

Sun Life Malaysia

AIIMAN Select Income Fund

December 2023



FUND OBJECTIVE

To provide investors with regular income stream through Shariah-compliant investment.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	15.47 million units (29 December 2023)	Fund Size	RM19.22 million (29 December 2023)
Unit NAV	RM1.2424 (29 December 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad	Target Fund	AHAM Aiiman Select Income Fund (FKA Affin Hwang Aiiman Select Income Fund)
Benchmark	70% 12-month Maybank General Investment Account (GIA) + 30% FTSE Bursa Malaysia EMAS Shariah Index	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none">Have a moderate risk appetiteExpect incidental growth in capitalWant an investment that complies with Shariah requirements	Fees	<ul style="list-style-type: none">Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia AIIMAN Select Income Fund.Up to 1.2% p.a. fund management charge is applied on the target fund's NAV by AHAM Asset Management Berhad.

ASSET ALLOCATION OF THE TARGET FUND

Sukuk & Islamic Money Market Instruments	Shariah-compliant Equities	Cash & Others
Min 60%; Max 100%	Min 0%; Max 40%	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 sunlifemalaysia.com

Sun Life Malaysia

AIIMAN Select Income Fund

December 2023



SECTOR ALLOCATION OF THE TARGET FUND	
Utilities	15.00%
Financial Services	13.30%
Industrials	13.60%
Technology	10.60%
Energy	8.20%
Telecommunications	8.00%
Health Care	5.40%
Real Estate	4.80%
Banks	4.80%
Consumer Staples	3.50%
Financials	2.30%
Basic Materials	1.80%
Government	1.20%
Consumer discretionary	0.50%
Cash & Cash Equivalents	7.00%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)			
Bonds Issuer	Coupon	Maturity Date	%
Lebuhraya DUKE Fasa 3 Sdn Bhd	5.95%	23.08.34	4.9
MMC Corp Berhad	5.64%	27.04.27	4.9
Celcom Networks Sdn Bhd	5.27%	28.10.26	4.8
UiTM Solar Power Sdn Bhd	6.00%	26.04.30	4.8
WCT Holdings Bhd	5.80%	27.09.49	4.7

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)	
TIME dotcom Berhad	2.2%
Samsung Electronics Co Ltd	2.1%
Taiwan Semiconductor Manufac	2.1%
SK Hynix Inc	2.0%
Axis Real Estate Investment Trust	2.0%

PERFORMANCE RECORD

This fund feeds into AHAM AIIMAN Select Income Fund ("target fund") with the objective to provide investors with regular income stream through Shariah-compliant investments. The target fund will invest in a diversified portfolio of Sukuks, Shariah-compliant equities and Islamic money market instruments.

Table below shows the investment returns of Sun Life Malaysia AIIMAN Select Income Fund versus its benchmark as at 29 December 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	5.94	1.40	2.72	5.94	-0.93	11.45	24.24
Benchmark	2.28	0.34	2.70	2.28	0.00	8.98	16.76

