

# Sun Life Malaysia Islamic Equity Fund

January 2024



## FUND OBJECTIVE

Aims to achieve consistent capital appreciation over a medium to long-term by investing in equities and other approved investments, which harmonise with Islamic philosophy and laws.

## FUND DETAILS

Launch Date	01 December 2009	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	23.35 million units (31 January 2024)	Fund Size	RM45.73 million (31 January 2024)
Unit NAV	RM1.9584 (31 January 2024)	Dealing	Daily (as per Bursa Malaysia trading day)
Investment Manager of the Target Fund	AHAM Asset Management Berhad	Target Fund	AHAM Aiman Growth Fund (FKA Affin Hwang Aiman Growth Fund)
Benchmark	FBM Emas Shariah Index (FBMS)	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"><li>Have a medium to long term investment horizon</li><li>Are risk tolerant</li><li>Seek higher returns on the investment that comply with Shariah requirements</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 Equity Fund.</li><li>Up to 1.5% p.a. fund management charge is applied on the Target Fund's NAV by AHAM Asset Management Berhad.</li></ul>

## ASSET ALLOCATION OF THE TARGET FUND

Equity	Cash
Min 70%; Max 100%	Max 30%

Sun Life Malaysia Takaful Berhad 200501012215 (689263-M)

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

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## SECTOR ALLOCATION OF THE TARGET FUND

Industrials	19.70%
Financials	16.40%
Consumer Staples	12.20%
Health Care	11.20%
Telecommunications	10.10%
Utilities	6.80%
Energy	6.70%
Technology	6.40%
Basic Materials	3.10%
Cash	7.40%
Total	100.00%

## TOP HOLDINGS OF THE TARGET FUND

Tenaga Nasional Bhd	6.8%
Axis Real Estate Invst Trust	5.6%
Solarvest Holdings Berhad	4.6%
TIME dotCom Berhad	4.1%
UOA Development Bhd	3.8%
Axiata Group Bhd	3.5%
IHH Healthcare Bhd	3.3%
Press Metal Aluminium Holdings Bhd	3.1%
ITMAX System Bhd	3.1%
Inari Amertron Bhd	3.1%
Total	41.0%

## PERFORMANCE RECORD

This fund feeds into AHAM Aiman Growth Fund ("target fund") with the objective to achieve consistent capital appreciation over a medium to long-term by investing in equities and other approved investments, which harmonize with Islamic philosophy and laws.

Table below shows the investment returns of Sun Life Malaysia Islamic Equity Fund versus its benchmark as at 31 January 2024

%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	2.30	2.30	4.09	-6.52	29.83	41.35	95.84
<b>Benchmark</b>	2.63	2.63	1.82	-12.38	-2.38	-10.52	33.90

\* 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.**

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#### FUND MANAGER'S COMMENTS

- Global growth is expected to moderate on the back of restrictive monetary policies and rising geopolitical tension. Inflation expectations have peaked, but inflationary environment may persist driven by elevated commodity prices.
- The benchmark KLCI surged 4.00% with Johor-focused names taking the spotlight following the installation of the new Yang Di-Pertuan Agong. However, the small-cap space saw more measured gains of 2.30% with several small-cap stocks hitting limit-down in the month. Malaysia's advanced 4Q'2023 GDP figures revealed a growth of 3.40%, falling short of estimates of 4.00%. The full-year 2023 GDP growth settled at 3.80%, below the government's initial projection of 4.00% to 4.50%. Notably, sectors such as mining, manufacturing, and construction exhibited slower growth.
- In significant developments, a Memorandum of Understanding (MOU) was signed between Malaysia and Singapore on the establishment of a Johor-Singapore Special Economic Zone (JS-SEZ). Among the proposed initiatives include a passport-free clearance system between both countries as well as plans to boost investments in renewable energy. The government also unveiled the Central Database Hub (Padu) to streamline data related to the implementation of targeted subsidies. This initiative is expected to improve the efficient distribution of subsidies to eligible demographic groups, aligning with the government's broader goal of reducing its subsidy bill.
- In the local bond market, the 10-year MGS yield rose by 6 bps, closing at 3.79%. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 3.00% at its January policy meeting. Throughout 2024, BNM is anticipated to maintain a neutral stance with domestic inflation easing. Malaysia's overall inflation rate, measured through the Consumer Price Index (CPI), remained at 1.50% in December 2023.
- Foreign investments continues to be net buyers, along with Foreign Domestic Investment (FDI) showing positive momentum.

#### STRATEGY:

- Transaction wise, the fund was net buying in January, a few mentionable purchase were Press Metal Aluminium and Frontken Corporation.
- The fund remains highly invested due to improving macro situation, cash level was reduced to approximately 7%.
- Above mentioned cash was channeled into Real Estate sector due to improving sales momentum and cheap valuation in local properties.
- Fund will be looking to maintain a highly invested position, with some tactical play in the short to medium terms.

## RISKS

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

<b>Market risk</b>	Market risk arises because of factors that affect the entire marketplace. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. Market risk cannot be eliminated by diversification. It stems from the fact that there are economy-wide perils which threaten all businesses. Hence, investors will be exposed to market uncertainties and no matter how many Shariah-compliant securities are held, fluctuations in the economic, political and social environment will affect the market price of the Shariah-compliant investments either in a positive or negative way.
<b>Fund management risk</b>	This risk refers to the day-to-day management of the target fund by AHAM Asset Management berhad which will impact the performance of the target fund. For example, investment decisions undertaken by AHAM Asset Management berhad 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, fraudulence, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the target fund.
<b>Performance risk</b>	There is no guarantee in relation to the investment returns.
<b>Inflation risk</b>	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.
<b>Liquidity risk</b>	Liquidity risk arises in two scenarios. The first scenario is where the target fund's investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the target fund's investment, by its nature, is thinly traded. This will have the effect of causing the target fund's investment to be sold below its fair value which would adversely affect the NAV of the target fund.
<b>Credit/Default risk</b>	Credit risk relates to the creditworthiness of the issuers of the investment (Islamic money market instruments) and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers may impact the value as well as liquidity of the investment. In the case of rated investments, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the target fund.
<b>Equity investment risk</b>	This is the risk associated with investing in a particular equity. The value of individual equity is mainly determined by its potential growth in earnings, sound management, and treatment of minority shareholders, as well as a myriad of other factors. Failure to achieve these would result in declining investment value which in turn affects the performance of the target fund. This can be mitigated by diversifying the target fund's portfolios.

**RISKS (CONTINUED)**

**Reclassification of Shariah status risk**

This risk refers to the risk that the currently held Shariah-compliant securities by 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 for the target fund or the Shariah boards of the relevant Islamic indices.

If this occurs, AHAM Asset Management Berhad 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. AHAM Asset Management Berhad 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, AHAM Asset Management Berhad may choose to hold on to these holdings until the prices meet the purchase price. Nevertheless, should AHAM Asset Management Berhad 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.

**Shariah-compliant warrants investment risk**

The value of the Shariah-compliant warrants (“warrants”) will depend on the pricing of the underlying security whereby the growth and performance prospect of the underlying security would consequentially affect the value of the warrants. In addition, the value of the warrants may decrease exponentially as the warrants approach its maturity date and the potential gains from a favourable price movement of the underlying security may be offset by aggressive time decay. AHAM Asset Management Berhad may consider unwinding these warrants if there are material adverse changes to its value with the aim to mitigate the risk.

**Source :** AHAM Asset Management Berhad  
**Date :** 31 January 2024

**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.