Sun Life Malaysia
Global Sustainable Fund
May 2024

FUND OBJECTIVE

To achieve long term capital growth through investment in a relatively concentrated, actively managed portfolio of global equity securities issued by companies with a high overall positive impact on society.

FUND DETAILS

Launch Date	21 July 2021	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	7.45 million units (31 May 2024)	Fund Size	RM8.77 million (31 May 2024)
Unit NAV	RM1.1769 (31 May 2024)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Nomura Asset Management Malaysia Sdn Bhd	Target Fund	Nomura Global Sustainable Equity Fund - MYR Class B
Benchmark	MSCI All Country World Index	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: ▪ are seeking long term capital growth; ▪ want a portfolio of investments that provides positive impact on the sustainable development of society; ▪ want to have portfolio with global exposure; or ▪ are prepared to accept moderate level of volatility.	Fees	▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Global Sustainable Fund. ▪ Up to 1.6% p.a. fund management charge is applied on the target fund's NAV by Nomura Asset Management Malaysia Sdn Bhd.

ASSET ALLOCATION OF THE TARGET FUND

Equity Fund	Cash and Others
99.09%	0.91%

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)
Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur
Telephone (603) 2612 3600 Client Careline 1300-88-5055 wecare@sunlifemalaysia.com sunlifemalaysia.com

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SECTOR ALLOCATION OF THE TARGET FUND	
Health Care	27.63%
Financials	20.34%
Information Technology	19.84%
Industrials	18.10%
Utilities	7.49%
Communication Services	3.52%
Materials	1.14%
Cash & Others	1.94%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND	
Microsoft Corporation	5.08%
Johnson Controls International plc	4.66%
Novo Nordisk A/S Class B	4.51%
Taiwan Semiconductor Manufacturing	4.17%
Mastercard Incorporated Class A	4.04%

PERFORMANCE RECORD

This fund feeds into Nomura Global Sustainable Equity Fund - MYR Class B ("target fund") with the objective to achieve long-term capital growth through investment in a relatively concentrated, actively managed portfolio of global equity securities issued by companies with a high overall positive impact on society.

Table below shows the investment returns of Sun Life Malaysia Global Sustainable Fund versus its benchmark as at 31 May 2024:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
Fund*	10.59	0.74	2.88	13.68	18.89	N/A	17.69
Benchmark	10.69	2.40	2.35	14.28	23.94	N/A	23.62

** 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.

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FUND MANAGER'S COMMENTS

The month started off very strongly with the strategy in the third week before the market rotated very sharply coinciding once again with exceptionally strong earnings from NVIDIA. Allocation was modestly positive as a result of being underweight in both Consumer Discretionary and Energy sectors, offset by the overweight to Healthcare, with the entirety of the underperformance coming from stock selection which was significantly negative in Information Technology. May also saw a return to more narrowly led markets; the eleven week period from the end of February through to the middle of May had seen a broadening out of market returns with the S&P 500 and its equally weighted comparator performing broadly in line with one another. This has continued to be a material headwind for the Fund given both the valuation and sustainability constraints of the strategy, but is not something that the team expect can continue indefinitely noting just how extreme market concentration has now reached.

The greatest contributors to performance were NextEra (+19%) and Johnson Controls (+11%). Johnson Controls has continued to recover following the disappointing sell off post its quarterly results and investors have refocussed on the longer term prospects of the business, and further gained support from the news that activist investor Elliot has taken a stake in the company. NextEra Energy (NEE) has continued to benefit from a recovery in investor sentiment following the sharp sell off last year as investors grew concerned over the quality and outlook for renewable companies globally which unduly punished NEE, and the overhang from the Federal Trade Commission (FTC) investigation now having been removed. US utilities further benefitted from a decline in longer term interest rates and this was most felt across more rate sensitive higher growth segment whilst investors also continue to become more constructive on demand for clean energy driven by the huge increase expected from artificial intelligence (AI).

