Sun Life Malaysia
AIIMAN Select Income Fund
September 2024

FUND OBJECTIVE

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

INVESTMENT STRATEGY & APPROACH

Please refer to the Yearly Fund Fact Sheets at https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/ for more information on the Investment Strategy and Approach of the target fund.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	15.33 million units (30 September 2024)	Fund Size	RM19.67 million (30 September 2024)
Unit NAV	RM1.2830 (30 September 2024)	Target Fund	AHAM Aiiman Select Income Fund (FKA Affin Hwang Aiiman Select Income Fund)
Fund Manager	AHAM Asset Management Berhad	Taxation	8% of annual investment income
Performance Benchmark	70% 12-month Maybank General Investment Account (GIA) + 30% FTSE Bursa Malaysia EMAS Shariah Index	Frequency and Basis of Unit Valuation	The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund
Target Market	Suitable for investors: ▪ Have a moderate risk appetite ▪ Expect incidental growth in capital ▪ Want an investment that complies with Shariah requirements	Fund Management Charges	▪ 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
Minimum 60% and up to 100%	Minimum 0% and up to 40%	Remaining Balance

Sun Life Malaysia Takaful Berhad 200501012215 (689263-M)
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SECTOR ALLOCATION OF THE TARGET FUND	
Financial Services	11.30%
Industrials	11.50%
Telecommunications	11.20%
Utilities	11.10%
Energy	10.30%
Consumer Discretionary	6.50%
Government	5.70%
Commercial Services	5.00%
Real Estate	5.00%
Banks	5.00%
Technology	4.80%
Financials	4.60%
Consumer Staples	3.10%
Health Care	1.30%
Cash & Cash Equivalents	3.60%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
SMJ Energy Sdn Bhd	4.7%	26.10.2038	7.70
GII	5.4%	15.05.2052	5.70
MMC Corp Berhad	5.6%	27.04.2027	5.00
UiTM Solar Power Sdn Bhd	6.0%	26.04.2030	5.00
Celcom Networks Sdn Bhd	5.3%	28.10.2026	5.00

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)	
Telkom Indonesia Persero TbkPT	2.50%
Link REIT	2.10%
Taiwan Semiconductor Manufac	2.10%
Axis Real Estate Invt Trust	2.10%
Tenaga Nasional Bhd	2.10%

PERFORMANCE RECORD

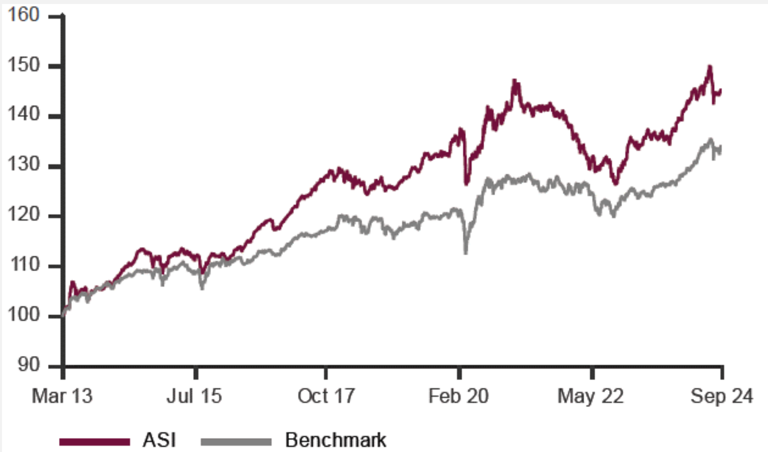
This fund feeds into AHAM AIIMAN Select Income Fund ("target fund") with the objective to provide investors with regular income stream through Shariah-compliant investments. The target fund will invest in a diversified portfolio of Sukuks, Shariah-compliant equities and Islamic money market instruments.

