

FUND OBJECTIVE

To achieve capital stability 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	28,192 units (28 February 2020)	Fund Size	RM29,050 (28 February 2020)
Unit NAV	RM1.0304 (28 February 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Islamic Conservative Wholesale Fund-of-Funds
Benchmark	50% Quantshop GII Medium Index + 25% CIMB Islamic 1-month Fixed Return Income Account-I (FRIA-i) + 25% 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 ▪ Have a low risk profile and seek for a potentially less volatile investment return ▪ Want a minimal exposure to Shariah-compliant equities investment ▪ 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 Conservative Fund. ▪ Up to 1.2% of per annum fund management charge is applied on the target fund's NAV by Principal Asset Management Berhad.

ASSET ALLOCATION OF THE TARGET FUND

Mutual Funds	Cash
89.33%	10.67%

SECTOR ALLOCATION OF THE TARGET FUND

Mutual Funds	89.33%
Cash	10.67%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

CIMB Islamic Sukuk Fund	45.50%
CIMB Islamic Enhanced Sukuk Fund	27.50%
CIMB Islamic DALI Equity Fund	16.33%
Total	89.33%

PERFORMANCE RECORD

This fund feeds into Principal Islamic Conservative Wholesale Fund-of-Funds (“target fund”) with the objective to achieve capital stability 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 Conservative Fund versus its benchmark as at 28 February 2020:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	0.18	-0.04	0.40	0.58	2.65	N/A	3.04
Benchmark	-0.22	-0.10	0.77	0.72	3.80	N/A	5.78

* 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 February, the Fund declined 0.04%, outperforming the Benchmark by 0.06% while on YTD basis, the Fund rose by 0.18%, outperforming the benchmark by 0.40%.

The Federal Reserve unexpectedly cut the fed funds target range ahead of its scheduled 18th March meeting by 50bps to 1.0%-1.25% highlighting the central bank’s concerns over the impact of Covid-19 on the US economy. Emergence of the Covid-19 adds further uncertainty to the financial market in terms of supply disruptions and weaker consumer demand which may impact global growth. As the number of cases continues to spread worldwide and dampen sentiment, there is potential derailment of global growth. Hence this has created risk off trades which lower global government bond yields. Locally, the Malaysian economy grew 3.6% YoY in 4Q19 bringing the full year 2019 growth to 4.3% in 2019. A RM20 billion stimulus package was announced by the government on 27th February in response to mitigating the Covid-19 outbreak to boost the sluggish economy. Subsequently on 3rd March 2020, Bank Negara Malaysia (“BNM”) cut the Overnight Policy Rate for a second time this year to 2.50%. BNM noted that global economic conditions have weakened in the recent period as the ongoing Covid-19 has disrupted production and travel activity within the region.

In view of the rising market risk premium, we downgraded Malaysia to Neutral. As for portfolio strategy, we will be tilting our barbell approach from growth bias to capital preservation bias. We will maintain our high asset allocation strategy but will lower the beta range. Sector in focus will be on those with defensive and high yielding qualities such as Utilities, Telecommunication, Consumer and REITs. On Sukuk strategy, with the market still expecting a potential rate cut on the back of weaker fundamentals caused by Covid-19 globally, we believe govovies will remain supported at these levels and may move slightly lower. We are however cognizant that the levels are very-rich but we will continue to cautiously use govovies to achieve our portfolio duration exposure taking into consideration any potential turns in the market. Credit selection remains key for portfolio returns and we will continue to ‘cherry-pick’ issuers with stronger and more resilient credit metrics in this economic condition.

Source : Principal Asset Management Bhd

Date : 28 February 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.