

Sun Life Malaysia

AIIMAN Select Income Fund

December 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	15.67 million units (31 December 2024)	Fund Size	RM19.97 million (31 December 2024)
Unit NAV	RM1.2744 (31 December 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 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
Minimum 60% and up to 100%	Minimum 0% and up to 40%	Remaining Balance

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SECTOR ALLOCATION OF THE TARGET FUND

Industrials	14.20%
Utilities	11.70%
Financial Services	11.30%
Energy	10.10%
Real Estate	7.30%
Telecommunications	6.50%
Banks	6.30%
Government	5.80%
Consumer Discretionary	5.50%
Technology	5.50%
Commercial Services	5.00%
Consumer Staples	3.40%
Health Care	3.30%
Cash & Cash Equivalents	4.1%
Total	100%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)

Bonds Issuer	Coupon	Maturity Date	%
SMJ Energy Sdn Bhd	4.7%	26.10.2038	7.7
GII	5.4%	15.05.2052	5.8
UiTM Solar Power Sdn Bhd	6.0%	26.04.2030	5.0
MMC Corp Berhad	5.6%	27.04.2027	5.0
Celcom Networks Sdn Bhd	5.3%	28.10.2026	5.0

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Tenaga Nasional Bhd	2.7%
Taiwan Semiconductor Manufac	2.5%
Capital A Berhad	2.0%
Axis Real Estate Invt Trust	2.0%
Hartalega Holdings Bhd	1.5%

PERFORMANCE RECORD

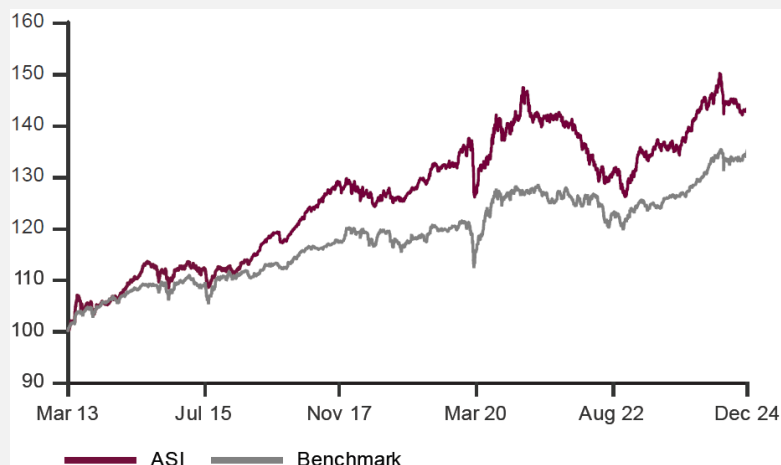
This fund feeds into AHAM AIIMAN Select Income Fund ("target fund") with the objective to provide investors with regular income stream through Shariah-compliant investments. The target fund will invest in a diversified portfolio of Sukuks, Shariah-compliant equities and Islamic money market instruments.

Table below shows the investment returns of Sun Life Malaysia AIIMAN Select Income Fund versus its benchmark as at 31 December 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	2.58	0.93	-2.42	2.58	4.08	6.78	27.44
Benchmark	6.33	1.53	1.14	6.33	7.02	11.79	22.17

* 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

- In December 2024, the US Treasury market experienced upward pressure on yields, particularly the 10-US Treasury yields, driven by several key factors such as economic data came in stronger than expected, with robust US GDP economic growth and a tight labour market, while core inflation readings remained sticky above the Federal Reserve's 2% target. The Federal Reserve continued its path of interest rate reductions by cutting the federal funds rate (FFR) by 25 basis points during the recent Federal Open Market Committee (FOMC) meeting held on December 17-18, 2024. This adjustment lowered the rates to a range of 4.25% to 4.50%, marking a total of 100 basis points in cuts since September 2024 (with a total of three cuts this year). While the Fed signalled its commitment to further interest rate reductions, it also expressed caution regarding the pace of monetary easing. The FOMC statement included the phrase, "In considering the extent and timing of additional adjustments to the target range for the federal funds rate," indicating a deliberate approach moving forward. Chair Powell noted that the re-calibration phase of the policy rate was completed, and the Fed would proceed more carefully into the next phases of policy adjustments.
- The latest December 2024 dot plot revealed that policymakers now anticipate fewer interest rate cuts in 2025, with a median estimate of 3.9% and two cuts, compared to the previous projection in September, which indicated a median rate of 3.4% and four cuts. Additionally, the Fed raised its core PCE inflation median forecast for 2025 to 2.5%, up from the September estimate of 2.2%, reflecting inflationary pressures potentially stemming from upcoming policies of a Trump administration. US Treasuries benchmark yields repriced higher post Dec FOMC amidst anticipated lower number of interest rate cuts in 2025. UST 2-year, 10-year and 30-year yields ended the month at 4.24% (+9 bps), 4.57% (+40 bps) and 4.78% (+42 bps) respectively. US headline CPI was marginally higher at 0.3% mom in Nov (consensus: +0.3%; Oct: +0.2%) even as core inflation remained stable at +0.3% in Nov (Oct: +0.3% mom. On a yoy basis, the headline CPI and Core PCE registered +2.7% (Oct: +2.6%) and +3.3% in Nov (Oct: +3.3%). Meanwhile, US Core PCE in Nov, yoy, remained stable at +2.8% (Oct: 2.8%) which came in lower than consensus (+2.9%), while, mom, core PCE in Nov also came in lower at +0.1% (Oct:+0.3%) than consensus (+0.2%).
- Headline & core inflation moderated to 1.8% yoy in Nov (Oct: CPI +1.9%, core CPI +1.8%). YTD Nov, inflation averaged 1.8% (YTD: Jan-Nov 2023: +2.6%). Upside risk to inflation will be fuel subsidy rationalization (estimated July 2025), broader Sales and Service Tax (SST) (starting May 2025). MOF's inflation forecast will be in a range of 2.0% - 3.5% in 2025 (2024: 1.5% - 2.0%). With this in mind, we expect that BNM will keep the overnight policy rate (OPR) steady at 3.00% in 2025, as the central bank seeks greater clarity on domestic price policy changes and the implications of Trump's foreign policy.

STRATEGY:

- Cash maintained below 5% in December;
- We made adjustments to the portfolios, reallocating from telco (Indonesia and Singapore) stocks to larger-cap banks, utilities and construction companies.
- Also participated in Malaysia's industrial-glove related companies such as Kossan Rubber Industries Bhd & Hartalega Holdings Bhd to capitalise on recent development, including news on tariff and average selling price (ASP) adjustment which expect demand for Malaysian glove sector to increase.
- For sukuk sleeve, we have maintained our portfolio durations at a range of 5.2 to 5.4 years, and portfolio yield is at 4.2%;
- No changes in Sukuk Sleeve this month.
- We are focusing on sukuk with strong fundamentals and a robust business outlook, while also remaining active in profit-taking and reallocating to issuances 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, 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 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 : 31 December 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.