

FUND FACT SHEET

Name of fund	Sun Life Malaysia Islamic Equity Fund
Features of target fund	
Investment objective	This fund feeds into Affin Hwang AIIIMAN Growth Fund ("target fund") with the objective to achieve consistent capital appreciation over a medium to long-term by investing in equities and other approved investments, which harmonise with Islamic philosophy and laws.
Investment strategy and approach	<p>The target fund will invest mainly in Shariah-compliant equities and hold a sufficient level of cash or cash equivalents for liquidity purposes in Shariah-based deposits. The target fund's Shariah-compliant equities exposure is decided after considering the outlook for the stock market over the medium to long-term horizon. This entails studying the relevant economic and business statistics in order to produce forecasts of the economy and the stock market.</p> <p>In managing the target fund, the fund manager believes opportunities to maximise returns exist, irrespective of bull or bear market conditions and will thus employ an active asset allocation strategy to capitalise on such opportunities. This active asset allocation strategy gives the fund manager the flexibility to tweak the target fund's equity exposure in accordance with the market outlook. Essentially, the flexibility allows the fund manager to remain invested during market upturns or to liquidate investments to preserve its capital.</p> <p>In terms of technique or approach, the fundamental analysis will be conducted to determine the attractiveness of specific stock ideas based on sectoral themes. This analysis will take into account information gathered during company visits, key earnings drivers and earnings revision trends for the company, valuation relative to the fund manager's estimates of intrinsic value as well as the competency of its management. Various tools will be used to facilitate the valuation process, including price over earnings ratio, price to book ratio, the discounted cash flow model and enterprise value over earnings before profit rate income, depreciation and taxation.</p> <p>The fund manager also gives consideration to companies that practise good corporate governance, as they generally command higher market valuation and potentially better returns for unit holders over a medium investment horizon. Investing into small to medium capitalised companies are largely based on merit that they are likely to develop into future industry leaders. Whilst such companies are normally associated with higher risks, the potential return could also be very rewarding, if the right companies are selected. Whilst the selection of stocks is based on fundamental analysis, the fund manager will use technical analysis when it comes into the timing of purchases and sales.</p> <p>The target fund's trading policy would largely be driven by market forces and are opportunistic in nature. The fund manager will look out for companies that are undergoing corporate exercises, situational counters and liquidity plays.</p> <p>The fund manager may take temporary defensive positions that may be inconsistent with the target fund's principal strategy in attempting to respond to adverse market conditions, economic, political, or any other conditions. Under such situations, a large proportion of the target fund may be temporarily invested in Sukuk, Shariah-based deposits, shorter-term Islamic money market instruments and Shariah-compliant stocks with a sustainable dividend payment and a relatively attractive dividend yield, which has demonstrated relatively stable earnings despite poor economic and market conditions.</p> <p>Any income distribution will be automatically reinvested into the target fund. The total number of units will not change as a result of the reinvestment.</p>
Asset allocation	<p>The asset allocation of the target fund is as follows:</p> <ul style="list-style-type: none"> • Equities: Minimum of 70% to maximum 100% of Net Asset Value (NAV) • Cash and Islamic money markets instrument: Maximum 30% of NAV <p>The fund manager will also maintain sufficient level of liquid assets to satisfy repurchase requests and general expenses of the target fund.</p>
Performance benchmark	FTSE Bursa Malaysia Emas Shariah Index (FBMS)

Fund manager	Affin Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad)
Fund launch date	1 December 2009
Fees and charges	
Fund management charge	Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Equity Fund. 1.5% per annum fund management charge is applied on the target fund's NAV by fund manager.
Taxation	8% of annual investment income.

Fund performance

Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.

