

# Sun Life Malaysia

## AIIMAN Select Income Fund

August 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	15.02 million units (30 August 2023)	Fund Size	RM18.19 million (30 August 2023)
Unit NAV	RM1.2109 (30 August 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: <ul style="list-style-type: none"> <li>Have a moderate risk appetite</li> <li>Expect incidental growth in capital</li> <li>Want an investment that complies with Shariah requirements</li> </ul>	Fees	<ul style="list-style-type: none"> <li>Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia AIIMAN Select Income Fund.</li> <li>Up to 1.2% p.a. fund management charge is applied on the target fund's NAV by AHAM Asset Management Berhad.</li> </ul>

### 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	15.40%
Utilities	14.90%
Technology	13.60%
Financial Services	10.80%
Energy	8.80%
Telecommunications	7.60%
Real Estate	4.80%
Banks	4.80%
Consumer Staples	3.60%
Health Care	3.40%
Consumer Discretionary	3.20%
Government	1.20%
Basic Materials	1.00%
Financials	0.80%
Cash & Cash Equivalents	6.10%
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	4.90
MMC Corp Berhad	5.64%	27.04.27	4.90
Celcom Networks Sdn Bhd	5.27%	28.10.26	4.90
UiTM Solar Power Sdn Bhd	6.00%	26.04.30	4.70
WCT Holdings Bhd	5.80%	27.09.49	4.70

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)	
Samsung Electronics Co Ltd	2.00%
TIME dotCom Berhad	2.00%
Hartalega Holdings Bhd	1.50%
Tenaga Nasional Bhd	1.40%
Taiwan Semiconductor Manufac	1.30%

### 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 August 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	3.26	-0.26	1.28	3.12	-2.68	7.73	21.09
<b>Benchmark</b>	1.39	0.09	1.43	2.46	-0.36	5.52	15.73

\* 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 pared back gains in August as stronger than expected economic data spurred bond yields which hit new highs. This bolstered bets that the US Federal Reserve (Fed) would hold interest rates higher for longer to keep a lid on inflation. The S&P 500 index fell 1.77% lower, as the benchmark 10-Year Treasury yield soared 15bps to close at 4.11%. This was tempered by softer job data signalling that labour market conditions are easing. The unemployment rate rose from 3.50% to 3.80% in August on the back of a higher labour force participation.
- Wage growth also came below forecasts with average hourly earnings rising modestly at 0.20% for the month and 4.30% from a year ago. At the annual Jackson Hole symposium, Fed Chair Jerome Powell acknowledged that progress has been made in its battle against inflation. However, he emphasised that inflation still remained above the target range. Powell underscored the need to maintain a restrictive policy stance until the central bank is confident that inflation can trend downwards sustainably.
- In Asia, the MSCI Asia ex-Japan slid 6.61% with most of the region in the red as rising bond yields put pressure on emerging markets. Taiwan and Korea's country index fell by 2.98% and 2.90% respectively. Though, China bore the brunt of losses with the MSCI China index down by 8.50% as investors remain doubtful whether the stimulus measures would not be enough to arrest the decline in growth. The country's securities regulator introduced a set of initiatives to revitalise the stock market including lowering the costs of trading as well as a proposal to extend trading hours. China also introduced a volley of measures aimed at its beleaguered property sector including lowering the minimum downpayment requirements as well as easing mortgage rules in several major tier 1 cities. While these measures should help to stem a deepening rout in China's property sector, more needs to be done address the demand-side to kick start home buying appetite. The forthcoming GDP data release could hold key significance as a weaker than expected performance could potentially prompt Beijing to roll out much stronger stimulus measures to meet its 2023 economic target.
- On the domestic front, MGS yields ended mixed on a month-on-month basis amidst rising US Treasury yields throughout the month. The yields for longer tenured Govvies (10-year and longer) rose by 1bp to 7bps, while the yields of 3- and 5-year fell slightly lower by 3bps and 1bp. Foreign players prefer short-term papers to short USDMYR, while local real money players focus on long-dated papers for higher yields, resulting in a flat MGS yield. The yields for 3-year, 5-year, and 10-year papers ended the month at 3.46% (-3bp), 3.59% (-1bp) and 3.84% (+1bp), respectively. The 30-year yield saw an increase to 4.28% (+7bps).
- State election results affirmed the current political status quo. Foreign inflows are steady, may continue as global investors seek stability and carry trade opportunities.

### STRATEGY:

- Korea and Taiwan are outperforming due to expectations of the ending of the cyclical downturn in the semiconductor sector. Companies with exposure to AI are also rerating. Indonesia outperformed driven by robust domestic economy, as household leverage is lowest in the region. Thailand outperformed in August as political uncertainty ended.
- Cautious on China until more substantive measures are deployed. More constructive on the rest of the region. Equity exposure increased to 27.2% as of end August 2023. Notable purchase was Samsung Electronics and Hartalega Holdings Bhd.
- In Malaysia, we expect that there will be no more OPR hike for 2023 amidst decelerating inflation level and softer GDP growth outlook. As such, we expect a range bound yield movement in the near term as market reacts to headline risks. For the fixed income portion, we continue to rebalance by selective participation of primary issuances and buying sukuk in the secondary market.
- We favour trading stance for government bonds. We also prefer to participate in primary corporate sukuk issuances for allocation and yield pickup.

**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 August 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.