

# Sun Life Malaysia

## Select Asia (ex Japan) Quantum Fund

April 2024



### 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	16.59 million units (30 April 2024)	Fund Size	RM27.28 million (30 April 2024)
Unit NAV	RM1.6442 (30 April 2024)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM 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	Suitable for investors: <ul style="list-style-type: none"><li>Have a medium to long term investment horizon</li><li>Are risk tolerance</li><li>Are seeking higher returns for their investments compared to the performance benchmark</li></ul>	Fees	<ul style="list-style-type: none"><li>Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Asia (ex Japan) Quantum Fund</li><li>Up to 1.5% p.a. of fund management charge is applied on the target fund's NAV by AHAM Asset Management Berhad</li></ul>

### ASSET ALLOCATION OF THE TARGET FUND

Equities	Cash
Minimum 70%; Max 100%	Remaining Balance

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

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## SECTOR ALLOCATION OF THE TARGET FUND

Technology	24.60%
Consumer Discretionary	17.40%
Health Care	17.00%
Industrials	14.50%
Financials	10.30%
Basic Materials	6.20%
Consumer Staples	2.70%
Others	2.90%
Cash & Cash Equivalent	4.40%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	8.0%
Eugene Technology Company Ltd	5.8%
Medlive Technology Co Ltd	5.0%
GT Capital Holdings Inc	4.9%
Formosa Sumco Technology Corp	4.7%
Andes Technology Corporation	4.4%
Zhihu Inc	4.3%
Hiap Teck Venture Berhad	4.0%
Aeon Credit Service M Bhd	3.9%
Frontken Corp Bhd	3.9%
<b>Total</b>	<b>48.90%</b>

## PERFORMANCE RECORD

The Fund feeds into AHAM 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 30 April 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	-1.48	1.71	-1.72	-2.24	-13.84	37.65	64.42
<b>Benchmark</b>	6.89	3.61	17.14	25.55	13.73	54.94	93.00

\* 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.**

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## FUND MANAGER'S COMMENTS

- April was a challenging month for US equities, with the S&P 500 index falling sharply by 4.20% due to high inflation and weak GDP data. The consumer price index (CPI) rose by 3.50% y-o-y, exceeding expectations, while the core personal consumption expenditures (PCE) price index increased to 2.80%. Meanwhile, 1Q'2024 GDP growth was 1.60%, significantly below the projected 2.40%. Despite these headwinds, strong earnings from tech giants like Alphabet, Meta, and Microsoft, driven by AI investments, provided some support to the market.
- Tensions in the Middle East escalated after an Israeli strike on Iran, but the likelihood of a direct military confrontation remains low due to regional constraints and the domestic challenges faced by Iran, Israel, and the US.
- In Asia, the MSCI Asia ex-Japan index gained 1.10%, led by strong performances in Hong Kong (+7.40%) and China (+6.40%). China's GDP grew by 5.30% in 1Q'2024, surpassing expectations, with potential stimulus measures boosting investor confidence.
- The Malaysian benchmark KLCI index rose by 2.60%, while the FBM Small Cap index climbed by 3.40%, reflecting stronger local risk appetite. The Employees Provident Fund (EPF) introduced Account 3 (Flexible Account), allowing flexible withdrawals estimated at RM20-30 billion in the first year. Meanwhile, the 10-year Malaysian Government Securities (MGS) yield rose to 3.85% in line with higher US Treasury yields. Headline inflation remained steady at 1.80%, while core inflation eased to 1.70%.

### STRATEGY:

- Over the month, the Fund Return 1.9% against the benchmark of 3.6%, where underweight in India detracted the fund performance against the benchmark.
- Main contributor of the month came from India, South Korea and China; with South Korea's Hugel continued to perform YTD as they report better than expected results.
- India overall performed over the month as their domestic growth story continues to rally the market.
- China performance was overall positive as well, as potential stimulus measures hinted by the government provided some confidence to the market, driving the rally in April.
- Tech heavy Taiwan detracted for the month, as higher for longer interest rates environment affected some of the interest rates sensitive stock names.
- The same was said for Philippines as GT Capital detracted with their Auto Sales division are sensitive to interest rates environments, and their Banking division potentially facing margin compression from higher funding costs.
- Manager will continue to maintain the China + HK positions, while continue to add some Technology exposure.
- Further stimulus by China Government is needed to recover the property market, however – with potential stimulus measures hinted by their regulators provided some confidence to the market.
- No change on India strategy, manager continue to like the space, but valuation is still expensive.
- Cash level decreased to 4.3%, as manager deployed cash into Memory sector like Soul Brain from South Korea.

**RISKS**

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<b>Market risk</b>	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.
<b>Stock specific risk</b>	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.
<b>Credit and default risk</b>	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.
<b>Interest rate risk</b>	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.
<b>Warrants investment risk</b>	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.
<b>Country risk</b>	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 : 30 April 2024

#### 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.