

Sun Life Malaysia Islamic World Equity Fund

January 2024



FUND OBJECTIVE

Seeks to achieve capital appreciation in the long-term through investments in Shariah-compliant equities and equity-related securities.

FUND DETAILS

| | | | |
|----------------------|---|--------------|---|
| Launch Date | 13 February 2015 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 83.30 million units (31 January 2024) | Fund Size | RM148.62 million (31 January 2024) |
| Unit NAV | RM1.7842 (31 January 2024) | Dealing | Daily (as per Bursa Malaysia trading day) |
| Fund Manager | abrdrn Islamic Malaysia Sdn. Bhd. | Target Fund | abrdrn Islamic World Equity Fund |
| Benchmark | MSCI ACWI Islamic (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 Target capital appreciation Willing to take higher risk for potential higher gains | Fees | <ul style="list-style-type: none"> Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic World Equity Fund Up to 1.75% p.a. fund management charge is applied on the target fund's NAV by abrdrn Islamic Malaysia Sdn. Bhd. |

ASSET ALLOCATION OF THE TARGET FUND

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|------------|---------|
| Equities | Cash |
| 90% - 100% | 0% -10% |

SECTOR ALLOCATION OF THE TARGET FUND

| | |
|------------------------|---------|
| Information Technology | 28.90% |
| Health Care | 19.30% |
| Industrials | 17.30% |
| Consumer Staples | 9.70% |
| Consumer Discretionary | 7.30% |
| Materials | 6.90% |
| Real Estate | 4.50% |
| Communication Services | 2.40% |
| Energy | 2.10% |
| Cash | 1.60% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

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|------------------------|--------|
| Microsoft Corp | 8.00% |
| ASML Holding | 4.40% |
| Procter & Gamble Co | 3.60% |
| L'Oreal | 3.20% |
| Marvell Technology Inc | 3.10% |
| Trane Technologies | 3.00% |
| LULULEMON Athletica | 3.00% |
| LINDE PLC | 2.90% |
| Adobe System | 2.90% |
| Atlas Copco | 2.70% |
| Total | 36.80% |

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PERFORMANCE RECORD

This fund feeds into abrdn Islamic World Equity Fund ("target fund") with the objective to achieve capital appreciation in the long-term through investments in Shariah-compliant equities and equity-related securities.

Table below shows the investment returns of Sun Life Malaysia Islamic World Equity Fund versus its benchmark as at 31 January 2024:

| % | YTD | 1M | 6M | 1-Year | 3-Years | 5-Years | Since Inception |
|------------------|------|------|------|--------|---------|---------|-----------------|
| Fund* | 3.58 | 3.58 | 8.28 | 25.28 | 26.36 | 66.13 | 78.42 |
| Benchmark | 2.17 | 2.17 | 7.89 | 27.35 | 46.84 | 86.54 | 160.89 |

* 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 equity markets finished January higher after a strong end to 2023. Stronger than- expected economic data – especially in the US – boosted hopes that a ‘soft landing’ could be achieved. Nevertheless, the global economic outlook remains uncertain. Meanwhile, annual inflation remains above central bankers’ targets, leading to continued caution from the US Federal Reserve (Fed) and European Central Bank (ECB). Other concerns include the ongoing wars in Ukraine and the Middle East, as well as an uncertain outlook for the Chinese economy.
- The portfolio outperformed its benchmark. ASML added value as it reiterated its 2024 guidance of flat revenue. In addition, the company reported an acceleration in bookings in the fourth quarter, which was materially higher than expected. Elsewhere in the semiconductor industry, Marvell Technology added value. TSMC reported solid results and expects 70-80% of its capital expenditure to be focused on advanced process technologies. Marvell is well placed to benefit from the second wave of artificial intelligence. ResMed reported second quarter results that showed a much-anticipated improvement in margins with sales moderating after above average growth over the last two years. GLP1 medication, whilst still a threat, may possibly be beneficial for the company in driving improved awareness of sleep apnoea.
- On the negative side, our underweight position in Microsoft continued to weigh on relative performance as technology names had another strong month. In India, Asian Paints reported third quarter earnings that were ahead of estimates, but revenue growth was below expectations. There are concerns around the upcoming elections and increasing competitive intensity. Elsewhere, Atlas Copco reported fourth quarter results in mid-January. Its shares fell as orders and margins missed expectations.
- Portfolio activity was muted over the month.

