

# Sun Life Malaysia

## Islamic Global Sustainable Fund

January 2023



### FUND OBJECTIVE

To achieve long-term capital growth.

### FUND DETAILS

Launch Date	01 June 2022	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	268,705 units (31 January 2023)	Fund Size	RM275,130 (31 January 2023)
Unit NAV	RM1.0239 (31 January 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Nomura Asset Management Malaysia Sdn Bhd	Target Fund	Nomura Global Shariah Sustainable Equity MYR Class A Fund
Benchmark	Dow Jones Islamic Market Developed Markets Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>are seeking long term capital growth;</li> <li>want a portfolio of Shariah compliant investments that provides positive impact on the sustainable development of society;</li> <li>want to have portfolio with global exposure; and</li> <li>are prepared to accept moderate level of volatility.</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 Sustainable Fund.</li> <li>Up to 1.6% p.a. fund management charge is applied on the target fund's NAV by Nomura Asset Management Malaysia Sdn Bhd.</li> </ul>

### ASSET ALLOCATION OF THE TARGET FUND

Equity Fund	Cash and Others
97.28%	2.72%

### SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	36.95%
Health Care	24.29%
Industrials	19.02%
Communication Services	5.92%
Materials	3.57%
Consumer Discretionary	2.97%
Consumer Staples	2.79%
Utilities	1.78%
Cash & Others	2.72%

### TOP HOLDINGS OF THE TARGET FUND

Alphabet Inc - CI A	5.92%
Microsoft Corp	5.01%
Mastercard Inc	4.92%
Thermo Fisher Scientific Inc	4.55%
Novo Nordisk A/S-B	4.39%

## PERFORMANCE RECORD

This fund feeds into Nomura Global Shariah Sustainable Equity Fund-MYR Class A ("target fund") with the objective to achieve long-term capital growth.

Table below shows the investment returns of Sun Life Malaysia Islamic Global Sustainable Fund versus its benchmark as at 31 January 2023:

%	YTD	1M	3M	6M	1-Year	3-Years	Since Inception
<b>Fund*</b>	3.96	3.96	1.57	-5.71	N/A	N/A	-2.39
<b>Benchmark</b>	4.05	4.05	-1.86	-5.08	N/A	N/A	5.43

\* 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

MYR Class A returned 3.96% underperforming the benchmark by 0.09% despite market rallying a lot with multiple underlying drivers. One of the drivers is the mean reversion where mega cap techs and growth stocks that suffered the most in 2022 outperformed the market strongly in January '23. This then fed into short covering and fear of missing out (FOMO) as Bank of America survey shows that global fund managers' cash level was relatively high. In addition, as Federal Reserve announcing no surprise with another 25 basis point hike, we think the investors have sought to get ahead of the Federal Reserve when it comes to the pivot into a more accommodative policy.

By region, less allocation to US contributed positively as other markets were recovering faster with global fund managers were shifting flows away from US. Selection was a strong contributor in North America while being offset by EU. By sector, positive selection attribution was offset by allocation attribution. This is due to the underweight in one of the most cyclical sectors such as Consumer Discretionary that benefitted from the risk-taking sentiments.

By individual stocks, the top contributors were TSMC, Pentair and A.O.Smith. All three benefitted from the improvement of its respective industry sentiment and earnings reports with better than feared guidance. Top detractors were Becton Dickinson and AstraZeneca PLC. We found no detrimental change on its fundamentals. The market factor rotation has led them to lag the market performance and we think that would only be momentary. AMZN was a huge detractor as a non-holding stock with the mega cap techs rallying.

**Impact focus of the month:** The team have initiated a position in Tetra Tech aligned with the Global Access to Clean Drinking Water impact goal. Tetra Tech is an environmental consulting and engineering business which is typically engaged at the very front end of water and sustainability projects. When municipalities grow more concerned about droughts and access to water they will engage firms such as Tetra Tech to help them to develop engineering solutions. The even more impactful side of the business is the company's position as a go to solutions provider for USAID (US Agency for International Development agency) supporting the development of water access projects across the poorest nations globally in which water access is needed most. The US in particular has made huge commitments to ramping up infrastructure spending to support access to water and a cleaner grid (through Federal Acts such as the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)) and this spending will start to come through from the end of this year providing a significant boost for Tetra Tech over the long term. The team do not believe however that this is priced into the stock at current levels following a significant de-rating as certain previous 'sustainable' darlings have fallen out of favour.

**RISKS**

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

<b>Returns not guaranteed</b>	The investment of the fund is subject to market fluctuations and its inherent risk. There is NO GUARANTEE on the investment returns, nor any assurance that the target fund's investment objective will be achieved.
<b>Market risk</b>	The value of an investment will decrease or increase due to changes in market factors i.e. economic, political or other events that impact large portions of the market. Market risk cannot be eliminated, hence the target fund's investment portfolio may be prone to changing market conditions that may result in uncertainties and fluctuations in the value of the underlying of the target fund's investment portfolio, causing the NAV or prices of units to fluctuate.
<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 nominal 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 Nomura which will impact the performance of the target fund. For example, investment decisions undertaken by Nomura as a result of 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. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by Nomura.
<b>Country risk</b>	The investment of the target fund may be affected by risk specific to the country in which it invests in. Such risks include changes in the country's economic, social and political environment. The value of the assets of the target fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country in which the target fund invest in.
<b>Reclassification of Shariah Compliance Status</b>	Shariah-compliant securities and instruments held by the target fund are subject to periodic review by the SAC of the SC, SAC of BNM, the Shariah boards of the relevant Islamic indices or the Shariah Adviser. These securities may be reclassified as non-compliant during such reviews and the target fund may need to take the necessary steps to dispose of such security or instrument, upon the advice of the Shariah Adviser. Consequently, the target fund may realise some losses in the disposal of the same or there may be opportunity loss for the target fund as the target fund may not be permitted to retain excess capital gains derived from such disposal.

**RISKS (CONTINUED)**

**Currency Risk**

As the Base Currency is denominated in USD and the currency denomination of the Classes may be denominated in other than USD, the Classes not denominated in USD are also exposed to currency risk. Any fluctuation in the exchange rates between USD and the currency denomination of the Class (other than Classes denominated in USD) will affect the Unit Holder's investments in those Classes (other than Classes denominated in USD). The impact of the exchange rate movement between the Base Currency and the currency denomination of the Class (other than Classes denominated in USD) may result in a depreciation of the Unit Holder's holdings as expressed in the Base Currency.

In order to manage currency risk, Nomura may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the target fund's investments and/or the Classes not denominated in USD. Currency hedging may reduce the effect of the exchange rate movement for the Class being hedged but it does not entirely eliminate currency risk between the Class and the Base Currency. The unhedged portion of the Class will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Class. You should note that if the exchange rate moves favourably, the Class will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum size of entering into a hedging contract and the cost of hedging will be borne by the hedged class and may affect returns of the hedged class.

**Default Risk**

Default risk relates to the risk that an issuer of a money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the money market instruments. If the financial institution which the target fund places deposits with defaults in payment or become insolvent, the target fund may also suffer capital losses with regards to the capital invested and interest foregone, causing the performance of the target fund to be adversely affected. This could affect the value of the target fund as up to 20% of the NAV of the target fund will be invested in Islamic deposits, Islamic money market instruments and/or held in cash.

**Source : Nomura Asset Management Malaysia Sdn Bhd**

**Date : 31 January 2023**

**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.