

Sun Life Malaysia Islamic Deposit Fund

August 2022



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 | 339,886 units (30 August 2022) | Fund Size | RM363,427 (30 August 2022) |
| Unit NAV | RM1.0693 (30 August 2022) | 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 0.30% 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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|---------------------|---------|
| Time / Term Deposit | 95.40% |
| Cash | 4.60% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

| | |
|------------------------------------|--------|
| CIMB Islamic Bank Bhd | 18.76% |
| RHB Islamic Bank Bhd | 18.76% |
| Hong Leong Islamic Bank Bhd | 12.01% |
| Maybank Islamic Bhd | 10.81% |
| Public Islamic Bank Bhd | 8.94% |
| Al Rajhi Bank (Malaysia) Bhd | 8.41% |
| AmBank Islamic Berhad | 5.25% |
| Bank Muamalat Malaysia Bhd | 4.80% |
| Alliance Islamic Bank Malaysia Bhd | 3.90% |
| Bank Islam Malaysia Bhd | 3.75% |
| Total | 95.40% |

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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 2022:

| % | YTD | 1M | 3M | 6M | 1-Year | 3-Years | Since Inception |
|------------------|------|------|------|------|--------|---------|-----------------|
| Fund* | 1.17 | 0.18 | 0.48 | 0.90 | 1.72 | 5.80 | 6.93 |
| Benchmark | 1.27 | 0.19 | 0.54 | 0.99 | 1.86 | 6.25 | 8.54 |

* 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 0.18% in the month of August 2022, underperforming the benchmark by 1bps, and delivered 1.72% in the 12-months period ending 30 August 2022, underperforming the benchmark by 14bps.

Malaysia’s headline inflation spiked to +4.4% YoY in July (cons: +4.4%; June: +3.4%), while core inflation rose to +3.4% YoY (June: +3.0%) - mainly on rising food prices and reopening related items (i.e. hotels, restaurants, recreation & culture).

Malaysia’s Industrial Production Index (“IPI”) for the month of June accelerated to +12.1% YoY after slowing in the preceding two months, driven by surges in manufacturing and electricity. Additionally, we also saw a rebound in mining on turnaround in natural gas production.

Malaysia’s 2Q2022 real GDP grew +8.9% YoY (cons: +6.7%; 1Q22: +5.0%), driven mainly by stronger services and domestic demand which benefited from the full economic reopening, plus faster manufacturing and rebound in construction, which offset the reversal in agriculture and further contractions in mining due to labour shortages.

We limit our investment exposure to short-term 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 2022

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.