

Sun Life Malaysia Select Bond Fund

January 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	16.94 million units	Fund Size	RM20.10 million
Unit NAV	RM1.1867	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 horizon▪ Risk 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	20.00%
Insurance	10.30%
Real Estate	9.90%
Industrials	9.00%
Energy	8.00%
Utilities	7.70%
Financial Services	7.50%
Telecommunications	3.70%
Consumer Discretionary	3.40%
Basic Materials	3.30%
Technology	2.60%
Consumer Staples	1.90%
Others	1.70%
Cash And Cash Equivalent	11.00%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
HDFC Bank Ltd	3.70%	25.08.2026	1.9
Telefonica Europe BV	5.75%	15.01.2032	1.9
Aldar Properties PJSC	6.62%	15.04.2055	1.7
Zurich Finance Ireland	3.00%	19.04.2051	1.4
Ma'aden Sukuk Ltd	5.25%	29.01.2036	1.4
Yinson Production Offshore Pte	9.63%	03.05.2029	1.4
Maf Sukuk Ltd	4.88%	22.10.2035	1.4
Eco World Perpetual Cap Bhd	4.50%	20.08.2032	1.4
Dialog Group Bhd	4.15%	16.11.2027	1.4
IOI Investment L Bhd	3.38%	02.11.2031	1.3

PERFORMANCE RECORD

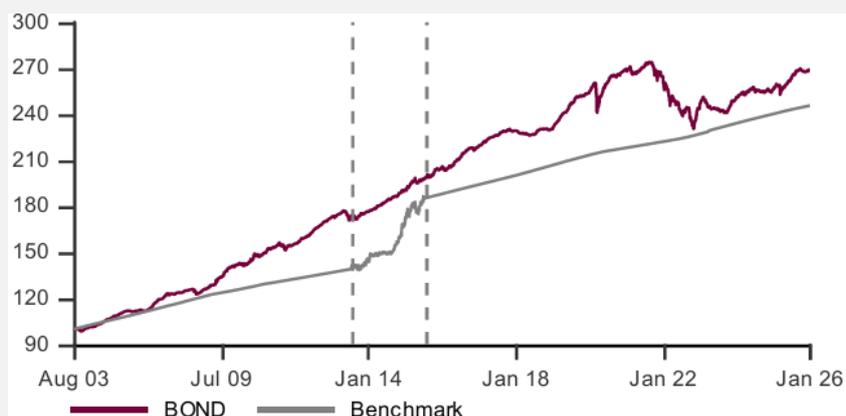
This fund feeds into AHAM Select Bond Fund ("Target Fund") with the objective to provide a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

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*	0.33	0.33	1.90	4.84	8.17	1.42	18.67
Benchmark	0.17	0.17	1.05	2.26	7.91	12.46	22.73

* 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 January, UST yields moved higher as markets pushed back expectations for further Fed rate cuts, following hawkish Fed guidance, resilient US growth and sticky inflation.
- The sell-off was concentrated in the short and intermediate tenors, leading to a flatter curve. UST 2-year, 10-year and 30-year yields closed the month at 3.52% (+5bps), 4.24% (+7bps) and 4.87% (+3bps), respectively. The Fed remains on hold as growth stays resilient, and inflation progress has slowed. Recent data has reduced urgency for near-term rate cuts but does not signal renewed tightening. Policy direction remains biased towards easing, though timing is now more uncertain. Markets continue to price cuts in 2026, but expectations are spread over a longer horizon.
- At the domestic front, MGS yields were mixed in January, with front-end yields rising modestly (3Y and 5Y up by 3bps), while the 10Y was broadly unchanged (-1bp). The long end underperformed, with 30Y yields rising by 5bps, resulting in a mild curve steepening. The move reflects supply and technical factors at the long end, rather than a shift in domestic monetary policy expectations, with OPR firmly on hold and front-end yields remaining well anchored.
- Malaysia enters 2026 with stable growth expectations, supported by domestic demand and fiscal support (phase 2 civil servants' pay hike, RM15bn cash handout, Visit Malaysia 2026). Inflation is likely to average around 1.5–2.0% in 2026 (FY25: 1.4%; MOF estimate: 1.3–2.0%) with no clear signs of upward pressure as energy and input costs remain low. Market is not expecting any subsidy rationalization in the near term. Foreign funds added another MYR3b of Ringgit bonds in December. YTD net inflow rose to RM25.6b. Inflows were likely skewed toward the front-end/belly, positioning for FX gains. Long-term foreign demand outlook remains positive due to Malaysia's yield advantage and stronger MYR prospects.

STRATEGY:

- To start off, the Fund posted a 0.33% gain in January, navigating heightened volatility in global rates. Yields remained elevated as the US Treasury 10-year yield climbed to 4.3%, driven by geopolitical tensions and ongoing political pressure on the US Federal Reserve. At the same time, US economic data continued to demonstrate resilience, reinforcing expectations for a rate pause. During the January FOMC meeting, the Federal Reserve voted 10–2 to keep rates unchanged at 3.5%–3.75%, with two dissenters favoring a 25bps cut. The decision reflected the Fed's cautious stance on inflation while acknowledging signs of stabilization in the labor market.
- Looking ahead to 2026, we expect major central banks to maintain a cautiously accommodative stance, with potential rate cuts from the US Federal Reserve and Bank of England, while the Bank of Japan and Reserve Bank of Australia may look to hike rates further. Credit spreads remained relatively stable throughout the month. Despite a selloff in AI and technology-related stocks, spreads held up well for solid investment-grade names such as Nvidia, Microsoft, and Meta. However, Softbank's credit spread widened by 20bps. The Fund maintains limited exposure to tech names.
- While there is a risk of spread widening in 2026, particularly in the US, driven by anticipated heavy issuance from technology and related sectors, the Manager continues to favor regions such as Asia and Europe, supported by strong corporate fundamentals, manageable supply, and attractive all-in yields. From an MYR perspective, the currency continued to appreciate amid strong portfolio and FDI inflows. In January 2026, MYR was once again the top-performing currency among Asia and G10 peers, strengthening by 3% against the USD and 2% against the SGD. The Fund continues to adopt an active FX management framework, gaining exposure to foreign bonds with high carry while keeping FX risk limited.
- The portfolio yield stands at around 5.4% whereby portfolio duration was 5.3 years. In terms of breakdown, the fund's biggest is in USD space (corporate and small exposure in MBS), followed by AUD and MYR bonds. Duration was then slightly reduced to 4.5 years into February, as the Fund took profit on some long-end Indonesia exposures. 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. 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

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.