturing potential shifts along the yield curve.

RISKS

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

Market risk	<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>
Interest rate risk	<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>
Liquidity risk	<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>
Company or security specific risk	<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>
Credit risk	<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
Date : 30 April 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.