Sun Life Malaysia Select Bond Fund

May 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	19.52 million units	Fund Size	RM23.23 million
Unit NAV	RM1.1901	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: ▪ Have a medium to long term investment horizon ▪ Risk averse and conservative	Fund Management Charge	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	24.52%
Insurance	12.00%
Industrials	11.71%
Financial Services	9.90%
Energy	7.03%
Consumer Discretionary	6.52%
Real Estate	5.35%
Basic Materials	4.25%
Technology	3.63%
Telecommunications	3.20%
Others	2.37%
Government	2.12%
Utilities	2.08%
Cash	5.32%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
HDFC Bank Ltd	3.70%	25.08.2049	2.1
Mitsubishi UFJ Fin Group Inc	6.35%	15.01.2049	2.0
GC Treasury Center Co	6.50%	10.09.2049	1.9
Melco Resorts Finance Ltd	5.75%	21.07.2028	1.9
Aldar Properties PJSC	6.62%	15.04.2055	1.8
Yinson Production Offshore Pte	9.63%	03.05.2029	1.6
Thaioil Treasury Center Co Ltd	6.10%	15.01.2049	1.6
Zurich Finance Ireland	3.00%	19.04.2051	1.6
Ma'aden Sukuk Ltd	5.25%	29.01.2036	1.6
Celestial Dynasty Ltd	6.38%	22.08.2028	1.5

PERFORMANCE RECORD

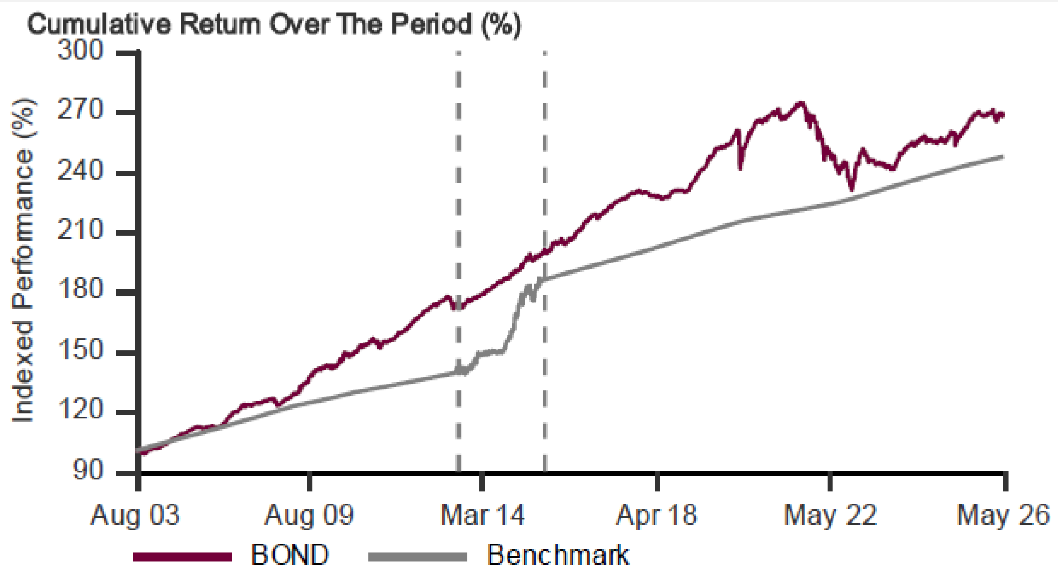
This fund feeds into AHAM Select Bond Fund ("Target Fund") with the objective to provide a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

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*	0.62	0.62	0.63	4.08	10.93	1.58	19.01
Benchmark	0.83	0.16	1.00	2.11	7.60	12.52	23.52

** 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

- May closed on a renewed US-Iran escalation, leaving the fundamental energy supply disruption narrative intact heading into June.

- Ceasefire optimism drove the sharpest oil selloff since the pandemic, before a late-month shock reversed the trend. Brent crude declined approximately 19% over the month as markets were optimistic about a durable US-Iran ceasefire and reopening of Strait of Hormuz. Brent traded to a low of ~$92/bbl (per barrel) from current episode's peak of $118/bbl. However, the selloff was interrupted late in May: on May 28, Iran's state-affiliated Tasnim news agency reported that Iranian negotiators had suspended exchanges with US intermediaries over alleged ceasefire violations, and that Tehran intended to move toward a full closure of the Strait. Oil prices jumped more than 7% on the headline. The conflict remains structurally unresolved, and even an eventual reopening faces significant practical constraints — infrastructure damage, mine-clearing, and tanker security will limit any recovery in throughput.

- The energy supply disruption narrative continued to drive rates higher through the month as market rethink about Fed's future rate path. The US 10-year Treasury yield ended May around 4.44% from 4.37% end April. April CPI printed at 3.8% YoY — the highest reading since 2023 — with the energy component surging 17.9%. The FOMC held rates unchanged at 3.50–3.75% at its April 29 meeting but saw four members dissented its dovish language. In addition, the May 15 handover of the Fed chairmanship from Jerome Powell to Kevin Warsh adds a governance dimension with Warsh inheriting a divided committee and a potential inflation problem.

- Credit spreads were stable with little changes. Overall, credits continued to perform, supported by elevated all in yields.

- Markets effectively priced out 2026 rate cuts and pricing in rate hike. This is a significant shift from the start of the year, when market was expecting 1-2 cuts. For the remainder of 2026, we opine that the bar to cut is high as labour market remains resilient and inflation rate remains above 2%. The June FOMC meeting, the first chaired by Warsh will be watched closely for any shift in forward guidance language.

STRATEGY:

- Our core allocation to mid duration high-quality investment grade bonds continued to provide a meaningful insulation against sell off in rates.

- Duration was maintained at 4 years during the month; this has helped reduce the portfolio's sensitivity to rising yields.

- The Fund's active FX framework kept currency risk tightly controlled throughout the volatile period. Fund continues to hold on to some long position in AUD, supported by our range view on AUDMYR.

- MENA exposure - Our 5% allocation (pre-war) to UAE issuers detracted 24bps, as regional sentiment came under pressure from the conflict. Given the severity of the geopolitical disruption, we view this as a relatively more contained and manageable outcome relative to the broader market moves. We have since trimmed this exposure to 4% as a precautionary measure and will continue to assess the risk-reward as the situation develops. Bulk of correction happened in March, in April and May, prices have stabilised but continued to trail other peers.

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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 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	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. Currency risk at the target fund level 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.

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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