

FUND OBJECTIVE

To provide investors with regular income stream through Shariah-compliant investment.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	15.18 million units (31 October 2023)	Fund Size	RM18.17 million (31 October 2023)
Unit NAV	RM1.1976 (31 October 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad (FKA Affin Hwang Asset Management Berhad)	Target Fund	AHAM Aiiman Select Income Fund (FKA Affin Hwang Aiiman Select Income Fund)
Benchmark	70% 12-month Maybank General Investment Account (GIA) + 30% FTSE Bursa Malaysia EMAS Shariah Index	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> Have a moderate risk appetite Expect incidental growth in capital Want an investment that complies with Shariah requirements 	Fees	<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
Min 60%; Max 100%	Min 0%; Max 40%	Remaining Balance

SECTOR ALLOCATION OF THE TARGET FUND	
Utilities	15.30%
Industrials	14.40%
Technology	12.60%
Financial Services	12.10%
Energy	7.40%
Telecommunications	7.00%
Real Estate	4.90%
Healthcare	4.90%
Banks	4.90%
Consumer Staples	4.40%
Government	1.20%
Consumer Discretionary	1.10%
Financials	0.30%
Cash & Cash Equivalents	9.50%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (SUKUK)			
Bonds Issuer	Coupon	Maturity Date	%
Celcom Networks Sdn Bhd	5.27%	28.10.26	5.0
Lebuhraya DUKE Fasa 3 Sdn Bhd	5.95%	23.08.34	5.0
MMC Corp Berhad	5.64%	27.04.27	5.0
UiTM Solar Power Sdn Bhd	6.00%	26.04.30	4.9
WCT Holdings Bhd	5.80%	27.09.49	4.8

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)	
SK Hynix Inc	2.3%
Samsung Electronics Co Ltd	2.1%
Hartalega Holdings Bhd	2.0%
TIME dotcom Berhad	2.0%
Tenaga Nasional 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 October 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	2.12	-0.67	0.14	5.80	-2.16	7.95	19.76
Benchmark	1.52	0.09	1.38	3.42	0.48	7.89	15.88

* 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 in the month of October against the benchmark by 0.7%. The key detractors for the month were technology stock and bonds as the rising US treasury yields exert its pressure. The key contributor of the month was from the healthcare sector. Overall, the fund is still outperforming the benchmark on a YTD basis.
- 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.
- October saw a raft of data pointing to strong economic momentum in the US as retail sales rose 0.70% in defying expectations that spending would slow due to resumption of student loan repayment and tighter monetary conditions. Additionally, US 3Q'2023 GDP increased by 4.90% (est. 4.00%) supported by strong consumption.
- In Asia, the broader MSCI Asia ex Japan index slid 3.91% as rising bond yields exert pressure on emerging markets. Sentiment also soured after US authorities moved to ban the sale of advance artificial intelligent (AI) chips to China. However, bright spots were seen in China's GDP data which came in stronger than expected, boosting optimism that recovery in the world's second economy is starting to gain traction. In 3Q'2023, China's GDP grew by 4.90% as a volley of stimulus measures starts to take effect post-Politburo meeting.
- Malaysia fixed income market also experienced a volatile October. Domestically, market reaction towards tabling of Budget 2024 mid-October were muted, as headline numbers were mainly in line of market expectations, with a fiscal consolidation path towards the government's medium target of 3% fiscal deficit-to-GDP ratio, from 2023E of 5.0% and 2024E of 4.3%. A well telegraphed subsidy rationalisation (for chicken, eggs, diesel, and electricity) ahead of Budget 2024 kept the lid on inflation expectations.
- Externally, the central banks in Indonesia and Philippines hiked their respective policy rate by 25 bps during the month, raising concerns that Bank Negara Malaysia may follow suit to stem Ringgit weakness amid widening interest rate differentials. Hawkish sentiment drove MGS yields higher, while persistent domestic demand for duration kept long-tenured MGS yields anchored. MGS yield curve bear-flattened as a result, with 3-year, 10-year and 30-year MGS yields ending the month at 3.65% (+1 bps), 4.07% (+3 bps), 4.52% (-10 bps) respectively.
- On the data front, Malaysia's inflation appeared subdued as Headline CPI in September eased to +1.9% yoy (August: +2.0%) while Core CPI was flat at +2.5% yoy. International reserves fell to USD110.1b end-September from USD112.50b a month ago. In terms of foreign flows, Malaysia saw RM4.4b of net selling by foreign investors in September, mainly on discount instruments. Foreign holdings in MGS and GII as percentage of total outstanding inched lower to 23.1% (August: 23.4%) mainly due to larger outstanding.

STRATEGY:

- Opportunistic with Asia equities as fourth quarter is seasonally has been good for markets. Global economic data and technical indicators in aggregate points to a neutral environment.
- Cautious on China until more substantive measures are deployed. More constructive on the rest of the region.
- In Malaysia, we expect that there will be no more OPR hike for 2023 amidst decelerating inflation level and softer GDP growth outlook. Local factors also remain supportive for fixed income given slower GDP growth, moderate inflation, stable interest rates and neutral supply profile.
- Expected decent corporate growth in 2024 for Malaysian companies. Key investment theme would be renewable energy, income and property.

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 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 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.