Sun Life Malaysia Select Bond Fund

March 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	19.01 million units	Fund Size	RM22.28 million
Unit NAV	RM1.1719	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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Sun Life

SECTOR ALLOCATION OF THE TARGET FUND

Banks	21.60%
Insurance	11.50%
Industrials	9.90%
Real Estate	9.50%
Energy	8.60%
Financial Services	8.60%
Telecommunications	5.40%
Consumer Discretionary	5.20%
Basic Materials	4.10%
Utilities	3.00%
Technology	2.60%
Consumer Staples	1.40%
Others	2.00%
Cash And Cash Equivalents	6.60%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Bonds Issuer	Coupon	Maturity Date	%
HDFC Bank Ltd	3.70%	25.08.2026	2.0
Mitsubishi UFJ Fin Group Inc	6.35%	15.01.2036	1.9
Telefonica Europe BV	5.75%	15.01.2032	1.9
GC Treasury Center Co	6.50%	10.09.2030	1.8
Aldar Properties PJSC	6.62%	15.04.2055	1.8
Yinson Production Offshore Pte	9.63%	03.05.2029	1.6
Zurich Finance Ireland	3.00%	19.04.2051	1.5
Ma'aden Sukuk Ltd	5.25%	29.01.2036	1.5
Verizon Communications Inc	4.00%	15.06.2056	1.5
Thaioil Treasury Center Co Ltd	6.10%	15.01.2031	1.5

PERFORMANCE RECORD

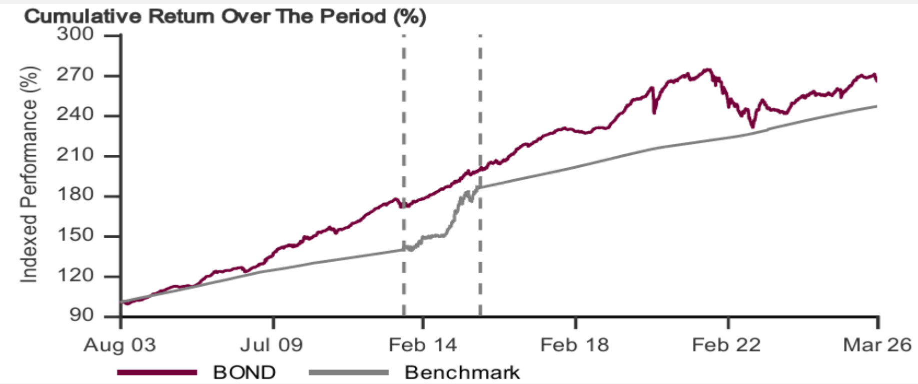
This fund feeds into AHAM Select Bond Fund ("Target Fund") with the objective to provide a steady income stream over the medium to long-term period through investments primarily in bonds and other fixed income securities.

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*	-0.92	-1.79	-0.91	2.79	8.83	1.07	17.19
Benchmark	0.50	0.17	1.02	2.19	7.77	12.50	23.12

** 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 March 2026, global fixed income markets sold off sharply as the US–Iran military conflict escalated, triggering a surge in oil prices, with Brent crude rising approximately 63%, its largest monthly gain since the 1970s, reigniting inflation fears and prompting a hawkish repricing of Federal Reserve expectations. Compounding the move was growing uncertainty surrounding incoming Fed Chair Kevin Warsh and his anticipated tighter policy bias. The UST 2-year, 10-year, and 30-year ended the month at 3.79% (+42 bps), 4.32% (+38 bps), and 4.91% (+30 bps) respectively, in a sharp bear-flattening move. The repricing was not driven by core inflation data surprises; rather, the market recognized that an energy-driven inflation shock materially constrains the Fed's ability to respond pre-emptively to any growth slowdown, a classically stagflationary dilemma. The Fed funds rate remains at 3.50%–3.75%, with sell-side consensus pencilling in 1–2 cuts for the remainder of 2026, highly contingent on conflict duration and oil price trajectory. Late-month diplomatic signals on the US–Iran front offered some tentative relief, with the 10-year UST edging back toward 4.32% as the month closed.

- Domestically, the MGS yield curve bear-flattened in March, tracking the global sell-off. Yields rose 7–15 bps across the curve, led by shorter and mid tenors (1y, 3y, 15y each +15 bps), while the ultra-long 20-year lagged at +7 bps. The 3-year, 10-year, and 30-year MGS ended at 3.27% (+15 bps), 3.66% (+14 bps), and 4.13% (+11 bps) respectively. Despite the yield rise, domestic fundamentals held firm. BNM kept the OPR unchanged at 2.75% at its March 5 MPC meeting, reiterating that the current stance remains appropriate. Malaysia's 2025 GDP grew 5.2% for the full year, with 4Q25 revised upward to 6.3% year-on-year, the strongest quarter of the year which underpinned by E&E exports, investment, and resilient consumption. Headline and core inflation were contained at 1.6% and 2.3% year-on-year respectively in January 2026, within BNM's 2026 forecast range.

STRATEGY:

- To start off, the Fund navigated a more challenging market environment during the month, as heightened geopolitical tensions and sharp spike in energy prices drove a broad risk-off sentiment across global markets. Brent crude surged to a high of USD118/bbl (+64%) amid escalating Middle East tensions, before retracing to around USD98/bbl following a preliminary US–Iran ceasefire. The situation remains fluid and continues to be closely monitored. The surge in oil prices reignited inflation concerns and triggered a broad-based rate sell-off, with the US Treasury 10-year yield rising by 40bps month-on-month to 4.40% as markets unwound earlier rate cut expectations. Credit markets weakened in tandem, with high yield and private credit segments underperforming more materially, while investment grade bonds demonstrated relative resilience. Market expectations have turned increasingly cautious, with futures now pricing in no rate cuts for the remainder of 2026, compared to the Fed's projection of one cut. Our base case remains for 25–50bps of easing, premised on a gradually softening labor market, although persistent energy-driven inflation remains a key risk that could delay the easing trajectory.

- On the portfolio front, the Fund's core allocation to high quality investment grade bonds provided meaningful insulation during the sell-off, outperforming lower quality credit segments. Portfolio yield has increased to approximately 5.6% following the rise in interest rates, offering a more attractive level to lock in longer-term returns. Duration was proactively reduced to 4.2 years ahead of the rate sell-off, which helped to mitigate the portfolio's sensitivity to rising yields. In terms of portfolio breakdown, the Fund remains predominantly exposed to USD-denominated bonds (primarily corporates with a small allocation to MBS), followed by AUD and EUR bonds. The portfolio continues to be actively managed across both primary and secondary markets, allowing the Manager to capture opportunities across global credits and government bonds. Currency exposure remains tightly managed, with most foreign currency exposures hedged, alongside a tactical long USD position implemented during the month, supported by stronger oil prices and weaker Asian currencies. The Fund also maintains a selective exposure to AUD, underpinned by a range-bound view on AUD/MY.

- The Fund's exposure to the Middle East (approximately 5% in Abu Dhabi and Saudi Arabian issuers) experienced some mark-to-market pressure during the month, detracting around 24bps as regional sentiment weakened. However, the impact remained relatively contained compared to broader market movements. As a precautionary measure, the Manager has since trimmed this exposure and will continue to reassess the risk-reward profile as the situation evolves.

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