

Sun Life Malaysia

AIIMAN Select Income Fund

August 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	15.32 million units (30 August 2024)	Fund Size	RM19.67 million (30 August 2024)
Unit NAV	RM1.2834 (30 August 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: <ul style="list-style-type: none">Have a moderate risk appetiteExpect incidental growth in capitalWant an investment that complies with Shariah requirements	Fund Management Charges	<ul style="list-style-type: none">Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia AIIMAN Select Income FundUp 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)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

Telephone (603) 2612 3600 Client Careline 1300-88-5055 wecare@sunlifemalaysia.com sunlifemalaysia.com

SECTOR ALLOCATION OF THE TARGET FUND	
Industrials	17.60%
Financial Services	16.20%
Telecommunication	11.90%
Utilities	11.00%
Energy	10.00%
Technology	7.30%
Real Estate	5.00%
Commercial Services	5.00%
Banks	4.90%
Consumer Discretionary	4.10%
Consumer Staples	2.90%
Health Care	2.20%
Cash & Cash Equivalent	1.90%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
SMJ Energy Sdn Bhd	4.7%	26.10.2038	7.60
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	4.90
Yinson Holdings Berhad	7.5%	02.11.2122	4.90

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Telkom Indonesia Persero TbkPT	2.60%
Samsung Electronics Co Ltd	2.50%
Singapore Telecom Ltd	2.20%
Taiwan Semiconductor Manufac	2.10%
Tenaga Nasional Bhd	2.10%

PERFORMANCE RECORD

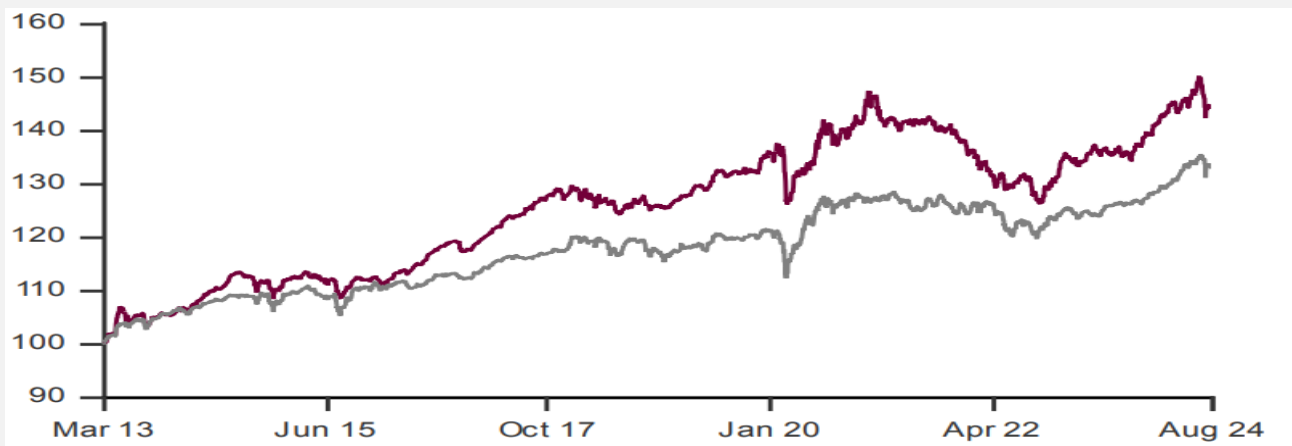
This fund feeds into AHAM AIIMAN Select Income Fund ("target fund") with the objective to provide investors with regular income stream through Shariah-compliant investments. The target fund will invest in a diversified portfolio of Sukuks, Shariah-compliant equities and Islamic money market instruments.

