

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	27.69 million units (31 January 2025)	Fund Size	RM91.18 million (31 January 2025)
Unit NAV	RM3.2925 (31 January 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

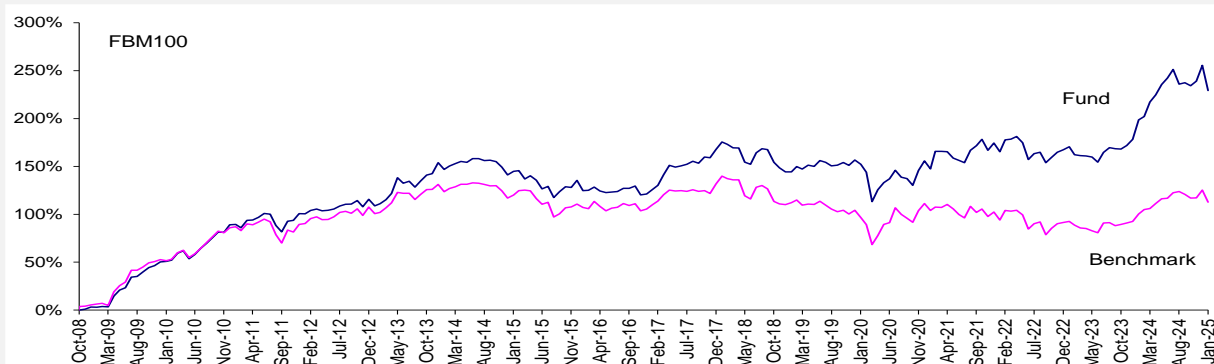
SECTOR ALLOCATION OF THE FUND

Financial Services	24.54%
Utilities	11.94%
Industrial Products & Services	10.24%
Energy	9.00%
Construction	8.86%
Health Care	7.23%
Property	6.42%
Consumer Products & Services	5.00%
Technology	3.14%
Telecommunications & Media	2.59%
Transportation & Logistics	1.94%
Plantation	1.93%
Cash	7.17%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Tenaga Nasional Bhd	7.88%
CIMB Group Holdings Bhd	7.75%
Public Bank Bhd - Local	5.52%
Malayan Banking Bhd	4.37%
Gamuda Bhd	4.08%
Hartalega Holdings Bhd	3.77%
AMMB Holdings Bhd	3.68%
Sunway Bhd	2.84%
Dialog Group Bhd	2.83%
Dayang Enterprise Holding Bhd	2.68%
Total	45.40%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-7.41	-7.41	10.24	24.04	30.52	34.42	229.25
Benchmark	-5.63	-5.63	6.16	9.53	8.15	-3.36	112.63

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

Source: Lipper

FUND MANAGER'S COMMENTS

Market review

In January 2025, the Fund fell 7.41%, underperformed the Benchmark by 178 basis points (bps). The underperformance was mainly due to the Fund's overweight in Industrials, Health Care, Information Technology and Real Estate, its underweight in Consumer Staples, Financials and Communication Services as well as stock selections in Utilities.

Portfolio Strategy

KLCI was down 5.2% (-4.9% in USD terms) and underperformed the MSCI ASEAN's -0.3% during the month. The sell-off was largely caused by the recent US AI diffusion rules, further exacerbated by the launch of DeepSeek by China which questioned global AI Capex and monetization prospects and remained largely concentrated on DC-related plays domestically namely Construction, Utilities, Telcos and Properties. The shift in Fed rate expectations due to Trump's tariff posture did not help. Within the broader market, Tech, Consumer and Healthcare also languished.

Malaysia's manufacturing sector remained subdued with a PMI reading of 48.7pts, a marginal increase over the previous month's 48.6pts. S&P Global observed ongoing moderation in both production and new orders, with manufacturers cutting prices for the first time since June 2023 to stimulate sales, while employment also fell fractionally. Costs also showed a slight uptick during the month. Optimism of a recovery in new orders over the coming 12 months remains solid. The latest PMI data suggests a softer growth momentum into the new year (prelim. 4Q24 at 4.8%; 2024e 5.1%). To recap, BNM projects GDP to grow 4.8-5.3% in 2024, and the economy to expand by 4.5-5.5% in 2025.

We expect BNM to maintain OPR at 3.00% for 2025 given muted inflation and modest economic growth. Inflation rose at a slower pace of 1.7% in December vs 1.8% in November. 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 13.5x, which is more than -1SD below the 10-year historical mean (-2SD below pre-Covid19 mean of 16x). Consensus projects earnings growth for FBM30 of 8% - 9% for 2024 and 2025. Sustained strength in domestic investments (both DDI and FDI), fiscal consolidation gathering pace (in particular, subsidy rationalization 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.

Elevated volatility is expected in the short term due to uncertainties on the Trump administration and policies. There was a widespread decline across various markets and Malaysia was not spared. However, we took the opportunity to deploy some capital in sustainable dividend yielders and value beaten-down names which we think have been de-rated beyond their fundamentals. In view of the current macro environment, we remain constructive on domestic driven sectors and potential direct beneficiaries of the NETR. We stay focused in sectors such as Construction, Property and Utilities. We continue to be optimistic on the Financials sector due to the rising confidence in Malaysia's structural reforms and as the sector offers as a defensive shelter amid periods of uncertainty. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to slower global economic growth and heightened geopolitical risk.

RISKS

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

<p>Market risk</p>	<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>
<p>Company or security specific risk</p>	<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>
<p>Credit risk</p>	<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 : 31 January 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.