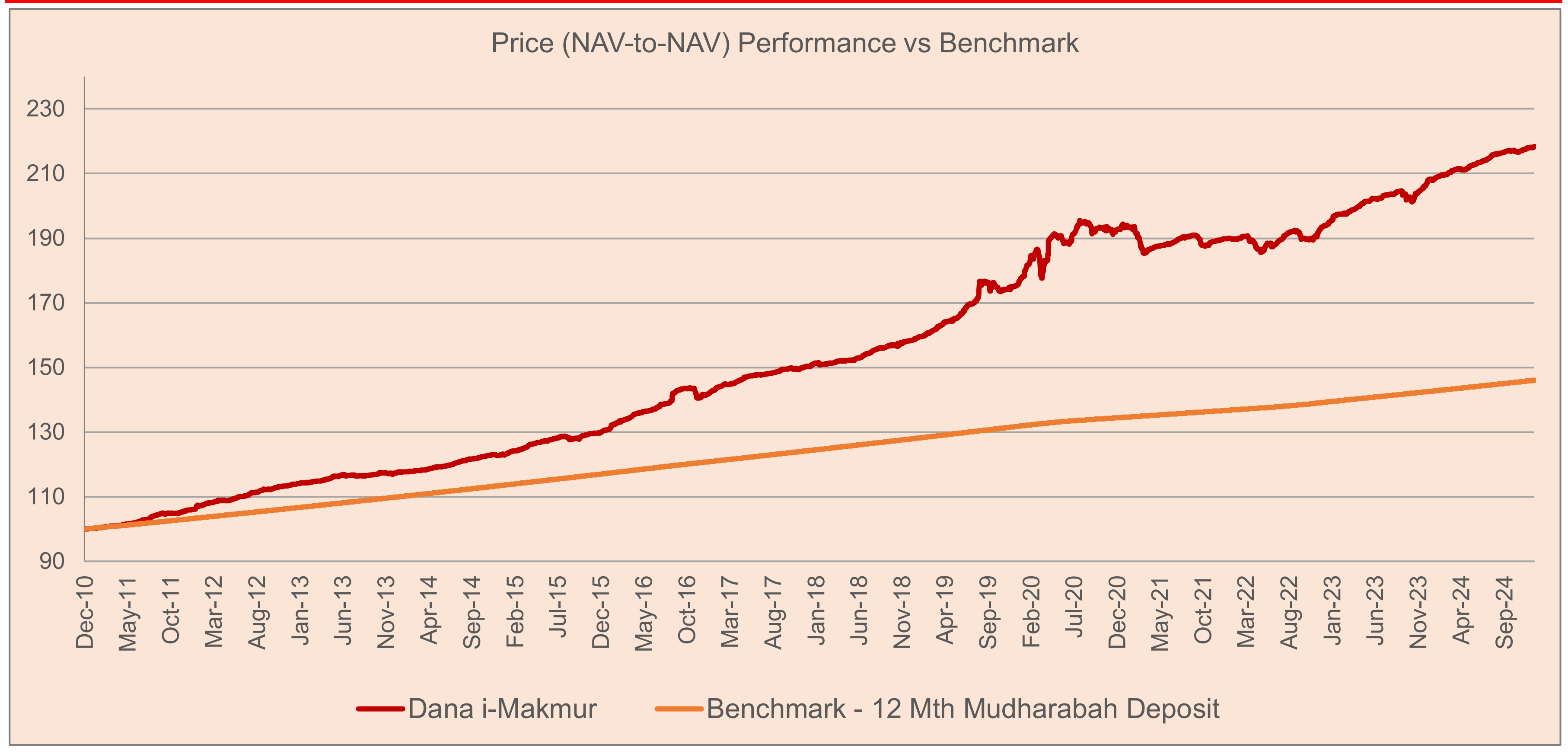
Dana i-Makmur

31 December 2024

Fund Objective

A fund which invests in Islamic fixed income securities, for example government and corporate sukuk (ranging from 40% to 100%) as well as Islamic deposits. This fund seeks to provide consistent return at low levels of volatility. Although the fund invests mainly in Malaysia, it may also partially invest in foreign Shariah approved fixed income securities (up to 50%) to enhance the fund's returns. Dana i-Makmur only invests in Shariah-compliant securities.

Performance from 13 December 2010 - 31 December 2024



Investment Strategy

The fund shall be actively managed to generate additional return to consistently outperform the benchmark in the long-term using top-down approach. The fund will focus on capital preservation and steady income by investing in Islamic fixed income securities with good credit fundamentals.

