

Sun Life Malaysia

AIIMAN Select Income Fund

April 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	15.45 million units (30 April 2024)	Fund Size	RM19.75 million (30 April 2024)
Unit NAV	RM1.2788 (30 April 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	
Industrials	17.20%
Energy	12.20%
Utilities	11.50%
Financial Services	11.20%
Technology	11.10%
Telecommunications	6.10%
Commercial Services	5.10%
Health Care	5.00%
Real Estate	5.00%
Banks	5.00%
Consumer Discretionary	2.90%
Financials	2.40%
Consumer Staples	1.70%
Basic Materials	1.30%
Cash & Cash Equivalent	2.30%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
SMJ Energy Sdn Bhd	4.67%	26.10.2038	7.6%
MMC Corp Berhad	5.64%	27.04.2027	5.1%
UiTM Solar Power Sdn Bhd	6.00%	26.04.2030	5.0%
Celcom Networks Sdn Bhd	5.27%	28.10.2026	5.0%
Yinson Holdings Berhad	7.50%	02.11.2122	4.9%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Taiwan Semiconductor Manufac	3.1%
Samsung Electronics Co Ltd	3.1%
Tenaga Nasional Bhd	2.5%
Kossan Rubber Industries Bhd	2.1%
Dialog Group Bhd	1.7%

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 April 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	2.93	-0.53	6.78	6.93	2.02	11.73	27.88
Benchmark	3.60	1.29	4.38	5.82	2.83	11.00	20.96

* 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

- April was a tough month for US equities, as the market grappled with a combination of hot inflation data and a lacklustre 1Q'2024 GDP print. The S&P 500 index declined sharply by 4.20%, as expectations for rate cuts by the US Federal Reserve (Fed) were pushed further into the year. The latest consumer price index (CPI) surpassed expectations, growing by 3.50% y-o-y, compared to estimates of 3.40%, indicating an unexpected surge in price pressures. Similarly, core personal consumption expenditures (PCE) price index, which excludes food and energy, showed a 2.80% increase from a year ago, slightly exceeding the consensus estimate of 2.70%. This follows softer US gross domestic product (GDP) which grew 1.60% in the 1Q'2024, significantly lower than the projected estimate of 2.40%. Weaker exports and a decline in private inventory investment weighed on overall growth. However, US valuations were supported by strong earnings particularly from megacap tech giants like Alphabet, Meta, and Microsoft. So far, companies have broadly beaten expectations and provided strong forward guidance, particularly capital expenditure investments in artificial intelligence (AI) that was well-received by the tech sector.
- Meanwhile, tensions in the Middle East escalated following reports of Israel conducting a limited strike against Iran in a retaliatory exchange. While the situation remains fluid, the likelihood of a direct military confrontation appears low due to geographical factors. Additionally, current domestic and economic challenges faced by Iran, Israel, and its key ally the US also put constraints on their capacity to engage in war.
- In Asia, the MSCI Asia ex-Japan index posted positive gains of 1.10%, with Hong Kong and China leading the charge as risk appetite returned to these markets. Hong Kong's Hang Seng index surged by 7.40%, while the MSCI China index posted a 6.40% gain. Sectors that were previously oversold, such as technology, property, and consumer goods, saw the strongest gains. The strong recovery comes on the back of China's GDP outperforming estimates, expanding by 5.30% in the 1Q'2024 compared to a year ago, surpassing the 5.20% growth seen in the 4Q'2023. Additionally, potential stimulus measures hinted at by the country's securities regulator bolstered confidence. While we're cautiously exploring opportunities to deploy into Chinese equities, we are mindful of the prevailing weakness in the country's macro fundamentals. It will be crucial to see a strong follow-through on robust stimulus measures from Beijing to sustain the current rally.
- In Malaysia, MGS yields shifted higher tracking USTs although at a slower momentum. Domestically, EPF's announcement of Account 3 also resulted in a more cautious sentiment. The yields for 3-year, 10-year, and 30-year MGS ended the month at 3.61% (+12bps), 3.98% (+13bps) and 4.29% (+10bp) respectively. Malaysia's growth and inflation outlook remain within expectations. 1Q24 GDP advanced estimate (AE) picked up +3.9% YoY (4Q 2023: +3.0% YoY) but shrank QoQ by -3.4% (4Q 2023: +3.1% QoQ). The YoY growth is supportive of official full-year 2024's 4-5% forecast but at the bottom of range. Growth was seen from all sectors. Headline CPI steady at 1.8% in March vs official forecast 2-3.5%. Core CPI declined to 1.7% (Feb: 1.8%; 2023: 3.0%). Inflation is expected to trend higher in coming months from proposed subsidies removal. However, it is expected to be done in a gradual manner.

STRATEGY:

- Cash level was further reduced to approximately 3%, where funds were redeployed.
- For the equity portion, the portfolio is Overweight (OW) Taiwan and Korean tech on higher earnings growth due to cyclical rebound and exposure to the AI theme. 'Value up' theme in Korea bringing rerating to other sectors.
- For the sukuk sleeve, we prefer belly to long tenor government bonds due to better value and have an active trading stance.
- We stick to our preference for liquidity and good credit quality names ie. AA and above;
- Target to switch and participate in primary corporate bond/sukuk issuances for yield enhancement. Primary issuances are expected to pick over coming months; and
- We maintained portfolio duration positioning of 4.4 years, portfolio yield on estimation for the sukuk sleeve would be around less than 4.5%.

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 April 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.