Sun Life Malaysia Equity Income Fund

May 2025

FUND OBJECTIVE

To provide investors with an opportunity to gain consistent and stable income by investing in a diversified portfolio of dividend yielding equities and fixed income securities. The Fund may also provide moderate capital growth potential over the medium to long-term period.

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 May 2014	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	9.41 million units (30 May 2025)	Fund Size	RM15.15 million (30 May 2025)
Unit NAV	RM1.6096 (30 May 2025)	Target Fund	Principal Titans Income Plus Fund
Fund Manager	Principal Asset Management Bhd	Taxation	8% of annual investment income
Performance Benchmark	50% FBM100 Index + 50% MSCI AC Asia ex-Japan Index	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 ▪ Target capital appreciation ▪ Do not require regular income ▪ Comfortable with higher volatility ▪ Willing to take higher risk for potential higher gains	Fund Management Charge	Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Equity Income Fund.

ASSET ALLOCATION OF THE TARGET FUND

Equities and equity related securities	Fixed income securities	Liquid assets
Minimum 70% and up to 98% of Net Asset Value (NAV)	Up to 28% of NAV	Minimum 2% of NAV

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Sun Life

SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	19.43%
Industrials	12.15%
Financials	10.65%
Energy	10.58%
Utilities	10.39%
Communications Services	7.31%
Real Estate	4.84%
Customer Discretionary	4.46%
Others	3.81%
Cash	16.38%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Tenaga Nasional Bhd (Malaysia)	7.89%
CIMB Group Holdings Bhd (Malaysia)	4.95%
Taiwan Semiconductor Manufacturing (Taiwan)	4.90%
Dialog Group Bhd (Malaysia)	4.19%
SK Hynix Inc (South Korea)	3.90%
Malayan Banking Berhad (Malaysia)	3.52%
Sunway Berhad (Malaysia)	3.13%
Gamuda Berhad (Malaysia)	3.10%
Tencent Holdings Ltd (Hong Kong)	2.92%
Inari Amertron Berhad (Malaysia)	2.60%
Total	41.10%

PERFORMANCE RECORD

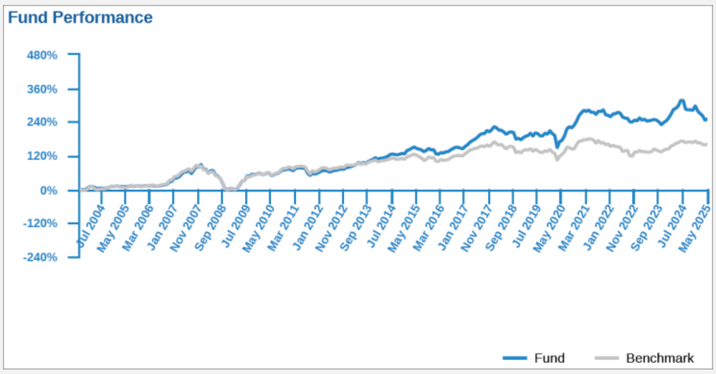
This fund feeds into Principal Titans Income Plus Fund (“target fund”) with the objective to provide investors with an opportunity to gain consistent and stable income by investing in a diversified portfolio of dividend yielding equities and fixed income securities. The Fund may also provide moderate capital growth potential over the medium to long-term period.

Table below shows the investment returns of Sun Life Malaysia Equity Income Fund versus its benchmark as at 30 May 2025:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-10.72	1.00	-7.29	-10.23	-3.20	28.94	60.96
Benchmark	-4.07	1.24	-1.95	-1.95	4.77	16.09	25.39

** 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: Lipper

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FUND MANAGER'S COMMENTS

For the month, the fund rose 100bps (basis points) in MYR terms, underperforming the benchmark by 24bps. Year to date, the fund is underperforming the index by 665bps.