RISKS

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

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| <p>External Investment Manager Risk</p> | <p>The fund management function of the target fund is delegated to Aberdeen Asset Managers Limited (“AAML”). AAML (“External Investment Manager”) is an entity within the Aberdeen Standard Investments group (“ASI Group”). Although the External Investment Manager is an entity within the ASI Group and they will have regular meetings with Aberdeen Standard to deliberate on the investment themes and portfolio decisions, there is still the risk that the External Investment Manager may not adhere to the investment mandate of the target fund due to an oversight. In the event of an oversight by the External Investment Manager, the NAV of the target fund will be adversely affected and the investment of the policy owners may be jeopardised through the loss of their capital invested in the target fund.</p> |
| <p>Market risk</p> | <p>Market risk refers to potential losses that may arise from changes in the market prices of the Shariah-compliant equities that the target fund invests in. Prices of the Shariah-compliant equities will fluctuate in response to various factors, for example, events or news that relates to the Shariah-compliant equities as well as general market or economic conditions. In mitigating this risk, Aberdeen Standard will invest in various sectors, thus the collapse of any particular sector would not have a major adverse impact on the value of the target fund.</p> |
| <p>Stock specific risk</p> | <p>Any drop in the price of a particular Shariah-compliant stock held by the target fund may affect the unit price of the target fund adversely. This risk can be mitigated by investing in a wide range of Shariah-compliant equities in different sectors, thus spreading the element of risk.</p> |
| <p>Concentration risk</p> | <p>This risk refers to the risk that the target fund invests a substantial portion of its assets in a particular sector or geographical area which may cause the target fund to be more susceptible to adverse economic events affecting that particular industry or region. This risk is mitigated through the diversification process that Aberdeen Standard will employ in the management of the target fund whereby the target fund will hold a diversified portfolio of Shariah-compliant equities across various sectors and countries.</p> |
| <p>Shariah-compliant warrants risk</p> | <p>The price, performance and liquidity of Shariah-compliant warrants are typically linked to the underlying Shariah-compliant equities and therefore subject to those risks. However, the price, performance and liquidity of such Shariah-compliant warrants will generally fluctuate more than the underlying Shariah-compliant equities because of the greater volatility of the warrants market. The erosion of value of the Shariah-compliant warrants may accelerate as the Shariah-compliant warrants approach its expiry date and the potential gains from a favourable price movement of the underlying Shariah-compliant equities may be offset by time decay.</p> |
| <p>Currency risk</p> | <p>As the investments of the target fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the target fund in the base currency and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.</p> <p>The impact of the exchange rate movement between the base currency of the target fund and the currency of the underlying investments may result in a depreciation of the value of the investments as expressed in the base currency of the target fund.</p> |

RISKS (CONTINUED)

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| <p>Reclassification of Shariah status risk</p> | <p>This risk refers to the risk that the currently held Shariah-compliant equities in the target fund may be reclassified as Shariah non-compliant in the periodic review of the equities by the Shariah Advisory Council of the Securities Commission (SACSC), the Shariah Adviser or the Shariah Boards of the relevant Islamic indices. If this occurs, Aberdeen Standard and the External Investment Manager will take the necessary steps to dispose of such equities. There may be opportunity loss to the target fund due to the target fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. Aberdeen Standard and the External Investment Manager will be required to dispose of these equities immediately if the market price is above the investment cost. Should the market price be below the investment cost, Aberdeen Standard and the External Investment Manager may choose to hold on to these holdings until the market price meets the investment cost. Nevertheless, should Aberdeen Standard and the External Investment Manager decide to dispose of these equities below the investment cost, the target fund will be faced with the risk of realising its losses, thus negatively impacting the NAV of the target fund.</p> |
| <p>Emerging and developing markets risk</p> | <p>In emerging and developing markets, the legal, judicial and regulatory infrastructure is still developing and there are much legal uncertainties both for the local market participants and their overseas counterparts. As the emerging and developing markets carry significant risks, investors should therefore ensure that, before investing in the target fund, they understand the relevant risks and are satisfied that an investment in the target fund is suitable.</p> |
| <p>Taxation</p> | <p>Investors should note in particular that the proceeds from the sale of Shariah-compliant securities in some markets or the receipt of any dividends or other income by the target fund may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at the source. Tax law and practices in certain countries into which the target fund invests or may invest in the future (in particular emerging and developing markets) is not clearly established. It is possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is also possible that the target fund could become subject to additional taxation in such countries that is not anticipated either at the date of this prospectus or when investments are made, valued or disposed of.</p> |
| <p>Execution and Counterparty Risk</p> | <p>In some markets, there may be no secure method of delivery against payment which would avoid exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the Shariah-compliant securities or, as the case may be, sale proceeds.</p> |

Source : *abrdn Islamic Malaysia Sdn Bhd*
 Date : 31 January 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.