Table below shows the investment returns of Sun Life Malaysia AIIMAN Select Income Fund versus its benchmark as at 30 September 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	3.27	-0.03	-0.20	6.41	3.11	10.04	28.30
Benchmark	4.94	0.06	2.61	5.82	5.76	11.49	22.53

** Calculation of past performance is based on NAV-to-NAV*

Graph below shows the historical performance of the underlying collective investment schemes (CIS) for the calendar year returns:



Source: MorningStar

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FUND MANAGER'S COMMENTS

- September capped off a strong month for global equities, driven by cooling inflation data that provided central banks room to cut interest rates. In the US, the S&P 500 climbed 2.0%, as the US Federal Reserve (Fed) officially initiated its easing cycle at the September policy meeting with a 50-basis-point (bps) rate cut. This was a larger cut than the 25bps reduction widely anticipated. However, this outcome was not entirely unexpected by markets. The Fed's decision appears to have been driven by growing concerns over emerging weaknesses in the US labour market. Recent data signals a softening job market, likely prompting policymakers to act more decisively to prevent an economic slowdown. Looking forward, the Fed has indicated a more aggressive path for rate cuts than previously outlined. Its updated median dot plot shows expectations for the federal funds rate to fall to 4.4% in 2024, followed by reductions to 3.4% in 2025 and 2.9% by 2026. This projection suggests at least two more rate cuts in 2024.

- In Asia, after a sluggish performance for most of the year, Chinese equities staged a strong rally. The MSCI China Index surged by 23.1%, after policymakers announced a stimulus blitz to bolster economic growth. People's Bank of China (PBoC) Governor Pan Gongsheng introduced a series of measures, including reserve requirement ratio (RRR) cuts, reverse repo rate reductions, and a 1 trillion yuan liquidity injection into the financial system. Additionally, Chinese leadership signalled their commitment to using fiscal tools to meet growth targets. This pledge, made during the September Politburo meeting—an event not typically focused on macroeconomic discussions—highlighted the urgency with which the government is addressing the country's slowing economy.

- Elsewhere, ASEAN markets also performed strongly, buoyed by US rate cuts and a weakening US dollar, which provided strong tailwinds for the region. The FTSE ASEAN 40 Index has gained 15.5% year-to-date. The Fed's rate cuts are giving regional central banks more room to ease financial conditions. For example, Bank Indonesia (BI) reduced its interest rate by 25 bps, while the Philippine central bank cut its reserve requirement ratio.

- In September, US Treasury yield curve bull steepened in September, post the large 50bps cut as investors shifted away from longer durations as Fed engineers a soft landing. UST 2-year, 10-year and 30-year ended the month at 3.64% (-28 bps), 3.78% (-12 bps) and 4.12% (-8 bps) respectively. The Federal Reserve has lowered the FFR by 50bps to 5.00% (upper range) in September 2024 marking the first rate cut since March 2020. New forecasts indicate policymakers expect another 50ps of easing by year end (market: 75bps) and another 100 bps by end 2025 (market: 125bps). We view recent Fed's action suggest that employment (unemployment rate: 4.2%) matter more than inflation (PCE inflation: 2.2% yoy) for the time being. If jobs stabilize or improve, the Fed could slow the pace of cut to 25bps.

- On the domestic front, MGS yields curve saw roughly unchanged movements, except for the 10Y, amidst profit taking activities and lacking domestic catalyst. The yields for 3-year, 10-year, and 30-year MGS ended the month at 3.33% (+0bps), 3.71% (-5bps) and 4.18% (+0bps) respectively. On economic data, Headline inflation unexpectedly eased to 1.9% y/y in Aug after staying at 2.0% for the past three months. Against the previous month, the CPI rose 0.1%. YTD Aug 2024, inflation averaged 1.85% (Jan-Aug 2023: 2.9%). Due to minimal inflation effects from diesel subsidy changes and the anticipated delay in RON95 rationalization, we anticipate 2024 full year inflation to be at the lower range of official forecast (BNM forecast: 2.0%-3.5%).

STRATEGY:

- Increased cash level to approximately 4% in September 2024;
- We moved to a neutral weight on China, adding exposure to oil & gas, consumers, and industrials sectors in China while taking profits from our holdings in some ASEAN countries.
- We're comfortable with our China position for now. It will be important to see a continuous follow through on policy announcements that could potentially sustain this current rally.
- For sukuk sleeve, we have maintained our portfolio durations at 5.4 years, and portfolio yield is at 4.2%;
- Increased our GII exposure with our recent participation in 30-year Malaysian Government Investment Issue (MGII);
- In the corporate sukuk market, the tightening of credit spreads highlights the importance of careful credit selection;
- We are focusing on sukuk with strong fundamentals and a robust business outlook, while also remaining active in profit-taking and reallocating to issuances that offer better relative value.

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 : 30 September 2024