

Sun Life Malaysia

AIIMAN Select Income Fund

February 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	15.40 million units (29 February 2024)	Fund Size	RM19.50 million (29 February 2024)
Unit NAV	RM1.2668 (29 February 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	
Utilities	15.70%
Industrials	13.70%
Financial Services	10.80%
Energy	10.70%
Technology	8.60%
Real Estate	6.00%
Telecommunications	7.50%
Health Care	6.60%
Banks	4.80%
Consumer Staples	3.50%
Financials	2.30%
Government	1.20%
Basic Materials	0.90%
Consumer Discretionary	0.90%
Cash & Cash Equivalent	6.80%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)			
Bonds Issuer	Coupon	Maturity Date	%
SMJ Energy Sdn Bhd	4.67%	26.10.38	7.4%
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	4.6%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)	
Taiwan Semiconductor Manufacturing	2.4%
Tenaga Nasional Bhd	2.2%
Samsung Electronics Co Ltd	2.1%
Axis Real Estate Invst Trust	2.0%
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 February 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	1.96	0.98	4.62	5.96	0.35	12.20	26.68
Benchmark	1.80	0.83	2.71	4.17	1.97	9.82	18.86

* 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 notched modest gains with the S&P 500 index rising by 0.90% supported by the release of key inflation gauge that is closely monitored by the US Federal Reserve (Fed). The core personal consumption expenditures (PCE) index, increased by 0.40% for the month and 2.80% y-o-y meeting consensus estimates. However, other macro indicators in the week signalled some softness in the economy which has been resilient thus far.
- Asian markets also saw gains, with the MSCI Asia ex-Japan rising 5.50% and the MSCI China climbing 8.60%. These gains were driven by the PBoC lowering its benchmark 5-year loan prime rate by 25 basis points to 3.95% to stimulate the property sector.
- All eyes will be on China's upcoming annual parliamentary meeting this week where the government is poised to reveal its financial and economic targets for the year including GDP. Investors will also be keenly anticipating signals for adjustments to the fiscal deficit target as well as more muscular stimulus measures to bolster the economy.
- Meanwhile in Korea, financial regulators unveiled its "Value-up Program" aimed at enhancing corporate governance and boost local stock valuations. However, market reception to the proposed initiative was lukewarm as reflected in the KOSPI index which fell 0.90%. Detailed guidelines for the program with a dedicated web portal is expected in June according to regulators.
- In February 2024, global market continued to consolidate on the back of resilient U.S. economic data as market re-adjusting the expectation of Federal funds rate (FFR) cut to the 2H 2024. Hence, the re-emergence of the narratives "higher for longer" which led to global bonds yields rising during the month.
- On the domestic front, Malaysia's fixed income market was mixed with shorter- and medium-tenured Malaysian Government (MGS) bonds yields rose around 5-8 bps, while longer-tenured MGS bond yields fell by 1bp during the month. The selling pressures on the front- end of the curve saw MGS bonds yield curve ended the month bear flattened. Malaysia's 4Q23 final GDP growth was revised lower to 3.0% YoY from an advanced estimate of 3.4% (3Q23: 3.3%, 2Q23: 2.9%, 1Q23: 5.6%). For the full year of 2023, Malaysia's economy expanded by 3.7% (2022: 8.7%), which was lower than BNM official target of around 4.0% - 4.5%. The 2024 official GDP growth forecast is at 4-5% underpinned by private consumptions, exports, tourism activities and positive investment growth momentum.
- Malaysia inflation is forecasted to trend higher as the proposed targeted subsidies mechanism being implemented. The MOF estimated inflation for 2024 is 2.1% - 3.6%. Expect Overnight Policy Rate (OPR) to remain unchanged at 3.00% with moderating growth and inflation outlook.

STRATEGY:

- Cash level was slightly reduced to approximately 7%.
- The portfolio was marginally a net buyer for the month of February, with a few recalibrated sukuk position with the purchase of a new issuance of Energy, Utilities and Property sukuk.
- For Fixed Income portion, the fund selectively participate in primary corporate bond/sukuk issuance for yield pick-up.
- The manager target a neutral to slightly long portfolio duration positioning, to lengthen the portfolio duration to 4.3 years and target portfolio yield at 4.0%.
- For equity side, we continue to overweight exposure in Taiwan and South Korea tech space on higher earnings growth due to cyclical rebound and AI themes. South Korea "Value-Up" theme has brought rerating to other sectors (banks and auto)

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 February 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.