

# Sun Life Malaysia Select Asia (ex Japan) Quantum Fund

October 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	17.33 million units (31 October 2023)	Fund Size	RM29.00 million (31 October 2023)
Unit NAV	RM1.6729 (31 October 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	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

Health Care	20.40%
Consumer Discretionary	20.10%
Technology	16.80%
Financials	16.40%
Industrials	11.30%
Consumer Staples	2.80%
Basic Materials	2.60%
Cash & Cash Equivalents	9.60%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	5.80%
Medlive Technology Co Ltd	5.10%
Zhihu Inc	4.50%
Morimatsu Intl Hldings Company	4.40%
Siam Wellness Group	3.80%
Novo Tellus Alpha Acquisition	3.60%
Cebu Air Inc	3.40%
Shriram Finance Ltd	3.10%
Barbeque-Nation Hospitality	3.10%
Formosa Sumco Technology Corp	3.00%
<b>Total</b>	<b>39.80%</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 31 October 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	-1.17	-0.86	-0.54	9.68	3.10	54.99	67.29
<b>Benchmark</b>	13.16	-3.36	7.19	17.49	31.34	46.48	64.77

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#### FUND MANAGER'S COMMENTS

- The broader MSCI Asia ex Japan index slid 3.91% as rising bond yields exert pressure on emerging markets in October.
- China market sentiment also soured after US authorities moved to ban the sale of advance artificial intelligent (AI) chips to China. However, bright spots were seen in China's GDP data which came in stronger than expected, boosting optimism that recovery in the world's second economy is starting to gain traction. In 3Q'2023, China's GDP grew by 4.90% as a volley of stimulus measures starts to take effect post-Politburo meeting.
- Encouraging improvements in China's data may indicate that the country's downturn is stabilizing. However, it is vital to stay tuned for further substantial stimulus announcements from Beijing since recovery remains subdued. China has also announced the issuance of additional RMB 1 trillion bond issuance to support fiscal spending as well as the announcement to increase their budget deficit from 3% to 3.8%
- The benchmark KLCI climbed 1.26% following the unveiling of Budget 2024 which helped shed light on government's policies. Our take is that Budget 2024 is market-neutral. It refrained from introducing punitive tax measures like windfall taxes, gaming levies, or excise duties which were areas of concern in previous years. Potential sector winners include healthcare, construction, consumer and renewables which are expected to benefit from the budget's initiatives.

#### STRATEGY:

- Over the month, the Fund returned -0.9% vs the benchmark's -3.4%.
- MTD outperformance can be attributed to the fund's overweight in China relative to the benchmark as HK/China small caps outperformed regional small caps in October.
- Most of the fund's healthcare names did well over the month as China's healthcare sector rebounded due to investors' view that the anti-corruption impact to the sector is priced in.
- Barbeque Nation Hospitality detracted as meat demand was seasonally lower during festivities in India. In addition, India small cap index also corrected during the month.
- Other detractors included a manufacturer within the semiconductor industry due to a preliminary sales update that was below consensus estimate and an EV battery foil supplier from weaker EV sales.

## 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 : 31 October 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.