

Sun Life Malaysia

Islamic Strategic Balanced Fund

August 2021



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	1.85 million units (30 August 2021)	Fund Size	RM1.95 million (30 August 2021)
Unit NAV	RM1.0566 (30 August 2021)	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	Suitable for investors: <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
97.97%	2.03%

SECTOR ALLOCATION OF THE TARGET FUND

Mutual Fund	97.97%
Cash	2.03%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Principal DALI Equity Fund	49.21%
Principal Islamic Lifetime Enhanced Sukuk Fund	24.41%
Principal Islamic Lifetime Sukuk Fund	24.35%
Total	97.97%

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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 30 August 2021:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
Fund*	-0.87	1.64	-0.31	-2.45	1.31	7.69	5.66
Benchmark	-1.30	2.92	0.20	-0.47	-1.12	6.14	7.68

* 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 1.64% underperforming the benchmark by 1.28ppt as the Islamic index rebounded during the month. Performance was divergent with India and Southeast Asia being the top performers while developed markets such as Singapore, Korea and China were detractors. YTD, the fund outperformed the benchmark by 0.43ppt.

Several developments such as the Fed's signaling of the potential tapering of its bond buying program this year and Bank of Korea raising interest rates indicate that monetary policy normalization path is starting to happen globally. However, the gradual manner of monetary policy normalization and separation of tapering versus interest rate hikes should provide some leeway for Asian countries to get the pandemic under control and return their economies to normalcy.

In China, we expect more regulatory intervention in areas such as residential property in tandem with the country's Common Prosperity drive. We saw further regulations on tech companies with data privacy and curbing gaming time for minors, but the pace of new regulations seemed to have abated versus the previous month. We expect regulatory pressures for tech companies to abate further in 2022.

We remain fully invested and continue to diversify our holdings across countries and businesses to improve our portfolio's resilience. During the month, we continued to trim selected cyclicals in China and Korean tech hardware and redeployed the proceeds to Australian healthcare, selected global internet with some Asian operations and India. Off-benchmark stocks contribute ~45% to our portfolio holdings.

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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 : 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.