

Sun Life Malaysia Islamic Equity Fund

March 2024



FUND OBJECTIVE

Aims to achieve consistent capital appreciation over a medium to long-term by investing in equities and other approved investments, which harmonise with Islamic philosophy and laws.

FUND DETAILS

| | | | |
|---------------------------------------|---|--------------|--|
| Launch Date | 01 December 2009 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 23.23 million units (29 March 2024) | Fund Size | RM47.59 million (29 March 2024) |
| Unit NAV | RM2.0484 (29 March 2024) | Dealing | Daily (as per Bursa Malaysia trading day) |
| Investment Manager of the Target Fund | AHAM Asset Management Berhad | Target Fund | AHAM Aiman Growth Fund (FKA Affin Hwang Aiman Growth Fund) |
| Benchmark | FBM Emas Shariah Index (FBMS) | Taxation | 8% of annual investment income |
| Risk Profile | Suitable for investors: <ul style="list-style-type: none">Have a medium to long term investment horizonAre risk tolerantSeek higher returns on the investment that comply with Shariah requirements | Fees | <ul style="list-style-type: none">Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Equity Fund.Up to 1.5% p.a. fund management charge is applied on the Target Fund's NAV by AHAM Asset Management Berhad. |

ASSET ALLOCATION OF THE TARGET FUND

| Equity | Cash |
|-------------------|---------|
| Min 70%; Max 100% | Max 30% |

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SECTOR ALLOCATION OF THE TARGET FUND

| | |
|--------------------|----------------|
| Industrials | 24.00% |
| Financials | 17.40% |
| Energy | 9.80% |
| Consumer Staples | 9.30% |
| Telecommunications | 8.90% |
| Health Care | 8.00% |
| Technology | 5.90% |
| Utilities | 5.50% |
| Basic Materials | 3.90% |
| Cash | 7.30% |
| Total | 100.00% |

TOP HOLDINGS OF THE TARGET FUND

| | |
|--------------------------------|--------------|
| Axis Real Estate Invt Trust | 5.4% |
| Dialog Group Bhd | 5.0% |
| Tenaga Nasional Bhd | 4.9% |
| Solarvest Holdings Berhad | 4.7% |
| TIME dotCom Berhad | 4.1% |
| Press Metal Aluminium Hldg Bhd | 3.9% |
| MSM Malaysia Holdings Berhad | 3.6% |
| Hartalega Holdings Bhd | 3.5% |
| ITMAX SYSTEM Bhd | 3.4% |
| Axiata Group Bhd | 3.3% |
| Total | 41.8% |

PERFORMANCE RECORD

This fund feeds into AHAM Aiman Growth Fund ("target fund") with the objective to achieve consistent capital appreciation over a medium to long-term by investing in equities and other approved investments, which harmonize with Islamic philosophy and laws.

Table below shows the investment returns of Sun Life Malaysia Islamic Equity Fund versus its benchmark as at 29 March 2024:

| % | YTD | 1M | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|------|------|--------|---------|---------|----------|-----------------|
| Fund* | 7.01 | 2.76 | 11.86 | -3.66 | 33.77 | 43.12 | 104.84 |
| Benchmark | 5.96 | 1.00 | 8.65 | -9.38 | -0.38 | -11.43 | 38.23 |

