

Sun Life Malaysia

Islamic Strategic Balanced Fund

July 2023



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 | 5.84 million units (31 July 2023) | Fund Size | RM5.84 million (31 July 2023) |
| Unit NAV | RM0.9993 (31 July 2023) | 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% p.a. 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 |
| 97.58% | 2.42% |

SECTOR ALLOCATION OF THE TARGET FUND

| | |
|-------------|---------|
| Mutual Fund | 97.58% |
| Cash | 2.42% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

| | |
|---|--------|
| Principal DALI Equity | 49.34% |
| Principal Islamic Lifetime Sukuk | 24.13% |
| Principal Islamic Lifetime Enhanced Sukuk | 24.12% |
| Total | 97.58% |

Sun Life Malaysia Takaful Berhad 200501012215 (689263-M)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

Telephone (603) 2612 3600 Client Careline 1300-88-5055 wecare@sunlifemalaysia.com sunlifemalaysia.com

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 31 July 2023:

| % | YTD | 1M | 6M | 1-Year | 3-Years | 5-Years | Since Inception |
|------------------|------|------|------|--------|---------|---------|-----------------|
| Fund* | 3.40 | 1.60 | 2.26 | 2.86 | -4.45 | 2.16 | -0.07 |
| Benchmark | 1.63 | 2.29 | 0.47 | 3.06 | -6.21 | 1.78 | 2.92 |

* 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 rose 1.60% during the month, underperforming the benchmark by 0.69ppt.

MSCI AC Asia ex Japan Islamic Index rose 4.4% in July in a broad-based rally led by China, Singapore and Malaysia. The US 10-year bond yield rose by 12bps to 3.96% while the Dollar Index declined 1.0% during the month.

The US Fed's latest projection materials imply one more rate hike to a median of 5.6% and thereafter a decline by 100bps to 4.6% in 2024 and a further 120bps to 3.4% in 2025. The policy response in China in light of its lackluster economic growth appears to be gearing up with expected policies on consumption and property to be announced in the coming weeks. Risks to note include higher than expected inflation or hard landing in the US, and geopolitics such as US-China tensions which can range from various sanctions, financial markets and military conflicts.

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 Principal which will impact the performance of the target 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. |
| 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. |

RISKS (CONTINUED)

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 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 target 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 target fund.

Source : *Principal Asset Management Bhd*

Date : *31 July 2023*

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 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.