

FUND OBJECTIVE

Aims to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	RM40.11 million units (28 August 2020)	Fund Size	RM55.92 million (28 August 2020)
Unit NAV	RM1.3941 (28 August 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Islamic Asia Pacific Dynamic Equity Fund
Benchmark	MSCI AC Asia ex Japan Islamic Index	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> ▪ Have a long-term investment horizon ▪ Want a portfolio of investments that adhere to Shariah principles ▪ Want a well-diversified portfolio of Asia Pacific ex Japan regional equities ▪ Seek capital appreciation over long-term 	Fees	<ul style="list-style-type: none"> ▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Asia Pacific Equity Fund. ▪ 1.8% p.a. fund management charge is applied on the target fund's NAV by Principal Asset Management Bhd.

ASSET ALLOCATION OF THE TARGET FUND

Shariah-compliant Equities (Foreign)	Mutual Fund	Cash
94.60%	0.19%	5.21%

SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	30.01%
Consumer Discretionary	26.01%
Communication Services	9.22%
Energy	8.86%
Materials	5.87%
Health Care	4.29%
Industrials	3.34%
Consumer Staples	2.41%
Utilities	2.33%
Real Estate	2.09%
Mutual Fund	0.19%
Financials	0.07%
Cash	5.21%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Alibaba Group Holding Ltd (Cayman Islands)	10.97%
Taiwan Semiconductor Manuf (Taiwan)	10.83%
Samsung Electronics Co. Ltd (South Korea)	9.68%
Reliance Industries Ltd (India)	7.10%
China Tourism Group Duty Free (China)	4.39%
Tencent Hldg Ltd (Hong Kong)	3.80%
Samsung Electronics-PFD (South Korea)	3.08%
China Resources Gas Grp Ltd (Hong Kong)	2.33%
New Oriental Educ & Tech Grp (United States)	2.21%
NetLink NBN Trust (Singapore)	2.21%
Total	56.60%

PERFORMANCE RECORD

This fund feeds into Principal Islamic Asia Pacific Dynamic Equity Fund ("target fund") with the objective to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

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

%	YTD	1M	6M	1-Year	3-Year	5-Year	Since Inception
Fund*	14.17	0.74	18.56	23.61	15.19	42.04	39.41
Benchmark	11.23	2.11	17.02	24.17	11.15	56.14	57.43

* 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

In August, the Fund rose +0.74% in MYR terms, underperforming the Benchmark by 137 basis points (bps). The underperformance was mainly due to Technology. Year-to-date, the Fund rose +14.17%, outperforming the Benchmark by 294 bps.

Asian markets rose in August, led by China despite further tensions with US, while Malaysia, Taiwan and Thailand equities posted negative returns. The US dollar depreciated 1.3%, its fourth month of decline since April. Global Purchasing Managers' Index (PMI) across major economies is showing encouraging trends as economies reopen and continue to normalize. Beyond few countries in Europe, Korea and Australia, Covid cases are mostly under control. Monetary policies remain loose globally in the absence of inflation and labour markets which are still facing pressure.

We continue to be highly invested and positioned in growth-oriented stocks. We had recently consolidated some of our positions into structural names in the Internet sector in China and Southeast Asia at the expense of selected value stocks in the telecommunications and property sectors.

RISKS

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

Stock specific risk

Any irregular fluctuation of the value of a particular stock may affect the unit price. In general, the value of a particular stock fluctuates in response to activities of individual companies and in response to market conditions. The impact is however reduced as the target fund invests in a wide portfolio of investments, thus spreading the element of risk. Diversification can be achieved by investing in various companies across different industries, sectors or even countries that are uncorrelated. In addition, Principal Asset Management will undertake an active bottom-up investment approach to ensure that the fundamentals of the stocks invested in are favourable.

Country risk

When a target fund invests in foreign markets, the foreign investment portion of the target fund may be affected by risks specific to the countries in which it invests. Such risks include adverse changes in the country's economic fundamentals, social and political stability, laws and regulations and foreign investments policies. These factors may have an adverse impact on the prices of the target fund's investment in that country and consequently may also affect the target fund's NAV and its growth. In particular, as this target fund may invest in emerging markets in Asia, such investments generally entail greater risk than investing in assets from the markets of industrialised countries. Emerging markets are markets that are by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. During the past few years, there have been significant political, economic and societal changes in many emerging market countries which can influence investor confidence and in turn have a negative effect on exchange rates, security prices or other assets in these emerging markets. Moreover, the markets in emerging market countries are frequently characterised by illiquidity in the form of lower trading volumes of the listed securities. To mitigate these risks, Principal Asset Management or its fund management delegate will select securities and collective investment schemes that spread across various countries within its portfolio in an attempt to avoid such events. The decision on diversification will be based on its constant fundamental research and analysis on the global markets.

Principal Asset Management have obtained the necessary licenses/permits for investments in countries that require such licenses/permits e.g. the People's Republic of China, India, Vietnam, South Korea and Republic of Taiwan. In the event that Principal Asset Management is unable to obtain such licenses/permits to invest in these countries or such licenses/permits to invest are then revoked or not renewed, Principal Asset Management would seek to invest in other accessible markets.

Currency risk

This risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investors should be aware that if the Malaysian Ringgit appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the target fund and vice versa. Investors should note that any gains or losses arising from the movement of the foreign currencies against the RM may therefore increase or decrease the capital gains of the investment. Nevertheless, investors should realise that currency risk is considered as one of the major risks to investments in Shariah-compliant foreign assets due to the volatile nature of the foreign exchange market. Principal Asset Management or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk firstly, by spreading the investments across differing currencies (i.e. diversification) and secondly, by hedging the currencies when it is deemed necessary.

RISKS (CONTINUED)

Risks associated with investment in warrants and/or options

As the target fund may invest in warrants and/or options, investors should note that there are inherent risks associated with it. Warrants and/or options are financial instruments that entitle the holder to the right but not the obligation to fulfil the requirements of a contract entered into within an agreed timeframe. Warrants and/or options have values that will change over time, but the change in the value of warrants and/or options need not be in the same manner as its underlying assets. The value of warrants and/or options are influenced by the current market price of the underlying security, the exercise price of the warrants and/or options, the time to expiration of the warrants and/or options and the estimate of the future volatility of the underlying security's price over the life of the warrants and/or options. Like securities, Principal Asset Management or its fund management delegate will undertake fundamental research and analysis on these instruments to ensure that the risk to the portfolio is mitigated.

Counterparty risk

The target fund's placements of Shariah-compliant Deposits are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty of a securities or instruments will not be able to make timely payments of profit and/or principal repayment. This may lead to a default in the payment of principal and/or profit and ultimately a reduction in the value of the target fund.

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. 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.