

FUND OBJECTIVE

Aims to achieve consistent capital appreciation over a medium to long-term by investing in equities and other approved investments, which harmonise with Islamic philosophy and laws.

FUND DETAILS

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|---------------------------------------|---|--------------|---|
| Launch Date | 01 December 2009 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 14.03 million units (30 July 2020) | Fund Size | RM25.96 million (30 July 2020) |
| Unit NAV | RM1.8510 (30 July 2020) | Dealing | Daily (as per Bursa Malaysia trading day) |
| Investment Manager of the Target Fund | Affin Hwang Asset Management Berhad | Target Fund | Affin Hwang Aiman Growth Fund |
| Benchmark | FBM Emas Shariah Index (FBMS) | Taxation | 8% of annual investment income |
| Risk Profile | Suitable for investors: <ul style="list-style-type: none"> ▪ Have a medium to long term investment horizon ▪ Are risk tolerant ▪ Seek higher returns on the investment that comply with Shariah requirements | Fees | <ul style="list-style-type: none"> ▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Equity Fund. ▪ Up to 1.5% per annum fund management charge is applied on the Target Fund's NAV by Affin Hwang Asset Management Berhad. |

ASSET ALLOCATION OF THE TARGET FUND

| Equity | Cash |
|-------------------|---------|
| Min 70%; Max 100% | Max 30% |

SECTOR ALLOCATION OF THE TARGET FUND

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|-------------------------|--------|
| Industrials | 25.10% |
| Financials | 21.50% |
| Health Care | 20.60% |
| Technology | 7.00% |
| Oil & Gas | 6.10% |
| Consumer Goods | 4.80% |
| Telecommunications | 4.60% |
| Utilities | 4.40% |
| Basic Materials | 4.10% |
| Cash & Cash Equivalents | 1.70% |
| Total | 100.0% |

TOP HOLDINGS OF THE TARGET FUND

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|--------------------------------|--------|
| Supermax Corp Bhd | 6.30% |
| Top Glove Corp Bhd | 6.10% |
| Tenaga Nasional Bhd | 4.40% |
| Axis Real Estate Invst Trust | 3.90% |
| Greatech Technology Bhd | 3.40% |
| Frontken Corp Bhd | 3.40% |
| UWC BHD | 3.10% |
| Kossan Rubber Industries Bhd | 3.10% |
| TradePlus Shariah Gold Tracker | 3.10% |
| Cahaya Mata Sarawak Bhd | 2.90% |
| Total | 39.70% |

PERFORMANCE RECORD

This fund feeds into Affin Hwang Aiiman Growth Fund ("target fund") with the objective to achieve consistent capital appreciation over a medium to long-term by investing in equities and other approved investments, which harmonize with Islamic philosophy and laws.

Table below shows the investment returns of Sun Life Malaysia Islamic Equity Fund versus its benchmark as at 30 July 2020:

| % | YTD | 1M | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|------------------|-------|-------|--------|--------|--------|---------|-----------------|
| Fund* | 19.27 | 16.28 | 18.66 | 16.34 | 32.19 | 78.03 | 85.10 |
| Benchmark | 12.48 | 11.63 | 11.97 | 5.68 | 8.61 | 47.54 | 59.56 |

* 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 markets edged up in July as US-China geopolitical tensions simmer, whilst investors also assess the reporting season. The S&P 500 index closed 4.4% higher as the US Federal Reserve left interest rates unchanged at near zero and remained accommodative. In Asia, the MSCI Asia ex-Japan index rose 6.9% in July.
- The local market tracked regional gains with the KLCI closing 6.9% higher. While local markets continue to recover from its March lows, the rally had been concentrated in a handful of names including tech and glove makers, while most of the local benchmark constituents remains in the red year to date.
- Exports in June rose sharply by 8.8% while imports improved to -5.6%, reflecting the impact from the reopening of the economy domestically as well as globally in June. Amid rising exports, trade balance recorded a strong surplus of MYR20.9bil (May 2020: MYR10.4bil), by far the largest trade surplus ever recorded.
- Recent earnings season saw a strong set of results among second-tier glove players. The larger glove makers, are also slated to report stronger earnings buoyed by higher selling prices and steady demand.
- **STRATEGY:** Throughout the month, the fund further increased its invested levels to 95%. The fund remains positioned with value companies and quality large-cap Shariah-compliant stocks in the domestic market.
- Over the month, the fund increased exposure in the Technology sector. The fund also took profit in gloves, plantations and oil & gas.
- The fund continues to adopt a barbell investment approach. Some volatility is expected approaching the Q2 earnings season, though the gloves and technology sector should hold up better due to expectations of profit growth and/or positive outlook.