* 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

- It was a shortened trading week for Malaysia last week with the benchmark KLCI closing marginally lower by - 0.40%. Foreign investors continued their trend of net selling domestic equities for the fifth consecutive week, while local institutional investors remained net buyers. Notable gainers include property stock driven by an improving outlook particularly in Johor and Penang, where demand has been robust. Oil & gas companies also gained momentum bolstered by a resilient outlook for the sector as oil prices surge.
- In notable developments, the Penang Light Rail Transit (Penang LRT) project received approval from the Cabinet, paving the way for its operational launch by 2030. Major beneficiaries of this project include Gamuda, with its 60%-owned SRS Consortium Sdn Bhd being awarded the first segment of the civil works contracts. There is further potential for Gamuda to secure the second and third segments of the project. The Penang LRT project also serves as a positive catalyst for property developers in Penang, especially those with land bank along the track alignment such as E&O, SP Setia, and Mah Sing. The value and specifics of the contracts are still subject to negotiations between SRS Consortium and project developer Mass Rapid Transit Corp Sdn Bhd (MRT Corp) as reported by The Edge.
- Moreover, recently, we witnessed several initial public offerings (IPOs) on Bursa. These include fertility care company Alpha IVF Group Bhd which was listed on the ACE market. Additionally, Prolintas Infra Business Trust made its debut on the Main Market. Notably, Prolintas Infra offers high and sustainable yield through its highway assets.
- In key developments, Bank Negara Malaysia (BNM) released its Annual Report for 2023, alongside its Economic and Monetary Review as well as Financial Stability Review recently. Notably, BNM expects Malaysia's gross domestic product (GDP) to expand between 4% and 5% in 2024 which aligns with government projections as per Budget 2024 - driven by resilient domestic expenditure, coupled with a recovery in exports. Inflationary pressures are expected to stay moderate with BNM expecting the consumer price index (CPI) to rise 2.0%-3.5% in 2024 from 2.5% in 2023. The central bank notes that the wider forecast range has taken into account potential upside price pressure from the implementation of subsidy rationalisation measures.

STRATEGY:

- Remain highly invested due to positive outlook. Cash levels maintained approximately 7%.
- Transaction wise, the portfolio was largely net buyer in March, which buying opportunities came across multiple sectors especially the Tech and Property sector.
- We have been strategically adding to property names, while trimming our positions in oil & gas companies (which we have strong footing previously).
- Positioning remains focused in growth and cyclicals to capitalise on the improved market sentiment. About 30% of the fund are in defensives / yield to anchor against volatility.

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

| | |
|-------------------------------|--|
| Market risk | Market risk arises because of factors that affect the entire marketplace. Factors such as economic growth, political stability and social environment are some examples of conditions that have an impact on businesses, whether positive or negative. Market risk cannot be eliminated by diversification. It stems from the fact that there are economy-wide perils which threaten all businesses. Hence, investors will be exposed to market uncertainties and no matter how many Shariah-compliant securities are held, fluctuations in the economic, political and social environment will affect the market price of the Shariah-compliant investments either in a positive or negative way. |
| Fund management risk | This risk refers to the day-to-day management of the target fund by AHAM Asset Management berhad which will impact the performance of the target fund. For example, investment decisions undertaken by AHAM Asset Management berhad as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error, fraudulence, dishonesty or weaknesses in operational process and systems, may adversely affect the performance of the target fund. |
| Performance risk | There is no guarantee in relation to the investment returns. |
| Inflation risk | This is the risk that your investment in the target fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased. |
| Liquidity risk | Liquidity risk arises in two scenarios. The first scenario is where the target fund's investment cannot be sold due to unavailability of a buyer for that investment. The second scenario exists where the target fund's investment, by its nature, is thinly traded. This will have the effect of causing the target fund's investment to be sold below its fair value which would adversely affect the NAV of the target fund. |
| Credit/Default risk | Credit risk relates to the creditworthiness of the issuers of the investment (Islamic money market instruments) and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers may impact the value as well as liquidity of the investment. In the case of rated investments, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the target fund. |
| Equity investment risk | This is the risk associated with investing in a particular equity. The value of individual equity is mainly determined by its potential growth in earnings, sound management, and treatment of minority shareholders, as well as a myriad of other factors. Failure to achieve these would result in declining investment value which in turn affects the performance of the target fund. This can be mitigated by diversifying the target fund's portfolios. |

RISKS (CONTINUED)

Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant securities by 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 for the target fund or the Shariah boards of the relevant Islamic indices.

If this occurs, AHAM Asset Management Berhad 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 Asset Management Berhad 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 Asset Management Berhad may choose to hold on to these holdings until the prices meet the purchase price. Nevertheless, should AHAM Asset Management Berhad 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.

Shariah-compliant warrants investment risk

The value of the Shariah-compliant warrants (“warrants”) will depend on the pricing of the underlying security whereby the growth and performance prospect of the underlying security would consequentially affect the value of the warrants. In addition, the value of the warrants may decrease exponentially as the warrants approach its maturity date and the potential gains from a favourable price movement of the underlying security may be offset by aggressive time decay. AHAM Asset Management Berhad may consider unwinding these warrants if there are material adverse changes to its value with the aim to mitigate the risk.

Source : AHAM Asset Management Berhad
Date : 29 March 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.