

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	7.93 million units (31 July 2024)	Fund Size	RM14.84 million (31 July 2024)
Unit NAV	RM1.8723 (31 July 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: <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 	Fund Management Charge	<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% 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

Sun Life Malaysia Equity Income Fund

July 2024



SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	24.82%
Industrials	17.63%
Energy	9.59%
Real Estate	7.20%
Financials	7.13%
Communication Services	6.76%
Consumer Discretionary	6.26%
Utilities	5.91%
Others	5.32%
Cash	9.38%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Taiwan Semiconductor Manufacturing (Taiwan)	7.59%
Samsung Electronics Co Ltd (South Korea)	5.54%
Gamuda Bhd (Malaysia)	4.05%
Tenaga Nasional Bhd (Malaysia)	3.49%
Tencent Holdings Ltd (Hong Kong)	3.12%
ICICI Bank Ltd (India)	2.88%
Reliance Industries Ltd (India)	2.85%
Dayang Enterprise Holdings Bhd (Malaysia)	2.47%
Dialog Group Bhd (Malaysia)	2.43%
IJM Corporation Bhd (Malaysia)	2.33%
Total	36.75%

PERFORMANCE RECORD

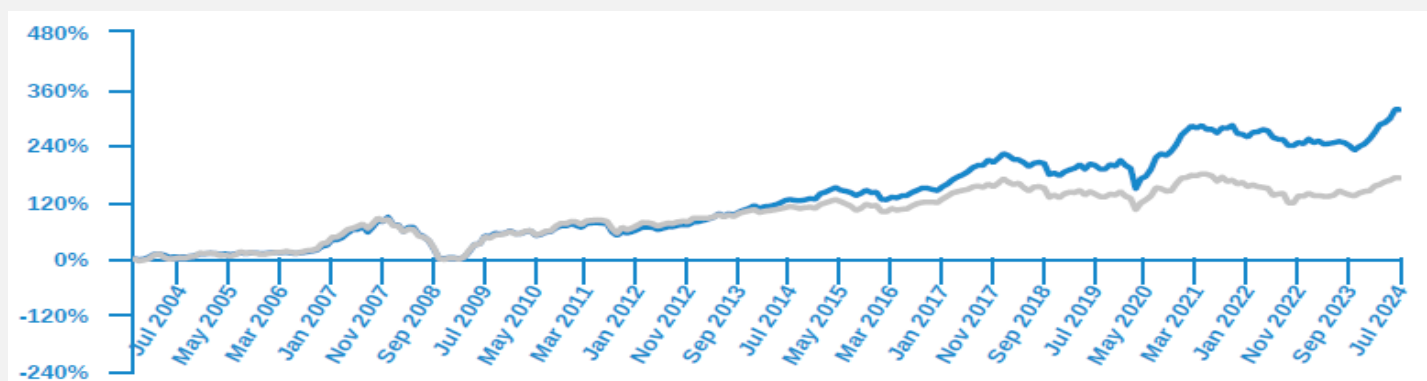
This fund feeds into Principal Titans Income Plus Fund (“target fund”) with the objective to provide investors with an opportunity to gain consistent and stable income by investing in a diversified portfolio of dividend yielding equities and fixed income securities. The Fund may also provide moderate 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 31 July 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	19.48	0.01	16.19	18.47	14.22	40.04	87.23
Benchmark	11.71	-0.28	11.05	11.17	2.59	14.28	36.54

* 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

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FUND MANAGER'S COMMENTS

For the month, the fund increased 0.01% in MYR terms, underperforming the benchmark by -27bps. The underperformance of the month was driven by Industrials, Energy and Materials.

KLCI rose +2.2% in July in line with gains in regional markets. Gainers were led by Banks, Utilities, Telcos, and Consumer, while Materials languished. Despite the strong performance YTD, Malaysia's equity market valuation remains compressed, trading at a forward PE of 14x which is around 1SD below the historical mean. Sustained strength in domestic investments (both DDI and FDI), fiscal consolidation gathering pace (in particular, subsidy rationalisation initiatives) and the stabilisation of the Ringgit are factors we see supportive of narrowing risk premiums (current yield gap at ~330bps) and higher valuation multiples.

The Malaysian market continued to do well in July and delivered yet another solid month. We continue to lock in more gains on outperformers and redeployed the cash into quality laggard names. Domestic market sentiment remains encouraging and we continue to be positive on the Malaysian market. Our preferred sectors and key picks remain in potential direct beneficiaries of the NETR which includes Property, Construction and Utilities. We are also positive on selective O&G names as we see value and we believe the sector will be supported by strong Petronas activities in the coming years. Additionally, we remain optimistic on Financials as we expect positive momentum to persist, primarily fueled by better earnings outlook.

MSCI AC Asia Pacific ex Japan Index was almost flat in July in USD terms. The best performing markets were Thailand and Malaysia while China and Taiwan ROC were laggards. The USD depreciated by 1.67% and the US 10-year bond yields fell 37bps to 4.03%. China Caixin Manufacturing PMI fell below 50 in July and inflation is very subdued at 0.2%. PBoC unexpectedly cut its key policy rate by 10bps to 1.7%. The Chinese government has to do more in terms of policy to hit the 5% GDP growth target. Hence policy implementation is still the key driver for Chinese market.

We have a positive view on Asian equities, given the attractive investment themes. Current market correction is likely to present investment opportunities as valuations become more attractive. 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 spend or rising capex. We will also be selective in our investments in China, especially for those companies who have shown signs of turnaround or have high dividend yields.

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.

RISKS

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 : 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.