

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	7.69 million units (30 August 2019)	Fund Size	RM10.07 million (30 August 2019)
Unit NAV	RM1.3096 (30 August 2019)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	CIMB Principal Equity Income 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 (Local)	Equities (Foreign)	Mutual Fund	Cash
49.95%	35.88%	1.58%	12.59%

SECTOR ALLOCATION OF THE TARGET FUND

Industrials	16.36%
Financials	12.31%
Consumer Discretionary	11.11%
Communication Services	10.08%
Real Estate	9.42%
Information Technology	7.53%
Utilities	5.88%
Materials	4.29%
Energy	3.63%
Consumer Staples	3.00%
Health Care	2.22%
Mutual Fund	1.58%
Cash	12.59%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Tenaga Nasional Bhd (Malaysia)	4.75%
Malayan Banking Bhd (Malaysia)	3.42%
CIMB Group Hldgs Bhd (Malaysia)	2.65%
Taiwan Semiconductor Manuf (Taiwan)	2.58%
Alibaba Group Holding Ltd (Cayman Island)	2.52%
Tencent Hldg Ltd (Hong Kong)	2.36%
Press Metal Aluminium Hldg Bhd (Malaysia)	2.21%
Netlink NBN Trust (Singapore)	2.04%
Axiata Group Bhd (Malaysia)	2.02%
Link REIT (Hong Kong)	1.96%
Total	26.51%

PERFORMANCE RECORD

This fund feeds into CIMB Principal Equity Income 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 August 2019:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	5.25	-2.05	0.58	0.98	-3.51	19.85	30.96
Benchmark	0.94	-2.35	-1.46	-3.85	-8.39	6.89	13.89

* 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 August, the Fund declined 2.05% in MYR terms, outperforming the Benchmark by 30 basis points (bps) contributed mainly by financials. Year-to-date, the Fund rose by 5.25%, outperforming the Benchmark by 431 bps.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") declined 1.4% in Aug (YTD: 4.6%) in tandem with the selloff in global equity markets. Domestically, the underwhelming 2Q19 earnings season and sell-down of GENT and GENM following a RPT proposal also led to the decline in the benchmark index. 2Q19 earnings season was a major disappointment as reflected by further negative earnings revision leading to a much higher earnings contraction of 7.2% in 2019 (vs 4.5% a month ago). Going into 2020, consensus projects 7.2% earnings rebound driven largely by banks and plantation sectors, which we remain sceptical.

Asia Pacific ex-Japan equities fell last month as worries over the lack of progress in US-China trade talks overshadowed interest rate cuts by central banks of US and Asia. Hong Kong was the worst performing market in Asia as the territory entered its third month of civil unrest. Several developments with unpredictable outcomes could have adverse impact on equity fundamentals. For the moment, the chance of a meaningful resolution to the trade impasse between US and China appears dim. With anemic economic growth globally, we expect interest rates to stay lower for longer and liquidity would become more available for financial assets. We expect China, Indonesia, Thailand, India to be more proactive in fiscal stimulus.

We maintain NEUTRAL on Malaysia while await policy clarity post Budget 2020 announcement on 11 Oct. With expectation of further OPR cuts over the next 18 months, we continue to like the dividend investment theme, favoring high dividend yielders with earnings resilience. We will also look for opportunistic trade on weakening MYR, especially glove manufacturers and equipment makers in the technology sectors.

*Source : Principal Asset Management Bhd
Date : 30 August 2019*

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.