

Sun Life Malaysia

Asia Pacific Dynamic Income Fund

December 2024



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.

INVESTMENT STRATEGY & APPROACH

Please refer to the Master Fund Fact Sheets at <https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/> for more information on the Investment Strategy and Approach for the target fund.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	193.32 million units (31 December 2024)	Fund Size	RM319.96 million (31 December 2024)
Unit NAV	RM1.6551 (31 December 2024)	Target Fund	Principal Asia Pacific Dynamic Income Fund - Class MYR
Fund Manager	Principal Asset Management Bhd	Taxation	8% of annual investment income
Performance Benchmark	8% p.a	Frequency and Basis of Unit Valuation	The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund
Target Market	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 Seek regular income Can accept that returns may fluctuate over the investment period 	Fund Management Charge	<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 Up to 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	Collective Investment Schemes (CIS)	Liquid assets
Minimum 60% and up to 98% of Net Asset Value (NAV)	Maximum 20% of NAV	Minimum 2% of NAV

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SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	22.95%
Financials	14.63%
Consumer Discretionary	13.51%
Industrials	12.65%
Others	7.23%
Communication Services	7.03%
Mutual Fund	6.67%
Real Estate	6.44%
Health Care	4.30%
Cash	4.59%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Taiwan Semiconductor Manufacturing (Taiwan)	10.16%
Tencent Holdings Ltd (Hong Kong)	5.56%
Hitachi Ltd (Japan)	4.01%
NEXT FUNDS TOPIX Banks ETF (Japan)	3.30%
AIA Group Ltd (Hong Kong)	3.22%
Goodman Group (Australia)	2.98%
Contemporary Amperex Technology (China)	2.75%
ICICI Bank Ltd (United States)	2.73%
DBS Group Holdings Ltd (Singapore)	2.59%
E Ink Holdings Inc (Taiwan)	2.55%
Total	39.85%

PERFORMANCE RECORD

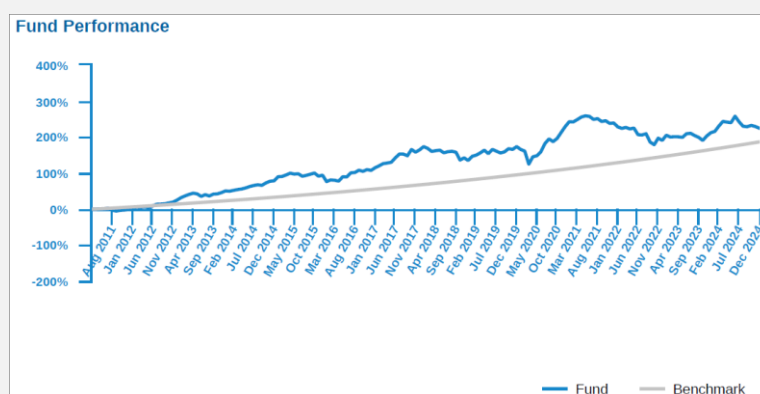
This fund feeds into Principal Asia Pacific Dynamic Income Fund - Class MYR ("target fund") with the objective to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

Table below shows the investment returns of Sun Life Malaysia Asia Pacific Dynamic Income Fund versus its benchmark as at 31 December 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	3.92	-1.28	-8.62	3.92	-3.39	18.35	65.51
Benchmark	8.00	0.65	3.94	8.00	25.97	46.93	114.43

* Calculation of past performance is based on NAV-to-NAV

Graph below shows the historical performance of the underlying collective investment schemes (CIS) for calendar year returns:



Source: Lipper

FUND MANAGER'S COMMENTS

The Fund was down 1.28% in MYR terms in Dec, underperforming the benchmark by 193bps. YTD, the Fund is up 3.92%, underperforming the benchmark by 408 bps.

The MSCI AC Asia Pacific ex Japan Index corrected another 1.2% in December in USD terms but delivered an annual return of 7.7%. The year 2024 centered around decelerating global inflation leading to a synchronised interest rate cuts by US and Europe central banks. China also pivoted in September with its commitment to support growth. The pace of moderation in inflation in the US has slowed, while economy is still robust. Monthly headline inflation rose 0.3%MoM in November vs 0.2%MoM in October. Moreover, a key market concern has been the potential impact of proposed policies by the Trump administration on inflation. US Fed is walking in a tightrope, balancing between robust growth and inflation uncertainty and hence is likely to slow the pace of easing from here. Entering into 2025, while the list of concerns are long but not new, e.g., higher trade tariffs, escalating geopolitical tensions, and potential of a stronger US\$. Our base case is for tariffs of 10%, continued export controls on sensitive technology and a slightly stronger US\$. In China, we assume fiscal stimulus policies will be rolled out and targeted towards supporting domestic demand. We anticipate residential property sales may stabilize in 2025, potentially ending a 4-year downtrend. Asia currently has a perception gap which can be addressed as confidence on policy response builds. Earnings growth of ~8-10% in 2025, undemanding valuations at 13x and dividend yields of 2.5% are supportive. Other risks would be (1) return of inflationary pressures in the US, (2) continued weak business and consumer sentiment in China. Given the current backdrop, we are cautious on Chinese export-oriented companies, preferring instead companies that would benefit from any consumption policies that the Chinese government may roll out to support the economy. We also prefer companies who can still grow earnings in a challenging environment through self-help initiatives such as productivity improvements, or pricing power. On the other hand, we are growing cautious on India due to pockets of weakness in the economy and valuations are stretched.

RISKS

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

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.
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 price of units to fall.
Liquidity risk	Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the target fund holds assets that are illiquid, or are difficult to dispose of, the value of the target fund will be negatively affected when it has to sell such assets at unfavourable prices.
Currency risk	As the investments of the target fund may be denominated in currencies other than the base currency of the target fund, any fluctuation in the exchange rate between the base currency of the target fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the target fund, this will have an adverse effect on the NAV of the target fund and vice versa. 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.
Credit and default risk	The target fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the target fund invests in debt securities, money market instruments and/or place deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers or counterparties may impact the value as well as liquidity of the investments. In the case of rated debt securities, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparty either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the target fund. Principal (S) aims to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

RISKS (CONTINUED)

Interest rate risk

Interest rate risk refers to the impact of interest rate changes on the valuation of debt securities. When interest rates rise, debt securities prices generally decline and this may lower the market value of the target fund's investment in debt securities. In managing the debt portfolio, Principal (S) takes into account the coupon rate and time to maturity of the debt securities with an aim to mitigate the interest rate risk.

Risk associated with investing in CIS

Since the target fund may invest entirely into CIS, there is a risk of concentration into CIS, in which the CIS's management company has absolute discretion over the CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the CIS and/or the management company, the NAV of the target fund, which invests into those CIS would be affected negatively. Should the situation arise, Principal (S) will seek for another CIS that is consistent with the objective of the target fund.

Risk of investing in emerging markets

In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the target fund's growth. Principal (S) will attempt to mitigate these risks through active asset allocation management and diversification, in addition to their continuous bottom-up and top-down research and analysis.

Source : Principal Asset Management Bhd

Date : 31 December 2024

Disclaimer:

This is strictly the performance of the investment fund, and not the returns earned on the actual premiums paid of the investment-linked product. Past performance of the fund is not an indication of its future performance. 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.