

# Sun Life Malaysia Islamic Global Balanced Fund

May 2021



## 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
Unit NAV	RM1.0000 (31 May 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	UOB Asset Management (Malaysia) Berhad	Target Fund	United-i Global Balanced Fund MYR Hedged class
Benchmark	50% S&P Global BMI Shariah Index + 50% Dow Jones Sukuk 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>▪ 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

Sun Life Malaysia Takaful Berhad 200501012215 (689263-M)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

Telephone (603) 2612 3600 Client Careline 1300-88-5055 [wecare@sunlifemalaysia.com](mailto:wecare@sunlifemalaysia.com) [sunlifemalaysia.com](http://sunlifemalaysia.com)

## FUND MANAGER'S COMMENTS

### Equity

Global equities advanced for the fourth consecutive month. Markets were bolstered by improving global economic data, strong corporate earnings, and higher vaccination rates. A combination of surging commodity prices, pent-up demand, global supply chain disruptions, and stimulus-powered economic growth continued to drive inflation expectations higher, heightening fears that central banks may soon have to tighten monetary policy to an extent that could impair equity markets. Global COVID-19 trends improved in May. New cases and deaths declined across most Western nations where vaccines have been widely deployed, while many countries in Asia and Latin America are still struggling to contain the virus. Japan extended a state of emergency in Tokyo, Osaka, and seven other prefectures into June, citing persistently high COVID-19 infections. On the monetary front, the Bank of England slowed the pace of its trillion-dollar stimulus program and forecast a faster economic recovery but stressed that it was not tightening monetary policy. The US Federal Reserve indicated that it won't change policy until its inflation and employment goals are achieved. However, it also signaled that it may soon begin to discuss plans to reduce the pace of its asset purchases. The S&P Global BMI Shariah returned 0.6% over the month. Within the index, eight out of 11 sectors rose for the month. Energy and utilities were the top performing sectors, while financials and consumer discretionary were the bottom performing sectors over the period.

### Sukuk

The broad US Treasuries ("UST") index traded in a range bound, where the 10-year UST yield starting the month at 1.63% and reached 1.69% level post-released of a significant upside surprise in CPI data before eased at a lower level of 1.59% on the back of softer economic data released throughout the month. Market reckoned the Federal Reserve's consistency in its stand over "transitory inflation" and its willingness to engage on discussion of adjusting the pace of bond purchases. As such, the "taper talk" is now seen as knee-jerk to the market. At month end, the 2-year UST, 5-year UST, 10-year UST and 30-year UST benchmark yields declined 2-5 bps to 0.14%, 0.80%, 1.59% and 2.28%, respectively. Essentially, the Dow Jones Sukuk Index ("DJSI") recorded additional gain of 0.51% in May (Apr: +0.78%). Elsewhere, mixed economic data and headlines released in the GCC region, Malaysia and Indonesia. In the Kingdom of Saudi Arabia ("KSA"), CPI data consistently records positive number; 5.30% in Apr (March: 4.90%) though its economy shrunk by -3.30% in the first quarter of 2021 (4Q2020: -3.90%), hit by oil output cuts, but the non-oil economy expanded +3.30%. In Indonesia, CPI maintained in the positive territory at 1.18% (March: +1.21%) and narrowed its GDP contraction at -0.71% in the first quarter of the year (4Q2020: -2.19%). In Malaysia, the announcement of a re-imposition of nationwide Full Movement Control Order (FMCO) from 1st to 14th June sent the short-tenured government bond yields lower while longer-tenured bond yields higher. Overall, the USD Barclays Aggregate Indices recorded gains in May, where USD KSA index topped the chart with +1.50% gain and followed by Qatar and Indonesia at +1.27% and +0.92% respectively. The oil price has now surpassed USD70 per barrel level and expected to stay on the back of healthy global recovery momentum. There are no changes on credit rating or outlook of sukuk issuing countries during the month.

## RISKS

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

### General market environment Risk

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.

### Inflation Risk

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.

### Manager's Risk

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.

### Reclassification of Shariah non-compliant status Risk

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.

### Credit and Default Risk

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.

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.

### Interest Rate Risk

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 May 2021**

**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.