* 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

- Year to date performance as of December 2023: The fund ends the year with a positive note by outperforming the YTD performance by 5.9%. It also did well on Month to Date ("MTD") basis by 1.1% relative to its benchmark.
- US equities capped off the year on a positive note bolstered by growing bets that the US Federal Reserve's is done with its rate-hike cycle. The S&P 500 index rose 2.80%, while the tech-heavy Nasdaq gauge climbed 3.90% in December as the Fed makes a dovish pivot. At its final FOMC meeting of 2023, Fed Chair Jerome Powell painted a dovish outlook on rates, signalling optimism that inflationary pressures have been contained. The Fed also voted unanimously to keep benchmark interest rates unchanged at a targeted range between 5.25%-5.50%. With inflation rate easing and the economy holding up, the Fed also pencilled in 3 rate cuts (totalling 75bps) for 2024 in its revised dot plot. Powell further acknowledged that interest rates are currently at a reasonable level and is inclined to let it run its course.
- It was another strong month for global fixed income after US Treasury yields rallied following the Fed's revised Dot Plot (which pushed away from its earlier, hawkish and "higher for longer" stance). Key highlights from the statement and press conference include strongest signal that rates have peaked, and the dot plot pointed to 3 rate cuts in 2024 and 4 rate cuts or -1ppts in 2025. As a result, the US Treasury 2-year, 10-year and 30-year yields rallied to 4.25% (43bps), 3.88% (-45bps), and 4.03% (-47bps) respectively during the month. After going through a roller-coaster year, the 10y UST yield ended unchanged YoY at 3.88, having reached 3.25% at the low in April in the aftermath of the US regional banking crisis and 5.02% at the high in October amid extreme bearishness for bonds and duration.
- In Asia, the MSCI Asia ex-Japan index rose 1.70% as optimism that the Fed has reached peak rates cascaded through the region. Notable gainers include Taiwan and Korea which vaulted by 3.50% and 4.60% respectively as risk appetite improves, coupled with a waning US dollar. On the flipside, China equities remained subdued as recent economic data presented mixed signals in terms of recovery. Industrial output grew 6.60% in November from a year earlier, outpacing expectations. However, retail sales missed estimates as analysts had expected a more robust recovery following a low base in 2022 when the economy was hampered by COVID lockdowns.
- Malaysia's fixed income market also experienced a positive month. Demand for local bonds especially for long duration was seen with the yield curve bull flatten during the month. The yields for 3-year, 10-year, and 30-year MGS ended the month at 3.47% (-1bps), 3.73% (-10bps) and 4.25% (-6bps) respectively.
- Meanwhile, Malaysia's headline CPI retreated more than expected to +1.5% y/y in November (Oct: +1.8% y/y). This marked its 3rd straight month of moderation to its lowest since Feb-2021. Core CPI also tapered off to a 20-month low at 2.0% y/y during the month (Oct: +2.4% y/y). There were 2 sovereign bond auctions in December. The auctions saw strong interest with BTC ratio average at 2.5x on the back of improved bond sentiment after the Fed signalled more rate cuts to come.

STRATEGY:

- No drastic change on both Equity and Fixed Income exposures, as the level of respective asset classes remain approximately the same on month to month basis.
- Cash holdings maintained approximately 6.8% in December.
- On the portfolio allocation side, we are maintaining an overweight exposure in Taiwan and Korean tech on higher earnings growth due to cyclical rebound and exposure to the AI theme.
- As for the fixed income portion, we are selectively participating in primary corporate bond / sukuk issuances for yield pick-up. Portfolio duration is kept within 4.5 years range, and portfolio yield at 4.1%.

RISKS (CONTINUED)

Liquidity risk

Liquidity risk arises in two scenarios. The first scenario is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the investment, by its nature, is thinly traded. This will have the effect of causing the investment to be sold below its fair value which would adversely affect the NAV of the target fund.

Currency risk

As the investments of the target fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

Regulatory risk

The investments of the target fund will be exposed to changes in the laws and regulations in the countries the target fund is invested in. These regulatory changes pose a risk to the target fund as it may materially impact the investments of the target fund. In an effort to manage and mitigate such risk, Affin Hwang seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream medias) in that country. Affin Hwang may dispose its investments in that particular country should the regulatory changes adversely impact the unit holders' interest or diminish returns to the target fund.

Country risk

Investments of the target fund in any country may be affected by changes in 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 invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the target fund in those affected countries. This in turn may cause the NAV of the target fund to fall.

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant equities in the target fund may be reclassified to be Shariah non-compliant in the periodic review of the equities by the Shariah Advisory Council of the Securities Commission Malaysia (SACSC), the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, Affin Hwang will take the necessary steps to dispose of such equities. There may be opportunity loss to the target fund due to the target fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. Affin Hwang will be required to dispose of these equities immediately if the prices are above the purchase price. Should the prices be below the purchase price, Affin Hwang may choose to hold on to these holdings until the prices meet the purchase price. Nevertheless, should Affin Hwang decide to dispose of these equities below the purchase price, the target fund will be faced with the risk of realising its losses, thus negatively impacting the NAV of the target fund.

Source : AHAM Asset Management Berhad

Date : 29 December 2023

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 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.