

Sun Life Malaysia Islamic Asia Pacific Equity Fund

August 2024



FUND OBJECTIVE

Aims to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

INVESTMENT STRATEGY & APPROACH

Please refer to the Yearly Fund Fact Sheets at <https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/> for more information on the Investment Strategy and Approach of the target fund.

FUND DETAILS

| | | | |
|-----------------------|--|---------------------------------------|--|
| Launch Date | 13 February 2015 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 213.43 million units (30 August 2024) | Fund Size | RM319.39 million (30 August 2024) |
| Unit NAV | RM1.4964 (30 August 2024) | Target Fund | Principal Islamic Asia Pacific Dynamic Equity Fund – Class MYR |
| Fund Manager | Principal Asset Management Bhd | Taxation | 8% of annual investment income |
| Performance Benchmark | MSCI AC Asia ex Japan Islamic Index | Frequency and Basis of Unit Valuation | The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund |
| Target Market | Suitable for investors: <ul style="list-style-type: none"> Have a long-term investment horizon Want a portfolio of investments that adhere to Shariah principles Want a well-diversified portfolio of Asia Pacific ex Japan regional equities Seek capital appreciation over long-term | Fund Management Charge | <ul style="list-style-type: none"> Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Asia Pacific Equity Fund Up to 1.8% pa fund management charge is applied on the target fund's NAV by Principal Asset Management Bhd |

ASSET ALLOCATION OF THE TARGET FUND

| Shariah-compliant equities | Sukuk and Islamic deposit | Islamic liquid assets |
|--|---------------------------|-----------------------|
| Minimum 70% and up to 98% of Net Asset Value (NAV) | Up to 30% of NAV | Minimum 2% of NAV |

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SECTOR ALLOCATION OF THE TARGET FUND

| | |
|------------------------|---------|
| Information Technology | 34.80% |
| Energy | 11.57% |
| Consumer Discretionary | 9.52% |
| Consumer Staples | 4.95% |
| Industrials | 4.91% |
| Other | 4.69% |
| Health Care | 4.37% |
| Utilities | 4.15% |
| Communication Services | 3.07% |
| Cash | 17.97% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

| | |
|---|--------|
| Samsung Electronics Co Ltd (South Korea) | 8.83% |
| Reliance Industries Ltd (India) | 7.55% |
| Samsung Electronics (South Korea) | 5.27% |
| Taiwan Semiconductor Manufacturing (Taiwan) | 4.86% |
| Bajaj Auto Ltd (India) | 3.41% |
| Singapore Telecommunications (Singapore) | 3.07% |
| PetroChina Co Ltd (China) | 3.01% |
| Ultra Tech Cement Ltd (India) | 2.88% |
| Hitachi Ltd (Japan) | 2.67% |
| Gail India Ltd (India) | 2.58% |
| Total | 44.13% |

PERFORMANCE RECORD

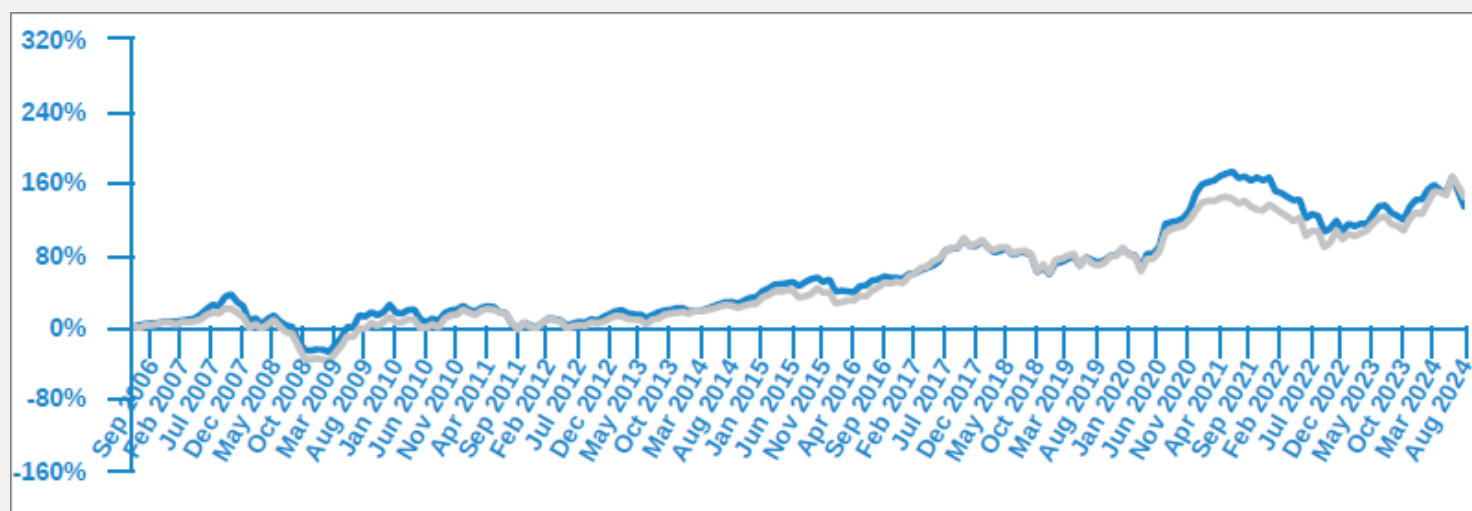
This fund feeds into Principal Islamic Asia Pacific Dynamic Equity Fund – Class MYR ("target fund") with the objective to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region.

