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Dear Valued Customer,

Change of Investment Strategy for FWD Takaful LifeSelect Fixed Income Fund

Thank you for choosing us as your preferred takaful provider.

We wish to inform you that one of our investment-linked funds, **FWD Takaful LifeSelect Fixed Income Fund**'s target fund, Affin Hwang Aiiman Income Plus Fund, is changing its investment strategy to incorporate Sustainable and Responsible Investment (SRI) Strategy. Therefore, FWD Takaful LifeSelect Fixed Income Fund will also revise its investment strategy to include the SRI Strategy. The change does not affect the fund's investment objective or benchmark and shall enhance the investment management process and improve the performance of the fund in the long-term.

Please find below the changes to the **FWD Takaful LifeSelect Fixed Income Fund**'s investment strategy that will take effect on **8 April 2022**:

FWD Takaful LifeSelect Fixed Income Fund Current Investment Strategy	FWD Takaful LifeSelect Fixed Income Fund Revised Investment Strategy
<p>Fund Strategy:</p> <p>As a Feeder Fund, The Fund will invest up to 100% of its net asset value (NAV) into the Target Fund. The Target Fund intends to invest in a multitude of Malaysian-issued sukuk issued by the Malaysian Government or private companies. These sukuks are expected to provide profit at intervals which are pre-determined. These profits will then be distributed to the unit holders in the form of income.</p> <p>The strategy for Shariah compliant sukuk would be driven by the interest rate outlook for the market over the medium to long term horizon. This will enable the Target Fund Manager to decide on the maturity structure for the investments of this Target Fund. Relative return analysis will also be conducted between Shariah compliant securities with the same credit ratings to determine if the yields can be enhanced by switching investments. Additionally, the Target Fund Manager will consistently seek potential credit upgrade issues and avoid potential</p>	<p>Fund Strategy:</p> <p>As a Feeder Fund, The Fund will invest up to 100% of its net asset value (NAV) into the Target Fund. The Target Fund intends to invest in a multitude of Malaysian-issued sukuk issued by the Malaysian Government or private companies. These sukuks are expected to provide profit at intervals which are pre-determined. These profits will then be distributed to the unit holders in the form of income.</p> <p>The strategy for Shariah compliant sukuk would be driven by the profit rate outlook for the market over the medium to long term horizon. This will enable the Target Fund Manager to decide on the maturity structure for the investments of this Target Fund. Relative return analysis will also be conducted between Shariah compliant securities with the same credit ratings to determine if the yields can be enhanced by switching investments. Additionally, the Target Fund Manager will consistently seek potential credit upgrade issues and avoid potential</p>

<p>downgrade issues to maximise returns for unit holders.</p> <p>This Target Fund may invest with a minimum 80% of its NAV in sukuk and 20% maximum in liquid assets.</p> <p>At any time, the Fund’s assets may have some element of cash due to timing difference between the receipt of contributions and the investment into the Target Fund.</p>	<p>downgrade issues to maximise returns for unit holders.</p> <p>The Target Fund as a qualified sustainable and responsible investment fund under the Securities Commission Malaysia Guidelines on Sustainable and Responsible Investment (SRI) Funds, will adopt the SRI methodologies including Environmental, Social and Governance (“ESG”) Integration, Negative or Exclusionary Screening and an internally developed SRI Assessment Framework during the selection, retention, and realisation of its investments.</p> <p>This Target Fund may invest with a minimum 80% of its NAV in sukuk and 20% maximum in liquid assets.</p> <p>At any time, the Fund’s assets may have some element of cash due to timing difference between the receipt of contributions and the investment into the Target Fund.</p>
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With the growing number of investors, institutional and pension funds subscribing to sustainable investment asset classes, the outlook for SRI in Malaysia is positive. The change of the target fund to a SRI fund with investment in good governance companies ultimately leads to better financial performance, with industry research showing a positive correlation between ESG (environment, social, governance) values and stronger returns in the long term.

Information about the change in funds’ strategy can be found in the revised Fund Fact Sheets and the Annual Investment-Linked Funds Performance Report for the period where the change takes place.

Information on the revised investment strategy of the target fund, Affin Hwang Aiiiman Income Plus Fund, will also be available in the latest target fund’s prospectus on its website (<https://affinhwangam.com/>).

Should you need further clarification, please contact our customer care representative via the following channels:

 <p>Email us contact.my@fwd.com</p>	 <p>Call us Malaysia Hotline 1300 13 7988 International Calls 603 2771 7771 Mon - Fri 9am - 6pm Exclude Weekend and Public Holidays</p>	 <p>Ask us Take a look at our FAQs. You may well find we’ve already answered your question.</p>
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Thank you.

Yours sincerely,

FWD Takaful Berhad

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