MSCI AC Asia Pacific ex Japan Index was up in May, ending 5.01% higher. Most indexes in Asia showed positive returns. The top performer was Indonesia, rising 7.09% and going back to positive return on a year-to-date basis. Investors turned more bullish on Indonesia as fears on the political side abated. Taiwan was the next best performer, up 5.44%, helped by a more positive global outlook on tech. China lagged behind, rising 3.52% as economic data was not as encouraging as the market was hoping for. India was the worst performer for May, rising only 2.38%

We have a positive view on Asian equities, given the attractive investment themes. We still like the tech sector as we see semiconductor investments continuing to grow into next year while expectations have been lowered. We will continue to diversify and position the portfolio in areas where they are likely to print strong earnings growth such as the semiconductor industry, beneficiaries of AI spend, and Korea value up program, rising consumer discretionary spent or rising capex. We have been taking some profits off from our China names as we see risk of disappointment in relation to stimulus going into 2025.

The KLCI declined 2.1% in LCY but down marginally in USD terms, and underperformed MSCI ASEAN's +3.5% during the month. The market drifted lower due jitters surrounding Us debt and surging bond yields, while domestically, the lack of fresh leads and a rather uninspiring 1Q25 reporting season. Banks, Telcos and Autos were key laggards, partially offset by gains in Construction, Utilities and Property. Within the broader market, Tech rebounded strongly following the rescindment of Biden's AI diffusion rule early May but ultimately gave up all its gains.

Other key benchmarks: CPO flat at c.RM3,900/t, Brent up 3% ~US$64/bbl. Ringgit strengthened 1.4% against the Dollar at RM4.2568, while the 10Y MGS yields fell 13bps to 3.5230.

Malaysia's manufacturing sector improved marginally in May with a PMI reading of 48.8pts vs 48.6pts in the previous month. S&P Global stated that production levels, alongside purchasing, were scaled back amidst subdued new orders, albeit the rate of reduction was the least in 3 months. Employment was unchanged, ending a seven-month sequence of job shedding. Inflation pressure crept up, the sharpest in 6 months, partly due to the effects of US tariffs. Business confidence stayed positive, with firms expecting higher output in the coming year, but firms continue to express concerns about the potential adverse impacts of muted global economy and US trade policies. The latest PMI data still suggests modest growth in GDP. MY GDP grew 4.4% in 1Q25. BNM will be releasing revised GDP estimates for 2025 (previously 4.5-5.5%) but highlighted potential risk to growth due to the trade restrictions.

BNM maintained OPR at 3.00% during the last MPC meeting and we expect the central bank to hold rates steady given muted inflation and modest economic growth. Inflation was steady at 1.4% similar to March. There appears to be sufficient headroom to central bank's latest 2.0-3.5% CPI forecast for 2025 with the impending subsidy rationalization plans.

RISKS

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

Stock specific risk	Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the target fund's NAV.
Credit and default risk	The target fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the target fund invests in debt securities, money market instruments and/or place deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers or counterparties may impact the value as well as liquidity of the investments. In the case of rated debt securities, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparty either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the target fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.
Interest rate risk	Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments and money market instruments. When interest rates rise, debt instruments and money market instruments prices generally decline and this may lower the market value of the target fund's investment in debt instruments and money market instruments. In managing the debt instruments, we take into account the coupon rate and time to maturity of the debt instruments with an aim to mitigate the interest rate risk. As for money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike debt instrument, any change to interest rate will only have a minor impact to the prices of these instruments.
Country risk	Investments of the target fund in any country may be affected by changes in the 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 in. 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 price of units to fall.

RISKS

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

Currency risk	As the investments of the target fund may be denominated in currencies other than the base currency of the target fund, any fluctuation in the exchange rate between the base currency of the target fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the target fund, this will have an adverse effect on the NAV of the target fund in the base currency of the target fund and vice versa. You 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.
Risk of investing in emerging markets	In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the target fund's growth. We attempt to mitigate these risks through active asset allocation management and diversification across different countries and sectors, in addition to our continuous bottom-up and top-down research and analysis.
Risks associated with investment in warrants	There are inherent risks associated with investment in warrants. The value of warrants is influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

Source : Principal Asset Management Bhd
Date : 30 May 2025