

FUND OBJECTIVE

An income and absolute return focused fund that aims to provide regular income stream through investment in sukuk and Shariah-compliant equities.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	635,106 Units (31 July 2018)	Fund Size	RM707,632 (31 July 2018)
Unit NAV	RM1.1142 (31 July 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Investment Manager of the Target Fund	Affin Hwang Asset Management Berhad	Target Fund	Affin Hwang AIIAMAN Select Income Fund
Benchmark	70% 12-month Maybank General Investment Account (GIA) + 30% FTSE Bursa Malaysia EMAS Shariah Index performance (FBMSHA)	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> ▪ Have a moderate risk appetite ▪ Expect incidental growth in capital ▪ Want 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 AIIAMAN Select Income Fund. ▪ 1.2% pa fund management charge is applied on the target fund's NAV by Affin Hwang.

ASSET ALLOCATION OF THE TARGET FUND

Sukuk & Islamic Money Market Instruments	Shariah-compliant Equities	Cash & Others
Min 60%; Max 99.80%	Min 0%; Max 40%	Remaining Balance

SECTOR ALLOCATION OF THE TARGET FUND

Sukuk	65.6%
Technology	5.2%
Financials	4.7%
Oil & Gas	4.7%
Consumer Goods	3.1%
Industrials	2.5%
Basic Materials	2.2%
Others	2.1%
Telecommunications	1.1%
Cash and Cash Equivalent	8.9%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
GULF Investment Corp	5.10%	20.06.22	6.9
Lebuhraya DUKE Fasa 3 Sdn Bhd	5.95%	23.08.34	5.9
MEX II Sdn Bhd	5.90%	27.04.29	5.9
Plus Bhd	4.64%	10.01.25	5.6
Konsortium Lebu Raya UT KL SB	4.75%	01.12.28	4.8

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

PetroChina Company Ltd	1.4
Inari Amertron Bhd	1.3
Petronas Chemicals Group Bhd	1.2
Sunway Bhd	1.2
Taiwan Semiconductor Manufac.	1.2

PERFORMANCE RECORD

This fund feeds into Affin Hwang AIIAN 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 AIIAN Select Income Fund versus its benchmark as at 31 July 2018.

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	-1.5	0.9	-0.4	-1.8	0.9	12.2	11.4
Benchmark	-0.1	1.3	-0.6	-1.0	2.3	8.9	9.0

* 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

- Markets stayed volatile in July as trade tensions between the US and other major economies continue, with trade tariffs now in effect while more has been announced.
- Inflation was well contained at just 0.8% y-o-y in June, the lowest price increase in 40 months following the zero rating of the Goods and Services Tax.
- Corporate bonds saw some interest recently while the government guaranteed space had benefitted from the prospect of lower supply in the near term as some large government projects had been reassessed.
- Bond markets saw net foreign outflows in June, though at a slower rate compared to May after GE14.
- The local equity market tracked regional gains with the KLCI up by 5.48% in July, while the small cap index was up 5.43%.
- The recovery was driven by a rebound in tech and construction stocks which were heavily sold down after the May elections.
- The MYR continued to weaken to 4.07 against the USD, after breaching the 4.00 levels again last month.
- The Fund recorded a gain of 0.9% in the month of July, while its benchmark index rose 1.3% over the same period.
- **STRATEGY:** We expect volatility in the market to continue amidst the continued trade tensions and developments on China's deleveraging efforts.
- With lower growth and inflation expectations for 2018, we expect BNM to keep rates steady for the rest of 2018.
- Given the continued monetary accommodation globally, we expect the appetite for local bonds to improve. We expect Government bonds to perform better in August.
- We favor to lock in gains on market strength and rebuild positions on dips. We prefer primary issuances due to the tightening of credit spreads.
- As such, our exposure to fixed income has been slightly reduced while equity allocation the equity allocation is maintained. The Fund is relatively well invested with cash holdings at around 5%-10%.
- The portfolio duration is kept at a moderate level between 5 to 7 years.
- We still believe that the outlook for the Malaysian market remain strong and will look to pick up good bottom up opportunities at attractive levels.

Source : Affin Hwang Asset Management Berhad

Date : 31 July 2018

Disclaimer:

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