

# Sun Life Malaysia

## Islamic Global Balanced Fund

December 2021



### FUND OBJECTIVE

To provide income and capital appreciation over the medium to long term by investing in Shariah-compliant equities and Sukuk globally.

### FUND DETAILS

Launch Date	19 April 2021	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	6.08 million units (31 December 2021)	Fund Size	RM 6.29 million (31 December 2021)
Unit NAV	RM1.0343 (31 December 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	UOB Asset Management (Malaysia) Berhad	Target Fund	United-i Global Balanced Fund MYR Hedge class
Benchmark	50% S&P Global BMI Shariah Index + 50% Dow Jones Sukuk Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>▪ seek an investment that provides income and capital appreciation;</li> <li>▪ have a moderate risk tolerance;</li> <li>▪ want a portfolio of investments that adhere to Shariah principles; and</li> <li>▪ want to have investment with global exposure.</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 Global Balanced Fund.</li> <li>▪ Up to 1.8% p.a. fund management charge is applied on the target fund's NAV by UOB Asset Management (Malaysia) Berhad.</li> </ul>

### ASSET ALLOCATION OF THE TARGET FUND

Sukuk & Islamic Money Market Instruments	Shariah-compliant Equities	Others
Min 40%; Max 60%	Min 40%; Max 60%	Remaining Balance

Sun Life Malaysia Takaful Berhad 200501012215 (689263-M)

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## SECTOR ALLOCATION OF THE TARGET FUND (EQUITIES)

Technology	18.01%
Consumer Products	10.10%
Health Care	8.40%
Industrial Products	6.43%
Telecommunication Services	3.44%
Materials	2.52%
Energy	1.13%
Real Estate	0.73%
Financials	0.34%
Utilities	0.19%
Total	51.29%

## SECTOR ALLOCATION OF THE TARGET FUND (SUKUK)

Infrastructures & Utilities	19.78%
Government	8.28%
Financials	5.35%
Telecommunication	1.79%
Transportation & Logistics	1.59%
Property & Real Estate	1.52%
Energy	0.63%
Basic Materials	0.17%
Total	39.11%

## PORTFOLIO ALLOCATION

Equity	51.29%
Bonds	39.11%
Cash	9.60%
Total	100.00%

## TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
KSA SUKUK LTD	2.969	10/29/29	1.34
SAUDI ELEC GLB SUKUK	4.723	09/27/28	1.11
KSA SUKUK LTD MTN	4.303	01/19/29	1.10
PERUSAHAAN PENERBIT SBSN MTN	4.15	03/29/27	1.07
KSA SUKUK LTD MTN	3.628	04/20/27	1.04

## TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

MICROSOFT ORD	3.00%
APPLE ORD	2.19%
AMAZON COM ORD	2.16%
ALPHABET CL A ORD	1.96%
NESTLE N ORD	0.85%

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## PERFORMANCE RECORD

This fund feeds into United-i Global Balanced Fund MYR Hedge class ("target fund") with the objective to provide income and capital appreciation over the medium to long term by investing in Shariah-compliant equities and Sukuk globally.

Table below shows the investment returns of Sun Life Malaysia Islamic Global Balanced Fund versus its benchmark as at 31 December 2021:

%	YTD	1M	3M	6M	1-Years	3-Years	Since Inception
<b>Fund*</b>	3.43	2.00	4.25	3.43	N/A	N/A	3.43
<b>Benchmark</b>	8.91	1.76	4.10	3.67	N/A	N/A	8.91

\* 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

### Equity

Global equities fell for the first time in eight months. Markets contended with pandemic uncertainty, moderating economic growth, the imminent prospect of reduced quantitative easing and policy tightening, and persistent supply-chain dislocations that have amplified the risk of more sustained inflation. Global equities fell sharply after a debt crisis at one of China's largest property developers destabilized financial markets and sparked fears about lasting damage to China's credit conditions and its economy. An energy supply crunch is looming in Europe and Asia, as soaring prices for natural gas and coal are driving inflation higher and posing risks to the global economic recovery. Germany faces a period of political uncertainty after a victory by the Social Democratic Party in a tightly contested general election paved the way for talks to form a new coalition government. On the monetary policy front, US Federal Reserve Chair Jerome Powell indicated that the central bank could begin scaling back asset purchases as soon as November and complete the process by mid-2022, after officials revealed a growing inclination to raise interest rates next year. The European Central Bank kept its monetary policy unchanged but opted to slow the pace of net asset purchases under its Pandemic Emergency Purchase Programme. The S&P Global BMI Shariah returned -5.1% for the month. Within the index, 10 out of 11 sectors declined over the period. Communication services and materials were the bottom performing sectors, while energy and financials were the top performing sectors for the period.

