

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	13.886 million units (31 December 2018)	Fund Size	RM14.563 million (31 December 2018)
Unit NAV	RM 1.0488 (31 December 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	<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. fund management charge is applied on the target fund's NAV by Affin Hwang Asset Management Berhad

ASSET ALLOCATION OF THE TARGET FUND

Equities	Cash
Minimum 70%; Max 100%	Remaining Balance

SECTOR ALLOCATION OF THE TARGET FUND

Financials	24.0%
Basic Materials	11.9%
Consumer Goods	9.8%
Oil & Gas	8.9%
Health Care	5.0%
Consumer Services	4.2%
Industrials	2.6%
Technology	1.7%
Utilities	0.8%
Cash & Cash Equivalents	31.1%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Guan Chong Bhd	5.0%
KPJ Healthcare Berhad	5.0%
Sinopec Kantons Holdings Ltd	4.7%
Regis Resources Ltd	4.6%
ATA IMS Bhd	4.3%
Aeon Credit Service M Bhd	3.8%
YTL Hospitality REIT	3.3%
CapitaLand Retail China Trust	3.3%
Value Partners Group Ltd	3.2%
Allianz Malaysia Berhad	2.9%

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 December 2018.

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	-20.90%	-3.00%	-8.90%	-12.40%	-20.90%	-2.80%	4.90%
Benchmark	-19.27%	-3.13%	-8.90%	-11.67%	-19.27%	-4.69%	14.80%

***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

- Regional markets declined in December as the market rally over trade truce between US and China was short-lived, with MSCI Asia ex Japan Index down by 3.1%.
- US Federal Reserve raised interest rates for the fourth time in the year in December FOMC meeting despite pressure from US president Donald Trump, albeit tilted towards a more dovish tone.
- Crude oil prices stabilized in the month as demand may recover amid progresses in trade talks, while the assurance by OPEC to manage oil production by stabilize supply.
- Passive flows into Emerging Markets and Asia continued in December, reversing the trend of outflows in the earlier months.
- People’s Bank of China (PBOC) expressed intention of maintaining a supportive monetary policy as the economy faces headwinds from deleveraging and trade uncertainties.
- South Korea’s exports fell by 1.2% in December, while shipment to China fell by almost 14%, showing sign that a slowdown in China and the fallout of the trade war between Beijing and the US are hitting other regional economies.

FUND MANAGER'S COMMENTS (CONTINUED)

- **STRATEGY:** Moving forward, market will shift its attention towards growth rate globally, as we approach the end of late-cycle.
- Trade will likely remain an overhang of markets in 2019, though we see a clear resolve by both US and China to reach an amicable deal by the end of the 90-day truce period.
- A pause to the Fed interest rate trajectory could lend to a reprieve in Emerging Markets as US growth moderates and the dollar strength starts to wane.
- Though, from a fundamentals standpoint we are conscious of continued downward earnings revision in a lackluster reporting year.
- Although valuations within Asia ex-Japan have come down to more palatable levels, we need to see earnings stabilize to justify valuation multiples and provide a catalyst for buying.
- On portfolio positioning, we look to gradually increase our market exposure on a selective basis and keep a moderate level of cash.
- We are positioning the portfolio with value companies, which would benefit from a potential turn in market sentiments, given that investment position has been light with large amount of cash currently on the sidelines.

Source : Affin Hwang Asset Management Berhad
Date : 31 December 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.