

Sun Life Malaysia

AIIMAN Select Income Fund

November 2023



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	15.42 million units (30 November 2023)	Fund Size	RM18.89 million (30 November 2023)
Unit NAV	RM1.2253 (30 November 2023)	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 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 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	16.00%
Technology	15.70%
Industrials	13.10%
Financial Services	12.00%
Telecommunications	7.30%
Energy	7.20%
Real Estate	4.80%
Banks	4.80%
Consumer Staples	4.30%
Health care	3.00%
Financials	2.40%
Government	1.20%
Basic Material	1.20%
Consumer discretionary	0.50%
Cash & Cash Equivalents	6.50%
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	4.9
MMC Corp Berhad	5.64%	27.04.27	4.9
Celcom Networks Sdn Bhd	5.27%	28.10.26	4.9
UiTM Solar Power Sdn Bhd	6.00%	26.04.30	4.8
WCT Holdings Bhd	5.80%	27.09.49	4.7

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)	
Samsung Electronics Co Ltd	2.3%
Taiwan Semiconductor Manufacturing Company Ltd	2.2%
SK Hynix Inc	2.1%
Samsung Electronics Co Ltd	2.1%
Axis Real Estate Investment Trust	2.1%

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 November 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	4.49	2.31	1.58	5.51	-1.36	10.09	22.53
Benchmark	1.94	0.42	1.98	2.57	-0.18	8.49	16.37

* 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

- The fund continue to show its resilience by outperforming its index by 2.6% on a Year to Date (“YTD”) basis. It also did well on Month to Date (“MTD”) basis by 1.9% relative to its benchmark.
- With a slow down / soft landing outlook and disinflation, focus now shifting from rate hike to rate pause and to rate cuts next year. Historically, markets have performed in the period after the rate pause. US Fed meeting minutes highlighted that the decision to keep rates unchanged was unanimous and that the committee agreed to proceed carefully amid rising uncertainties.
- In Asia, the MSCI Asia ex-Japan index rallied 6.90% supported by lower bond yields. Taiwan and Korea spearheaded gains with their respective country equity benchmark gauges rising by 9.00% and 11.30% respectively, as foreign inflows swelled.
- China equities saw support with the MSCI China index notching gains of 2.30% as a widely anticipated meeting between China's President Xi Jinping and US President Joe Biden boosted sentiment. Additionally, China announced additional stimulus measures to support its beleaguered property sector. Regulators have drafted whitelist of 50 developers that would be eligible for a range of financing. Shenzhen also lowered the minimum downpayment requirement for second homes as well as loosened the definition of luxury homes. These adjustments are anticipated to lower transaction costs in the sector.
- While these stimulus measures could offer short-term relief in terms of liquidity, their effectiveness in addressing the underlying issue of weak housing demand remains to be seen. A crucial indicator for long-term recovery will be contract sales in the property sector.
- Malaysia's fixed income market also experienced a positive month. Demand for local bonds especially for long duration improved as US Treasury rallied and after BNM held the OPR steady. BNM kept the OPR at 3.00% as widely expected during November's MPC meeting. The MPC statement was Neutral with current policy rate seen as supportive of the economy and consistent with growth and inflation expectations.
- On the data front, Malaysia 3Q23 GDP growth edged to 3.3% (2Q23: 2.9%) mainly anchored by resilient domestic demand and stock replenishment activities. Cumulatively, real GDP growth stood at 3.9% in the first nine months of 2023 (Jan-Sep 2022: +9.2%). Full-year 2023 growth is expected at ~4.0%. 2024 growth forecast by MOF is estimated at 4.0-5.0% backed by a base case scenario of a soft landing in the global economy. Meanwhile, Malaysia's headline CPI eased to +1.8% YoY in October (September: +1.9%) while core CPI declined to +2.4% (September: +2.5%). Ytd inflation stood lower to an average 2.7% (from +3.3% in Jan-Oct 2022).

STRATEGY:

- No drastic change on both Equity and Fixed Income exposures as levels of each respective asset classes remain approximately the same on month to month basis.
- For local market, we expect decent earnings growth in 2024 and will remain highly invested due to improving domestic fundamentals and supported by majority of sectors. Cash holdings reduced from 9.5% to 6.5% in November. Key thematic focus would be on Income, Property, Utilities as well as Healthcare.
- For regional equities, we preferred Taiwan and Korea tech in short to medium term on the backdrop of earnings growth as well as exposure to the AI theme.

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 : 30 November 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.