

Sun Life Malaysia

Select Asia (ex Japan) Quantum Fund

March 2023



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	18.68 million units (31 March 2023)	Fund Size	RM32.38 million (31 March 2023)
Unit NAV	RM1.7333 (31 March 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad (FKA Affin Hwang Asset Management Berhad)	Target Fund	AHAM Select Asia (ex Japan) Quantum Fund (FKA 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

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

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SECTOR ALLOCATION OF THE TARGET FUND

Consumer Discretionary	24.30%
Financials	21.60%
Health Care	17.10%
Industrials	15.00%
Technology	8.70%
Consumer Staples	3.30%
Others	2.00%
Cash & Cash Equivalents	8.00%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hainan Meilan Intl Airport Co	4.90%
Hugel Inc	4.60%
Xtep International Holding Ltd	4.00%
IShares Hang Seng TECH ETF	3.70%
Cebu Air Inc	3.60%
Peijia Medical Limited	3.40%
Tam Jai International Co Ltd	3.30%
AK Medical Holdings Ltd	3.10%
Ciputra Development Tbk PT	3.10%
Medlive Technology Co Ltd	3.00%
Total	36.70%

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 31 March 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	2.40	-0.23	11.39	5.25	67.73	39.05	73.33
Benchmark	4.49	-0.68	7.41	-8.69	63.73	12.76	52.15

* 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 recovered in March as investors heaved a sigh of relief over the collective policy response by global central banks to prevent a banking crisis. The S&P 500 index rose 3.51% as US regulators rushed to the rescue of Silicon Valley Bank, while Swiss regulators orchestrated a rescue merger between UBS and Credit Suisse to prevent the latter's collapse.
- In Asia, the MSCI Asia ex Japan index rose 3.29% on the back of growing expectations that the Fed's tightening cycle is approaching its tail-end, which has led to lower bond yields and the US dollar strength weakening which is providing tailwinds to Asian equities.
- Banks in Asia are also not expected to be impacted significantly from the banking turmoil in the West as they remain well capitalised with excess buffers. They may even benefit from the decline in bond yields. Moreover, positive spillover effects from China's full reopening would continue to anchor growth in the region.
- Investors also took positive cues from two back-to-back conferences that took place in China over the week. These were the Boao Forum as well as the China Development Forum where the Chinese Premier Li Qiang gave encouraging signals of its market-friendly policies. The MSCI China index ended 4.50% higher in March.
- China concluded its annual National People's Congress where China set a GDP target of around 5% for 2023, which came in at the lower end of market consensus. In his work report, outgoing Premier Li Keqiang emphasised the need for economic stability and warned that risks remain in the real estate sector. China also reappointed the People's Bank of China Governor and the finance minister in a move to signal policy continuity and an emphasis on stability.

STRATEGY:

- The probability of a sharper slowdown in US has risen on the back of tighter financial conditions. We are mindful that this presents downside risk to Asia as well, despite relatively stronger growth expectations. We prefer Asian markets for more attractive valuation and stronger growth supported by China's reopening. We remain overweight on the Hong Kong and Chinese markets.
- 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.
- We exited a position in a Chinese toll road operator given elevated capex requirement, a position in a US-listed business process outsourcing service provider, and a position in a leading Indonesian fashion retailer. Added to existing position in a Chinese sportswear brand and a Chinese innovative medical device manufacturer.
- The Fund's invested level was reduced to 92%, following the aforementioned selling. We look to maintain some cash buffer as we remain cognizant of prevailing risks i.e. recession, monetary tightening and earnings.

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 : 31 March 2023

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.