Sun Life Malaysia Conservative Fund

June 2026

Sun Life

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	21.75 million units	Fund Size	RM37.85 million
Unit NAV	RM1.7399	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
90.21%	3.42%	1.07%	5.30%	100.00%

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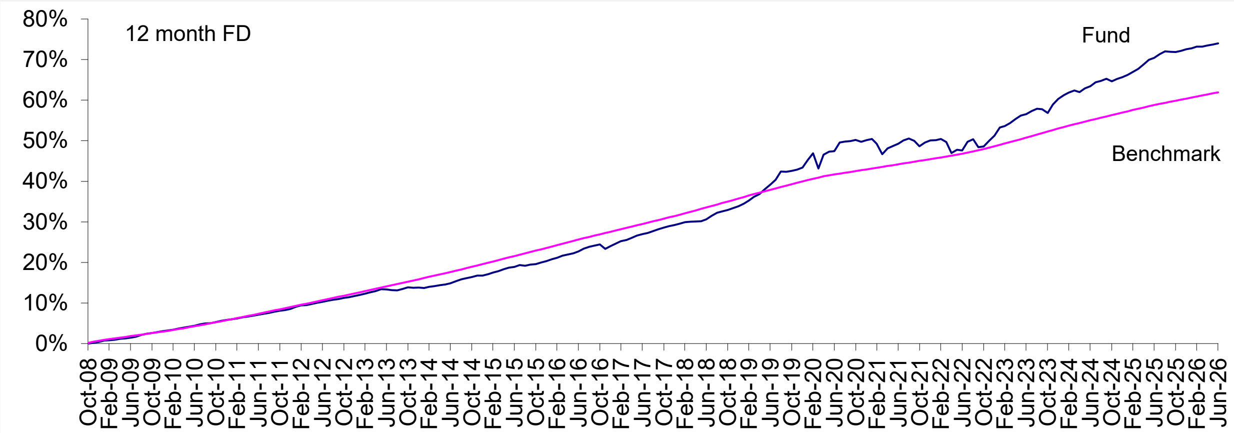
TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
7-Eleven Malaysia Holdings Bhd	4.56%	13/02/2031	3.44	Toyota Capital (M) Sdn Bhd	4.05%	24/06/2033	2.65
Pengurusan Air SPV Bhd	4.00%	03/06/2036	3.32	OSK Rated Bond Sdn Bhd	4.12%	02/03/2035	2.27
Malaysian Government	3.844%	15/04/2033	2.71	Dialog Group Bhd	4.53%	28/01/2032	1.95
STM Lottery Sdn Bhd	4.46%	30/06/2031	2.67	Point Zone M Sdn Bhd	4.69%	13/03/2030	1.85
Perbadanan Kemajuan Pertanian Negeri Pahang	4.36%	29/10/2027	2.67	UEM Sunrise Bhd	4.08%	04/03/2032	1.81

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.82	0.16	2.10	11.12	16.57	41.80	73.99
Benchmark	0.95	0.15	1.95	7.40	12.30	28.88	61.92

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

Source: Lipper

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FUND MANAGER'S COMMENTS

Market Review

The MGS yield curve moved modestly higher in the month of June, with the increase slightly more pronounced at the long end, resulting in a mild bear steepening bias. The 3Y and 10Y benchmarks rose by 3bps each, while the 30Y benchmark increased by 4bps. Meanwhile, the 5Y and 15Y tenors were largely unchanged. MGS term spreads remained tight relative to historical averages, particular in the 10Y-30Y segment, suggesting limited term premium and relatively rich long-end valuations.

M-o-M, credit spread performance was mixed across rating bands. The most notable weakness was seen in GGs, where front-end spreads widened by 3–9bps, particularly the 5Y tenor. AAA and AA2 credits also experienced modest widening at shorter maturities, suggesting some investor preference for duration over front-end exposure. In contrast, spread movements at the longer end were generally contained, with most tenors moving within a narrow ±2bp range. Lower-rated A2 credits remained relatively resilient, posting modest spread tightening across selected maturities.

Outlook & Strategy

The next Monetary Policy Committee meeting is scheduled for 9 July 2026. Market consensus continues to anticipate that Bank Negara Malaysia will maintain the Overnight Policy Rate at 2.75%, although the balance of risks to the policy outlook has become increasingly skewed towards a more hawkish stance. Accordingly, market participants will closely monitor any changes in the MPC statement and assess incoming economic data for indications of BNM's future policy direction.

We expect BNM to keep the OPR unchanged over the near term, supported by a backdrop of contained inflation and resilient domestic growth. Nevertheless, the policy environment has become marginally more hawkish, reflecting evolving economic conditions. At the same time, global macroeconomic developments and geopolitical risks are likely to remain key drivers of market sentiment and bond yields. While the reopening of the Strait of Hormuz has eased some near-term concerns, regional security conditions remain fragile and warrant continued monitoring.

Within credit markets, we continue to favour high-quality corporate bonds, particularly issuers with predominantly domestic business exposure, strong fundamentals, resilient cash flow generation and healthy balance sheets. In the primary market, we will remain selective, adding exposure to new issuances that offer attractive risk-adjusted returns and align with prevailing market conditions.

While improving technicals in 3Q26 are expected to provide support for MGS, term spreads remain relatively compressed. As such, we retain a neutral view on government bonds and will remain tactical, seeking opportunities to add exposure when yield levels become more compelling.

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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