

FUND OBJECTIVE

To achieve moderate capital growth 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	523,988 units (29 May 2020)	Fund Size	RM516,987 (29 May 2020)
Unit NAV	RM0.9866 (29 May 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Islamic Balanced Wholesale Fund-of-Funds
Benchmark	30% Quantshop GII Medium Index + 20% CIMB Islamic 1-month Fixed Return Income Account-I (FRIA-i) + 50% FTSE Bursa Malaysia EMAS Shariah Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> ▪ Have a long-term investment horizon ▪ Want a balanced portfolio that includes Shariah-compliant equities and Sukuk ▪ 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 Balanced Fund. ▪ Up to 1.5% 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
96.21%	3.79%

SECTOR ALLOCATION OF THE TARGET FUND

Mutual Funds	96.21%
Cash	3.79%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Principal DALI Equity Fund	48.90%
Principal Islamic Lifetime Enhanced Sukuk Fund	23.84%
Principal Islamic Lifetime Sukuk Fund	23.47%
Total	96.21%

PERFORMANCE RECORD

This fund feeds into Principal Islamic Balanced Wholesale Fund-of-Funds ("target fund") with the objective to achieve moderate capital growth 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 Balanced Fund versus its benchmark as at 29 May 2020:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	-1.07	2.88	0.96	-0.19	2.38	N/A	-1.34
Benchmark	1.90	5.44	4.69	3.62	4.09	N/A	3.38

* 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 rose by 2.88% in May 2020, underperforming the benchmark by 2.56%. Year-to-date (YTD), the fund has underperformed the Benchmark by 2.97%. The Fund will stay fully invested in target funds.

1Q20 GDP growth fell sharply to 0.7% (4Q19: 3.6%) as the impact of the global pandemic and the subsequent lockdown severely impacted macroeconomic conditions. Exports fell sharply by 7.1% due to global supply chain disruption following lockdowns. Gross fixed capital formation fell 4.6% as businesses and government curtailed investment spending given uncertain outlook. While 2Q GDP is expected to slide further given the full impact of nationwide lockdown during the Movement Control Order (MCO), recovery is expected from 3Q onwards as the nation prepares to exit from lockdown. Inline with other countries, expectations is rising that the government will end the CMCO soon. This will set the stage for a much broader economic recovery as almost all business activities will resume although the pace of recovery will likely be gradual as social distancing practice will remain a norm for some time to come. Following BNM's OPR cut by 50bps in May, the Government Investment Issues ("GII") yield curve steepened with the short-end of the curve rallying by 6 – 29bps while the long-end of the curve sold-off by 6 – 10bps. During the month, credit spreads tightened across the credit curve and tenures. However, demand for corporate sukuk remained lackluster with investors shunning away from weaker credits.

Despite elevated equity valuation and earnings risk, we are cognizant that equity risk premium are not excessive following the sharp decline in risk-free rates and that the capital market is flushed with liquidity now following coordinated interest rate cuts by central banks while governments try to revive their economies with massive fiscal stimulus. As such, we are taking a more neutral stance on the Malaysia equity market, given the prevalent expectation of swift earnings rebound in 2021. Riding on the optimism, we are taking a tactical approach of utilizing additional cash by buying into the Plantation and Healthcare sector and selective value stocks as proxy for post-pandemic recovery. On sukuk strategy, we continue to overweight on the credit segment with preference on stronger and more resilient credits. We also hold a trading stance on the sovereigns for potential more dovish move and liquidity purposes.

Source : Principal Asset Management Bhd

Date : 29 May 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.