

FUND OBJECTIVE

A total return fund that seeks to capture the high growth of developing companies within the Asia (ex-Japan) region.

FUND DETAILS

| | | | |
|----------------------|---|--------------|---|
| Launch Date | 20 May 2014 | Domicile | Malaysia |
| Currency | Ringgit Malaysia | Launch Price | RM1.0000 |
| Units in Circulation | 14.372 million units (31 July 2018) | Fund Size | RM17.220 million (31 July 2018) |
| Unit NAV | RM1.1982 (31 July 2018) | Dealing | Daily (as per Bursa Malaysia trading day) |
| Fund Manager | Affin Hwang 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 | Suitable for investors: <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 | Management Fee: 1.500% p.a. |

ASSET ALLOCATION OF THE TARGET FUND

| | |
|-------------------------|-------------------|
| Equities | Cash |
| Minimum 75%; Max 99.80% | Remaining Balance |

SECTOR ALLOCATION OF THE TARGET FUND

| | |
|-------------------------|--------|
| Financials | 28.7% |
| Oil & Gas | 13.1% |
| Technology | 9.4% |
| Consumer Services | 6.0% |
| Industrials | 5.0% |
| Basic Materials | 4.5% |
| Healthcare | 4.2% |
| Utilities | 3.5% |
| Consumer Goods | 1.9% |
| Cash & Cash Equivalents | 23.6% |
| Total | 100.0% |

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

| | |
|--------------------------------|------|
| China Aviation Oil Sg Corp Ltd | 5.5% |
| MNRB Holdings Bhd | 4.0% |
| KPJ Healthcare Bhd | 3.9% |
| Sinopec Kantons Holdings Ltd | 3.6% |
| Allianz Malaysia Berhad | 3.6% |
| CITIC Envirotech Ltd | 3.5% |
| ATA IMS Bhd | 3.1% |
| Manulife US REIT | 3.0% |
| Aeon Credit Service M Bhd | 2.9% |
| Frasers Logistic & Indus Trust | 2.8% |

PERFORMANCE RECORD

The Fund feeds into Affin Hwang Select Asia (ex Japan) Quantum Fund (“target fund”) with the objective to achieve consistent capital appreciation over medium to long-term by investing mainly in growth companies in Asia (ex Japan) with market capitalization of not more than USD1.5 billion at the time of acquisition, subject to the flexibility of investing up to 25% of the Net Asset Value (NAV) of the Fund in companies in Asia (ex Japan) with market capitalization of not more than USD3.0 billion at the time of acquisition.

Table below shows the investment returns of Sun Life Malaysia Select Asia (ex Japan) Quantum Fund versus its benchmark as at 31 July 2018.

| % | YTD | 1M | 3M | 6M | 1-Year | 3-Year | Since Inception |
|------------------|------|-----|------|-------|--------|--------|-----------------|
| Fund* | -9.6 | 0.1 | -2.9 | -11.6 | -13.7 | 15.2 | 19.8 |
| Benchmark | -8.5 | 0.1 | -4.7 | -9.7 | -3.7 | 14.3 | 30.1 |

* 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

- Markets stayed volatile in July as trade tensions between the US and other major economies continue, with trade tariffs now in effect while more has been announced.
- A sharp depreciation of the Chinese Yuan dragged regional Emerging Markets (EM). An index of Asian currencies against the USD was down 3.80% YTD.
- This was seen to impact China's economic activities, with the PMI for July falling to 51.2 from 51.5 in June, which is also lower than analyst estimates of 51.3.
- Regional equity indices closed marginally higher in July as the foreign selling of EM assets eased, with the bulk of inflows going into Korea, Thailand and Taiwan. The MSCI Asia ex Japan index was up by 0.34%.
- Results season in Asia was muted with earnings disappointment of up to 10%. Industrials and telco were the biggest detractors, missing estimates by up to 40%.
- Valuations for Asia ex-Japan equities have been reverting to a 15 year average, but earnings may be at risk if the growth slowdown has further to go.
- The Fund recorded a gain of 0.12% in the month of July, while its benchmark index rose 0.09% over the same period.

FUND MANAGER'S COMMENTS (CONTINUED)

- **STRATEGY:** Asian markets stabilized post the June sell off on the back of incrementally better policy news from China.
- Markets will likely trade range bound as economic data will likely worsen before it gets better. Investors will also stay on the sidelines to see how the trade friction will pan out.
- However, both sentiments and valuations are no longer at elevated levels. Foreign investors have turned net buyers of Asian equities for the first time in 5 months.
- We remain defensive as growth headwinds remain. We still see room for earnings to be adjusted downwards, though a recession is not in our base case.
- Hence, although we have increased equity exposure, the Fund will still be holding on to around 20% - 30% cash. We have been adding to names within the cement, property and financial sectors.
- We will continue to look for opportunities to pick up selective high quality stocks at more attractive valuation.

Source : *Affin Hwang Asset Management Berhad*
Date : 31 July 2018

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.