

Sun Life Malaysia

AIIMAN Select Income Fund

March 2024



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	15.29 million units (29 March 2024)	Fund Size	RM19.66 million (29 March 2024)
Unit NAV	RM1.2856 (29 March 2024)	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

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SECTOR ALLOCATION OF THE TARGET FUND	
Industrials	18.10%
Utilities	15.80%
Energy	14.20%
Technology	11.60%
Financial Services	10.80%
Telecommunications	6.90%
Health Care	5.60%
Real Estate	4.80%
Banks	4.80%
Financials	1.50%
Consumer Staples	1.20%
Consumer Discretionary	1.00%
Cash & Cash Equivalent	3.70%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
SMJ Energy Sdn Bhd	4.67%	26.10.2038	7.4%
MMC Corp Berhad	5.64%	27.04.2027	4.9%
Celcom Networks Sdn Bhd	5.27%	28.10.2026	4.8%
UiTM Solar Power Sdn Bhd	6.00%	26.04.2030	4.8%
Yinson Holdings Berhad	7.50%	02.11.2122	4.7%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Samsung Electronics Co Ltd	2.8%
Taiwan Semiconductor Manufac	2.7%
Tenaga Nasional Bhd	2.3%
Kossan Rubber Industries Bhd	1.8%
Wiwynn Corp	1.6%

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 March 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	3.48	1.48	6.63	7.46	2.89	13.29	28.56
Benchmark	2.27	0.47	3.13	4.70	2.63	10.22	19.42

* 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

- US equities were positive with the S&P 500 index edging 0.40% higher at the last week of March, marking its best-performing quarter since 2009. This surge was underpinned by expectations of rate cuts and optimism that the US Federal Reserve (Fed) would be able to pull-off a soft landing.
- The core personal consumption expenditures (PCE) price index, excluding food and energy, recorded a 2.8% y-o-y increase and a 0.30% m-o-m uptick, aligning with estimates. The key inflation gauge, closely monitored by the Fed is nearing the central bank's target of 2%, further reinforcing the dovish narrative that the Fed's first rate cut could come as early as June. From now till the period leading up to the Fed's June FOMC meeting, there are still 3 job reports and 2 inflation reports that would be closely scrutinised by the Fed. If these indicators continue to trend downward, it would further strengthen the case for rate cuts. Bond market pricing is closely aligned with the Fed's most recent dot plot which is projecting 3 rate cuts this year.
- Asian equities remained relatively flat, with the MSCI Asia ex-Japan index closing marginally higher at 0.20%. Noteworthy among the gainers was India, which staged a robust rebound from the previous week's downturn with the Sensex index climbing 1.10%. Meanwhile, the Hang Seng index saw a modest uptick of 0.30%, buoyed by an expansion in China's manufacturing activity, marking the first increase in 6 months. The official purchasing managers' index (PMI) rose to 50.8 in March from 49.1 in February, surpassing the 50-point mark that separates growth from contraction.
- From sector and regional perspective, Tech-heavy markets such as Korea and Taiwan performed strongly with their respective equity benchmark gauges recording gains following the announcement from Nvidia regarding its latest artificial intelligence (AI) chip called Blackwell sparked excitement within the industry and helped lift gains. Notably, the new chip boasts 2.5 times more transistors than the previous leading model and is expected to benefit other players in the chip supply chain.
- In Malaysia, BNM kept OPR unchanged at 3.00%, as BNM's assessment of Malaysia's growth prospects remained constructive, looking past the 4Q23 GDP disappointment, and reflected a more optimistic assessment of the global trade and tech upcycle. Inflation risks remain benign as the central bank continues to keep an eye on the impact of planned subsidy reforms. In the wake of FX volatility, the MPC statement highlighted that coordination by policymakers had provided support for the ringgit, but also that structural reforms were needed for more enduring currency appreciation towards its fair value. The confluence of growth, inflation and FX considerations make it likely that monetary policy will remain on hold this year, and we reiterate our end-2024 OPR forecast of 3.00%.

STRATEGY:

- Cash level was further reduced to approximately 4%, where funds were redeployed into both equity and fixed income.
- For the equity portion, the portfolio is tilted towards tech. The fund is positioned into Auto and Auto Supply Chain sector to capture early upside as we head closer to 2H24, where expectations of new launches will start. Auto exposure in Korea is about 3% in the auto parts supplier.
- Oil & gas is another driver for the fund through Malaysian, Australian and 1 US (Schlumberger) with 3.5% exposure and we also have 2.5% exposure into global and domestic healthcare / pharma leveraging on China +1 and improving cashflows.
- For the fixed income portion, we prefer belly to long tenor government bonds/Sukuk and continue to switch and participate in primary corporate bond/sukuk issuances for yield enhancement.
- Duration lengthen to 4.4 years, and the portfolio yield currently stands at 4.3%

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 March 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.