Sun Life Malaysia
Asia Pacific Dynamic Income Fund
February 2022

Sun Life

FUND OBJECTIVE

The Fund aims to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	184.24 million units (28 February 2022)	Fund Size	RM302.88 million (28 February 2022)
Unit NAV	RM1.6439 (28 February 2022)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Asia Pacific Dynamic Income Fund
Benchmark	8% p.a.	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: ▪ Have a medium to long-term investment horizon ▪ Want a well-diversified portfolio of Asia Pacific ex Japan region ▪ Seek regular income ▪ Can accept that returns may fluctuate over the investment period	Fees	▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Asia Pacific Dynamic Income Fund. ▪ 1.8% pa of fund management charge is applied on the target fund's NAV by Principal Asset Management Bhd.

ASSET ALLOCATION OF THE TARGET FUND

Equities (Foreign)	Equities (Local)	Cash
91.18%	2.49%	6.33%

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SECTOR ALLOCATION OF THE TARGET FUND	
Information Technology	23.87%
Financials	15.93%
Consumer Discretionary	10.25%
Communication Services	9.24%
Energy	8.98%
Industrials	8.92%
Materials	8.27%
Health Care	6.25%
Real Estate	1.97%
Cash	6.33%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND	
Taiwan Semiconducter Manuf (Taiwan)	7.63%
Tencent Hldg Ltd (China)	5.18%
Samsung Electronics Co. Ltd (South Korea)	4.71%
Reliance Industries Ltd (India)	3.50%
Alibaba Group Holding Ltd (China)	3.05%
DBS Group Holdings Ltd (Singapore)	2.99%
CNOOC Ltd (China)	2.94%
AIA Group Ltd (Hong Kong)	2.88%
LG Chem Ltd (South Korea)	2.72%
Techtronic Industries Co (Hong Kong)	2.57%
Total	38.17%

PERFORMANCE RECORD

This fund feeds into Principal Asia Pacific Dynamic Income Fund ("target fund") with the objective to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

Table below shows the investment returns of Sun Life Malaysia Asia Pacific Dynamic Income Fund versus its benchmark as at 28 February 2022:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-4.04	-1.15	-7.10	-4.78	27.96	44.88	64.39
Benchmark	1.25	0.59	3.89	8.00	25.97	46.93	72.46

** 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.

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FUND MANAGER'S COMMENTS

The Fund was down 1.15% in MYR terms in Feb, underperforming the absolute return benchmark by 174bps. YTD, the Fund is down 4.04%, underperforming the absolute return benchmark by 529bps.

The MSCI AC Asia Pacific ex Japan Index further declined by 1.35% in USD terms in February, led by China and India while Thailand and Australia outperformed. The Russia-Ukraine conflict led to a market selloff and drove Brent oil above US$100/bbl. The consequences of roaring commodities prices for companies, inflation and end consumer demand are key issues for the market. However, these developments may not necessarily mean that the central banks will shift their focus or accelerate tightening in response to the geopolitical conflict. Persistently high oil prices means that inflation in the US stays elevated for longer. Hence these uncertainties are likely to continue to weigh on markets and volatility will ensue. For China, we expect policymakers to implement more meaningful measures to boost consumption and selective types of investment. Unlike the rest of the world, monetary conditions in China are easing. Our approach in China has been focused on stock specific ideas that are likely to benefit from regulatory tailwinds or sectors with drivers that are less dependent on macro. On the earnings front, Asia should print stronger in 2022 given the reopening of the economies and international borders. However, the rising energy and commodities prices could disrupt the economic recovery, and a drag on earnings. There is therefore a risk of more earnings downgrade if the current geopolitical situation prolongs. Other risks would be (1) policy mistake, (2) pace of monetary policy normalization and (3) renewed US and China tension. We are eutral on Asian equities over a 3-month horizon. Amidst the heightened volatility and risks, we are diversifying concentration of factors and reducing risks where appropriate. We will continue to focus on quality companies which have good earnings visibility, robust balance sheet, long term winners, market share gainers and those with pricing power to overcome cost pressures.

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RISKS

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

Stock specific risk	Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the target fund's NAV.
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. 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 or price of units to fall.
Liquidity risk	Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the target fund holds assets that are illiquid, or are difficult to dispose of, the value of the target fund will be negatively affected when it has to sell such assets at unfavourable prices.
Currency risk	As the investments of the target fund may be denominated in currencies other than the base currency of the target fund, any fluctuation in the exchange rate between the base currency of the target fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the target fund, this will have an adverse effect on the NAV of the target fund and vice versa. 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.
Credit and default risk	The target fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the target fund invests in debt securities, money market instruments and/or place deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers or counterparties may impact the value as well as liquidity of the investments. In the case of rated debt securities, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparty either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the target fund. Principal (S) aims to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

RISKS (CONTINUED)

Interest rate risk	Interest rate risk refers to the impact of interest rate changes on the valuation of debt securities. When interest rates rise, debt securities prices generally decline and this may lower the market value of the target fund's investment in debt securities. In managing the debt portfolio, Principal (S) takes into account the coupon rate and time to maturity of the debt securities with an aim to mitigate the interest rate risk.
Risk associated with investing in CIS	Since the target fund may invest entirely into CIS, there is a risk of concentration into CIS, in which the CIS's management company has absolute discretion over the CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the CIS and/or the management company, the NAV of the target fund, which invests into those CIS would be affected negatively. Should the situation arise, Principal (S) will seek for another CIS that is consistent with the objective of the target fund.
Risk of investing in emerging markets	In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the target fund's growth. Principal (S) will attempt to mitigate these risks through active asset allocation management and diversification, in addition to their continuous bottom-up and top-down research and analysis.

Source : Principal Asset Management Bhd
Date : 28 February 2022