# Sun Life Malaysia
# AIIMAN Select Income Fund
May 2025

## 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 | 16.03 million units (30 May 2025) | Fund Size | RM20.45 million (30 May 2025) |
| Unit NAV | RM1.2756 (30 May 2025) | 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:<br>▪ Have a moderate risk appetite<br>▪ Expect incidental growth in capital<br>▪ Want an investment that complies with Shariah requirements | Fund Management Charges | Sun Life Malaysia does not impose any fund management fee on Sun Life Malaysia AIIMAN Select Income Fund. |

## 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 | |
|---|---|
| Utilities | 12.00% |
| Industrials | 11.70% |
| Telecommunications | 11.50% |
| Government | 10.00% |
| Real Estate | 9.50% |
| Energy | 9.00% |
| Consumer Discretionary | 6.60% |
| Banks | 5.70% |
| Commercial Services | 5.70% |
| Technology | 5.00% |
| Financial Services | 4.10% |
| Consumer Staples | 3.20% |
| Cash & Cash Equivalents | 6.00% |
| Total | 100.00% |

**TOP HOLDINGS OF THE TARGET FUND (SUKUK)**

| Bonds Issuer | Coupon | Maturity Date | % |
|---|---|---|---|
| SMJ Energy Sdn Bhd | 4.67% | 26.10.2038 | 9.00 |
| GII | 4.28% | 23.03.2054 | 8.60 |
| Yinson Holdings Berhad | 7.50% | 08.03.2029 | 5.70 |
| MMC Corp Berhad | 5.64% | 27.04.2027 | 5.70 |
| Celcom Networks Sdn Bhd | 5.27% | 28.10.2026 | 5.60 |

| TOP HOLDINGS OF THE TARGET FUND (EQUITIES) | |
|---|---|
| Axis Real Estate Invt Trust | 2.50% |
| Link REIT | 2.30% |
| Singapore Telecom Ltd | 2.00% |
| Tenaga Nasional Bhd | 1.90% |
| Telkom Indonesia Persero TbkPT | 1.70% |

## PERFORMANCE RECORD

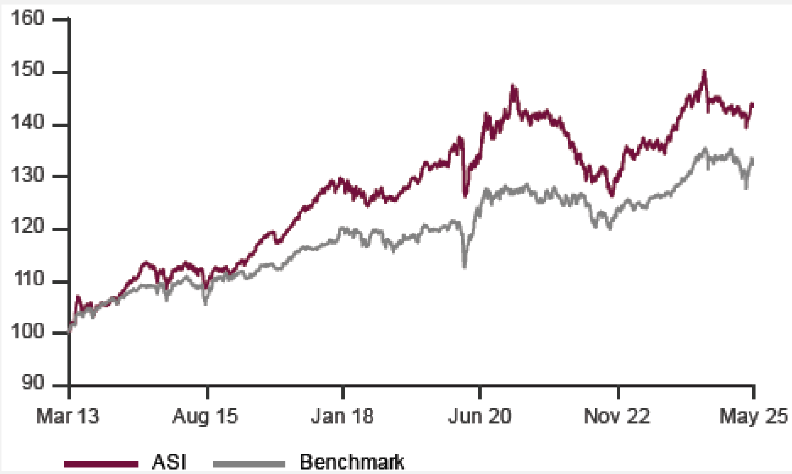
This fund feeds into AHAM AIIMAN Select Income Fund ("target fund") with the objective to provide investors with regular income stream through Shariah-compliant investments. The target fund will invest in a diversified portfolio of Sukuks, Shariah-compliant equities and Islamic money market instruments.

Table below shows the investment returns of Sun Life Malaysia AIIMAN Select Income Fund versus its benchmark as at 30 May 2025:

| % | YTD | 1M | 6M | 1-Year | 3-Years | 5-Years | Since Inception |
|---|---|---|---|---|---|---|---|
| **Fund*** | 0.09 | 1.12 | 1.02 | -0.42 | 8.29 | 8.74 | 27.56 |
| **Benchmark** | -2.44 | 0.12 | -0.95 | -0.79 | 5.74 | 7.65 | 20.77 |

** 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

Sun Life

## FUND MANAGER'S COMMENTS

- US equities ended the week on steady footing, with the S&P 500 rising 1.90% as investors looked past renewed trade tensions. Markets appear to be fatigued to the now-familiar cycle of tariff threats and subsequent reversals. Much of the market's resilience came in spite of fresh trade frictions. Just 2 weeks after agreeing to suspend most tariffs for 90 days in Geneva, the fragile truce between the US and China is once again under strain. Both sides have accused each other of backtracking—Washington claiming Beijing has not removed non-tariff barriers as promised, and Beijing rejecting the charges and threatening to retaliate.

