

### FUND OBJECTIVE

Aims to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

### FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	RM35.55 million units (30 July 2020)	Fund Size	RM49.20 million (30 July 2020)
Unit NAV	RM1.3838 (30 July 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Islamic Asia Pacific Dynamic Equity Fund
Benchmark	MSCI AC Asia ex Japan Islamic Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>▪ Have a long-term investment horizon</li> <li>▪ Want a portfolio of investments that adhere to Shariah principles</li> <li>▪ Want a well-diversified portfolio of Asia Pacific ex Japan regional equities</li> <li>▪ Seek capital appreciation over long-term</li> </ul>	Fees	<ul style="list-style-type: none"> <li>▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Asia Pacific Equity Fund.</li> <li>▪ 1.8% pa fund management charge is applied on the target fund's NAV by Principal Asset Management Bhd.</li> </ul>

### ASSET ALLOCATION OF THE TARGET FUND

Shariah-compliant Equities (Foreign)	Mutual Fund	Cash
93.77%	0.18%	6.04%

#### SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	30.71%
Consumer Discretionary	23.79%
Energy	9.30%
Communication Services	8.85%
Health Care	4.66%
Industrials	4.51%
Materials	4.34%
Real estate	3.05%
Utilities	2.43%
Consumer Staples	2.08%
Mutual Fund	0.18%
Financials	0.06%
Cash	6.04%
<b>Total</b>	<b>100.00%</b>

#### TOP HOLDINGS OF THE TARGET FUND

Taiwan Semiconductor Manuf (Taiwan)	11.68%
Samsung Electronics Co. Ltd (South Korea)	10.29%
Alibaba Group Holding Ltd (Cayman Islands)	9.49%
Reliance Industries Ltd (India)	7.68%
China Tourism Group Duty Free (China)	5.00%
Tencent Hldg Ltd (Hong Kong)	3.96%
Samsung Electronics-PFD (South Korea)	3.18%
SHENZHEN AIRPORT CO LTD (China)	2.47%
China Resources Gas Grp Ltd (Hong Kong)	2.43%
Apollo Hospitals Ent Ltd (India)	2.21%
<b>Total</b>	<b>58.39%</b>

#### PERFORMANCE RECORD

This fund feeds into Principal Islamic Asia Pacific Dynamic Equity Fund ("target fund") with the objective to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

Table below shows the investment returns of Sun Life Malaysia Islamic Asia Pacific Equity Fund versus its benchmark as at 30 July 2020:

%	YTD	1M	6M	1-Year	3-Year	5-Year	Since Inception
<b>Fund*</b>	13.32	12.30	17.01	21.10	15.48	42.66	38.38
<b>Benchmark</b>	8.94	11.46	13.51	20.06	11.11	54.43	54.18

\* 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 July, the Fund rose +12.30% in MYR terms, outperforming the Benchmark by 84 basis points (bps). The outperformance came from China, India and Korea while Taiwan and Singapore were detractors. Year-to-date, the Fund rose +13.32%, outperforming the Benchmark by 438 bps.

Asian markets rallied in July led by Taiwan, China, and India while Singapore, Philippines and Australia were laggards. Gold price soared +11% benefiting from the abundance of liquidity and depressed bond yields. The global reflation trade is likely to sustain driven by the revival of economic activities as countries re-open for business, ample financial liquidity by central banks and absence of inflationary pressures due to weak labour market. China, US and Eurozone's PMI are all showing encouraging signs and point to a strong backdrop for equity earnings recovery in 2H20 and into 2021. The negative real rate environment throughout developed markets provides a cushion for Asian currencies.

We continue to be highly invested and positioned for growth. For new ideas, we have preference for stocks with differentiated businesses from the rest of the portfolio.