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>Market risk</p> | <p>Market risk arises because of factors that affect the entire marketplace. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. Market risk cannot be eliminated by diversification. It stems from the fact that there are economy-wide perils which threaten all businesses. Hence, investors will be exposed to market uncertainties and no matter how many Shariah-compliant securities are held, fluctuations in the economic, political and social environment will affect the market price of the Shariah-compliant investments either in a positive or negative way.</p> |
| <p>Fund management risk</p> | <p>The performance of a unit trust fund depends on the experience, expertise and ability of the Fund Manager to generate returns. Lack of any of the above mentioned may adversely affect the performance of the Target Fund.</p> |
| <p>Performance risk</p> | <p>There is no guarantee in relation to the investment returns.</p> |
| <p>Inflation risk</p> | <p>Inflation rate risk is the risk of potential loss in the purchasing power of investment due to a general increase of consumer prices. Inflation erodes the nominal rate of return giving a lower real rate of return. Inflation is thus one of the major risks and results in uncertainty over the future value of investments. Take note that the funds are not constituted with the objective of matching the inflation rate of Malaysia. The Target Fund has a specific objective that it seeks to achieve without having regard to the inflation rate. This fund may not be suitable for investors whose objective is to match the inflation rate (so as not to lose purchasing power over time).</p> |
| <p>Liquidity risk</p> | <p>Liquidity risk arises in two scenarios. The first is where the Funds' investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the Funds' investment, by its nature, is thinly traded. This will have the effect of causing the Funds' investment to be sold below its fair value.</p> |
| <p>Credit/Default risk</p> | <p>Credit risk refers to the possibility that the issuer or financial institution of a Shariah-compliant securities or instruments or deposit placements will not be able to make timely payments of profit or principal payment on the maturity date. This may lead to a default in the payment of principal and profit and ultimately a reduction in the value of the Target Fund.</p> |
| <p>Profit rate risk</p> | <p>The level of profit rates has an impact on the value of investments and economic growth of a country. High profit rates dampen investments and aggregate demand leading to an economic slowdown. The value of Sukuk move in the opposite direction of profit rates, any increase in rates will lead to a reduction in the value of Sukuk, thus affecting the NAV of unit trust funds.</p> <p>The profit rate is a general economic indicator that will have an impact to the management of the Target Funds, regardless of whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that this Target Fund will invest in conventional financial instruments.</p> |

RISKS (CONTINUED)

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| <p>Non-compliance risk</p> | <p>The establishment of these Target Funds follow rules set out in the Deed and the Guidelines. There is a risk that the Fund Manager may not observe the rules whether intentionally or through inadvertence. Whilst not every non-observance to the rules governing the Target Funds will necessarily result in some losses to the Target Funds, the investors cannot discount the risk that losses may be suffered by the Target Funds if the non-observance of the rules is serious. This may occur, for instance, if the Fund Manager decides to buy an instrument which is not permitted, whether intentionally or through inadvertence, and thereafter having to sell that instrument which may be at a loss to the Target Funds.</p> |
| <p>Reclassification of Shariah status risk</p> | <p>This risk refers to the risk that the currently held Shariah-compliant securities by the Target Funds may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah Advisory Council of Securities Commission Malaysia (SACSC) or the Shariah Adviser for the Target Fund. If this occurs, then the value of the Target Fund may be adversely affected and the Fund Manager will take the necessary steps to dispose of such securities in accordance with the advice from the Shariah Adviser.</p> |
| <p>Equity investment risk</p> | <p>This is the risk associated with investing in a particular equity. The value of individual equity is mainly determined by its potential growth in earnings, sound management, and treatment of minority shareholders, as well as a myriad of other factors. Failure to achieve these would result in declining investment value which in turn affects the performance of the Target Fund. This can be mitigated by diversifying the Target Fund's portfolios.</p> |

Source : Affin Hwang Asset Management Berhad
Date : 30 July 2020

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. In exceptional circumstances, we reserve the right to suspend the creation or cancellation of units. Notice for suspension will be published on our website. 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.