

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	7.14 million units (30 July 2020)	Fund Size	RM10.10 million (30 July 2020)
Unit NAV	RM1.4137 (30 July 2020)	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	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)	Cash
67.39%	25.84%	6.77%

SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	20.50%
Consumer Discretionary	16.17%
Health Care	11.17%
Communication Services	8.41%
Industrials	8.40%
Consumer Staples	8.22%
Materials	6.08%
Energy	5.44%
Financials	3.62%
Utilities	3.22%
Real Estate	1.99%
Cash	6.77%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Alibaba Group Holding Ltd (Cayman Islands)	7.13%
Tencent Hldg Ltd (Hong Kong)	5.08%
Samsung Electronics Co. Ltd (South Korea)	4.23%
Taiwan Semiconductor Manuf (Taiwan)	3.52%
Reliance Industries Ltd (India)	2.92%
Sri Trang Gloves (Thailand)	2.63%
SEA LTD (United States)	2.57%
First Resourses Ltd (Singapore)	2.47%
MediaTek Inc. (Taiwan)	2.35%
Hangzhou Hikv (China)	2.22%
Total	35.12%

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 30 July 2020:

%	YTD	1M	6M	1-Year	3-Year	5-Year	Since Inception
Fund*	1.92	7.86	5.23	5.74	8.60	32.75	41.37
Benchmark	3.47	7.51	7.78	5.63	-0.69	18.49	23.19

* 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 July, the fund rose 7.86% in MYR terms, outperforming the benchmark by 35bps. Year-to-date the Fund rose 1.92%, underperforming the Benchmark by 155bps. The outperformance of the month was driven by financials, consumer services and basic materials.

The FTSE Bursa Malaysia Composite Index ("KLCI") outperformed its regional peers again in July with a 6.85% gain. The broader market has performed even better as the FBM Small Cap Index and FBM ACE Index gained a whopping 10.1% and 38.5% respectively. The healthcare sector was again the star of the month as the continued rise in global Covid-19 new cases underpinned the spike in demand for PPE including gloves. The Malaysian equity market could be susceptible to broader base correction particularly on concern of political uncertainty (domestic and US), but we believe any broad base correction will unlikely to re-test Mar's low given the supportive monetary and fiscal stimulus.

Asia: Regional equities are expected to benefit from the global reflation trade, driven by (1) the revival of economic activities as countries re-open for business, (2) the resolve of central banks to provide unprecedented levels of financial liquidity via debt monetization and negative real interest rates, and (3) the absence of inflationary pressures due to a weak jobs markets and prospects of recovery in corporate margins.

We rate Asian equities a BUY over a 12-month horizon. Considering longer term implications, our portfolios favour China and the more developed Asian economies. Our stock investments are geared towards niche companies which are long-term winners with favourable supply discipline, little competition, or possess significant brand equity. We also like stocks which are beneficiaries of super-low interest rates and discount rates which would likely persist for a long time after the pandemic.

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>
Security risk	<p>Security risk applies 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 the fund manager's periodic research and analysis on all the underlying securities held by the fund.</p>
Foreign currency risk	<p>This risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investors should be aware that if the RM appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the Fund and vice versa. Investors should note that any gains or losses arising from the movement of the foreign currencies against its home currency may therefore increase/decrease the capital gains of the investment. Nevertheless, investors should realize that currency risk is considered as one of the major risks to investments in foreign assets due to the volatile nature of the foreign exchange market. The risk is mitigated through a diversified exposure into markets where the regulatory authorities are members of the IOSCO.</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 fund manager's periodic reviews and analysis.</p>
Country risk	<p>A fund investing in foreign countries may be affected by risks specific to the countries in which it invests. Such risks include changes in the country's economic fundamentals, social and political stability, currency movements and foreign investment policies. These factors may have an impact on the prices of the Fund's investment in that country and consequently may also affect the fund's NAV and its growth. To mitigate this risk, the fund manager will diversify securities investment that spread across various countries.</p>

Source : Principal Asset Management Bhd

Date : 30 July 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. 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.