

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	106.74 million units (31 December 2019)	Fund Size	RM149.27 million (31 December 2019)
Unit NAV	RM1.3985 (31 December 2019)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Asia Pacific Dynamic Income Fund
Benchmark	Target return of 8% p.a.	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> ▪ Have a medium to long-term investment horizon ▪ Want a well-diversified portfolio of Asia Pacific ex Japan region ▪ Willing to take moderate risk for potentially moderate capital return over the long-term 	Fees	<ul style="list-style-type: none"> ▪ 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)	Cash
97.16%	2.84%

SECTOR ALLOCATION OF THE TARGET FUND

Financials	20.82%
Information Technology	18.57%
Consumer Discretionary	11.78%
Real Estate	11.24%
Industrials	10.22%
Materials	9.95%
Communication Services	7.62%
Energy	4.00%
Health Care	1.49%
Utilities	1.47%
Cash	2.84%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND

Samsung Electronics Co. Ltd (South Korea)	6.31%
Taiwan Semiconductor Manuf (Taiwan)	6.25%
HDFC Bank Ltd (India)	3.80%
Tencent Hldg Ltd (Hong Kong)	3.77%
AIA Group Ltd (Hong Kong)	3.72%
Alibaba Group Holding Ltd (Cayman Island)	3.49%
Ping An Insurance Group Co. (China)	2.97%
Techtronic Industries Co. (Hong Kong)	2.41%
Reliance Industries Ltd (India)	2.37%
Largan Precision Co. Ltd (Taiwan)	2.27%
Total	37.36%

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 31 December 2019:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	15.20	2.73	5.26	2.82	15.20	30.30	39.85
Benchmark	8.00	0.64	1.94	3.92	8.00	25.97	46.00

* 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

The Fund was up 2.73% in MYR terms in Dec. YTD, the Fund has gained 15.20% or 720bps above the absolute return benchmark. Sector wise, Information Technology contributed positively while Industrials was a drag.

MSCI Asia Pacific ex Japan equities ended the year well, recording a return of more than 15% in USD terms for the year 2019. Asian equities enter the year 2020 with supportive macro tailwinds. Economic growth in Asia is bottoming and some macro risks have receded, such as a trade agreement between US & China is likely in January, the Conservatives won the UK election and the US-Mexico-Canada trade agreement was approved in December. We expect global economic growth to accelerate in the coming quarters as global manufacturing PMI bottoms, due to (i) lagged impact from the monetary stimulus of the past year when Asian central banks and the Fed cut policy rates ranging from 25bps to more than 100bps, (ii) the end of inventory de-stocking, (iii) China's significant and continued fiscal and credit-creation stimulus, (iv) technology-led upcycle with increased capex in 5G, industrial upgrade, new automotive applications, and smartphones. With global growth improving and already accommodative monetary policies, there will be a pause in monetary easing across the G3 space. While Asian Central Banks are likely to remain dovish, this translates to less policy space to cut further. In our opinion, the policy mix will shift towards more fiscal easing especially in countries like China and India. We have a positive view on Asian equities as EPS forecast revision has stabilized and growth is improving (+9-10% EPS growth vs 1% in 2019). The portfolio remains fully invested and we would be looking for opportunities in industrials, technology, materials and consumer discretionary. Our least preferred sectors continued to be utilities and consumer staples.

Source : *Principal Asset Management Bhd*

Date : *31 December 2019*

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.