### Sukuk

10-year US Treasury (UST) prices rose, with yields falling 11bps from 1.55% at the end of October to 1.44% at the end of November 2021. Following the discovery of a new, highly mutative Covid-19 variation, Omicron, yields were originally pushed upward as US inflation hit its highest level in three decades, before plummeting precipitously at month's conclusion. As investors modified interest rate normalisation expectations, the US Treasury yield curve flattened month-over-month (m-o-m), with the shortest 1-3 year yields rising by 7-10bps and longer 10-30 year yields falling by 11-14bps. In the first nine months of 2021, global Sukuk issuance has reached to \$147 billion, maintaining pace from 2020 and on course to exceed \$180 billion by the end of the year. This indicates that Sukuk momentum is still robust, despite the fact that the region's economies are well on their way to recovery following the oil price crash in the early days of the decade. The Sukuk market on ESG also has become a key trend. By the third quarter of 2021, the total amount of ESG Sukuk issuance had reached \$15 billion. In 2020, total ESG issuance surpassed \$5 billion, and in 2021, it is expected to surpass \$6 billion. We expect Malaysia will keep the momentum as the top five countries in Sukuk issuance together with Saudi Arabia, Indonesia and Turkey. The Malaysian economy also can be seen able to grow faster in 4Q 2021 as high vaccination rates, broader domestic economic openness, and efforts to relax international border restrictions. Malaysia Budget 2022 also allocated RM332.1 billion, simultaneously, will be the highest budget to date with three main focus areas; Strengthening Recovery, Building Resilience and Driving Reforms. As with the expansion of the budget, it has given the need to bolster the fledgling economic recovery, political pressure ahead of a possible election in 2022.

## RISKS

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

### General market environment 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 UOBAM which will impact the performance of the target fund, e.g. investment decisions undertaken by UOBAM 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 weakness in operational process and systems may adversely affect the performance of the target fund.

### Reclassification of Shariah non-compliant 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), the Shariah adviser or the Shariah boards of the relevant Islamic indices. 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 the Shariah non-compliant securities are disposed 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 to fall.

### Credit and Default Risk

Credit risk relates to the creditworthiness of the issuers of Sukuk, Islamic money market instruments and/or financial institutions where the Islamic deposits are placed and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer of the Sukuk, Islamic money market instruments and /or financial institutions where the Islamic deposits are placed may impact the value as well as liquidity of the Sukuk, Islamic money market instruments and/or Islamic deposits. In the case of rated Sukuk, Islamic money market instruments and financial institutions, this may lead to a credit downgrade.

Default risk relates to the risk that an issuer of a Sukuk, Islamic money market instrument or a financial institution where the Islamic deposits are placed either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Sukuk, Islamic money market instruments and Islamic deposits. This could adversely affect the NAV of the target fund.

### Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk and/or Islamic money market instruments. When interest rates rise, Sukuk and/or Islamic money market instruments prices generally decline and this may lower the market value of the target fund's investment in Sukuk and/or Islamic money market instruments. The reverse may apply when interest rates fall. Meanwhile, Sukuk and/or Islamic money market instruments with longer maturities and lower profit rates are more sensitive to interest rate changes.

**RISKS (CONTINUED)**

**Equity Risk**

As the target fund will be investing in Shariah-compliant equities, the target fund will be affected by equity risk. Generally, equity risk may arise in the following forms, i.e., equity risks related to external factors and equity risks related to company-specific factors. All of these related equity risks can adversely affect the prices of equities, which would negatively impact the performance of the target fund.

**Country Risk**

The target fund is also subject to country risk. The value of the assets of the target fund may also be affected by the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the target fund may invest in. Further, when investing in foreign markets, there are countries which may require prior approvals before investments can take place.

**Source : UOB Asset Management (Malaysia) Berhad**

**Date : 31 December 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.