## RISKS

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

<p><b>Stock specific risk</b></p>	<p>Any irregular fluctuation of the value of a particular stock may affect the unit price. In general, the value of a particular stock fluctuates in response to activities of individual companies and in response to market conditions. The impact is however reduced as the target fund invests in a wide portfolio of investments, thus spreading the element of risk. Diversification can be achieved by investing in various companies across different industries, sectors or even countries that are uncorrelated. In addition, Principal Asset Management will undertake an active bottom-up investment approach to ensure that the fundamentals of the stocks invested in are favourable.</p>
<p><b>Country risk</b></p>	<p>When a target fund invests in foreign markets, the foreign investment portion of the target fund may be affected by risks specific to the countries in which it invests. Such risks include adverse changes in the country's economic fundamentals, social and political stability, laws and regulations and foreign investments policies. These factors may have an adverse impact on the prices of the target fund's investment in that country and consequently may also affect the target fund's NAV and its growth. In particular, as this target fund may invest in emerging markets in Asia, such investments generally entail greater risk than investing in assets from the markets of industrialised countries. Emerging markets are markets that are by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. During the past few years, there have been significant political, economic and societal changes in many emerging market countries which can influence investor confidence and in turn have a negative effect on exchange rates, security prices or other assets in these emerging markets. Moreover, the markets in emerging market countries are frequently characterised by illiquidity in the form of lower trading volumes of the listed securities. To mitigate these risks, Principal Asset Management or its fund management delegate will select securities and collective investment schemes that spread across various countries within its portfolio in an attempt to avoid such events. The decision on diversification will be based on its constant fundamental research and analysis on the global markets.</p> <p>Principal Asset Management have obtained the necessary licenses/permits for investments in countries that require such licenses/permits e.g. the People's Republic of China, India, Vietnam, South Korea and Republic of Taiwan. In the event that Principal Asset Management is unable to obtain such licenses/permits to invest in these countries or such licenses/permits to invest are then revoked or not renewed, Principal Asset Management would seek to invest in other accessible markets.</p>
<p><b>Currency risk</b></p>	<p>This risk is associated with investments that are quoted and/or priced in foreign currency denomination. Malaysian based investors should be aware that if the Malaysian Ringgit appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the target fund and vice versa. Investors should note that any gains or losses arising from the movement of the foreign currencies against the RM may therefore increase or decrease the capital gains of the investment. Nevertheless, investors should realise that currency risk is considered as one of the major risks to investments in Shariah-compliant foreign assets due to the volatile nature of the foreign exchange market. Principal Asset Management or its fund management delegate could utilise two pronged approaches in order to mitigate the currency risk firstly, by spreading the investments across differing currencies (i.e. diversification) and secondly, by hedging the currencies when it is deemed necessary.</p>

**RISKS (CONTINUED)**

**Risks associated  
with investment in  
warrants and/or  
options**

As the target fund may invest in warrants and/or options, investors should note that there are inherent risks associated with it. Warrants and/or options are financial instruments that entitle the holder to the right but not the obligation to fulfil the requirements of a contract entered into within an agreed timeframe. Warrants and/or options have values that will change over time, but the change in the value of warrants and/or options need not be in the same manner as its underlying assets. The value of warrants and/or options are influenced by the current market price of the underlying security, the exercise price of the warrants and/or options, the time to expiration of the warrants and/or options and the estimate of the future volatility of the underlying security's price over the life of the warrants and/or options. Like securities, Principal Asset Management or its fund management delegate will undertake fundamental research and analysis on these instruments to ensure that the risk to the portfolio is mitigated.

**Counterparty risk**

The target fund's placements of Shariah-compliant Deposits are subject to the risk of the counterparty. Counterparty risk also refers to the possibility that the counterparty of a securities or instruments will not be able to make timely payments of profit and/or principal repayment. This may lead to a default in the payment of principal and/or profit and ultimately a reduction in the value of the target fund.

**Source :** *Principal Asset Management Bhd*  
**Date :** *30 July 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. In exceptional circumstances, we reserve the right to suspend the creation or cancellation of units. Notice for suspension will be published on our website. 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.