Notice:

Actual return is based on net basis (net of tax and charges). Past Performance of the fund is not an indication of its future performance. This is strictly the performance of the unit fund, and not the returns earned on the actual contributions paid of the Investmen-Linked Takaful product.

Percentage Return (NAV to NAV)

	YTD	1-Mth	6-Mth	1Y	3Y	5Y	Since Inception
Dana i-Makmur	4.8%	0.4%	2.2%	4.8%	15.0%	24.3%	118.4%
Benchmark - 12 Mth Mudharabah Deposit	2.4%	0.2%	1.2%	2.4%	6.8%	10.8%	46.0%

Source: 12mth Mudharabah Deposit - Hong Leong Bank

Asset Allocation

Islamic Government Securities / Private Debt Securities (PDS): 40% - 100%
- Malaysia: 40% - 100%

Foreign Shariah Fixed Income Securities: Up to 50%

Cash & Islamic Deposits: 0% - 60%

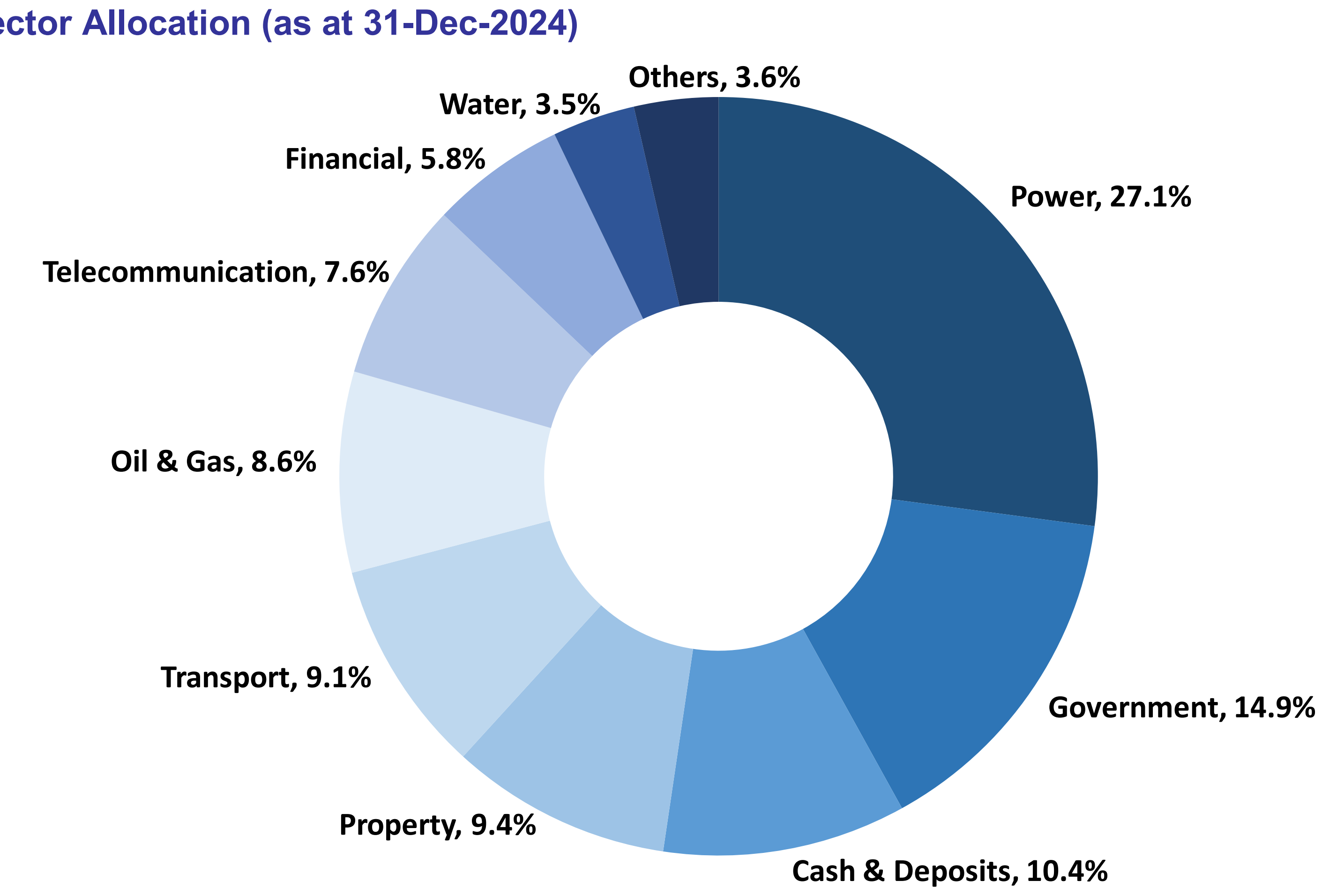
Fund Info (as at 31-Dec-2024)

