Sun Life Malaysia
Asia Pacific Dynamic Income Fund
September 2019

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	105.79 million units (30 September 2019)	Fund Size	RM140.56 million (30 September 2019)
Unit NAV	RM1.3286 (30 September 2019)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	CIMB-Principal Asia Pacific Dynamic Income Fund
Benchmark	Target return of 8% p.a.	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: ▪ 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	▪ 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
85.07%	14.93%

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SECTOR ALLOCATION OF THE TARGET FUND	
Financials	16.78%
Real Estate	16.58%
Information Technology	11.46%
Industrials	10.85%
Communication Services	9.86%
Consumer Discretionary	9.10%
Energy Materials	3.79%
Materials	3.65%
Utilities	1.76%
Health Care	1.24%
Cash	14.93%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND	
Samsung Electronics Co. Ltd (South Korea)	5.51%
Taiwan Semiconducter Manuf (Taiwan)	5.11%
HDFC Bank Ltd (India)	3.80%
AIA Group Ltd (Hong Kong)	3.00%
Ascendas Real Estate Inv Trust (Singapore)	2.83%
FRASERS LOGISTICS & INDUSTRI (Singapore)	2.81%
CapitaLand Mall Trust (Singapore)	2.65%
Tencent Hldg Ltd (Hong Kong)	2.35%
Reliance Industries Ltd (India)	2.16%
Westpac Banking Corp (Australia)	2.13%
Total	32.35%

PERFORMANCE RECORD

This fund feeds into CIMB-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 30 September 2019:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	9.44	1.14	-2.32	1.10	0.48	23.50	32.86
Benchmark	5.94	0.64	1.94	3.92	8.00	25.97	43.21

** 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.

Sun Life Malaysia Assurance Berhad (197499-U)
Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur
Telephone (603) 2612 3600 Facsimile (603) 2698 7035 Client Careline 1300-88-5055 sunlifemalaysia.com

FUND MANAGER'S COMMENTS

The Fund was up 1.14% in MYR terms in September. YTD, the Fund has gained 9.44% or 350bps above the absolute return benchmark. Sector wise, Information Technology and Financials contributed positively while Materials were a drag on performance.

Asia Pacific ex-Japan equities rose +1.8% in USD terms in Sep 19 as US and China toned down their trade war rhetoric and investors looked forward to further rate cuts from central banks. Technology stocks benefitted from better-than-expected iPhone sales and reports of hyper-scalers resuming purchase of semiconductors. Consequently, Korea and Taiwan were the best performing markets of the month. The Indian market received a boost when the government announced a slew of fiscal stimulus aimed at reviving investments and capital spending. The key uncertainty for Asia rests in the trajectory of economic growth in the coming quarters. While global growth continues to slow as evidenced in the PMI readings, central banks in developed markets and Asia have been able to cut interest rates in the absence of inflation. Furthermore, several Asian governments, including China, India and Thailand are putting in place fiscal stimulus to provide downside support to their economies. The upcoming meeting between officials from US and China would set the tone for trade and economic outlook for the next year. We expect Asian currencies to be stable in the next few months. Pressure from a higher USD is likely to recede with slowing momentum in the US economy and expectations that the Fed would ease by another 50 bps within the next 4 months. In terms of valuation, Asian Pacific ex Japan equity is trading at 12m forward PER of 13.3x which is slightly expensive versus 5 year average of 12.8x. FY2020 consensus earnings growth expectation of 11.7% yoy would be at risk if US-China trade issues are not resolved. We rate Asian equities a HOLD as dovish central banks stand ready to mitigate economic and geopolitical downsides with supportive policies. The current environment requires equity investors to focus on capital preservation and prudent allocation. We intend to judiciously deploy cash towards investment opportunities that may arise on market correction. On country allocation, we still prefer Singapore for the attractive dividends in REITs and industrials, and Indonesia where the secular growth theme remains strong. Our least preferred sectors are utilities and consumer staples.

Source : Principal Asset Management Bhd
Date : 30 September 2019