Table below shows the historical actual annual investment returns of the target fund versus its benchmark:

Year	Actual performance: Sun Life Malaysia Islamic Equity Fund	Performance based on NAVs: Affin Hwang AILMAN Growth Fund	Benchmark: FTSE Bursa Malaysia Emas Shariah Index (FBMS)
2015	1.90%	4.26%	2.35%
2014	-3.70%	-1.22%	-4.17%
2013	11.20%	24.48%	13.30%
2012	10.00%	16.58%	11.80%
2011	3.40%	4.74%	2.40%

Sources: FBMS index can be obtained at Bursa Malaysia website www.bursamalaysia.com

Updated: as at 10 May 2016

This is strictly the performance of the investment-linked fund and not the returns earned on the actual contributions paid of the investment-linked plan.

$$\text{Basis of calculation of past performance} = \left\{ \left(\frac{X \text{ at EOY}}{X \text{ at BOY}} \right) - 1 \right\} \times 100\%$$

X = NAV for Sun Life Malaysia Islamic Equity Fund and index for FBMS

EOY = Ending of year

BOY = Beginning of year

Risks

All investment carries some form of risks. The potential key risks include but are not limited to the following:

Market risk	Market risk arises because of factors that affect the entire marketplace. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. Market risk cannot be eliminated by diversification. It stems from the fact that there are economy-wide perils which threaten all businesses. Hence, investors will be exposed to market uncertainties and no matter how many Shariah-compliant securities are held, fluctuations in the economic, political and social environment will affect the market price of the Shariah-compliant investments either in a positive or negative way.
Fund management risk	The performance of a unit trust fund depends on the experience, expertise and ability of the fund manager to generate returns. Lack of any of the above mentioned may adversely affect the performance of the target fund.
Performance risk	There is no guarantee in relation to the investment returns.

Inflation risk	Inflation rate risk is the risk of potential loss in the purchasing power of investment due to a general increase of consumer prices. Inflation erodes the nominal rate of return giving a lower real rate of return. Inflation is thus one of the major risks and results in uncertainty over the future value of investments. Take note that the funds are not constituted with the objective of matching the inflation rate of Malaysia. The target fund has a specific objective that it seeks to achieve without having regard to the inflation rate. This fund may not be suitable for investors whose objective is to match the inflation rate (so as not to lose purchasing power over time).
Liquidity risk	Liquidity risk arises in two scenarios. The first is where the Funds' investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the Funds' investment, by its nature, is thinly traded. This will have the effect of causing the Funds' investment to be sold below its fair value.
Credit/Default risk	Credit risk refers to the possibility that the issuer or financial institution of a Shariah-compliant securities or instruments or deposit placements will not be able to make timely payments of profit or principal payment on the maturity date. This may lead to a default in the payment of principal and profit and ultimately a reduction in the value of the target fund.
Profit rate risk	<p>The level of profit rates has an impact on the value of investments and economic growth of a country. High profit rates dampen investments and aggregate demand leading to an economic slowdown. The value of Sukuk move in the opposite direction of profit rates, any increase in rates will lead to a reduction in the value of Sukuk, thus affecting the NAV of unit trust funds.</p> <p>The profit rate is a general economic indicator that will have an impact to the management of the target funds, regardless of whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that these target fund will invest in conventional financial instruments.</p>
Non-compliance risk	The establishment of these target funds follow rules set out in the Deed and the Guidelines. There is a risk that the fund manager may not observe the rules whether intentionally or through inadvertence. Whilst not every non-observance to the rules governing the target funds will necessarily result in some losses to the target funds, the investors cannot discount the risk that losses may be suffered by the target funds if the non-observance of the rules is serious. This may occur, for instance, if the fund manager decides to buy an instrument which is not permitted, whether intentionally or through inadvertence, and thereafter having to sell that instrument which may be at a loss to the target funds.
Reclassification of Shariah status risk	This risk refers to the risk that the currently held Shariah-compliant securities by the target funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of Securities Commission Malaysia (SACSC) or the Shariah Adviser for the target fund. If this occurs, then the value of the target fund may be adversely affected and the fund manager will take the necessary steps to dispose of such securities in accordance with the advice from the Shariah Adviser.
Equity investment risk	This is the risk associated with investing in a particular equity. The value of individual equity is mainly determined by its potential growth in earnings, sound management, and treatment of minority shareholders, as well as a myriad of other factors. Failure to achieve these would result in declining investment value which in turn affects the performance of the target fund. This can be mitigated by diversifying the target fund's portfolios.
Other information	
Target market	<p>Suitable for investors who:</p> <ul style="list-style-type: none"> • have a medium to long-term investment horizon • risk tolerant • seek higher returns on the investment that comply with Shariah requirements
Pricing basis	<p>Forward pricing which means units are created and canceled at the next valuation day upon the receipt of contribution and claims.</p> <p>To recoup the cost of acquiring and disposing of assets, a dilution or transaction cost adjustment may be made to the NAV to recover any amount which the fund had already paid or reasonably expects to pay for the creation or cancellation of units.</p>

