Sun Life Malaysia Global Sustainable Fund

September 2021

FUND OBJECTIVE

To achieve longterm 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	70,464 units (30 September 2021)	Fund Size	RM70,464 (30 September 2021)
Unit NAV	RM1.0000 (30 September 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Nomura Asset Management Malaysia Sdn Bhd	Target Fund	Nomura Global Sustainable Equity Fund
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% pa 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
99.28%	0.72%

SECTOR ALLOCATION OF THE TARGET FUND	
Information Technology	29.74%
Health Care	25.64%
Industrials	13.55%
Financials	9.04%
Communication Services	6.39%
Utilities	5.79%
Consumer Staples	5.32%
Materials	3.68%

TOP HOLDINGS OF THE TARGET FUND	
Novo Nordisk A/S Class B	4.30%
Johnson Controls Internal plc	4.14%
Paypal Holdings Inc.	4.10%
Microsoft Corporation	3.94%
Alphabet Inc. Class A	3.92%

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FUND MANAGER'S COMMENTS

Allocation was the primary driver of underperformance with strength within Energy and to a lesser extent Financials a material headwind as crude oil prices rose by close to 8% and long term interest rates spiked sharply rising to 1.49% for the US 10 year. Selection was also negative with a number of Industrials giving back some of the strong outperformance over the past year. Year to date the strategy is +4.44% ahead of MSCI ACWI.

Impact focus of the month: Johnson Controls has been a core holding since the inception of the strategy aligned with out Mitigate Climate Change goal. Buildings account for between 30 to 40% of emission globally, varying by country, and as such reducing building emissions will play a very important role if global targets for limiting climate change are to be met. Johnson Controls is a leader within commercial HVAC and integrated building management systems, and the emission reductions that its technology and services can facilitate mean that the company is very well positioned to benefit from a growing focus on building emissions. The most relevant impact metric for Johnson Controls is therefore the tonnes of carbon emissions that have been avoided as a result of its products and services, however the company only reports this metric for a portion of its total operations. We have been engaging extensively with the company to broaden its reporting on this crucial metric; the response that we get is that this metric is available internally however it is somewhat subjective with regards to how it is calculated. We do understand the company's reservations, and this response is very common, however we strongly believe that companies must start to shift more towards a more 'impact aware' mind-set and start reporting these metrics despite their limitations, which can be offset by being highly transparent about calculation methodologies and the limitations.

AO Smith (-16%) and DaVita (-11%) were the greatest performance detractors. AO Smith's core North American water heater business remains very stable however the much smaller, but higher growth, China business will be impacted by the fallout from the unfolding Evergrande debt crisis. We felt that the sell off in the stock was overdone given our view of the 'value' of the core North America business and added to the position over the month. DaVita sold off following a warning by competitor Fresenius Medical Care over the impact of the Delta variant surge on its US operations, however our analysis suggests DaVita should not experience the same headwinds. Inditex (+10%) and AstraZeneca (+3%) were the strongest contributors. AstraZeneca announced a number of very positive drug trial results over the month, most notably for its breast cancer treatment Enhertu. Inditex reported better than expected second quarter results in which sales, and profits have now recovered to all-time highs, and the decision was taken to fully exit our position.

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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	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
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