Sun Life Malaysia
AIIMAN Select Income Fund
September 2023

Sun Life

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	15.06 million units (29 September 2023)	Fund Size	RM18.16 million (29 September 2023)
Unit NAV	RM1.2057 (29 September 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad (FKA Affin Hwang 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: ▪ Have a moderate risk appetite ▪ Expect incidental growth in capital ▪ Want an investment that complies with Shariah requirements	Fees	▪ 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	16.30%
Utilities	15.20%
Technology	12.70%
Financial Services	10.90%
Telecommunications	7.70%
Energy	7.30%
Real Estate	4.90%
Banks	4.80%
Consumer Discretionary	4.60%
Health Care	4.10%
Consumer Staples	4.20%
Government	1.20%
Financials	1.10%
Cash & Cash Equivalents	5.00%
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	5.00
Celcom Networks Sdn Bhd	5.27%	28.10.26	4.90
MMC Corp Berhad	5.64%	27.04.27	4.90
UiTM Solar Power Sdn Bhd	6.00%	26.04.30	4.90
WCT Holdings Bhd	5.80%	27.09.49	4.80

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Samsung Electronics Co Ltd	2.10%
TIME dotCom Berhad	2.00%
Hartalega Holdings Bhd	1.90%
SK Hynix Inc	1.50%
Tenaga Nasional Bhd	1.50%

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 September 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	2.81	-0.43	0.79	5.27	-1.06	7.12	20.57
Benchmark	1.43	0.04	1.52	4.74	0.15	5.67	15.77

** 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 swooned in September as US Federal Reserve (Fed) struck a hawkish stance at its policy meeting. The S&P 500 tumbled 4.87%, marking its most substantial decline of the year as the uncanny 'September effect' gripped investors. At its FOMC meeting, Fed members voted to holder interest rates unchanged as widely expected. However, the Fed has signalled that the interest rates could stay higher-for-longer to keep a lid on inflation. The Nasdaq index plunged 5.81% as rate-sensitive technology shares lost ground.

- The Fed also unveiled its latest dot plot projections which showed the likelihood of 1 more rate increase this year. Additionally, the Fed signalled (totalling 50 bps) for 2024 and 2025 respectively. This is a notable shift compared to 4 rate cuts (100 bps) pencilled in its June FOMC meeting. Amid resilient economic and labour data, bond markets are increasingly pricing-in a soft landing or even a 'no landing' narrative. This was reflected in higher Treasury yields with the benchmark 10-Year yield piercing 4.50%.

- In Asia, the broader MSCI Asia ex-Japan fell 2.86% with Korea bearing the brunt of losses. The tech-heavy KOSPI index closed 3.57% lower pressured by rising bond yields. Bright spots were seen in China's economy with recent purchasing managers index (PMI) data bouncing back to expansion territory. Its manufacturing PMI climbed to 50.2 in September from 49.7 in the previous month beating market expectations. The 50-point threshold separates growth from contraction. Property sales in China also saw modest improvements amidst a swath of stimulus measures. Industry statistics reported that the total recorded sales of the top 50 property developers in China increased 23% m-o-m. Though, on a y-o-y basis it was still down 25%. Recent improvements in China's economic data may indicate that the country's economic downturn is stabilising. It will be crucial to continuously monitor key economic indicators as well as stay tuned for substantial stimulus announcements from Beijing. In September, the People's Bank of China's (PBoC) announced a second cut to its reserve requirement ratio (RRR) this year to bolster growth.

- On the domestic front, in line with higher UST, MGS yields also bore the brunt selling off by +10-17bps higher MoM, led by the long end. The MGS curve bear steepened moderately in 3Q23 as investor demand higher risk premium on long duration in a bearish environment while the front end held up better as BNM's language in the Sept MPC meeting gave clearer signal of an extended OPR pause for the remaining of the year. The yields for 3-year, 5-year, and 10-year papers ended the month at 3.58% (+12bps), 3.72% (+14bps) and 3.98% (+14bp), respectively with the 30-year yield +17bps closing the month at 4.44%. We may see further correction in yields as USTs remain volatile while the domestic bond market has done relatively well over the past 8 months

- FY23 inflation rate is expected to settle at +3.0% as monthly inflation is projected to stay at sub 3% for the remaining months, mainly on base effect but remain mindful of upside surprises from food prices due to El Nino effect. BNM maintained OPR at 3.00% in Sept as widely expected, with a shift in balance of risks away from inflation, suggesting that risk of another OPR hike may have receded in the near term. This is barring any subsidies adjustment.

STRATEGY:

- Opportunistic with Asia equities as fourth quarter is seasonally has been good for markets. Global economic data and technical indicators in aggregate points to a neutral environment.

- Cautious on China until more substantive measures are deployed, with China property depressing consumption and several developers came under Moody's review for potential downgrades. More constructive on the rest of the region.

- In Malaysia, we expect that there will be no more OPR hike for 2023 amidst decelerating inflation level and softer GDP growth outlook. Local factors also remain supportive for fixed income given slower GDP growth, moderate inflation, stable interest rates and neutral supply profile.

- We continue to monitor the market with the next key event – Budget 2024 to be tabled in October for announcement on fiscal deficit targets, sovereign bond supply and more details on recent economic policies launched. (NETR, NIMP)

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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 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 September 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.