

# Sun Life Malaysia Islamic Strategic Conservative Fund

July 2024



## FUND OBJECTIVE

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

## INVESTMENT STRATEGY & APPROACH

Please refer to the Yearly 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 of the target fund.

## FUND DETAILS

<b>Launch Date</b>	1 December 2017	<b>Domicile</b>	Malaysia
<b>Currency</b>	Ringgit Malaysia	<b>Launch Price</b>	RM1.0000
<b>Units in Circulation</b>	1.19 million units (31 July 2024)	<b>Fund Size</b>	RM1.40 million (31 July 2024)
<b>Unit NAV</b>	RM1.1722 (31 July 2024)	<b>Taxation</b>	8% of annual investment income
<b>Fund Manager</b>	Principal Asset Management Bhd	<b>Target Fund</b>	Principal Islamic Conservative Wholesale Fund-of-Funds
<b>Performance Benchmark</b>	50% Quantshop GII Medium Index + 25% CIMB Islamic 1-month Fixed Return Income Account-I (FRIA-i) + 25% FTSE Bursa Malaysia EMAS Shariah Index	<b>Frequency and Basis of Unit Valuation</b>	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
<b>Target Market</b>	Suitable for investors: <ul style="list-style-type: none"> <li>▪ Have a long-term investment horizon</li> <li>▪ Have a low risk profile and seek for a potentially less volatile investment return</li> <li>▪ Want a minimal exposure to Shariah-compliant equities investment</li> <li>▪ Want a portfolio of investments that adhere to Shariah principles</li> </ul>	<b>Fund Management Charge</b>	<ul style="list-style-type: none"> <li>▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Strategic Conservative Fund</li> <li>▪ Up to 1.2% of p.a. fund management charge is applied on the target fund's NAV by Principal Asset Management Berhad</li> </ul>

## ASSET ALLOCATION OF THE TARGET FUND

Islamic CIS investing predominantly in Shariah-compliant equities	Islamic CIS investing predominantly in Sukuk	Islamic liquid assets
Maximum 30% of NAV	Minimum 70% of NAV	Maximum 5% of NAV

Sun Life Malaysia Takaful Berhad 200501012215 (689263-M)

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## SECTOR ALLOCATION OF THE TARGET FUND

Mutual Fund	97.81%
Cash	2.19%
Total	100.00%

## TOP HOLDINGS OF THE TARGET FUND

Principal Islamic Lifetime Sukuk Fund	49.99%
Principal Islamic Lifetime Enhanced Sukuk Fund	29.08%
Principal DALI Equity Fund	18.74%
Total	97.81%

## PERFORMANCE RECORD

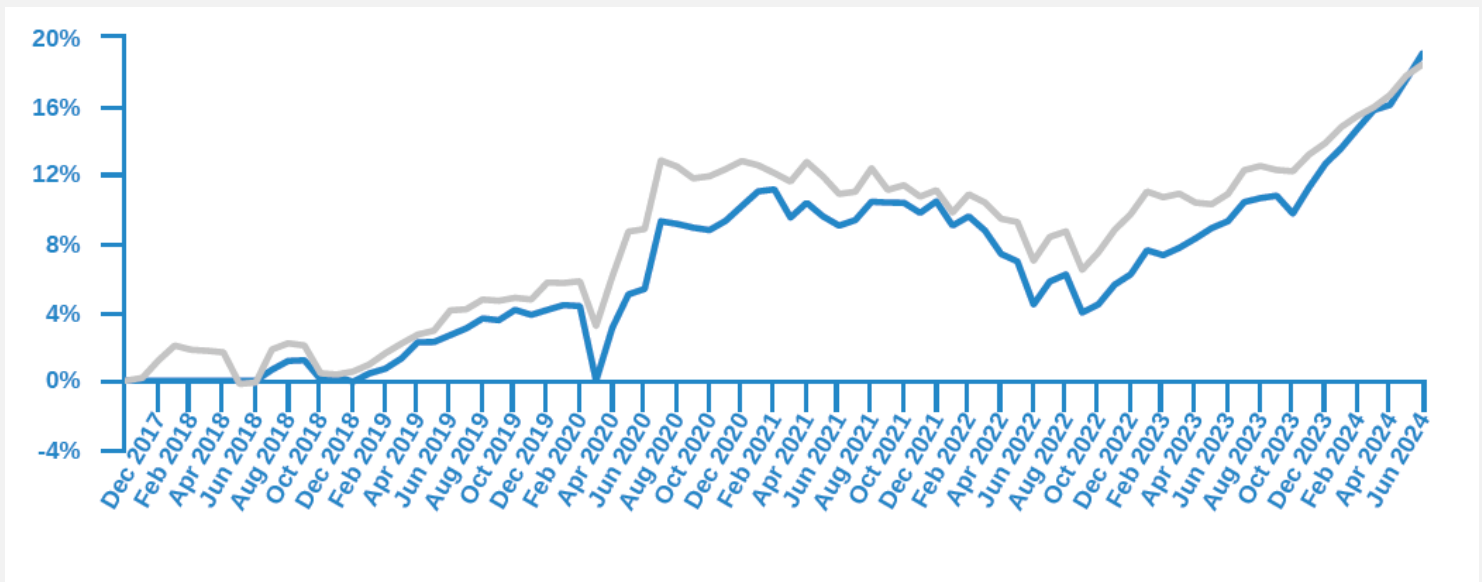
This fund feeds into Principal Islamic Conservative Wholesale Fund-of-Funds (“target fund”) with the objective to achieve capital stability by investing in a portfolio of Shariah-compliant collective investment schemes that invest in Shariah-compliant equities and/or Sukuk.

