

Sun Life Malaysia Islamic Global Sustainable Fund

February 2024



FUND OBJECTIVE

To achieve long-term capital growth.

FUND DETAILS

Launch Date	01 June 2022	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	4.15 million units (29 February 2023)	Fund Size	RM5.70 million (29 February 2023)
Unit NAV	RM1.3751 (29 February 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Nomura Asset Management Malaysia Sdn Bhd	Target Fund	Nomura Global Shariah Sustainable Equity Fund - MYR Class A
Benchmark	Dow Jones Islamic Market Developed Markets Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> are seeking long term capital growth; want a portfolio of Shariah compliant investments that provides positive impact on the sustainable development of society; want to have portfolio with global exposure; and are prepared to accept moderate level of volatility. 	Fees	<ul style="list-style-type: none"> Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Global Sustainable Fund. Up to 1.6% p.a. fund management charge is applied on the target fund's NAV by Nomura Asset Management Malaysia Sdn Bhd.

ASSET ALLOCATION OF THE TARGET FUND

Equity Fund	Cash and Others
96.13%	3.87%

SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	31.50%
Health Care	27.40%
Industrials	19.55%
Financials	8.43%
Communication Services	5.23%
Consumer Discretionary	2.46%
Materials	0.97%
Utilities	0.59%
Cash & Others	3.87%

TOP HOLDINGS OF THE TARGET FUND

Microsoft Corp	6.71%
Alphabet Inc-Class A	5.23%
Taiwan Semiconductor-Sp ADR	5.22%
Novo Nordisk A/S-B	5.06%
Mastercard Inc - A	4.97%

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PERFORMANCE RECORD

This fund feeds into Nomura Global Shariah Sustainable Equity Fund - MYR Class A ("target fund") with the objective to achieve long-term capital growth.

Table below shows the investment returns of Sun Life Malaysia Islamic Global Sustainable Fund versus its benchmark as at 29 February 2023:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
Fund*	10.10	4.27	12.92	12.35	31.44	N/A	37.51
Benchmark	10.04	5.69	13.97	15.57	38.96	N/A	50.46

* 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

Global developed equity market continued its rally from January despite negative surprises on the US interest rate pathway where market expectation of 5-6 cuts by US Federal Reserve in 2024 was reduced to 3-4 cuts and the first rate cut would no longer be in March meeting as well as unlikely to be in May meeting. The positive market price action resonates with our expectations where market would continue to be more heavily driven by the individual companies' earnings strength as compared to macro updates. Reported companies have shown that they improved in optimizing costs and delivering sales leverage as there were higher percentage of companies delivering positive EPS surprises than sales surprises. While Global Shariah Sustainable Equity strategy delivered strong +4.72%, it underperformed the benchmark by 63bps.

By region, Europe contribution was more than offset by North America and Asia Pacific. By sector, Communication Services was the main detractor as Alphabet lagged Meta Platforms in terms of execution delivery and earnings surprises. Positive allocation with no exposure in Energy and Consumer Staples was offset by overweight in Healthcare and underweight in Consumer Discretionary. Cash is well managed and no longer a drag as market continued its momentum and rallied in February.

The top contributors to performance were TSMC and Schneider Electric. TSMC continued to enjoy the momentum from strong AI and PC/smartphone recovery. Schneider Electric guided better than street expectation and intact with mid-term target mentioned in CMD 2023. FY24 organic revenue growth of 6-8% and adjusted EBITA margin of 18%-18.2% is well supported by strong underlying electrification trend including data centers expansion. The top detractors to performance were Daikin and Adobe. Daikin continued to experience near-term weakness in the US residential HVAC and EU heat pumps space. However, we are optimistic that Daikin is positioned to enjoy from the US regulatory tailwind of mandatory refrigerant changes in 2025. OpenAI introduced Sora, which is a text-to-video AI model, and surprised the market on the potential industry disruption. While we acknowledged the rising threats, we think there could be copyright challenges for Sora to overcome and we would monitor Adobe's Firefly and AI developments to check for its product suite compatibility.

RISKS

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

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.
Market risk	The value of an investment will decrease or increase due to changes in market factors i.e. economic, political or other events that impact large portions of the market. Market risk cannot be eliminated, hence the target fund's investment portfolio may be prone to changing market conditions that may result in uncertainties and fluctuations in the value of the underlying of the target fund's investment portfolio, causing the NAV or prices of units to fluctuate.
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 nominal 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 Nomura which will impact the performance of the target fund. For example, investment decisions undertaken by Nomura as a result of 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 weakness in operational process and systems may adversely affect the performance of the target fund. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by Nomura.
Country risk	The investment of the target fund may be affected by risk specific to the country in which it invests in. Such risks include changes in the country's economic, social and political environment. The value of the assets of the target fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country in which the target fund invest in.
Reclassification of Shariah Compliance Status	Shariah-compliant securities and instruments held by the target fund are subject to periodic review by the SAC of the SC, SAC of BNM, the Shariah boards of the relevant Islamic indices or the Shariah Adviser. These securities may be reclassified as non-compliant during such reviews and the target fund may need to take the necessary steps to dispose of such security or instrument, upon the advice of the Shariah Adviser. Consequently, the target fund may realise some losses in the disposal of the same or there may be opportunity loss for the target fund as the target fund may not be permitted to retain excess capital gains derived from such disposal.

RISKS (CONTINUED)

Currency Risk

As the Base Currency is denominated in USD and the currency denomination of the Classes may be denominated in other than USD, the Classes not denominated in USD are also exposed to currency risk. Any fluctuation in the exchange rates between USD and the currency denomination of the Class (other than Classes denominated in USD) will affect the Unit Holder's investments in those Classes (other than Classes denominated in USD). The impact of the exchange rate movement between the Base Currency and the currency denomination of the Class (other than Classes denominated in USD) may result in a depreciation of the Unit Holder's holdings as expressed in the Base Currency.

In order to manage currency risk, Nomura may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the target fund's investments and/or the Classes not denominated in USD. Currency hedging may reduce the effect of the exchange rate movement for the Class being hedged but it does not entirely eliminate currency risk between the Class and the Base Currency. The unhedged portion of the Class will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Class. You should note that if the exchange rate moves favourably, the Class will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum size of entering into a hedging contract and the cost of hedging will be borne by the hedged class and may affect returns of the hedged class.

Default Risk

Default risk relates to the risk that an issuer of a money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the money market instruments. If the financial institution which the target fund places deposits with defaults in payment or become insolvent, the target fund may also suffer capital losses with regards to the capital invested and interest foregone, causing the performance of the target fund to be adversely affected. This could affect the value of the target fund as up to 20% of the NAV of the target fund will be invested in Islamic deposits, Islamic money market instruments and/or held in cash.

Source : Nomura Asset Management Malaysia Sdn Bhd

Date : 29 February 2024

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.