

Sun Life Malaysia

Select Asia (ex Japan) Quantum Fund

November 2022



FUND OBJECTIVE

To achieve capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities.

FUND DETAILS

Launch Date	20 May 2014	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	19.01 million units (30 November 2022)	Fund Size	RM31.50 million (30 November 2022)
Unit NAV	RM1.6571 (30 November 2022)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad	Target Fund	Affin Hwang Select Asia (ex Japan) Quantum Fund
Benchmark	MSCI AC Asia (ex-Japan) Small Cap Index	Taxation	8% of annual investment income
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> Have a medium to long term investment horizon Are risk tolerance Are seeking higher returns for their investments compared to the performance benchmark 	Fees	<ul style="list-style-type: none"> Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Asia (ex Japan) Quantum Fund Up to 1.5% p.a. of fund management charge is applied on the target fund's NAV by AHAM Asset Management Berhad

ASSET ALLOCATION OF THE TARGET FUND

Equities	Cash
Minimum 70%; Max 100%	Remaining Balance

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SECTOR ALLOCATION OF THE TARGET FUND

Financials	25.9%
Industrials	22.3%
Consumer Discretionary	16.9%
Health Care	9.9%
Technology	5.4%
Consumer Staples	4.9%
Cash & Cash Equivalents	14.7%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

CSOP Hang Seng TECH Index ETF	7.9%
Shriram Transport Finance Co L	5.4%
Hainan Meilan Intl Airport Co	4.4%
Mitra Adiperkasa Tbk PT	4.3%
Yinson Holdings Berhad	3.5%
Ciputra Development Tbk PT	3.4%
Hugel Inc	3.3%
Security Bank Corp	3.2%
Morimatsu Intl Hldings Company	3.0%
Novo Tellus Alpha Acquisition	3.0%
Total	41.4%

PERFORMANCE RECORD

The Fund feeds into Affin Hwang Select Asia (ex Japan) Quantum Fund (“target fund”) with the objective of achieving capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities with market capitalization of not more than USD1.5 billion at the time of investment. However, the target fund would also have an option to invest into companies with a market capitalization of not more than USD3.0 billion at the time of investment, which will be capped at no more than 30% of the Net Asset Value (NAV) of the target fund.

Table below shows the investment returns of Sun Life Malaysia Select Asia (ex Japan) Quantum Fund versus its benchmark as at 30 November 2022:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-4.96	8.64	0.61	-6.46	37.50	24.36	65.71
Benchmark	-16.57	5.45	-8.37	-14.83	26.30	5.05	47.89

* 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

- US equities climbed higher as tentative signs of inflation peaking and dovish commentary from the US Federal Reserve (Fed) spurred gains. The S&P 500 index climbed 5.4% as core CPI came below consensus forecasts fuelling hopes that the Fed would start to pause its tightening cycle. The tech-heavy Nasdaq gauge similarly rose 4.4% in November as bond yields fell.
- The broader MSCI Asia ex-Japan soared 18.7% as the US dollar weakened. China stocks rallied with the Shanghai Shenzhen CSI 300 index up 9.8% buoyed by reopening optimism.
- Beijing announced several new measures to tweak its strict zero-COVID strategy. These include an adjustment of categorisation of COVID risk areas in a bid to minimise the number of people caught up in control measures. Authorities also shortened the quarantine period and will also end its policy to identify "secondary" close contacts.
- China regulators also told financial institutions to extend more support to property developers to shore up the country's property sector. According to media reports, the PBOC CBIRC outlined 16 steps to support the industry, including loan repayment extensions. The stimulus measures are expected to boost support and provide liquidity in China's property sector which makes up a significant chunk of China's economy. It will be important to also see demand recover and consumer confidence improve which is now supported by looser COVID restrictions.

STRATEGY:

- Growth and earnings remain the biggest challenge, hence we are not completely out of the woods. US earnings expectation looks set to fall further, while valuations will need to come off more before the market looks attractive. Meanwhile, China is set to gradually re-open, which is positive for growth. Valuation is attractive but the recovery will take time. Both Korea and Taiwan have de-rated and growth concerns are looking priced-in.
- We would continue to seek and hold stocks with the Quality Growth at Reasonable Price characteristic. These stocks offer an ideal balance of long term growth prospects, thematic relevance and digestible valuations, though there may be short-term headwinds.
- The fund's invested level was reduced to 85% as the Fund saw cash inflows, which we will look to deploy. We look to continue adding to positions in HK/China given attractive valuations and potential reopening.
- Over the month, we also added to structural growth names and reopening beneficiaries in China, including an online community platform provider and a sportswear brand. We trimmed some stock holdings to take profit, including in positions in a Singapore listed shipbuilder and an Australian marginal oil producer.

RISKS

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

Market risk	Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the target fund's NAV.
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.
Credit and default risk	Credit risk relates to the creditworthiness of the issuers of the debentures or money market instruments (hereinafter referred to as "investment") and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers may impact the value as well as liquidity of the investment. In the case of rated investment, this may lead to a credit downgrade. Default risk relates to the risk of an issuer of the investment either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the target fund.
Interest rate risk	This risk refers to the impact of interest rate changes on the valuation of debentures or money market instruments (hereinafter referred to as "investment"). When interest rates rise, the investment prices generally decline and this may lower the market value of the investment. The reverse may apply when interest rates fall.
Warrants investment risk	The value of the warrants will depend on the pricing of the underlying security, whereby the growth and performance prospect of the underlying security would consequentially affect the value of the warrants. In addition, the value of the warrants may decrease exponentially as the warrants approach its maturity date and the potential gains from a favourable price movement of the underlying security may be offset by aggressive time decay. We may consider unwinding these warrants if there are material adverse changes to its value with the aim to mitigate the risk.
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 prices of units to fall.

RISKS (CONTINUED)

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

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.

Currency risk at the target fund level

The impact of the exchange rate movement between the base currency of the target fund and the currency of the underlying investments (other than in MYR) may result in a depreciation of the value of the investments as expressed in the base currency of the target fund.

Regulatory risk

The investments of the target fund would 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, the fund manager seeks to continuously keep abreast of regulatory developments (for example, by closely monitoring announcements on regulators' website and mainstream media) in that country. The fund manager may dispose its investments in that particular country should the regulatory changes adversely impact the policy owners' interest or diminish returns of the target fund.

Source : AHAM Asset Management Berhad

Date : 30 November 2022

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 premiums 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.