

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	6.95 million units (31 March 2020)	Fund Size	RM7.92 million (31 March 2020)
Unit NAV	RM1.1396 (31 March 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	CIMB Principal Equity Income Fund
Benchmark	50% FBM100 Index + 50% MSCI AC Asia ex-Japan Index	Taxation	8% of annual investment income
Risk Profile	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 ▪ 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% of per annum fund management charge is applied on the target fund's NAV by Principal Asset Management Berhad.

ASSET ALLOCATION OF THE TARGET FUND

Equities (Foreign)	Equities (Local)	Mutual Fund	Cash
46.13%	42.47%	1.24%	10.17%

SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	22.38%
Financials	13.33%
Communication Services	10.79%
Consumer Discretionary	9.93%
Industrials	8.24%
Real Estate	6.95%
Utilities	5.44%
Energy	4.27%
Materials	3.64%
Health Care	1.86%
Consumer Staples	1.76%
Mutual Fund	1.24%
Cash	10.17%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Tenaga Nasional Bhd (Malaysia)	5.05%
Malayan Banking Bhd (Malaysia)	3.96%
Tencent Hldg Ltd (Hong Kong)	3.82%
Alibaba Group Holding Ltd (Cayman Island)	3.62%
Samsung Electronics Co. Ltd (South Korea)	3.56%
Taiwan Semiconductor Manuf (Taiwan)	2.93%
Public Bank Bhd (Malaysia)	2.72%
Reliance Industries Ltd (India)	2.15%
AIA Group Ltd (Hong Kong)	2.07%
Inari Amertron Bhd (Malaysia)	2.02%
Total	31.90%

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 March 2020:

%	YTD	1M	6M	1-Year	3-Year	5-Year	Since Inception
Fund*	-17.84	-13.50	-13.01	-13.03	-4.07	4.54	13.96
Benchmark	-15.79	-10.53	-11.81	-15.13	-14.89	-8.18	0.26

* 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

In March, the fund declined 13.50 % in MYR terms, underperforming the benchmark by 297 bps. Year-to-date the Fund declined 17.84%, underperforming the Benchmark by 205 bps. The underperformance was driven by industrials, financials, healthcare and energy.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") declined 8.9% in March (YTD: -14.9%) amid concerns over uncertainty in domestic politics, Covid-19 outbreak and the poor set of lackluster corporate results. Against the backdrop of a disappointing 4Q19 GDP growth of 3.6% (vs 4.1% street expectation) and a weaker PMI reading of 48.5 in Feb, BNM has followed through with its second interest rate cut this year as it lowers the Overnight Policy Rate (OPR) by 25 bps to 2.50% in its March's MPC meeting.

In view of the rising market risk premium, we downgraded Malaysia to Neutral. As for portfolio strategy, we will be tilting our barbell approach from growth bias to capital preservation bias. We will maintain our high asset allocation strategy but will lower the beta range. Sector in focus will be on those with defensive and high yielding qualities such as Utilities, Telecommunication, Consumer and REITs.

Asia: We have a neutral view on Asian equities in the short term given the balance of positives and concerns. Once we see a peak in new Covid-19 cases, the market will "reset" and look forward to a resumption of economic normalcy. We have reduced exposure to stocks which present relatively higher risk to the downside should the virus pandemic persist. These includes countries which are early in the infections cycle, such as those in South Asia, deep cyclical. Our focus is on stocks which are based in North Asia and Singapore which are likely to emerge earlier from the crisis, niche companies which are long-term winners, beneficiaries of low interest rates.

Source : *Principal Asset Management Bhd*
Date : *31 March 2020*

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.