Table below shows the investment returns of Sun Life Malaysia Islamic Asia Pacific Equity Fund versus its benchmark as at 30 August 2024:

| % | YTD | 1M | 6M | 1-Year | 3-Years | 5-Years | Since Inception |
|------------------|-------|-------|-------|--------|---------|---------|-----------------|
| Fund* | -3.25 | -6.12 | -7.33 | 2.38 | -11.71 | 32.68 | 49.64 |
| Benchmark | 7.12 | -5.00 | -1.24 | 13.59 | 1.37 | 44.80 | 83.60 |

* Calculation of past performance is based on NAV-to-NAV

Graph below shows the historical performance of the underlying collective investment schemes (CIS) for the calendar year returns:



Source: Lipper

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FUND MANAGER'S COMMENTS

During the month, our Fund declined 6.12% in MYR terms, underperforming the benchmark by 112 basis points (bps) mainly due to a continued sell-off in Information Technology in the equipment and memory names. Year-to-date, our Fund declined 3.25% in MYR terms, underperforming the benchmark by 10.4% mainly due to Taiwan where we are structurally underweight TSMC due to the single stock limit constraints. However, we note that this issue will be alleviated from September with the removal of TSMC from the benchmark.

The US Fed is likely to ease rates gradually starting with a 25bp cut in Sep given it is now confident that inflation risks have subsided. The debate is now on the pace and magnitude of the rate cuts. Asian currencies have recently strengthened vs the USD against this backdrop. The change in the Democratic Presidential candidate has shifted the dynamic of the Selection. The outcome of the elections could have profound implications for Asian economies in terms of trade dynamics and geopolitical relations. India and ASEAN countries are likely to be more insulated and stand to benefit from supply chain shifts. China's economic expansion remains uneven, with export-led manufacturing growth compensating for weak consumption. Policy stimulus has been muted.

We are in the midst of rebalancing our portfolio with the benchmark changes but intend to remain fully invested. We are positioned in of a) broad-based exposure across India in consumption, industrials, healthcare, property, b) selected tech hardware names across foundry, phone components, IT services, software c) Ideas where return drivers are not major macro factors, e.g. ASEAN and global energy transmission, pharma.

RISKS

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

| | |
|--|--|
| Stock specific risk | Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the target fund's NAV. |
| Country risk | Investments of the target fund in any country may be affected by changes in 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 invests. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the target fund in those affected countries. This in turn may cause the NAV of the target fund or price of units to fall. |
| Currency risk | As the investments of the target fund may be denominated in currencies other than the base currency of the target fund, any fluctuation in the exchange rate between the base currency of the target fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the target fund, this will have an adverse effect on the NAV of the target fund in the base currency of the target fund 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 investment. |
| Risks associated with investment in warrants and/or options | There are inherent risks associated with investment in warrants and/or options. The value of warrants and/or options are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, Principal will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks. |
| Credit/Default risk | The target fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the target fund invests in Sukuk and/or place Islamic deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuers or counterparties may impact the value as well as liquidity of the investments. In the case of rated Sukuk, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparty either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the target fund. Principal aims to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction. |

RISKS (CONTINUED)

Interest rate risk

Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk and Islamic money market instruments. When interest rates rise, Sukuk and Islamic money market instruments' prices generally decline and this may lower the market and Islamic money market instruments. In managing the Sukuk, Principal takes into account the coupon rate and time to maturity of the Sukuk with an aim to mitigate the interest rate risk. As for Islamic money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike Sukuk, any change to interest rate will only have a minor impact to the prices of these instruments.

Note: Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk will have an exposure to the movement of the interest rates. Even though the target fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country, which may affect the value of the investment of the target fund.

Risk associated with investing in CIS

Since the target fund may invest 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.

Source : Principal Asset Management Bhd
Date : 30 August 2024

Disclaimer:

This is strictly the performance of the investment fund, and not the returns earned on the actual takaful contributions paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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.