The greatest detractors were not holding NVIDIA (+27%) and Apple (+13%) with the holding in Adobe (-4%) also detracting materially. More broadly stock selection in Information Technology during May was significantly negative at ca. -110bps. The largest detractor was our non-holding in NVIDIA, which reported strong results and gave better than expected guidance for the July quarter on the back of demand for their AI chips, and whilst the Fund's semiconductor holdings in ASML and TSMC performed well, this could not keep pace with NVIDIA. Adobe was the second largest detractor for the month and whilst there was nothing specific with respect to Adobe, enterprise software peers Salesforce.com, Workday and Intuit reported weak results and Adobe shares declined in sympathy. IT spending by corporations remains weak in software and stocks doing well in software at present are ones with catalysts such as Azure for Microsoft or S/4 HANA for SAP.

Impact Focus of the Month:
The team will shortly be publishing its 2023 Impact Report based on 2023 impact data, which has been released by companies to date in the first half of this year. As with last year the team stick to using company reported data for our reporting purposes but continue to advance the discussion on how this more outcome and activity related data can be extrapolated further to demonstrate the genuine real world impact this is having. We provide the following extract from the report for Mitigate the Obesity Epidemic: As new data has emerged in 2023, we have advanced our thinking on how to calculate the impact of underlying holdings and improved health outcomes. Novo Nordisk published the results from their SELECT trial in August 2023 that showed a 20% reduction in major adverse cardiovascular (CV) events from taking Wegovy, which was higher than the targeted 17%. Previously Novo Nordisk has estimated that 764mn people have obesity with around half of that in developed markets. Around 10% of that population (76mn) seek help for obesity but very few (lower single digit millions) are treated with anti-obesity medicines. Our assumption published in our ultra-processed food (UPF) whitepaper is that 65mn adults could be on GLP-1s for either diabetes or anti-obesity medication by 2030. If we assume that all of these adults experience the 20% reduction in CV events (either because they are taking Wegovy or Eli Lilly's Zepbound) then this could amount to a reduction in 13mn CV events over time. Given the length of the SELECT trial (5yrs), the real effects from this new drug class could be even greater and there is substantial reason to think that penetration of GLP-1s will accelerate even faster from 2030 to 2040 as semaglutide (the ingredient in Wegovy) comes off patent at the beginning of the decade.

RISKS

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

Returns not guaranteed	The investment of the fund is subject to market fluctuations and its inherent risk. There is NO GUARANTEE on the investment returns, nor any assurance that the target fund's investment objective will be achieved.
Market risk	The value of an investment will decrease or increase due to changes in market factors i.e. economic, political or other events that impact large portions of the market. Market risk cannot be eliminated, hence the target fund's investment portfolio may be prone to changing market conditions that may result in uncertainties and fluctuations in the value of the underlying of the target fund's investment portfolio, causing the NAV or prices of units to fluctuate.
Inflation risk	This is the risk that your investment in the target fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the nominal value of the investment in monetary terms has increased.
Manager's risk	This risk refers to the day-to-day management of the target fund by Nomura which will impact the performance of the target fund, e.g. investment decisions undertaken by Nomura as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weakness in operational process and systems may adversely affect the performance of the target fund. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by Nomura.
Concentration risk	As the target fund invests at least 80% of its NAV in the master fund, it is subject to concentration risk as the performance of the target fund would be dependent on the performance of the master fund.
Country risk	The investment of the target fund may be affected by risk specific to the country which it invests in. Such risks include changes in the country's economic, social and political environment. The value of the assets of the target fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country which the target fund invests in, i.e. Ireland, the domicile country of the master fund.

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RISKS (CONTINUED)

Default risk	Default risk relates to the risk that an issuer of a money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the money market instruments. This could affect the value of the target fund as up to 20% of the NAV of the target fund will be invested in liquid assets which include but are not limited to deposits and money market instruments.
Investment manager of the master fund risk	The target fund will invest in the master fund managed by a foreign asset management company. This risk refers to the risk associated with the investment manager, which include: i) The risk of non-adherence to the investment objective, strategy and policies of the master fund; ii) The risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems by the investment manager; and iii) The risk that the master fund may underperform its benchmark due to poor investment decisions by the investment manager.

Source : Nomura Asset Management Malaysia Sdn Bhd
Date : 31 May 2024