Great Eastern Takaful Berhad
Universal Takaful Fund – Info Sheet and Market Commentary
As at 31 December 2024

Feature of Fund	
Inception Date	January 2019
Investment Objective	The fund aims to achieve medium to long-term capital appreciation by investing in a mixture of equities and fixed income securities with good fundamentals and growth potential. The fund only invests in Shariah-approved securities.
Investment Strategy & Approach	The fund invests in a mixture of equities and fixed income securities with good fundamentals and growth potential, and is actively managed with top-down approach and bottom-up approach. Top-down approach by adopting a disciplined macroeconomic framework to identify major turning points in global financial markets to determine long-term assets allocation decisions. Bottom-up approach in stock/sukuk selection process which relies on various factors including financial position, valuation, company or industry risks and prospects.
Asset Allocation	The fund invests a maximum of 95% in fixed income securities, and a maximum of 35% in Malaysian equities and foreign equities (up to 10%). The balance will be invested in liquid assets which include money market instruments and cash or cash equivalents.
Risk Profile	Medium
Fund Manager	Great Eastern Life Assurance (Malaysia) Berhad
Fund Size	RM 207.9 million
Valuation	Investment profit or loss will be calculated and distributed annually, after each financial year. Please refer to product certificate for the details of investment profit or loss.

Fund Performance and Benchmark

	2019*	2020	2021	2022	2023	2024	
						MTD	YTD
Performance	7.88%	3.97%	-0.24%	0.37%	6.90%	1.31%	7.06%
Benchmark	2.20%	4.08%	-0.49%	-1.25%	1.89%	1.30%	5.43%

Note:

- * Since inception
- The above are fund performance (net of tax) of underlying fund. **Past Performance of the fund is not an indication of its future performance.** This is strictly the performance of the fund, and not the returns earned on the actual contributions paid of the Universal Takaful product.
- Basis of Calculation of Past Performance :

  Time Weighted Rate of Return = $[(1+r_1) \times (1+r_2) \times (1+r_3)\ x \ldots (1+r_n) - 1]\ x\,(1-tax)$
  where r = rate of return
- The benchmark is a combination of following :

  25% FTSE Malaysia Emas Shariah Index (FBMS) + 75% 12mth Mudharabah Deposit - Hong Leong Bank
  Source: Bloomberg
- Investment profit or loss will be calculated and distributed annually, after each financial year.

Note:
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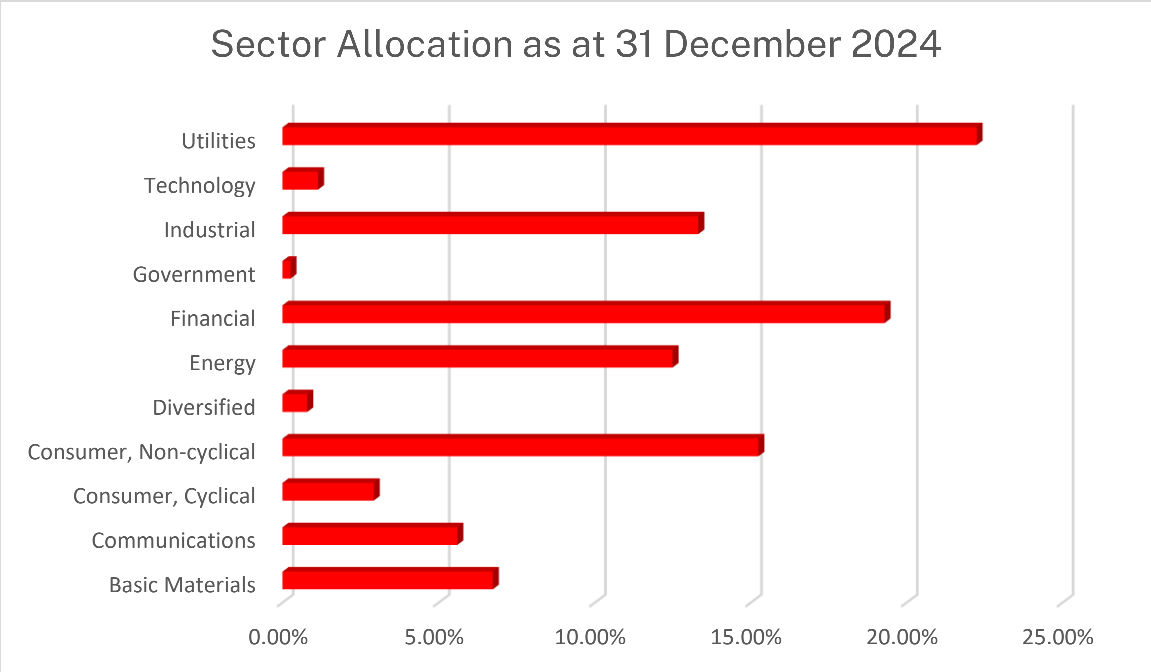
Top 5 Listings

	Equities	%		Fixed Income	%
1.	Gamuda Bhd	1.12	1.	Pengurusan Air Selangor Sdn Bhd	7.56
2.	SD Guthrie Bhd	0.94	2.	Petroleum Sarawak Exploration & Production Sdn Bhd	6.75
3.	Tenaga Nasional Bhd	0.88	3.	Pengurusan Air SPV Bhd	6.15
4.	IHH Healthcare Bhd	0.81	4.	Tenaga Nasional Bhd	4.31
5.	Press Metal Aluminium Holdings Bhd	0.73	5.	Westports Malaysia Sdn Bhd	4.13

