

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	106.25 million units (28 February 2020)	Fund Size	RM142.37 million (28 February 2020)
Unit NAV	RM1.3401 (28 February 2020)	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
91.65%	8.35%

SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	18.16%
Financials	16.29%
Materials	11.77%
Consumer Discretionary	10.38%
Industrials	10.36%
Real Estate	9.64%
Communication Services	8.20%
Energy	3.48%
Health Care	1.79%
Utilities	1.56%
Cash	8.35%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND

Samsung Electronics Co. Ltd (South Korea)	5.77%
Taiwan Semiconductor Manuf (Taiwan)	5.22%
Tencent Hldg Ltd (Hong Kong)	4.96%
Alibaba Group Holding Ltd (Cayman Island)	3.78%
AIA Group Ltd (Hong Kong)	3.71%
HDFC Bank Ltd (India)	3.55%
Techtronic Industries Co.	2.74%
China Resources Land Ltd (Hong Kong)	2.57%
Reliance Industries Ltd (India)	2.36%
Largan Precision Co. Ltd (Taiwan)	2.28%
Total	36.94%

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 2020:

%	YTD	1M	6M	1-Year	3-Year	5-Year	Since Inception
Fund*	-4.18	-1.63	2.02	4.31	18.10	33.74	34.01
Benchmark	1.29	0.64	3.92	8.00	25.97	46.93	47.88

* 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 down 1.63% in MYR terms in Feb, underperforming the absolute return benchmark by 227bps. Sector wise, Materials and Financials were the main drags, whilst Communication Services contributed positively.

The month of February saw rising uncertainty as the COVID-19 spread to the rest of world. Asset prices have adjusted very quickly and steeply, as MSCI AC Asia Pacific ex Japan Index fell 4.4% in USD terms. Stock markets are expected to face heightened volatility as it is currently unclear how severe the Covid-19 outbreak is in the US and Europe, and whether the affected countries would be able to enact policies to effectively contain the outbreak. Should the US situation deteriorate and economic activity see significant negative impact, earnings for Asian companies would have to be further adjusted downwards to account for the demand destruction. Our current assumption is that the viral outbreak in the developed world would be well contained, with new confirmed cases peaking in a matter of months. Overall, we are monitoring risks such as: i) the spread of Covid-19 to developed markets; ii) the magnitude and duration of demand slowdown, iii) impact of the drop in oil and equity markets on credit markets and bank loan asset quality, iv) potential funding tightness. Consensus Asia Pac ex-Japan earnings growth is likely to be revised down from 13% to 6-8% in 2020. With major central banks planning on coordinated easing of interest rates, coupled with increasingly aggressive expansion of balance sheets, the liquidity back-drop for Asian equities would be very favorable. Hence, we remain positive on Asian equities on a 12-month horizon. Pull-backs on virus-related fears should be seen as buying opportunities to accumulate quality companies with strong business moats and earnings visibility. We favour countries which we expect to come out of the crisis sooner like China & Singapore, while reducing exposure to companies that have significant exposures to the West where the wave of infections is only beginning and financials. On a sector basis, we prefer technology, Chinese internet companies, cement, and REITs.

Source : *Principal Asset Management Bhd*

Date : *28 February 2020*

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.