# Sun Life Malaysia
# Islamic Global Sustainable Fund
May 2025

## FUND OBJECTIVE

To achieve long-term capital growth.

## 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

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|---|---|---|---|
| Launch Date | 01 June 2022 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 8.08 million units (30 May 2025) | Fund Size | RM 11.06 million (30 May 2025) |
| Unit NAV | RM 1.3687 (30 May 2025) | Target Fund | Nomura Global Shariah Sustainable Equity Fund - MYR Class A |
| Fund Manager | Nomura Asset Management Malaysia Sdn Bhd | Taxation | 8% of annual investment income |
| Performance Benchmark | Dow Jones Islamic Market Developed Markets 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:<br>▪ are seeking long term capital growth;<br>▪ want a portfolio of Shariah compliant investments that provides positive impact on the sustainable development of society<br>▪ want to have portfolio with global exposure; and<br>▪ are prepared to accept moderate level of volatility | Fund Management Charges | Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Global Sustainable Fund |

## ASSET ALLOCATION OF THE TARGET FUND

| Shariah-compliant equities and Shariah-compliant equity related securities | Islamic money market instruments, placement of Islamic deposit and / or held in cash |
|---|---|
| Minimum 70% of Net Asset Value (NAV) | Maximum 30% of NAV |

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| SECTOR ALLOCATION OF THE TARGET FUND | |
|---|---|
| Information Technology | 37.65% |
| Industrials | 22.94% |
| Health Care | 19.61% |
| Financials | 9.39% |
| Communication Services | 6.09% |
| Consumer Discretionary | 1.42% |
| Cash & Others | 2.90% |

| TOP HOLDINGS OF THE TARGET FUND | |
|---|---|
| Microsoft Corp | 8.47% |
| Nvidia Corp | 8.28% |
| Alphabet Inc-Cl A | 6.09% |
| Mastercard Inc - A | 5.34% |
| Taiwan Semiconductor-Sp Adr | 4.26% |

## 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 30 May 2025:

| % | YTD | 1M | 3M | 6M | 1-Year | 3-Years | Since Inception |
|---|---|---|---|---|---|---|---|
| **Fund*** | -4.30 | 3.77 | -4.92 | -6.06 | -5.89 | N/A | 36.87 |
| **Benchmark** | -4.39 | 5.06 | -4.35 | -5.31 | -1.89 | N/A | 50.73 |

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

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

| (%) | 2024 | 2023 | 2022 |
|---|---|---|---|
| Target Fund | 16.15 | 31.18 | 0.09 |

Source: Refinitiv Lipper

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## FUND MANAGER'S COMMENT

CY2025 Q1 earnings wrapped up better than expected with no major implications from global tariff and macro uncertainties highlighted by companies for now. The most notable update was the revival of AI optimism which overwhelmed the concern of Deepseek implications in the beginning of the year. US market overall outperformed the rest given its the larger number of leading companies involving in the AI basket including cloud, semis, electrification and software. We are hopeful to observe more AI monetization to justify for further corporate spendings to boost growth. In addition, the tariff pause between US and China in 12 May fueled the rally since the "reciprocal tariff" pause between US and all its trading partners in 9 April. While we turned more cautious now that the broad market multiples have re-rated well, we manage our low cash level to be very selective investing in quality companies with where multiples are still trading at reasonable level and also to better withstand any reversal of macro uncertainties as we approach "reciprocal tariff" pause deadline in the beginning of July. Given continuous broad market rally since mid-April including the lower quality and riskier assets, MYR Class A delivered decent +4.13% but underperformed the benchmark by 93 bps where our Healthcare exposure was a drag. The Fund also had its 3-year anniversary where the performance of MYR Class A as of end May since commencement delivered +45.33%.

By region, NA market recovered the strongest reversing its top laggard performance from the tariff uncertainties in April. The strong performance was then followed by APAC and EU with the FX translation tailwinds of stronger currencies against USD as supported by the diversification needs. However, NA market was a drag to GSSE for the month given our underweight exposures. By sector, Healthcare underperformance was the major detractor given our overweight exposures and negative selection in the medical equipment and services industry. Lack Consumer Discretionary exposure was also a meaningful detractor as the sector had the stronger performance outside of AI basket.

The top contributors to the relative performance were Johnson Control and Taiwan Semiconductor Manufacturing. Both companies delivered strong earnings beats. Johnson Control raised its full-year guidance with the strong non-resi HVAC demand outlook and cost improvement. Taiwan Semiconductor Manufacturing once again shown top-notch execution delivering better results despite impact from earthquakes in Taiwan while reiterated full year AI revenue to double and mid-40% CAGR for the next 5 years starting from 2024. On the other hand, the top detractors to the relative performance were UnitedHealth Group and Thermo Fisher. Post disappointing earnings, UnitedHealth Group was investigated by DoJ on possible Medicare Fraud. With some recoveries from the negative market reactions, we have fully divested our position due to both deteriorating fundamental quality and ESG aspects. Thermo Fisher continued to struggle from removing its growth overhang as investors stay side-line around near-term outlook under Trump administration while long-term remain to be seen. No position in Tesla was also one of the top detractors as retail investors, regardless of the weak fundamentals, were excited with Elon Musk exited US DOGE and back to work in Tesla 24/7.

**Impact Focus of the Month:**
In May the team took the decision to fully divest from the fund's position in UnitedHealth Group (UNH). This decision was based on the significantly deteriorating sustainability profile of the company as well as an increased uncertainty around UNH's financial outlook. At the beginning of April, wary of the multiple controversies surrounding the name, the team initiated a full review on the total impact framework for the holding and concluded that despite the material reduction in the score overall it still warranted a place in the strategy, however that the new analysis should be taken into account with regards to position sizing. Since then several events have taken place, such as management cutting guidance, shortly after followed by the CEO resigning and new management completely suspending the revised guidance. In mid-May, the Wall Street Journal reported that the Department of Justice has launched a criminal investigation into a potential involvement of UNH in Medicare fraud. This significantly affected the team's assessment of the situation given previous speculations were on civil and not criminal investigation. As a result, the team no longer felt this position warranted a place in a sustainable strategy and over several days completed a full exit.

## RISKS

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

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| **Returns not guaranteed** | 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. |
| **Market risk** | 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. |
| **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 nominal 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 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. |
| **Country risk** | 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. |
| **Reclassification of Shariah Compliance Status** | 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)

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| **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.<br><br>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 : 30 May 2025***

**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.