

FUND OBJECTIVE

To achieve moderate capital growth by investing in a portfolio of Shariah-compliant collective investment schemes that invests in Shariah-compliant equities and/or Sukuk.

FUND DETAILS

Launch Date	1 December 2017	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	719,495 units (28 August 2020)	Fund Size	RM750,390 (28 August 2020)
Unit NAV	RM1.0429 (28 August 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Islamic Balanced Wholesale Fund-of-Funds
Benchmark	30% Quantshop GII Medium Index + 20% CIMB Islamic 1-month Fixed Return Income Account-I (FRIA-i) + 50% FTSE Bursa Malaysia EMAS Shariah Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> Have a long-term investment horizon Want a balanced portfolio that includes Shariah-compliant equities and Sukuk Want a portfolio of investments that adhere to Shariah principles 	Fees	<ul style="list-style-type: none"> Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Strategic Balanced 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

Mutual Fund	Cash
89.58%	10.42%

SECTOR ALLOCATION OF THE TARGET FUND

Mutual Fund	89.58%
Cash	10.42%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Principal DALI Equity Fund	44.91%
Principal Islamic Lifetime Enhanced Sukuk Fund	22.66%
Principal Islamic Lifetime Sukuk Fund	22.01%
Total	89.58%

PERFORMANCE RECORD

This fund feeds into Principal Islamic Balanced Wholesale Fund-of-Funds (“target fund”) with the objective to achieve moderate capital growth by investing in a portfolio of Shariah-compliant collective investment schemes that invest in Shariah-compliant equities and/or Sukuk.

Table below shows the investment returns of Sun Life Malaysia Islamic Strategic Balanced Fund versus its benchmark as at 28 August 2020:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	4.57	-0.28	5.71	6.72	6.35	N/A	4.29
Benchmark	7.54	-0.92	5.58	10.67	8.29	N/A	8.78

* 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 declined by 0.28% in August 2020, outperforming the benchmark by 0.64%. Year-to-date (YTD), the fund has underperformed the Benchmark by 2.97%. The Fund will stay fully invested in target funds.

2Q20 earnings season was a disappointment despite earlier expectation of severe earnings contraction due to the full impact of MCO. Post reporting season, consensus CY20 and CY21 EPS estimates of KLCI have been cut by 2% and 6.4% respectively. The earnings disappointment was further compounded by the absence of any interim dividends by the banks to preserve capital against potential losses as the end of loan moratorium looms. Except for banks which will continue to face asset deterioration risk post the end-Sep fiscal cliff and tourism related stocks, the worst is likely over for the rest of the listed companies. The reopening of economy since early May will lead to meaningful earnings rebound in 2H20 which is supported by the sharp rebound in the purchasing manager index from the low of 31.3 in Apr to 49.3 in Aug which is just a notch lower than the 50-parity level. Politics will remain the source of uncertainty for the equity market (especially for the foreign investors). Given the slim majority of the current government, there is concern that a snap general election may be called soon even though it is not due for another 3 years. Any potential change in government will lead to policy uncertainty which is a dampener for the market in the short term. This is particularly evident in listed GLCs which have significant presence in corporate Malaysia.

Going into 4Q2020, we turned cautious on two key factors, i) small-cap stocks following recent rally and ii) Rising global volatility (driven by US-China Trade tension and US Presidential Election). Hence, for equity strategy, we are reducing the overall portfolio risk by reducing exposure to domestic small-cap and shifting into mid-and big-cap names. For Sukuk strategy, we continue to selectively participate in the corporate bonds segment with strong and stable fundamentals.

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 fund's investment objective will be achieved.
General market environment risk	Market risk refers to the possibility that a Shariah-compliant 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 fund's NAV.
Inflation risk	This is the risk that your investment in the wholesale 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.
Manager's risk	This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market may adversely affect the performance of the fund.
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.
Reclassification of Shariah status risk	This risk refers to the risk that the currently held Shariah-compliant securities in the fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the SAC of the SC, Shariah adviser of the issuer, the Shariah Adviser or the Shariah boards of the relevant Islamic indices.
Risk associated with investing in Islamic CIS	Since the Fund will invest entirely into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

RISKS (CONTINUED)

Country risk

The Fund may invest into Islamic CIS which can be domiciled in various countries. Therefore, the Fund will be subjected to risks specific to the countries in which the Islamic CIS are domiciled in. Such risks include adverse changes in economic fundamentals, social and political stability, laws and regulations and foreign investments policies. These factors may be an adverse impact on the prices of the Islamic CIS, which will depress the Islamic CIS's NAV growth, and consequently depress the Fund's NAV growth.

Currency risk

As the Fund may invest into Islamic CIS denominated in currencies other than MYR, any fluctuation in the exchange rate between MYR and the currencies in which the Islamic CIS are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the Islamic CIS are denominated depreciate against MYR, this will have an adverse effect on the NAV of the Fund in MYR 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.

Source : *Principal Asset Management Bhd*

Date : *28 August 2020*

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. In exceptional circumstances, we reserve the right to suspend the creation or cancellation of units. Notice for suspension will be published on our website. 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.