

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	23.26 million units (31 October 2023)	Fund Size	RM43.38 million (31 October 2023)
Unit NAV	RM1.8649 (31 October 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Investment Manager of the Target Fund	AHAM Asset Management Berhad (FKA Affin Hwang Asset Management Berhad)	Target Fund	AHAM Aiiman Growth Fund (FKA Affin Hwang Aiiman Growth Fund)
Benchmark	FBM Emas Shariah Index (FBMS)	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> Have a medium to long term investment horizon Are risk tolerant Seek 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%

SECTOR ALLOCATION OF THE TARGET FUND

Industrials	18.20%
Financials	15.90%
Consumer Staples	12.40%
Health Care	10.60%
Telecommunications	8.40%
Technology	7.00%
Utilities	6.30%
Basic Materials	4.60%
Energy	3.30%
Cash & Cash Equivalents	13.30%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Tenaga Nasional Bhd	6.30%
Axis Real Estate Invst Trust	5.70%
Solarvest Holdings Berhad	4.00%
UOA Development Bhd	3.60%
TIME dotCom Berhad	3.50%
IHH Healthcare Bhd	3.30%
Sime Darby Plantation Bhd	2.90%
ITMAX SYSTEM Bhd	2.80%
Top Glove Corp Bhd	2.70%
Hartalega Holdings Bhd	2.70%
Total	37.50%

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 31 October 2023

%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	2.19	-1.81	5.50	0.59	22.08	31.29	86.49
Benchmark	-0.89	-0.30	4.13	-14.91	-7.90	-14.92	28.71

* 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

- The fund underperformed previous month by 1.8% as global events jittered domestic market sentiment. Key detractors of the fund came from rate sensitive technology sector along with the energy sector. Gold exposure and basic materials were the key contributors of the month.
- US equities tumbled in October as interest rate jitters coupled with the widening conflict between Israel and Hamas spooked investors. The S&P 500 fell 2.20% as resilient economic data lifted bets that the US Federal Reserve ("Fed") would keep interest rates higher-for-longer.
- On the US fiscal front, US treasury yields curve bear steepened, with the 2-year, 10-year and 30-year treasury ending the month at 5.09% (+4 bps), 4.93% (+36bps) and 5.09% (+39 bps) respectively. This was mostly due to concerns on US Treasuries supply glut had intensified with a lower bid-to-cover ratio.
- The benchmark KLCI climbed 1.26% following the unveiling of Budget 2024 which helped shed light on government's policies. Our take is that Budget 2024 is market-neutral. It refrained from introducing punitive tax measures like windfall taxes, gaming levies, or excise duties which were areas of concern in previous years. Potential sector winners include healthcare, construction, consumer and renewables which are expected to benefit from the budget's initiatives.
- Notably, the government took the first step in addressing its hefty subsidy bill by taking a more target approached. The phased reduction of diesel subsidies with exemption for freight companies will help optimize government's spending. While the removal of certain subsidies may exert upwards pressure on inflation, this impact could be offset by the provision of cash handouts to vulnerable segments of the population. Under Budget 2024, cash handouts increased by 25% and represents one of the largest financial support package since COVID. This financial aid is expected to continue support domestic consumption.
- In other news, Sultan of Johor, Sultan Ibrahim Sultan Iskandar was appointed as the new Yang di-Pertuan Agong with a 5-year term effective 31 January 2024. With his appointment, there will be a focus on the ongoing thematic setup of the "Special Economic Zone" in Johor and Johor-related plays.

STRATEGY:

- The domestic market sentiment is still affected by global events such as the Israel-Hamas conflict as well as rising US Treasury yields. However, sentiment for the domestic market had a boost in optimism as supportive investment themes continue to emerge following the unveiling of Budget 2024, which shed further light and support on key initiatives. These include the National Energy Transition Roadmap, M&A exercises, and FDI news flow. However, we are neutral on the market as macro headwinds persist, particularly from China as it struggles with its post-lockdown recovery.
- On portfolio positioning, we trimmed lightly across the fund to raise cash and did some light rebalancing. We seized the opportunity to add exposure in large-cap tech name while keeping cash level ranging between 15-20% in wary of year-end liquidity withdrawals; as well as awaiting for further opportunity to add positions.
- We expect there will be no more OPR hike for 2023 amidst decelerating inflation level and softer GDP growth outlook. Anticipations that banks will deliver results in line with expectations as net interest margins (NIMs) start to stabilise and expecting decent corporate growth in 2024 for Malaysian companies.
- We intend to increase invested levels moving forward – opportunistically, focusing on key themes such as Renewable Energy, Income and Property in line with recently launched policy framework such as NETR and NIMP.

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 : 31 October 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.