

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.

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	21 July 2021	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	7.59 million units (31 July 2024)	Fund Size	RM8.99 million (31 July 2024)
Unit NAV	RM1.1849 (31 July 2024)	Target Fund	Nomura Global Sustainable Equity Fund - MYR Class B
Fund Manager	Nomura Asset Management Malaysia Sdn Bhd	Taxation	8% of annual investment income
Performance Benchmark	MSCI All Country World 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	<p>Suitable for investors:</p> <ul style="list-style-type: none"> 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 are prepared to accept moderate level of volatility 	Fund Management Charge	<ul style="list-style-type: none"> 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

Master fund	Deposits, money market instruments and / or held in cash
Minimum of 85% Net Asset Value (NAV)	Maximum of 15% of NAV

SECTOR ALLOCATION OF THE TARGET FUND	
Health Care	27.44%
Information Technology	20.61%
Financials	20.31%
Industrials	18.57%
Utilities	7.39%
Communication Services	3.44%
Materials	0.23%
Cash & Others	2.01%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND	
Microsoft Corporation	4.94%
Johnson Controls International plc	4.64%
Taiwan Semiconductor Manufacturing Co.	4.51%
Novo Nordisk A/S Class B	4.37%
Mastercard Incorporated Class A	4.06%

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 July 2024:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
Fund*	11.34	-1.70	1.42	6.57	14.79	N/A	18.49
Benchmark	11.98	-1.13	3.59	8.21	17.32	N/A	25.06

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

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

(%)	2023	2022	2021
Target Fund	19.74	-13.45	2.22

Source: Refinitiv Lipper

FUND MANAGER'S COMMENTS

The MYR Class B returned -1.70% in an exceptionally volatile month for global equity markets. Allocation contributed more than +100bps over the month, as the strategy benefitted from being overweight to the more defensive Healthcare and Utilities sectors, however selection more than offset this was despite a strong contribution from Industrials, selection across Healthcare, Financials and Information Technology selection was weak. Market volatility was especially elevated over the month oscillating between periods of extreme narrowness seen over the past 18 months and periods of extreme rotation out of the Mega Cap Tech winners and into laggards and small cap. Following a very strong and narrow start to the month, in which the strategy struggled to keep up, the market sold off very sharply on increasing noise in relation to China and US trade relations that weighed heavily on the semiconductor & artificial intelligence (AI) winners with the US government considering tighter restrictions on Dutch and Japanese semiconductors. Earnings season has been one of the most volatile in recent memory after an extensive period of winners, winning and winning, with those companies that have not been able to continue delivering punished disproportionately whilst some of the less loved businesses of the past two years have been able to catch investor attention once again.

The top contributors were Pentair (+15%) and United Health (+13%). Investors had been concerned coming into Pentair's results following the negative pre-announcement of the largest pool equipment distributor in the United States however Pentair once again proved that it has become much more than a aquatics company with a highly diversified portfolio that is performing very well. United Health benefitted through the month initially from a market perception that the odds of Trump winning the Presidential election had increased and the view that policies will be more supported for Healthcare Insurance whilst also benefitting in a period of rotation out of mega cap tech, and later in the month reported better than expected earnings.

The top detractors were ASML (-11%) and Novo Nordisk (-9%). ASML reported better than expected orders in Q2 with TSMC ramping up its orders for EUV equipment. However, on the day they reported results, Bloomberg reported that the US government is considering tighter restrictions on Dutch and Japanese semiconductor capital equipment companies. Since that article, restrictions may not go into effect for Dutch and Japanese companies. Following an exceptional run of performance by Novo Nordisk it was not surprising to see the stock underperform when the markets rotated sharply through the month and in addition to this there was some increasing noise around competitors' efforts to bring obesity drugs to the market.

Impact Focus of the Month:

2023 was another very tough year for sustainable and impact orientated funds as despite the outperformance of growth – to which the majority of funds are overweight – the narrowness of the market rally being concentrated across Mega Cap Tech was a large headwind and a number of impact areas, most notably renewables, performed exceptionally poorly. The year also saw further growth in the disappointing 'anti-ESG' backlash movement, especially in the United States in which more states have either passed or tabled anti-ESG laws. As a result, flows into the global sustainable space have continued to decline and even turned negative in the USA. A more in-depth focus on impact can however support a mitigation of both of these headwinds for sustainable funds.

With regard to crowding within sustainable investing and the growth bias, we have written extensively about the fact that sustainable does not have to mean growth and in our view many mature businesses with more stable earnings and cash flow profiles remain highly underappreciated with respect to their real world impact. One area that we would highlight which caused significant pain for sustainable funds in 2023 was climate change mitigation and the huge headwind faced in the most obvious investment field for supporting progression towards this goal – renewables. Efficiency and electrification are equally important areas for investment in supporting a climate transition. Indeed we would highlight that renewables only account for in the region of 26% of the total investment required globally to meet commitments to keep global warming to below 1.5°C (International Renewable Energy Agency (IRENA)) whilst efficiency, electrification and the development of power grids account for 55% of the required investment. Our framework seeks to understand the challenges faced and the avenues to invest that align with tackling climate change, in addition to the core impact of potential investee companies. This has supported the avoidance of areas of overcrowding or needing to make compromises when investing for impact.

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.

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	<p>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:</p> <ul style="list-style-type: none">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; andiii) 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 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.