- The US has since escalated export restrictions on Chinese tech firms and tightened scrutiny on Chinese students' visas, signalling a harder line ahead of the next tariff decision. Markets now look to July 9, which is the end of the 90-day tariff deadline—with growing scepticism over whether any meaningful deal can be achieved in time. Notably, only the UK has concluded a trade agreement with the US. No other country or bloc has made comparable progress, and there is little indication this will change in the near-term. President Trump had also announced plans to double tariffs on imported steel and aluminium to 50%, further stoking concerns over supply chains. Yet the equity market's reaction was muted, pointing to an environment where incremental trade headlines are losing its sting, at least for now.

- In May 2025, U.S. Treasury (UST) yields rose sharply across the curve, with the 10-year yield climbing to 4.40% and the 30-year to 4.93%, driven by mounting fiscal concerns, a credit rating downgrade by Moody's, and heightened trade policy uncertainty. President Trump's proposed tax plan, expected to add $2.3 trillion to the national debt, alongside a debt-to-GDP ratio of 124% and $9.2 trillion in refinancing needs, raised alarm over fiscal sustainability. The implementation of reciprocal tariffs further rattled markets. Amidst these risks and rising debt servicing costs, investors shifted away from long-duration Treasuries, contributing to curve steepening and elevated yields. The UST 2-year, 10-year and 30-year yields ended in May at 3.90% (+30bps), 4.40% (+24bps) and 4.93% (+25bps) respectively.

- On the domestic front, local government bonds (MGS/GII) ended the month firmer, led by short- and mid-tenors, as benign inflation and slower growth fuelled speculation of a BNM rate cut in 2H25. The 3-year, 10-year and 30-year MGS yields ended the month at 3.15% (-10bps), 3.53% (-13bps) and 4.03% (-3bps), respectively. Malaysia's GDP grew 4.4% y/y in 1Q25 (4Q24: 4.9%), slightly below consensus (4.5%) but above the 8-quarter average. Growth was driven by firm consumption, steady investments, and front-loaded exports, though dampened by weak private investment, softer sectoral output, and lower O&G production. Malaysia's April CPI remained steady at 1.4% y/y in April, bringing the YTD April to 1.5%, in line with market expectations, while core CPI increase slightly to 2.0% y/y (Mar: CPI +1.4% y/y, core CPI +1.9%). Overall, inflation remains subdued amid modest cost conditions and lack of demand-driven pressures. BNM projects (2024 inflation at 1.8%,) a full-year inflation rate of 2.0%–3.5% in 2025. Subsidy rationalization for RON95, expected in 2H25, is unlikely to significantly impact inflation amid soft demand and lower commodity prices. There is a higher possibility that the BNM may cut the overnight policy rate (OPR) in 2H2025 as its signalled policy easing amid rising trade tensions and external growth risks, downplaying inflation concerns from the fuel subsidy retargeting.

**STRATEGY**:

- Cash portioned maintained approximately 6% in May 2025;
- For the equity sleeve, allocation maintained around 24% in May. Mentionable trades were the purchase of Delta Electronics Inc, Unimicron Technology Corp and etc.
- For sukuk sleeve, we have increased our portfolio durations to 6.1 years and portfolio yield is at 4.0%;
- We will favour ultra long tenors Govt/GG for duration extension and coupon clipping.
- Some of the corporate sukuk in the portfolio have been sold for profit to create room for some Govvies ("Government Investment Issuance") and Government guaranteed Sukuk ("GG')
- We will also rebalance the portfolio by switching out of bonds with tight credit spreads.
- 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.

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## 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 : 30 May 2025***