

Sun Life Malaysia Islamic Deposit Fund

August 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 | 294,616 units (30 August 2021) | Fund Size | RM309,708 (30 August 2021) |
| Unit NAV | RM1.0512 (30 August 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 | 97.95% |
| Cash | 2.05% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

| | |
|-----------------------------|--------|
| Public Islamic Bank Bhd | 20.65% |
| RHB Islamic Bank Bhd | 20.32% |
| CIMB Islamic Bank Bhd | 19.01% |
| AmBank Islamic Bhd | 12.46% |
| Hong Leong Islamic Bank Bhd | 11.14% |
| Bank Islam Malaysia Bhd | 8.36% |
| Affin Islamic Bank Bhd | 4.92% |
| Maybank Islamic Bhd | 1.09% |
| Total | 97.95% |

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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 August 2021:

| % | YTD | 1M | 3M | 6M | 1-Year | 3-Years | Since Inception |
|------------------|------|------|------|------|--------|---------|-----------------|
| Fund* | 1.07 | 0.14 | 0.40 | 0.79 | 1.57 | N/A | 5.12 |
| Benchmark | 1.16 | 0.15 | 0.43 | 0.87 | 1.75 | N/A | 6.55 |

* 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 0.14% in the month of August 2021, slightly below the benchmark by 1bp, and delivered 1.57% in the 12-months period ending 30 August 2021, underperforming the benchmark by 18bps.

Daily COVID-19 cases in the country continues to remain high averaging around 20.5k/daily in August. On a positive note however, vaccination progress for the first dose / second dose for the country’s population has hit 60.1%/45.6% as at 31st August.

The economy grew 16.1% YoY in 2Q2021 (1Q2021: -0.5% YoY), but declined by -2.0% QoQ – supported by the manufacturing, services, mining & construction which offset contraction in agriculture. CPI eased to +2.2% YoY in July 2021 after a +3.4% YoY increase seen in June 2021. On a monthly basis, CPI decreased by 0.6% MoM. Unemployment rate in the country stood at 4.8% in June 2021 which was down -0.1% YoY but higher than May’s 4.5% unemployment rate. Trade performance continued its growth momentum in July 2021 as total trade grew 13% YoY. Exports grew +5% YoY to RM93.3 billion while imports rose by 24% YoY to RM83.64 billion.

MoF released the pre-budget statement on 31st August with some highlights being the lowering of 2021 GDP growth to 3%-4% from 6%-7.5%. They also projected the fiscal deficit to be between 6.5%-7% of GDP in 2021 and expect the statutory debt to GDP ratio to rise by end of the year.

On 22nd August, Ismail Sabri was sworn in as the 9th Prime Minister of Malaysia after Muhyiddin Yassin stepped down a week prior having lost his majority support in Parliament. A new cabinet was unveiled on 27th Aug 2021, with the new cabinet largely consisting of the previous ministers under Muhyiddin’s administration with some reshuffling of portfolios seen.

BNM kept policy rate unchanged in the July 2021 meeting, noting that there had been improvements in economic activities in 1Q2021 which continued into April, and highlighted that the growth outlook remains subject to significant downside risks. The re-imposition of nation-wide lockdown will dampen the growth momentum in 3Q21. That being said, 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 August 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.