

Sun Life Malaysia

Islamic Strategic Balanced Fund

September 2021



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	1.95 million units (30 September 2021)	Fund Size	RM2.06 million (30 September 2021)
Unit NAV	RM1.0563 (30 September 2021)	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% p.a. of fund management charge is applied on the target fund's NAV by Principal Asset Management Berhad.

ASSET ALLOCATION OF THE TARGET FUND

Mutual Fund	Cash
96.44%	3.56%

SECTOR ALLOCATION OF THE TARGET FUND

Mutual Fund	96.44%
Cash	3.56%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Principal DALI Equity Fund	48.07%
Principal Islamic Lifetime Sukuk Fund	24.19%
Principal Islamic Lifetime Enhanced Sukuk Fund	24.18%
Total	96.44%

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 30 September 2021:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
Fund*	-0.90	-0.03	1.23	-1.14	1.57	8.15	5.63
Benchmark	-3.03	-1.78	0.71	-1.62	-1.81	4.73	5.86

* 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 September, the Fund fell 0.03% outperforming the benchmark by 1.75ppt as the Islamic index fell during the month led by China, Korea and Taiwan. Most countries posted negative returns except for India and Indonesia. YTD, the fund outperformed the benchmark by 2.13ppt.

As communicated by the US Federal Reserve, monetary policy normalization starting with bond tapering should begin towards yearend. We expect tapering to wind down in mid 2022 with a lift-off in interest rates thereafter depending on the growth trajectory and labour market developments. The separation of bond tapering and interest rate lift-off in a gradual manner should provide leeway for Asian economies to reopen their economies and return their economies to normalcy before having their Central Banks follow the Fed in monetary policy.

As the energy shortage in China is likely to persist until 4Q, economic growth is likely to be weaker than expected in the coming months. Coupled with a slowdown in property market on the back of the government’s implied stance on Evergrande, we are cautiously navigating China and mainly focusing in selected areas that do not have the potential to be socialized such as high-tech manufacturing and renewables.

We continue to diversify our holdings across countries and businesses to improve our portfolio’s resilience. During the month, we top-sliced selected stocks that had performed well and trimmed cyclical names in materials and industrials exposed to China. We had deployed the proceeds to new names across telecommunications and renewable ideas such as solar and electric vehicle. Off-benchmark stocks contribute ~50% to our holdings.

RISKS

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

Market risk	Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the target fund's NAV.
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 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 Principal which will impact the performance of the target fund. For example, investment decisions undertaken by Principal, as a result of an 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 weaknesses in operational process and systems, may adversely affect the performance of the target fund.
Reclassification of Shariah status risk	This risk refers to the risk that the currently held Shariah-compliant securities in the target fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of the Securities Commission Malaysia (SACSC), Shariah adviser of the issuer, the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, Principal will take the necessary steps to dispose of such securities. There may be opportunity loss to the target fund due to the target fund not being allowed to retain the excess gains derived from the disposal of the Shariah non-compliant securities. In the event that the Shariah non-compliant securities are disposed of at a price lower than the investment cost, it may adversely affect the value of the target fund. Thus, it may cause the NAV of the target fund or price of units to fall.
Risk associated with investing in Islamic CIS	Since the target fund will invest entirely into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the target fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, Principal will seek for another Islamic CIS that is consistent with the objective of the target fund.
Country risk	The target fund may invest into Islamic CIS which can be domiciled in various countries. Therefore, the target fund will be subjected to risks specific to the countries in which the Islamic CIS are domiciled. Such risks include adverse changes in economic fundamentals, social and political stability, laws and regulations and foreign investments policies. These factors may have an adverse impact on the price of the Islamic CIS, which will depress the Islamic CIS's NAV growth, and consequently depress the target fund's NAV growth.

RISKS (CONTINUED)

Currency risk

As the target fund may invest into Islamic CIS denominated in currencies other than MYR, any fluctuation in the exchange rate between MYR and the currencies in which the Islamic CIS are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the Islamic CIS are denominated depreciate against MYR, this will have an adverse effect on the NAV of the target fund in MYR and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the target fund.

Source : Principal Asset Management Bhd

Date : 30 September 2021

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. 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.