

# Sun Life Malaysia Islamic Global Balanced Fund

July 2021



## FUND OBJECTIVE

To provide income and capital appreciation over the medium to long term by investing in Shariah-compliant equities and Sukuk globally.

## FUND DETAILS

Launch Date	19 April 2021	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Unit NAV	RM1.0000 (30 July 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	UOB Asset Management (Malaysia) Berhad	Target Fund	United-i Global Balanced Fund MYR Hedged class
Benchmark	50% S&P Global BMI Shariah Index + 50% Dow Jones Sukuk Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>▪ seek an investment that provides income and capital appreciation;</li> <li>▪ have a moderate risk tolerance;</li> <li>▪ want a portfolio of investments that adhere to Shariah principles; and</li> <li>▪ want to have investment with global exposure.</li> </ul>	Fees	<ul style="list-style-type: none"> <li>▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Global Balanced Fund.</li> <li>▪ 1.8% p.a. fund management charge is applied on the target fund's NAV by UOB Asset Management (Malaysia) Berhad.</li> </ul>

## ASSET ALLOCATION OF THE TARGET FUND

Sukuk & Islamic Money Market Instruments	Shariah-compliant Equities	Others
Min 40%; Max 60%	Min 40%; Max 60%	Remaining Balance

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**FUND MANAGER'S COMMENTS**

**Equity**

Global equities advanced for the fifth consecutive month. Markets were fueled by improving global economic data, strong corporate earnings, abundant fiscal and monetary stimulus, and higher vaccination rates. The global decline in COVID-19 cases since mid-April came to a halt, with the rapid spread of the highly-infectious Delta variant disrupting plans to lift lockdowns in many countries and reopen economies. Stronger economic growth and rising inflation in a number of countries prompted some central banks to raise interest rates or consider tighter monetary policy, with the US Federal Reserve signaling that interest rates could rise sooner than expected. The US secured the backing of 130 countries for a global minimum tax (GMT) of at least 15% on corporations, as part of a broader agreement to overhaul international tax rules. The GMT would prevent multinational firms from avoiding taxes by shifting their profits to countries with low tax rates, and is a key element of US President Joe Biden's plans to increase revenue for infrastructure and clean-energy projects. The S&P Global BMI Shariah returned 3.3% over the period. Within the index, seven out of 11 sectors rose for the month. Financials and information technology were the top performing sectors, while utilities and materials were the bottom performing sectors over the month.

**Sukuk**

The global recovery continues to be under pressure with the increasing cases of the new Covid-19 variant, especially in the developed countries putting resistance in the recovery progress. In the US, macro data metrics in May showed mix directions with improved manufacturing data but retail sales number recorded lower than expected. Jerome Powell, in the recent FOMC press conference, emphasized on achieving full employment and looking for a more noticeable improvement in these data metrics before decided on tightening policy. The US Treasuries ("UST") curve flattened with 2-year UST yield inched up by 11 basis points at 0.16% while the 10-yr UST yield tighten by 13bps to 1.47% as at End-June. The Dow Jones Sukuk Index ("DJSI") continued gaining traction with another 0.44% return in the month of June (May: +0.51%). Similar pressure on recovery growth was seen in the Gulf Cooperation Council ("GCC") region, Indonesia and Malaysia due to the spike in new COVID-19 cases. Nonetheless, encouraging progress in vaccination programme, especially in the United Arab Emirates ("UAE") and Malaysia, offers a brighter path out of the pandemic. In May, the USD Barclays Aggregate KSA Index topped the chart again with 1.47% return and followed by USD Malaysia Index and USD Indonesia Index with 1.29% and 1.27% returns respectively. Oil prices remained stable above USD 70 per barrel before the OPEC+ ministerial meeting in July.

## RISKS

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

### 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.

### Manager's Risk

This risk refers to the day-to-day management of the target fund by UOBAM which will impact the performance of the target fund, e.g. investment decisions undertaken by UOBAM 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.

### 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 or the Shariah boards of the relevant Islamic indices. 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 the Shariah non-compliant securities are disposed 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 to fall.

### Credit and Default Risk

Credit risk relates to the creditworthiness of the issuers of Sukuk, Islamic money market instruments and/or financial institutions where the Islamic deposits are placed and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer of the Sukuk, Islamic money market instruments and /or financial institutions where the Islamic deposits are placed may impact the value as well as liquidity of the Sukuk, Islamic money market instruments and/or Islamic deposits. In the case of rated Sukuk, Islamic money market instruments and financial institutions, this may lead to a credit downgrade.

Default risk relates to the risk that an issuer of a Sukuk, Islamic money market instrument or a financial institution where the Islamic deposits are placed either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Sukuk, Islamic money market instruments and Islamic deposits. This could adversely affect the NAV of the target fund.

### Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk and/or Islamic money market instruments. When interest rates rise, Sukuk and/or Islamic money market instruments prices generally decline and this may lower the market value of the target fund's investment in Sukuk and/or Islamic money market instruments. The reverse may apply when interest rates fall. Meanwhile, Sukuk and/or Islamic money market instruments with longer maturities and lower profit rates are more sensitive to interest rate changes.

**RISKS (CONTINUED)**

**Equity Risk**

As the target fund will be investing in Shariah-compliant equities, the target fund will be affected by equity risk. Generally, equity risk may arise in the following forms, i.e., equity risks related to external factors and equity risks related to company-specific factors. All of these related equity risks can adversely affect the prices of equities, which would negatively impact the performance of the target fund.

**Country Risk**

The target fund is also subject to country risk. The value of the assets of the target fund may also be affected by 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 may invest in. Further, when investing in foreign markets, there are countries which may require prior approvals before investments can take place.

**Source : UOB Asset Management (Malaysia) Berhad**  
**Date : 30 July 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.