Inception Date	13 December 2010	**NAV per unit (RM)**	2.184
Fund Size (RM mil)	159.4	**Risk Profile**	Low
Fund Manager	GELM Investment	**Management Fee**	0.50% p.a. on NAV
Valuation	Daily based on market prices	**Other Charges**	Nil

Top 5 Holdings (as at 31-Dec-2024)

Name	% of NAV
Yinson Holdings Bhd	8.3%
Government Investment Issue	7.8%
Sarawak Petchem Sdn Bhd	7.1%
Solar Management (Seremban) Sdn Bhd	6.3%
Petroleum Sarawak Exploration & Production Sdn Bhd	6.0%

Sector Allocation (as at 31-Dec-2024)



Fixed Income

Market Review

GII yields traded in a tight range in the final month of 2024. The 5 and 10-year Government Investment Issues (GII) both ended 3 bps higher in yield month-on-month while the 30-year was 1 bp lower. This was no small feat, considering that the 10-year US Treasury yield surged by 40 bps. The US Federal Open Market Committee meeting in December was decidedly hawkish in tone, which took markets by surprise. Even though the US Federal Reserve (Fed) cut rates by 25 bps, not only was there one member who voted against the cut but the economic projections showed that the committee expects higher inflation in 2025. Fed Chair Powell described labour conditions as having cooled, but still solid. This led markets to price in fewer cuts for 2025. In the lead up to the meeting, yields were already on an uptrend as there were indications of stalling progress on inflation - US consumer prices for November came in within expectations while the Producer Price Index exceeded forecasts.

Back home, Malaysia's sovereign rating was affirmed at BBB+ with a stable outlook by Fitch Ratings. 3-month KLIBOR rose by 11bps due to heightened year-end liquidity demand. Malaysia's Consumer Price Index (CPI) in November unexpectedly declined to 1.8% year-on-year (October: 1.9%). Higher inflation for food away from home and streaming services was offset by promotional pricing in the mobillione communication sector. Exports in November picked up to 4.1% year-over-year (Oct 24: +1.6%), likely influenced by preemptive activities ahead of potential tariffs when Donald Trump takes office. Manufacturing and agriculture exports drove the increase while mining was a drag. The Trump effect, coupled with the hawkish Fed, pushed USD higher and the MYR lost some ground after the year's gains to end 2024 just 2.72% stronger against the greenback.

Bank Negara Malaysia (BNM) made headlines with the cancellation of its 3-year GII auction, which originally scheduled for December 2024. This decision was initially met the optimism, as investors welcomed the smaller than expected auction of the 10-year MGS at RM2 billion (against the RM4.5 billion – RM5.5 billion range seen so far in 2024). This reduction in supply was interpreted by market as potential signal of a lower budget deficit. However, demand seen at the 10-year MGS auction was lacklustre with a bid-to-cover of 2.015x for that size. The 2025 auction calendar was announced, with higher issuance of government securities with longer maturities. We expect the impact of this to be minimal, given good demand among investors with long-dated liabillionities. Furthermore, there is a reduction in overall supply that reinforces the government's commitment to fiscal consolidation.

Private debt securities took their cue from govvies and trading volume was just a touch higher compared to November. A number of issuers came to market including Suria KLCC Sdn Berhad, Public Bank Berhad, WM Senibong Capital Berhad and Keyfield International Berhad.

Market Outlook

While Fixed Income investors in 2024 had rate cuts by key central banks (albeit uncertain in timing and magnitude) to look forward to, enthusiasm and trade positioning on rate cutting cycles seen in 2024 may not repeat in 2025. The year ahead poses more uncertainty than usual, largely due to an extraordinarily data dependent Fed, as well as the incoming Trump administration, for his known policies may be incongruous on some measures. While his stance on immigration and tariffs may be inflationary, his push for government efficiency and deregulation, and "drill, baby, drill" are not. Hence, higher inflation, a stronger USD and higher-for-longer yields are not necessarily a given. Geopolitics is again in the mix, with a number of conflicts still continuing.

Notwithstanding these, Malaysian fixed income should continue to benefit from the deep pockets of onshore investors and lower supply of government securities in 2025. Consensus does not expect any change in the Overnight Policy Rate. Even though next year could see upside risks to inflation due to higher wages, broadening of Sales and Services Tax and fuel subsidy rationalization, Bank Negara would likely want to be more supportive of growth, given the uncertainties that lie ahead.