

# Sun Life Malaysia

## Islamic Global Balanced Fund

January 2022



### 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 | 6.87 million units<br>(31 January 2022)  | Fund Size    | RM 6.81 million<br>(31 January 2022)   |
| Unit NAV             | RM0.9911<br>(31 January 2022)  | Dealing      | Daily<br>(as per Bursa Malaysia trading day)   |
| Fund Manager         | UOB Asset Management<br>(Malaysia) Berhad  | Target Fund  | United-i Global Balanced Fund<br>MYR Hedge class   |
| Benchmark            | 50% S&P Global BMI Shariah<br>Index + 50% Dow Jones Sukuk<br>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 |

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## SECTOR ALLOCATION OF THE TARGET FUND (EQUITIES)

|                            |        |
|----------------------------|--------|
| Technology                 | 16.91% |
| Consumer Products          | 9.10%  |
| Health Care                | 8.13%  |
| Industrial Products        | 6.31%  |
| Telecommunication Services | 3.59%  |
| Materials                  | 2.54%  |
| Energy                     | 1.37%  |
| Real Estate                | 1.02%  |
| Financials                 | 0.31%  |
| Utilities                  | 0.16%  |
| Total                      | 49.44% |

## SECTOR ALLOCATION OF THE TARGET FUND (SUKUK)

|                     |        |
|---------------------|--------|
| Financials          | 29.93% |
| Infrastructures     | 4.54%  |
| Real Estate         | 1.46%  |
| Industrial Products | 0.74%  |
| Transportation      | 0.68%  |
| Total               | 37.35% |

## PORTFOLIO ALLOCATION

|        |         |
|--------|---------|
| Equity | 49.44%  |
| Bonds  | 37.35%  |
| Cash   | 13.21%  |
| Total  | 100.00% |

## TOP HOLDINGS OF THE TARGET FUND (SUKUK)

| Bonds Issuer                 | Coupon | Maturity Date | %    |
|------------------------------|--------|---------------|------|
| KSA SUKUK LTD                | 2.969  | 10/29/29      | 1.27 |
| SAUDI ELEC GLB SUKUK         | 4.723  | 09/27/28      | 1.05 |
| KSA SUKUK LTD MTN            | 4.303  | 01/19/29      | 1.02 |
| PERUSAHAAN PENERBIT SBSN MTN | 4.150  | 03/29/27      | 1.01 |
| KSA SUKUK LTD MTN            | 3.628  | 04/20/27      | 0.98 |

## TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

|                   |       |
|-------------------|-------|
| MICROSOFT ORD     | 2.90% |
| APPLE ORD         | 2.19% |
| ALPHABET CL A ORD | 2.16% |
| AMAZON COM ORD    | 2.09% |
| NESTLE N ORD      | 0.82% |

**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 January 2022:

| %                | YTD   | 1M    | 3M    | 6M    | 1-Years | 3-Years | Since Inception |
|------------------|-------|-------|-------|-------|---------|---------|-----------------|
| <b>Fund*</b>     | -4.18 | -4.18 | -2.65 | -0.89 | N/A     | N/A     | -0.89           |
| <b>Benchmark</b> | -4.78 | -4.78 | -3.66 | -2.30 | N/A     | N/A     | 3.70            |

\* 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 declined in January after a strong finish to 2021. Volatility spiked sharply, triggered by global geopolitical tensions, persistently high inflation, and the prospects of more aggressive tightening of monetary policy. The risk of a further Russian invasion of Ukraine escalated. US and NATO officials separately delivered responses to the Russian government to address its security demands, as efforts to reach a diplomatic solution intensified. Meanwhile, the rapid proliferation of the Omicron variant across the globe prompted governments to reinstate restrictions. However, the economic impact has been less severe than anticipated, as measures have generally remained limited. Omicron outbreaks in China prompted lockdowns and new restrictions in several major cities and threatened to further disrupt global supply chains. Surging energy prices, robust demand, and ongoing supply-chain disruptions continued to push inflation above forecasts in many countries. Global markets were roiled after the US Federal Reserve accelerated plans to taper its balance sheet and signaled that interest rates would rise in March and could continue to increase at a quicker pace to bring down inflation. Brent crude oil prices eclipsed US\$90 a barrel for the first time since October 2014 amid tight supplies, strong demand, and rising geopolitical tensions. The S&P Global BMI Shariah returned -7.9% for the month. Within the index, 10 out of 11 sectors declined for the period. Health care and consumer discretionary were the bottom performing sectors, while energy and consumer staples were the top performing sectors over the month.

**Sukuk**

US inflation printed higher with 7.5% in January and 10-year yield for US Treasury edge to 1.784%, 28bps higher than December 2021. Market is positioning for multiple rate hike this year, with 50bps hike expected in March FOMC meeting. Globally, central banks are expected to hike rates as a way to cool off inflation, thus putting pressure on fixed income and sukuk space. Gross issuance in 2022 are expected to increase to USD149 billion and remain a key financing source in core Islamic finance market. The supplies of global sukuk will increase due to Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI) standards implementation challenges, COVID-19 disruptions and higher oil prices. Malaysia's GDP rebound to 3.6% in Q42021 and it is a clear signal that an economy recovery may be imminent in 2022 if COVID-19 remains in check. Inflation remains moderate while interest rate is expected to rise in 2H2022. Therefore, we are positive to the local currency bond as the market has overpriced OPR hike as at current valuation.

## RISKS

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

|  |   |
|--|---|
| <b>General market environment Risk</b>                       | 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.   |
| <b>Inflation Risk</b>  | 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.   |
| <b>Manager's Risk</b>  | 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.  |
| <b>Reclassification of Shariah non-compliant status Risk</b> | 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.   |
| <b>Credit and Default Risk</b>                               | <p>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.</p> <p>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.</p> |
| <b>Interest Rate Risk</b>                                    | 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 January 2022**

**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.