

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	28.70 million units (31 July 2024)	Fund Size	RM100.79 million (31 July 2024)
Unit NAV	RM3.5124 (31 July 2024)	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

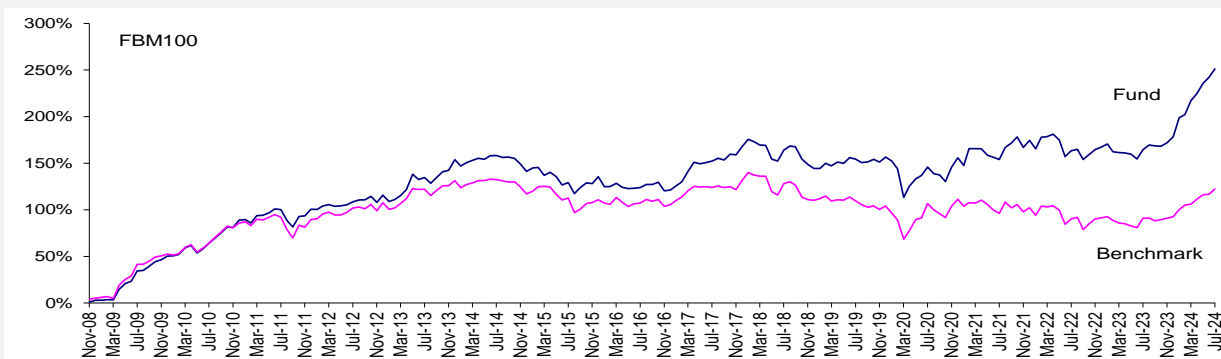
SECTOR ALLOCATION OF THE FUND

Financial Services	21.66%
Utilities	12.90%
Energy	11.99%
Construction	9.23%
Industrial Products & Services	8.62%
Health Care	7.18%
Property	6.46%
Transportation & Logistics	6.29%
Technology	5.68%
Consumer Products & Services	4.80%
Telecommunications & Media	1.71%
Plantation	1.48%
Cash	2.00%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	6.96%
Tenaga Nasional Bhd	6.45%
Malaysia Airports Holding Bhd	4.95%
Public Bank Bhd - Local	4.88%
IJM Corp Bhd	4.08%
Hartalega Holdings Bhd	4.01%
YTL Power International Bhd	3.93%
Malayan Banking Bhd	3.91%
Dayang Enterprise Holding Bhd	3.83%
Gamuda Bhd	3.54%
Total	46.54%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	26.20	2.64	32.77	38.29	38.13	36.05	251.24
Benchmark	15.48	2.64	16.51	13.37	6.09	-4.29	122.43

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

Source: Lipper

FUND MANAGER'S COMMENTS

Market review

In July 2024, the Fund increased by 2.64%, which was on par with the benchmark. The fund performance was mainly supported by the overweight in Industrials and Energy, as well as the underweight in Communication Services, Consumer Staples and Materials.

Portfolio Strategy

KLCI rose 2.2% in July in line with gains in regional markets and rebounding off the previous month's sell-off, spurred by FOMC fed cut bets considering the recent weakness in US economic data and inflation moderating. Gainers were led by Banks, Utilities, Telcos, and Consumer, while Materials languished. Within the broader market, Construction and Property posted strong gains, while Tech and Healthcare yielded.

Malaysia's July manufacturing PMI reading fell to the lowest in 3 months at 49.7pts vs 49.9pts in June. S&P Global witnessed a moderation in output and new orders, albeit only slight, and stemmed mainly from domestic front. Export orders rose for the 4th consecutive month and at the fastest pace since April 2021. Manufacturers also cited an increase in backlogs. Inflation was prevalent but firms were able to pass it on, while there was some job shedding as firms noted non-replacement of voluntary leavers. Firms remained cautious and scaled back purchases as well as inventories, but business confidence has started to turn up. The latest PMI data remains consistent with official GDP estimates. To recap, BNM projects GDP to grow 4-5% in 2024, from 3.8% in 2023, and 4.2% in 1Q24. Advanced estimates placed Malaysia's GDP growth at 5.8% for 2Q24 vs 4.4% estimate by economists.

We expect BNM to maintain OPR at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation was at 2% in June, same as May. There appears to be sufficient headroom to central bank's latest 2.0-3.5% CPI forecast for 2024 with the impending subsidy rationalization plans.

Despite the strong performance YTD, Malaysia's equity market valuation remains compressed, trading at a forward PE of 14x which is around 1SD below the historical mean. This is based on consensus earnings growth of c.10% for both 2024 and 2025. Sustained strength in domestic investments (both DDI and FDI), fiscal consolidation gathering pace (in particular, subsidy rationalisation initiatives) and the stabilisation of the Ringgit are factors we see supportive of narrowing risk premiums (current yield gap at ~330bps) and higher valuation multiples.

Domestic market sentiment remains encouraging, and we continue to be positive on the Malaysian market. Our preferred sectors and key picks remain in potential direct beneficiaries of the NETR which includes Property, Construction and Utilities. We are also positive on selective O&G names as we see value and we believe the sector will be supported by strong Petronas activities in the coming years. Additionally, we remain optimistic on Financials as we expect positive momentum to persist, primarily fueled by better earnings outlook. 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:

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 : 31 July 2024

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.