Sector Allocation



Risk and Risk Management

Risk	Investment in the fund may subject to the following non-exhaustive list of risks: • **Market Risk** – refers to the risk of loss due to changes in underlying market risk factors such as, amongst others, interest rates movement, natural disaster, political turmoil. The fund performance may be susceptible to fluctuations due to economic factors, as well as market sentiments, and may vary depending on the outcome of one or more market factors. • **Liquidity Risk** – refers to the risk of loss when the fund is unable to meet their obligations at the reasonable cost or at any time. It also refers to the risk that the equities or assets cannot be traded quickly enough to prevent a loss. • **Credit Risk** – refers to the risk of loss when the issuer of a security fails to make timely payments of interest or principal repayment on the maturity date.

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	• **Inflation Risk** – refers to the risk of loss when the fund may not generate income at a rate that keeps pace with inflation. • **Currency Risk** – Currency risk refers to the risk of adverse movement in the currency exchange rates that may result in the certificate holder receiving lower return. • **Interest Rate Risk** – Interest rate risk refers to the risk of loss on interest-bearing assets, such as government bonds and corporate bonds when the interest rate fluctuates. In general, when interest rate rises, the value of bond will fall. **Note:** *The risks disclosed should not be considered as an exhaustive list of the risks, which potential certificate holders should consider before investing in the fund. Potential certificate holders should be aware that an investment in the fund may be exposed to other risks of exceptional nature from time to time.*
Risk Management	Risk is managed through the following: 1. Active management in response to market and economic conditions and 2. Portfolio diversification by investing in numerous stocks across different industries.
Other Info	
Target Market	The fund is suitable for investors with a medium-risk appetite and a medium to long-term investment horizon.

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Market Commentary – Bond Market	
Market Review	MGS yields traded in a tight range in the final month of 2024. The 3 and 10-year Malaysian Government Securities ("MGS") both ended 2 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 25bps, 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 mobile 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. Investors initially cheered the smaller than expected auction of the 10-year MGS at RM2 bil (against the RM4.5 bil – RM5.5 bil range seen so far in 2024). However, demand seen at the 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 liabilities. 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.

Market Commentary – Equity Market	
Stock Market Review	The KLCI increased 3.0% MoM to end at 1,642. MSCI MY outperformed MSCI APxJ by 4.4% in December (vs. November's 2.9%). MYR weakened 0.6% MoM at 4.47, while 10Y MGS increased 1bps to 3.82%. Meanwhile, Brent crude oil rose 2.3% MoM to US$75/bbl. Foreign equities recorded RM2.9bn net outflow in December 2024, compared to a net outflow of RM3.1bn in November 2024. Malaysia's bond market recorded -0.4% MoM net foreign outflow in November 2024. Foreign holdings of MGS decreased by RM1bn MoM to RM207bn, which is equivalent to 32.6% of total outstanding MGS. YTLP has rallied 30% MoM after the Malaysian Anti-Corruption Commission (MACC) cleared YTL Power's subsidiary of any wrongdoing in the 1BestariNet project investigations. Meanwhile, PPB Group declined -5.5% MoM on the back of the news that the company was fined by Malaysian Competition Commission (MyCC) for forming a price fixing cartel.
Stock Market Outlook and Strategy	As we move progress into 2025, a unified Republican government has been a positive environment for equities and there are a number of reasons to believe that this could be the case this time as well. The expected extension of the Tax Cuts and Jobs Act (TCJA), which is set to expire at the end of 2025, removes a major risk for US economic growth in the near term. This will lift growth prospects and earnings expectations. In addition, broad-based corporate tax hikes which could have been a topic in a different political setting are much more unlikely now. Furthermore, deregulation in sectors like finance and technology has the potential to add more fuel to the current bull market. While the overall environment remains attractive for equities, potential downsides should not be ignored either. Many of the announced policy measures are inflationary, especially given that the US economy is still growing above trend and the labor market remains relatively tight. Tariffs in particular have the potential to disrupt financial markets and weigh on investor sentiment. Both China and Europe have signalled a willingness to negotiate, so the potential disruption to global growth may prove to be less severe than many fear. Nevertheless, the risk of an extended period of trade friction and uncertainty could weigh on financial markets and the growth outlook. Particularly with regard to China, trade friction is only one topic. The strategic rivalry between China and US is likely to keep weighing on the bilateral relationship and is another potential disruptor for markets and the economy. Investors will be looking out for more stimulus measures in the coming months as China navigates President-elect Trump's expected tariffs. Market performance in 2024 was mixed for the ASEAN markets with Singapore's Strait Times Index, Malaysia's FBM KLCI and Philippines Composite Index posting returns (in local currency terms) of +16.9%, +12.9% and +1.2% respectively. The other markets posted negative returns. We believe ASEAN-4 nations (Indonesia, Malaysia, Singapore and Thailand) are likely to be exposed to the repercussions from changes in the US trade policy. One major concern is growing trade surpluses with the US which poses a risk to the exports.