

FUND OBJECTIVE

To maximize capital growth over the medium to long-term through the stock market.

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 | 27.85 million units (28 February 2025) | Fund Size | RM89.76 million (28 February 2025) |
| Unit NAV | RM3.2226 (28 February 2025) | Performance Benchmark | FBM100 |
| Fund Manager | Principal Asset Management Bhd | 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 |
| Taxation | 8% of annual investment income | Other Charges | Inclusive of auditor fee |
| Target Market | Suitable for investors: <ul style="list-style-type: none"> ▪ have a medium to long-term investment horizon ▪ target capital appreciation ▪ do not require regular income ▪ are comfortable with higher volatility ▪ are willing to take higher risk for potential higher gains | Fund Management Charge | Management Fee: 1.5% p.a |

ASSET ALLOCATION OF THE FUND

| Equities | Cash |
|----------------------------------|------------------------------------|
| Minimum 80% of NAV and up to 98% | The remaining balance of funds NAV |

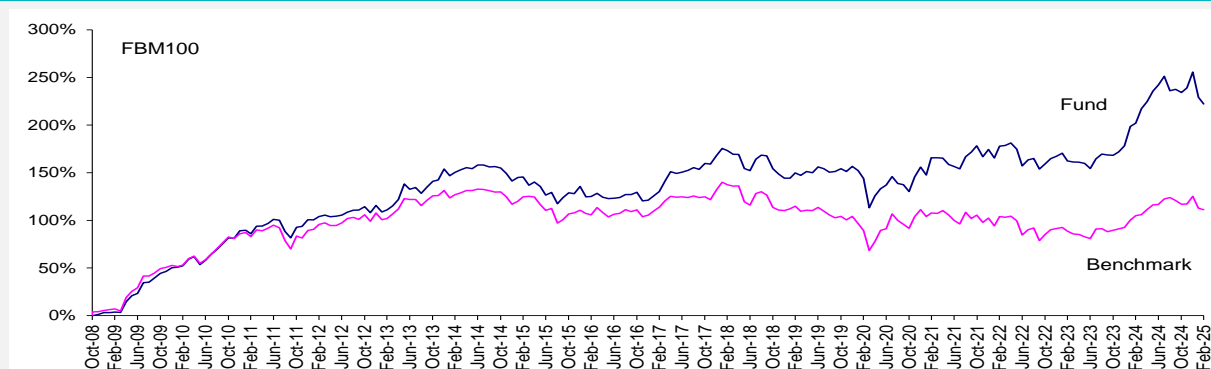
SECTOR ALLOCATION OF THE FUND

| | |
|--------------------------------|----------------|
| Financial Services | 27.04% |
| Utilities | 12.08% |
| Industrial Products & Services | 10.58% |
| Construction | 9.26% |
| Energy | 7.90% |
| Property | 5.77% |
| Health Care | 4.94% |
| Consumer Products & Services | 4.89% |
| Technology | 3.02% |
| Telecommunications & Media | 2.72% |
| Plantation | 2.05% |
| Transportation & Logistics | 1.99% |
| Cash | 7.76% |
| Total | 100.00% |

TOP HOLDINGS OF THE FUND (EQUITIES)

| | |
|--------------------------|---------------|
| Tenaga Nasional Bhd | 8.00% |
| CIMB Group Holdings Bhd | 7.66% |
| Malayan Banking Bhd | 6.39% |
| Public Bank Bhd - Local | 5.89% |
| Gamuda Bhd | 4.87% |
| AMMB Holdings Bhd | 3.81% |
| Sunway Bhd | 3.06% |
| Telekom Malaysia Bhd | 2.72% |
| Dialog Group Bhd | 2.39% |
| Frontken Corporation Bhd | 2.35% |
| Total | 47.14% |

PERFORMANCE RECORD



| % | YTD | 1M | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|-------|-------|--------|---------|---------|----------|-----------------|
| Fund* | -9.37 | -2.12 | 6.65 | 15.99 | 32.11 | 31.26 | 222.26 |
| Benchmark | -6.27 | -0.69 | 3.03 | 3.52 | 11.61 | -6.03 | 111.17 |

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

Source: Lipper

FUND MANAGER'S COMMENTS

Market review

In February 2025, the Fund fell 2.12%, underperformed the Benchmark by 143 basis points (bps). The underperformance was mainly due to the Fund's overweight in Energy, Health Care and Real Estate, its underweight in Consumer Staples and Financials as well as stock selections in Utilities.

Portfolio Strategy

The KLCI was up 1% and outperformed MSCI ASEAN's -3% during the month. Sentiment improved as investors reassessed the impact of US AI diffusion rules, the launch of cost-effective AI models, US tariffs and the trajectory of Fed rates. We witnessed a strong rebound in the sectors affected by these developments namely the DC-related plays namely Construction, Utilities, Properties, and to some extent Telcos, while select Financials and Healthcare also did well.

Malaysia's manufacturing sector improved markedly in February with a PMI reading of 49.7pts vs 48.7pts in the previous month and was the highest reading since August 2024. S&P Global noted that firms recorded a rise in new order intakes for the first time in four months which contributed to a softer moderation in production volumes, while business confidence at the highest level since October 2024. That said, several respondents are still seeing challenging business conditions. Employment was scaled back fractionally, while cost inflation remains subdued and allowed firms to reduce selling prices for the second consecutive month. The latest PMI data suggests modest growth in GDP for 1Q25 sustaining the trend seen in 2H24. To recap, Malaysia's GDP grew by 5% in 4Q24 and 5.1% for 2024. BNM projects GDP to grow by 4.5-5.5% in 2025.

BNM maintained OPR at 3.00% during the recent MPC meeting and we expect the central bank to hold rates steady given muted inflation and modest economic growth. Inflation rose 1.7% in January, similar to December 2024. 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.

The KLCI is now trading at a forward PE of 13.7x, which is approx. -1SD below the 10-year historical mean (-2SD below pre-Covid19 mean of 16x). Consensus projects earnings growth for FBM30 of 8-9% for 2025 and 2026. Sustained strength in domestic investments (both DDI and FDI), fiscal consolidation gathering pace (in particular, subsidy rationalisation initiatives) and the strengthening of the Ringgit are factors we see supportive of the further narrowing of risk premiums (current yield gap at -350bps; pre-Covid average of 250bps) and consequently higher valuation multiples.

Volatility is expected to continue in the short term due external headwinds especially pertaining to the Trump administration and policies. In view of the current macro environment, we make no change to our portfolio strategy. We seek ongoing opportunities in companies with defensive profiles that provide stable dividend payout and value-beaten down names especially in domestic driven sectors and potential direct beneficiaries of the NETR. We stay focused in sectors such as Utilities, Construction, Property and Financials. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to slower global economic growth and heightened geopolitical risks.

RISKS

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

| | |
|--|---|
| Market risk | <p>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:</p> <ul style="list-style-type: none">• Economic and financial market conditions• Political change• Broad investor sentiment• Movements in interest rate and inflation• Currency risks <p>Stock 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 share 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.</p> |
| Company or security specific risk | <p>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.</p> |
| Credit risk | <p>The risk of loss of principal or loss of a financial reward stemming from counterparty's failure to repay a loan or otherwise meet a contractual obligation. This risk is primarily applicable to the liquid assets of this fund. 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.</p> |

Source : *Principal Asset Management Bhd*
Date : *28 February 2025*

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.