Pricing frequency	Daily on Sun Life Malaysia business day
Exceptional circumstances	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.
Shariah-compliant matters	
Rules on divestment of non Shariah-compliant securities	<p>In the event the following investment instances occur in the target fund, the rules below shall be executed by the fund manager:</p> <ol style="list-style-type: none"> 1. "Shariah-compliant securities*" which are subsequently considered "non Shariah-compliant". <p>This refers to those securities which were earlier classified as Shariah-compliant securities* but due to certain reasons, such as changes in the companies' operations, are subsequently considered non Shariah-compliant. In this regard, if on the date the securities turned non Shariah-compliant, the value of the securities held exceeds the original investment cost; the target fund that hold such non Shariah-compliant securities must liquidate them. Any capital gains arising from the disposal of the non Shariah-compliant securities can be kept by the target fund. However, any excess capital gains derived from the disposal after the announcement day at a market price that is higher than the closing price on the announcement day should be channelled to charitable bodies approved by the Shariah Adviser.</p> <p>On the other hand, the target fund is allowed to hold its investment in the non Shariah-compliant securities if the market price of the said securities is below the target fund's original investment costs. It is also permissible for the target fund to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the non Shariah-compliant securities held equal the original investment cost. At this stage, they are advised to dispose of their holding.</p> <p>In addition, during the holding period, the target fund is allowed to subscribe to:</p> <ol style="list-style-type: none"> (a) any issue of new securities by a company whose non Shariah-compliant securities are held by the target fund, for example rights issues, bonus issues, special issues and warrants [excluding securities whose nature is non Shariah-compliant i.e. irredeemable convertible unsecured loan stock ("ICULS")]; and (b) Shariah-compliant securities* of other companies offered by the company whose non Shariah-compliant securities are held by the Funds, on condition that they expedite the disposal of the non Shariah-compliant securities. <p>Note: *Shariah-compliant securities refers to equities as per guideline stipulated in list of Shariah-compliant securities issued by Shariah Advisory Council of the Securities Commission Malaysia on 30 May 2014 (or as issued from time to time) and/or issued by Dow Jones Islamic Market Indices on a quarterly basis as well as any equities which had been approved by Shariah Adviser based on screening process of Shariah investment guidelines.</p> 2. Non Shariah-compliant securities <p>If the fund manager mistakenly invests in non Shariah-compliant securities, the fund manager needs to dispose of any non Shariah-compliant securities, within a month of becoming aware of the status of the securities. Any gain made in the form of capital gain or dividend received during or after the disposal of the securities has to be channelled to charitable bodies, approved by the Shariah Adviser. The target fund has a right to retain only the original investment cost, which may include brokerage fees and other transaction costs.</p>

This fund fact sheet is prepared by fund manager for informational purposes only. This document shall under no circumstances be construed as an offer to sell nor shall it be taken as a form of professional advice of any manner. The performance of the target fund is not guaranteed and the value of investment and their derived income may increase or decrease. Past performance is not a guide to future or likely performance. Before investing into the target fund, you should consider whether the target fund meets your investment objective and risk appetite. Although the information in this document was compiled with due care and from reliable sources, Sun Life Malaysia does not guarantee its accuracy, completeness, correctness or timeliness for any particular purpose. Sun Life Malaysia reserves the right to change any information without giving any notice.