

FUND OBJECTIVE

To achieve capital stability 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 | 41,499 units (29 May 2020) | Fund Size | RM43,097 (29 May 2020) |
| Unit NAV | RM1.0385 (29 May 2020) | Dealing | Daily (as per Bursa Malaysia trading day) |
| Fund Manager | Principal Asset Management Bhd | Target Fund | Principal Islamic Conservative Wholesale Fund-of-Funds |
| Benchmark | 50% Quantshop GII Medium Index + 25% CIMB Islamic 1-month Fixed Return Income Account-I (FRIA-i) + 25% 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 ▪ Have a low risk profile and seek for a potentially less volatile investment return ▪ Want a minimal exposure to Shariah-compliant equities investment ▪ 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 Conservative Fund. ▪ Up to 1.2% 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 |
| 89.35% | 10.65% |

SECTOR ALLOCATION OF THE TARGET FUND

| | |
|--------------|---------|
| Mutual Funds | 89.35% |
| Cash | 10.65% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

| | |
|--|--------|
| Principal Islamic Lifetime Sukuk Fund | 45.88% |
| Principal Islamic Lifetime Enhanced Sukuk Fund | 26.61% |
| Principal DALI Equity Fund | 16.86% |
| Total | 89.35% |

PERFORMANCE RECORD

This fund feeds into Principal Islamic Conservative Wholesale Fund-of-Funds (“target fund”) with the objective to achieve capital stability 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 Conservative Fund versus its benchmark as at 29 May 2020:

| % | YTD | 1M | 3M | 6M | 1-Year | 3-Year | Since Inception |
|------------------|------|------|------|------|--------|--------|-----------------|
| Fund* | 0.97 | 1.51 | 0.79 | 1.19 | 2.32 | N/A | 3.85 |
| Benchmark | 2.69 | 2.96 | 3.03 | 3.74 | 5.45 | N/A | 8.67 |

* 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 1.51% in May 2020, underperforming the benchmark by 1.45%. Year-to-date (YTD), the fund has underperformed the Benchmark by 1.72%. 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.