

Sun Life Malaysia Global Sustainable Fund

January 2023



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.

FUND DETAILS

Launch Date	21 July 2021	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	10.03 million units (31 January 2023)	Fund Size	RM9.16 million (31 January 2023)
Unit NAV	RM0.9140 (31 January 2023)	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: <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; or▪ are prepared to accept moderate level of volatility.	Fees	<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

Equity Fund	Cash and Others
99.13%	0.87%

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SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	28.42%
Health Care	24.19%
Industrials	15.98%
Financials	10.88%
Utilities	6.85%
Communication Services	4.58%
Consumer Staples	3.62%
Materials	3.60%
Cash	1.89%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Mastercard Incorporated Class A	4.28%
Thermo Fisher Scientific Inc.	4.19%
Johnson Controls International plc	4.01%
Microsoft Corporation	3.82%
NextEra Energy, Inc.	3.71%

PERFORMANCE RECORD

This fund feeds into Nomura Global Sustainable Equity Fund ("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 January 2023:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
Fund*	1.49	1.49	0.57	-2.86	-6.81	N/A	-8.60
Benchmark	3.71	3.71	-0.24	-2.55	-7.89	N/A	-7.53

* 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

Global equity markets have rallied sharply as investors have sought to get ahead of the Federal Reserve (Fed) and the potential for more accommodative monetary policy as inflation pressures have eased to some extent, which has benefitted higher growth stocks that underperformed in 2022 to the greatest extent. Selection was positive over the month with Industrials notably very strong, however allocation detracted materially driven primarily by the underperformance of the Healthcare sector and the sharp recovery in Consumer Discretionary.

Impact Focus of the month: The team have initiated a position in Tetra Tech aligned with the Global Access to Clean Drinking Water impact goal. Tetra Tech is an environmental consulting and engineering business which is typically engaged at the very front end of water and sustainability projects. When municipalities grow more concerned about droughts and access to water they will engage firms such as Tetra Tech to help them to develop engineering solutions. The even more impactful side of the business is the company's position as a go to solutions provider for US Agency for International Development agency (USAID) supporting the development of water access projects across the poorest nations globally in which water access is needed most. The US in particular has made huge commitments to ramping up infrastructure spending to support access to water and a cleaner grid (through Federal Acts such as the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)) and this spending will start to come through from the end of this year providing a significant boost for Tetra Tech over the long term. The team do not believe however that this is priced into the stock at current levels following a significant de-rating as certain previous 'sustainable' darlings have fallen out of favour.

Top contributors to performance were Pentair (+24%), ASML (+22%) and AO Smith (+19%). ASML has benefitted from a broad improvement in sentiment around the semi cycle whilst Pentair and AO Smith both benefitted from better than expected fourth quarter earnings reports and guidance, and a similarly broad improvement in sentiment around the outlook for residential exposed businesses. Top detractors were NextEra (-11%), CVS (-5%) and Cigna (-4%). NextEra announced at its earnings report that its longstanding regulated utility business CEO would be standing down following a difficult year in which the company has had to defend itself against accusations of campaign financing violations whilst longer term guidance was potentially not as optimistic as hoped given the benefit expected from the IRA. Having benefitted from a flight to safety through 2022 Cigna and CVS lagged over the month and concerns over the outcome of the CMS' review of Risk Adjustment Data Validation also weighed on the broader managed care space.

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: <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 January 2023

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.