Sun Life Malaysia Equity Income Fund
November 2024

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.

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 May 2014	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	8.92 million units (29 November 2024)	Fund Size	RM15.49 million (29 November 2024)
Unit NAV	RM1.7361 (29 November 2024)	Target Fund	Principal Titans Income Plus Fund
Fund Manager	Principal Asset Management Bhd	Taxation	8% of annual investment income
Performance Benchmark	50% FBM100 Index + 50% MSCI AC Asia ex-Japan Index	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
Target Market	Suitable for investors: ▪ 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	Fund Management Charge	▪ 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

Collective Investment Schemes (CIS)	Fixed income securities	Liquid assets
Minimum 70% and up to 98% of Net Asset Value (NAV)	Up to 28% of NAV	Minimum 2% of NAV

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SECTOR ALLOCATION OF THE TARGET FUND	
Semiconductors	24.80%
Application Software	13.31%
Systems Software	17.05%
Others	10.79%
Technology Hardware, Storage & Peripherals	7.10%
Internet Services & Infrastructure	6.50%
Broadline Retail	5.36%
Semiconducter Materials & Equipment	4.61%
Interactive Media & Services	30.20%
Cash	2.46%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND	
Taiwan Semiconductor Manufacturing (Taiwan)	8.56%
KIA Corporation (South Korea)	4.02%
SK Hynix Inc (South Korea)	3.86%
Tenaga Nasional Bhd (Malaysia)	3.67%
Tencent Holdings Ltd (Hong Kong)	3.60%
Sunway Bhd (Malaysia)	2.96%
Pop Mart International Group (Hong Kong)	2.64%
Telekom Malaysia Bhd (Malaysia)	2.61%
Reliance Industries Ltd (India)	2.54%
Malayan Banking Bhd (Malaysia)	2.39%
Total	36.85%

PERFORMANCE RECORD

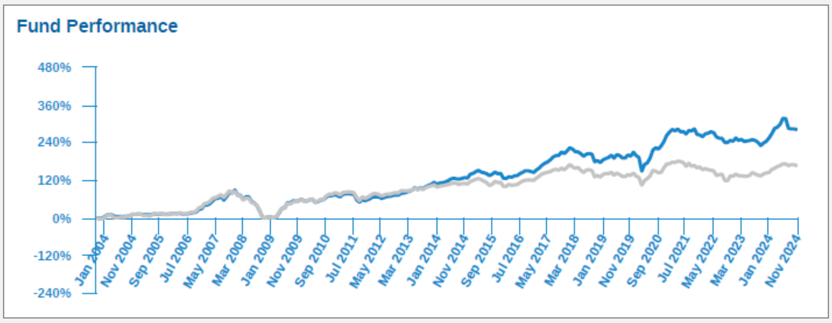
This fund feeds into Principal Titans Income Plus Fund (“target fund”) with the objective to provide investors with an opportunity to gain consistent and stable income by investing in a diversified portfolio of dividend yielding equities and fixed income securities. The Fund may also provide moderate 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 November 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	10.78	-1.04	-3.17	12.48	6.03	30.02	73.61
Benchmark	9.71	-0.91	0.06	11.24	2.98	13.31	30.91

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

Graph below shows the historical performance of the underlying collective investment schemes (CIS) for calendar year returns:



Source: Lipper

FUND MANAGER'S COMMENTS

For the month, the fund declined -1.04 bps (basis points) in MYR terms, outperforming the benchmark by 195bps. For the year-to-date performance, the fund is outperforming the benchmark by 108bps.

The KLCI fell 0.5% in November as investors continue to risk off due to uncertainties surrounding potential new polices under the new US administration, as well as the trajectory of Fed rates given the recent economic data. Utilities (mainly TNB), Commodities (mainly PMAH and PCHEM), Telcos, Transport (mainly MISC) and Consumer were sold off the most, while Banks, Healthcare, Property, Construction and Plantation posted modest gains.

Other key benchmarks: CPO strengthened further by 3% to c.RM5,000/t, Brent hovered around ~US$73/bbl. Ringgit weakened 1.6% against the Dollar at RM4.4475, while the 10YMGS yields fell 12bps to 3.805.
Corporate earnings sustained in 3Q24 with 9M results forming 74% of full year forecast which has baked in 9% growth for 2024. There are seasonal arguments for a catch-up in 4Q24.Earnings were flat qoq, up 4% yoy and up almost 10% for 9M24. Key beats for index constituents were Telcos and Building Materials (PMAH). Banks and construction were marginally ahead. Sectors that trailed expectations were Plantations, Energy (PCHEM), Consumer (MRDIY) and Transport (mainly MISC). Within the broader market, Tech and Gloves missed bya wide margin. O&G services numbers were significantly ahead.

The KLCI is now trading at a forward PE of under 14x, which is over -1SD below the 10-year historical mean, but still more than 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.

Our current year-end KLCI target is 1,740pts, while we recently introduced our preliminary KLCI target of 1,900pts for end-2025, which was based on 400bps 10Y MGS (vs 380bps)and 250bps risk-premium in line with pre-Covid19 historical average. The recent change in the US administration and its policy posture have resulted in elevated risk premiums for Malaysia, but we still see the balance of risk tilting favorably.

MSCI AC Asia Pacific ex Japan Index continued to be weak in November, declining 3.71% for the month. The worst performing market was Indonesia, with MSCI Indonesia declining6.61% during the month on the back weak currency. China was the next worst market as it continued to give back the gains from the policy-led rally in previous months. MSCI China was down 5.42% in November. The momentum of belief in the stimulus by the government is waning and we saw a significant amount of outflow throughout November. India was a bright spot in Asia, where the Index was almost flat for the month.

We have a positive view on Asian equities, given the attractive investment themes. We still like the tech sector as we see semiconductor investments continuing to grow into next yearwhile expectations have been lowered. We will continue to diversify and position the portfolio in areas where they are likely to print strong earnings growth such as the semiconductor industry, beneficiaries of AI spend, and Korea value up program, rising consumer discretionary spent or rising capex. We have been taking some profits off from our China names as we see risk of disappointment in relation to stimulus going into 2025.

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

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 November 2024**