Table below shows the investment returns of Sun Life Malaysia Islamic Strategic Conservative Fund versus its benchmark as at 31 July 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	6.25	1.01	5.46	8.17	8.36	9.19	17.22
<b>Benchmark</b>	4.93	0.86	4.06	6.40	7.60	14.66	19.42

\* Calculation of past performance is based on NAV-to-NAV

Graph below shows the historical performance of the underlying collective investment schemes (CIS) for the calendar year returns:



Source: Lipper

## FUND MANAGER'S COMMENTS

The Fund rose 1.19% during the month, outperforming the benchmark by 0.33%.

MSCI AC Asia ex Japan Islamic Index declined 1.4% in US\$ terms in July led by Taiwan and China while India and ASEAN were outperformers. The US 10-year bond yield declined 36bps to 4.03% while the Dollar Index declined 1.7% during the month. Year-to-date, the MSCI AC Asia ex Japan Islamic Index rose 12.8% in US\$ terms.

The Federal Reserve is now moving closer towards a rate cut in September as inflation is making progress towards its 2% goal and showing it is more attentive to the risks on both sides of its dual mandate, affirming that it no longer viewed inflation as the foremost issue, but rather a rising unemployment rate was also top of mind as it charts its policy path. In China, the 20th Central Committee's Third Plenary Session gave little for investors to cheer about. Weak domestic demand, both consumption and business investment, is the key culprit behind China's growth downturn. Meanwhile, we remain positive on India given its deep domestic economy and selected technology names in South Korea and Taiwan. Key risks include the global economic and interest rate trajectory, and geopolitical tensions, particularly US-China relations, which could involve sanctions, financial market impacts, and potential military conflicts.

We have a positive view on Asian equities, given the attractive investment themes. We will continue to diversify and position the portfolio in selected tech hardware names across foundry, phone components, IT services, software and equipment.

## RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

### Market 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.

### Manager's risk

This risk refers to the day-to-day management of the target fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by Principal, 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 weaknesses in operational process and systems, may adversely affect the performance of the target fund.

## RISKS

### Reclassification of Shariah 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), Shariah adviser of the issuer, the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, Principal will take the necessary steps to dispose of such securities. There may be opportunity loss to the target fund due to the target fund not being allowed to retain the excess gains derived from the disposal of the Shariah non-compliant securities. In the event that the Shariah non-compliant securities are disposed of at a price lower than the investment cost, it may adversely affect the value of the target fund. Thus, it may cause the NAV of the target fund or price of units to fall.

### Risk associated with investing in Islamic CIS

Since the target 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 target fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, Principal will seek for another Islamic CIS that is consistent with the objective of the target fund.

### Country risk

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

### Currency risk

As the target 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 note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the target fund.

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 takaful contributions 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 contributions 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.

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