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

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	3.30	-0.92	1.31	5.99	2.09	9.94	28.34
Benchmark	4.87	-0.90	3.02	5.80	4.84	11.23	22.45

* 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

FUND MANAGER'S COMMENTS

- August was marked by volatility, as the relative lull in markets was abruptly interrupted at the beginning of the month. This shift was triggered by disappointing labour data that stoked recessionary fears. July's Nonfarm Payrolls report revealed job growth of just 114,000, down from the revised 179,000 in June and well below the market's expectation of 185,000. Additionally, the unemployment rate rose to 4.3%, its highest level since October 2021. Adding to the market's unease, the Bank of Japan (BoJ) raised interest rates, which led to an unwinding of the Japanese yen carry trade, where investors had placed heavy bets on a weaker yen. This had caused severe dislocation in financial markets as investors now begin ditch their short yen positions.
- However, a sense of stability returned towards the end of August, where global markets regained ground. The S&P 500 index rose by 2.28%, while the tech-heavy Nasdaq Index managed to close in positive territory after initially plunging by more than 10%. This recovery was driven by fresh economic data that underscored the resilience of the US economy. Growing confidence in potential interest rate cuts by the US Federal Reserve (Fed) also provided comfort to investors. The Fed's preferred inflation gauge, the Core Personal Consumption Expenditures (PCE) index, met expectations, reinforcing the likelihood of rate cuts in its FOMC meeting in September.
- In Asia, the MSCI Asia ex-Japan index rose by 1.75%, supported by lower bond yields. Thailand's benchmark index was a notable gainer, surging 3.58% as political clarity emerged following the appointment of a new Prime Minister. Japanese equities also recovered some losses as the Bank of Japan (BoJ) downplayed the likelihood of further rate hikes, particularly during periods of market instability. Meanwhile, Chinese equities received support on speculation that Beijing might allow homeowners to refinance up to US\$5.4 trillion in mortgages, potentially lowering borrowing costs and boosting consumption.
- Global bond market experienced notable developments influenced by various economic factors. The month began with heightened volatility, largely due to the unwinding of the yen carry trade after the Bank of Japan raised interest rates. This action led to a temporary selloff in global assets, including bonds, as investors adjusted their positions. Despite this early turbulence, the broader bond market saw positive performance through the month. U.S. Treasuries, in particular, benefited from falling yields, which were driven by expectations that the Federal Reserve would start cutting rates as early as September. USTs posted positive gains as inflation level weakened and economic data continued to soften.
- On economic data, Malaysia's final real GDP growth for 2Q 24 accelerated to 5.9% y/y from the advance estimate of 5.8% (1Q24: +4.2% y/y) with domestic demand remained as the main growth driver (2Q 24: +6.9% y/y vs 1Q 24: 6.1% y/y). Due to improving terms of trade, net exports contributed positively to the GDP growth for the first time in five quarters (2Q24: +0.1% pt, 1Q24: -1.4% pt) amid ongoing recovery in exports and tourism, which is poised to persist into 2H24 supported by the global tech upcycle and visa-free policy for tourists from China and India. GDP growth outlook remains positive with higher possibility that economic growth to achieve the higher range of guidance of 4.0-5.0% on the back of low base effects, robust exports, stable consumption amidst healthy labour market.

STRATEGY:

- Maintained cash level to approximately 2% in August 2024;
- Reduce Overweight exposure on Taiwan tech. These sectors have shown higher earnings growth due to a cyclical rebound and exposure to the AI theme, although there are emerging risks associated with being late in the cycle;
- For sukuk sleeve, we have maintained our portfolio durations between the range of 4.0 to 4.6 years, and portfolio yield generally between 4.0% to 5.0%;
- At the corporate bond/sukuk space, we are cautious of the broad-based tightening in credit spreads. We opine that credit selection is key; and
- We plan to focus on sukuk with strong fundamentals and a robust business outlook, while also remaining active in profit-taking and reallocating to sukuk 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, AHAM Capital seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream medias) in that country. AHAM Capital 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, AHAM Capital 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. AHAM Capital 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, AHAM Capital may choose to hold on to these holdings until the prices meet the purchase price. Nevertheless, should AHAM Capital 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 2024

Disclaimer:

This is strictly the performance of the investment fund, and not the returns earned on the actual takaful contributions paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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.