

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.

FUND DETAILS

Launch Date	20 May 2014
Domicile	Malaysia
Currency	Ringgit Malaysia
Launch Price	RM1.0000
Units in Circulation	3.1955 million units (31 January 2016)
Fund Size	RM3.2185 million (31 January 2016)
Unit NAV	RM1.0072 (31 January 2016)
Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd
Target Fund	CIMB Principal Equity Income Fund
Benchmark	50% FBM100 Index + 50% MSCI AC Asia ex-Japan Index
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> 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
Fees	<ul style="list-style-type: none"> Management fee: 1.5000% p.a.
Taxation	<ul style="list-style-type: none"> 8% of annual investment income

ASSET ALLOCATION

Equities	Min 70% Max 98%	Cash	Min 2%
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WHERE THE FUND INVESTS

Trading/Services	17.63%	Plantations	3.23%
Financials	16.97%	Oil & Gas	2.51%
Consumer	13.08%	Utilities	2.22%
Industrials	12.56%	Construction	2.16%
Finance	11.24%	IPC	1.68%
Technology	5.61%	REITS	0.81%
Telecommunication	4.91%	Cash	5.39%

TOP HOLDINGS OF THE TARGET FUND

Public Bank Bhd	4.33%
Malayan Banking Bhd	3.90%
Tenaga Nasional Bhd	3.50%
Tencent Hldg Ltd (Hong Kong)	2.58%
MISC Bhd	2.16%
Petronas Gas Bhd	2.16%
AIA Group Ltd (Hong Kong)	2.15%
Sime Darby Berhad	2.09%
Amorepacific Corp (South Korea)	2.03%
China Mobile Ltd (Hong Kong)	1.96%

PERFORMANCE RECORD

This fund feeds into CIMB Principal Equity Income 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 31 January 2016:

%	YTD	1M	3M	6M	1-Year	3-year	Since Inception
Fund*	-5.91	-5.91	-7.32	-5.42	-4.58	N/A	0.72
Benchmark	-6.17	-6.17	-7.24	-5.39	-6.96	N/A	-1.66

Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.

FUND MANAGER'S COMMENTS

In January 2016, the Fund fell 5.91%, outperforming the benchmark by 0.26%. The Fund's underweight in Malaysia and overweight in Singapore contributed to the underperformance. This was offset by its underweight in China. In terms of sectors, the Fund's underweight in Consumer Goods contributed to the underperformance. At the stock level, its overweight in CJ Korea Express and Samsung Securities contributed negatively.

Asian Equities fell -10% in January (US\$ terms) with the best performers being Malaysia, Thailand and Indonesia. Topical issues were: would the HK\$ peg hold, how big would China's capital outflows be in January, will the US Fed turn dovish? We are neutral on Asian equities. Asian equities are likely to remain range-bound as long as the Renmimbi is not allowed to depreciate meaningfully (to our fair value range of 7.20-7.50).

Equities had a rocky start in 2016 as the FBMKLCI shed 1.46% to close at 1,667.80. Malaysia announced the 2016 recalibrated budget outlining 11 measures to commit to the 3.1% fiscal deficit. The headline forecasts are: 1) Fiscal deficit target maintained at 3.1% to GDP; 2) Brent crude oil priced at USD30-35 from USD48/barrel and 3) GDP growth revised down to 4.0-4.5% from 4.0-5.0%. Key measures for fiscal consolidation include the refarming of telco spectrum and cutting employees EPF contribution by 3% to stir private consumption. The implementation of key projects such as MRT, LRT, HSR, Pan-Borneo and RAPID will proceed. During the month, the MYR strengthened 3.41% from 4.294 to 4.148.

We are overweight in Financials, Consumer services, Industrials and Telecoms. The core holdings of the portfolio will be stocks with quality earnings growth and improving prospects. We like companies whose earnings may bottom in 2016, those that can administer 'self help' to grow earnings and where expectations have been re-set to extremely low levels. For Malaysia, we continue to like Exporters as we doubt the recent strength in the Ringgit is sustainable. However, we will rotate into lower PE, high growth names. We like Construction companies for infrastructure plays. We underweight Telcos as we expect the sector to de-rate over spectrum refarming and keen competition. We also underweight Banks as we expect slowing loans growth and weaker asset quality.

Disclaimer:

The benchmark performance is not a guide to future performances which may differ. 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 on the underlying investment.

Any income distribution from the underlying assets of the investment-linked fund will be automatically reinvested into the respective investment-linked fund. The policy owner's total number of units will not change as a result of the reinvestment.