

### 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	23.32 million units (28 February 2023)	Fund Size	RM43.49 million (28 February 2023)
Unit NAV	RM1.8651 (28 February 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	Affin Hwang Aiman 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"> <li>Have a medium to long term investment horizon</li> <li>Are risk tolerant</li> <li>Seek higher returns on the investment that comply with Shariah requirements</li> </ul>	Fees	<ul style="list-style-type: none"> <li>Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Islamic Equity Fund.</li> <li>Up to 1.5% p.a. fund management charge is applied on the Target Fund's NAV by AHAM Asset Management Berhad.</li> </ul>

### ASSET ALLOCATION OF THE TARGET FUND

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

SECTOR ALLOCATION OF THE TARGET FUND		TOP HOLDINGS OF THE TARGET FUND	
Industrials	23.8%	Press Metal Aluminium Hldg Bhd	6.1%
Financials	18.6%	TIME dotCom Bhd	6.1%
Consumer Staples	12.8%	Axis Real Estate Invst Trust	5.5%
Telecommunications	12.4%	Sime Darby Bhd	4.0%
Basic Materials	6.1%	Axiata Group Bhd	3.8%
Technology	3.7%	MISC Bhd	3.2%
Utilities	3.0%	Genetec Technology Bhd	3.0%
Health Care	2.9%	Tenaga Nasional Bhd	3.0%
Others	3.1%	Kuala Lumpur Kepong Bhd	2.9%
Cash & Cash Equivalents	13.8%	TradePlus Shariah Gold Tracker	2.9%
<b>Total</b>	<b>100.00%</b>	<b>Total</b>	<b>40.50%</b>

### PERFORMANCE RECORD

This fund feeds into Affin Hwang Aiiman 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 28 February 2023

%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	2.20	-0.87	-5.34	24.51	14.23	47.26	86.51
<b>Benchmark</b>	-1.29	-2.51	-10.89	-2.91	-19.59	-2.77	28.19

\* 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

- US equities faltered in February as positive data surprises have clouded the trajectory of US inflation and the Federal Reserve rate hike path. The S&P 500 index fell 2.61% as investors continue to reprice interest rate expectations due to stickier than expected inflation.
- On the domestic front, the benchmark KLCI edged 2.11% lower as market reaction to Budget 2023 was neutral. In his budget speech, Prime Minister cum Finance Minister Datuk Seri Anwar Ibrahim emphasised fiscal discipline and vowed to bring down the country's fiscal deficit to 5.00% of GDP.
- This will be supported by new tax measures to bolster revenue collections including the introduction of a luxury goods tax, excise duties on liquid/gel products containing nicotine as well as higher dividends from national major Petronas of RM 40 billion.
- The telco sector is facing headwinds after the Malaysian Communications and Multimedia Commission lowered high speed broadband access prices. Telekom Malaysia is expected to be the hardest hit from such revision in prices

### STRATEGY:

- The fund's invested levels were increased to around 87%, as we added exposure several large cap names including in sectors such as commodities and healthcare. Meanwhile, we reduced exposure to selected holdings in the financials and telco sector.
- We also raised positions in beneficiaries of China reopening, focusing on domestic demand, while reducing exposure in holdings with no further catalysts or potential upsides. Overall, the Fund is still defensively positioned.
- Our view is that newly tabled budget is a pragmatic one that should restore confidence and shore up support in the long run. The absence of any prosperity tax is a huge relief to the market that should augur well for corporate earnings. There was also no additional levies imposed on the gaming sector. While there were no measures introduced for targeted subsidies under Budget 2023, we think it will likely be implemented in the 2H 2023 after state elections have concluded. Notable winners from this year's budget include sectors such as banks, consumers, and automotive.
- We are positive on banks, where we have a strong outlook on loan growth and improving asset quality. We still like technology companies, where we see attractive value after the recent heavy selloff, and which has strong earnings visibility driven by secular growth trends (e.g. 5G, EV, solar energy). We are also positive on the reopening theme, including in the consumer and commodities sector, where business recovery are anchored by a full reopening.

**RISKS**

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

<b>Market risk</b>	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.
<b>Fund management risk</b>	This risk refers to the day-to-day management of the target fund by Affin Hwang which will impact the performance of the target fund. For example, investment decisions undertaken by Affin Hwang 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.
<b>Performance risk</b>	There is no guarantee in relation to the investment returns.
<b>Inflation risk</b>	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.
<b>Liquidity risk</b>	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.
<b>Credit/Default risk</b>	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.
<b>Equity investment risk</b>	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, 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.

**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. Affin Hwang 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 :** 28 February 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.