

Update on the BlackRock ACWI Islamic Equity Index Segregated Fund (Shariah Fund)

This is an update only and you don't need to take any action as a result of this news.

We are providing an update on the BlackRock ACWI Islamic Equity Index Segregated Fund ("Shariah Fund").

The Shariah Fund is a passive global equity fund and is designed for members who adhere to Islamic investment principles.

The key updates in this communication are:

- Structure of the fund – to remain invested in 2 ETFs (will not transition to individual equity securities);
- Fund now available to Non-Registered (taxable plans) and TFSAs;
- Update on declining operating expenses with fund growth;
- Shariah certification

Structure of the Fund to remain in ETFs

The Shariah Fund currently achieves its investment objective of achieving a return equal to the total return of the MSCI ACWI Islamic Index (with net dividends reinvested) by investing in two Shariah certified exchange traded funds, namely the iShares MSCI World Islamic UCITS ETF; and the iShares MSCI Emerging Markets Islamic UCITS ETF.

BlackRock recently completed a review of the Fund's investment strategy. This evaluation considered whether modifying the Fund's investment strategy to invest directly in equity securities instead of ETFs would be in the Fund's best interest, and considered several factors, including operating risks and complexity, impact on operating expenses, tax implications, and overall investor experience. BlackRock has determined that continuing to invest through Shariah certified ETFs remains in the best interests of the Fund and aligned with its investment objectives.

Fund now available to Non-Registered (Taxable) plans

Until now, the Shariah Fund was only available to registered (non-taxable) plans. We are opening the Shariah Fund to Non-Registered and TFSA plans. Sun Life will automatically add the fund to Non-Registered plan(s) and TFSAs on December 4, 2025. If your employer offers Taxable plans, the Shariah Fund will become available for you to invest in.

Update on fees and expenses

There are three components to the total Fund Management Fee (FMF) of the Shariah Fund. To learn more about these fees, visit mysunlife.ca and click on your plan and navigate to Plan Overview and Account fees.

1. The **Asset Based Fee (ABF) or Investment Manager Fee** includes BlackRock's fees as well as Sun Life's record-keeping fees. The ABF is a fixed percentage and will not decline as assets under management in the fund increase.

2. The **Investment Manager Operating Expense** includes the operating expenses for the underlying BlackRock Shariah pooled fund (custody, accounting, audit costs etc.), as well as the costs to manage the two ETFs held within the pooled fund. The current costs for are currently estimated as follows (based upon 2024 actual expenses).
 - BlackRock Shariah Pooled Fund – 0.17%
 - ETFs – Total Expense Ratios (TERs) – 0.31% (indirect expenses)**The Investment Management Operating Expense has decreased from 0.61% in 2022 to 0.45% currently, as the fund grew since inception. We expect operating expenses to continue to decline as the fund grows over time.**
3. The **Sun Life GRS operating expense** is the cost to operate the Sun Life segregated fund. These expenses are currently 0.05%.

Shariah certification

The MSCI ACWI Islamic Index excludes non-Shariah-compliant securities through business activity screening and total asset and market cap financial ratio screens. MSCI adheres to Shariah investment principles, including incorporating dividend purification — donating a portion of income from non-compliant activities — into the total return calculation of its Islamic indexes.

Both ETFs are certified as Shariah compliant on an annual basis by a panel of Shariah scholars. The underlying BlackRock pooled fund does not obtain full Shariah board certification at this time. This additional layer of Shariah certification would result in 0.18% in additional expenses to those stated above. Sun Life and BlackRock may revisit pooled fund full Shariah board certification in the future, as fund assets increase and the impact of the additional certification expense decreases.

It's always a good idea to review your current investment options to ensure that they continue to meet your retirement goals. You can do this by signing into the Plan Member Services website, mysunlife.ca, and selecting manage plan > my plan > Tools > Asset Allocation.

Through Morningstar® – a leading provider of investment news and analysis – you can track the performance of funds and access an overview of the funds in your plan, including fund objectives, risks, and how funds are invested.

If you're having trouble signing in, choose the appropriate link under Sign-In Help.

Questions?

Please contact Sun Life's Customer Care Centre any business day from 8 a.m. to 8 p.m. ET.