

Sun Life Malaysia Islamic Deposit Fund

April 2021



FUND OBJECTIVE

The Fund aims to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in Islamic deposits placements that comply with the Shariah principles.

FUND DETAILS

| | | | |
|----------------------|---|--------------|--|
| Launch Date | 18 January 2019 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 247,441 units (30 April 2021) | Fund Size | RM258,742 (30 April 2021) |
| Unit NAV | RM1.0457 (30 April 2021) | Dealing | Daily (as per Bursa Malaysia trading day) |
| Fund Manager | Principal Asset Management Bhd | Target Fund | Principal Islamic Deposit Fund |
| Benchmark | Islamic Interbank Overnight Rate | Taxation | 8% of annual investment income |
| Risk Profile | <p>Suitable for investors:</p> <ul style="list-style-type: none"> ▪ Seek liquid and low risk investment with a short-term investment horizon ▪ Want a Shariah-compliant investment. ▪ Seek for security and flexibility in investment. | Fees | <ul style="list-style-type: none"> ▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Deposit Fund. ▪ Up to 0.45% of the NAV of the fund, accrued on a daily basis by the Principal Asset Management Bhd. |

ASSET ALLOCATION OF THE TARGET FUND

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|--------------|---------|
| Money Market | 99.43% |
| Cash | 0.57% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

| | |
|-----------------------------|--------|
| RHB Islamic Bank Bhd | 19.83% |
| CIMB Islamic Bank Bhd | 19.58% |
| Public Islamic Bank Bhd | 18.56% |
| AmBank Islamic Bhd | 15.39% |
| Hong Leong Islamic Bank Bhd | 9.73% |
| Bank Islam Malaysia Bhd | 9.60% |
| Maybank Islamic Bhd | 6.73% |
| Total | 99.42% |

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PERFORMANCE RECORD

This fund feeds into Principal Islamic Deposit Fund (“target fund”) with the objective to provide investors with liquidity and regular income, while maintaining capital stability by investing primarily in Islamic deposit placements with licensed Islamic financial institutions that comply with Shariah principles.

Table below shows the investment returns of Sun Life Malaysia Islamic Deposit Fund versus its benchmark as at 30 April 2021:

| % | YTD | 1M | 3M | 6M | 1-Year | 3-Years | Since Inception |
|------------------|------|------|------|------|--------|---------|-----------------|
| Fund* | 0.54 | 0.12 | 0.39 | 0.78 | 1.67 | N/A | 4.57 |
| Benchmark | 0.57 | 0.14 | 0.42 | 0.87 | 1.80 | N/A | 5.93 |

* 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

The Fund delivered 0.12% in the month of April 2021, underperforming the benchmark by 2bps, and delivered 1.67% in the 12-months period ending 30 April 2021, underperforming the benchmark by 13bps.

The rising number of COVID-19 cases in the country coupled with possibility of a fourth wave of infections have raised concern over the reintroduction of MCO which could derail market sentiment. In April, the number of COVID-19 cases have spiked up steadily with an average of +2,500 – 3,500 seen on a daily basis from the average of 1,000+ cases seen in March. Following initial lockdowns within several states, the Government eventually decided to impose a national lockdown commencing from 12th May to 7th June. All economic sectors are allowed to operate except for those involving social events and large gatherings are off limits (including cinemas, theme parks, face-to-face seminars & meetings, weddings, etc.), hence impact to GDP will likely be more similar to MCO 2.0 rather than MCO 1.0.

In their 2020 Annual Report, BNM projects for the economy to recover in 2021 with growth ranging between 6.0-7.5%. Growth will be underpinned by stronger external demand and higher private and public expenditure. The central bank expects monetary policy in 2021 to remain accommodative to support an enhanced and sustained economic growth. Although headline inflation is expected to rise, it will be driven mainly by supply side factors. Underlying price pressures, on the other hand, will remain subdued with core inflation projected to be between 0.5 – 1.5% amid spare capacity in the economy.

With 1Q2021 GDP still expected to be weak, we believe that BNM is likely to keep its OPR at 1.75% for the time being as they deem the current monetary policies to be accommodative to support the recovery.

We limit our investment exposure to short-term Islamic deposit placements due to the very low risk nature of the Fund.

RISKS

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| 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. |
| General market environment risk | Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the target fund's NAV. |
| 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 value of the investment in monetary terms has increased. |
| Financing risk | This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. |
| Manager's risk | This risk refers to the day-to-day management of the target fund by Principal which will impact the performance of the target fund, e.g. investment decisions undertaken by Principal as a result of an incorrect view of the market may adversely affect the performance of the target fund. |
| Reclassification of Shariah non-compliant status risk | This risk refers to the risk that the currently held Shariah-compliant securities in the target fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission Malaysia (SACSC), the Shariah adviser, the Shariah boards of the relevant Islamic indices or the Shariah adviser of the issuer. |
| Credit and default risk | <p>Investment of the target fund may involve a certain degree of credit and default risk. Generally, credit and default risk is the risk of loss due to the counterparty's and/or issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. Principal aim to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of its counterparty and/or issuer.</p> <p>Investment in the target fund is not the same as placing funds in a Shariah-compliant deposit with a licensed Islamic financial institution. There are risks involved and investors should rely on their own evaluation to assess the merits and risks when investing in the target fund.</p> |

Source : *Principal Asset Management Berhad*

Date : 30 April 2021

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.