

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	5.99 million units (29 July 2022)	Fund Size	RM9.52 million (29 July 2022)
Unit NAV	RM1.5900 (29 July 2022)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Titans Income Plus Fund
Benchmark	50% FBM100 Index + 50% MSCI AC Asia ex-Japan Index	Taxation	8% of annual investment income
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"> ▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Equity Income Fund. ▪ Up to 1.5% per annum of fund management charge is applied on the target fund's NAV by Principal Asset Management Berhad.

ASSET ALLOCATION OF THE TARGET FUND

Equities	Cash
90.51%	9.49%

SECTOR ALLOCATION OF THE TARGET FUND	
Financials	21.26%
Consumer Discretionary	14.72%
Communication Services	13.03%
Industrials	12.51%
Others	7.06%
Energy	6.95%
Information Technology	5.17%
Health Care	5.10%
Consumer Staples	4.71%
Cash	9.49%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND	
Tencent Holdings Ltd (Hong Kong)	4.95%
Genting Bhd (Malaysia)	4.53%
CIMB Group Holdings Bhd (Malaysia)	4.00%
Alibaba Group Holding Ltd (Cayman Islands)	3.48%
IHH Healthcare Bhd (Malaysia)	3.45%
Genting Malaysia Bhd (Malaysia)	3.09%
Malayan Banking Bhd (Malaysia)	3.01%
Malaysia Airports Holdings Bhd (Malaysia)	2.91%
RHB Bank Bhd (Malaysia)	2.51%
AIA Group Ltd (Hong Kong)	2.39%
Total	34.32%

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 29 July 2022:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-2.44	-0.99	-1.08	-3.00	18.92	22.14	59.00
Benchmark	-9.39	1.17	-6.24	-10.26	-0.04	-6.01	16.60

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

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

For the month, the fund declined -0.99% in MYR terms, underperforming the benchmark by -216bps. The underperformance of the month was driven by Consumer Discretionary, Financials and Utilities.

FBMKLCI rebounded +2.8% in July, mainly on the back of easing inflation concerns and rising hopes that a hard landing of the US economy may be avoided. The compression in bond yields also raised the appeal of equities, especially growth stocks. BNM raised OPR by another 25bps to 2.25% in the last MPC meeting. The monetary tightening will be dependent on the inflation print. Malaysia's CPI rose 3.4% yoy in June, led mainly by higher food prices. Valuation remains compelling despite the sharp rebound.

We continue to adopt a balanced approach between value and growth, whilst maintaining adequate diversification. In the light of the current macro environment, we have remained vigilant on Commodities. We have turned our focus on quality names in Financials. We have also stayed overweight in select Consumer Discretionary names benefitting from the economic reopening.

The MSCI AC Asia Pacific ex Japan Index declined by 0.37% in USD terms on July 2022, with most markets posting positive returns except Hong Kong and China. The poor performance in China was due to concerns over the property sector and subdued growth outlook in the second half of 2022. We remain selective in China, focusing on stocks with policy tailwinds, reopening beneficiary and structural growth drivers such as renewables and electrification.

We have a slightly positive view on Asian equities. We will also continue to focus on quality companies which have good earnings visibility, robust balance sheet, long term winners, market share gainers and those with pricing power to overcome cost pressures.

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.

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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 : 29 July 2022

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 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.