

### 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	107.17 million units (31 January 2020)	Fund Size	RM145.99 million (31 January 2020)
Unit NAV	RM1.3623 (31 January 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Asia Pacific Dynamic Income Fund
Benchmark	Target return of 8% p.a.	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>▪ Want a well-diversified portfolio of Asia Pacific ex Japan region</li> <li>▪ Willing to take moderate risk for potentially moderate capital return over the long-term</li> </ul>	Fees	<ul style="list-style-type: none"> <li>▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Asia Pacific Dynamic Income Fund.</li> <li>▪ 1.8% pa of fund management charge is applied on the target fund's NAV by Principal Asset Management Bhd.</li> </ul>

### ASSET ALLOCATION OF THE TARGET FUND

Equities (Foreign)	Cash
95.77%	4.23%

#### SECTOR ALLOCATION OF THE TARGET FUND

Financials	21.95%
Information Technology	17.11%
Consumer Discretionary	12.03%
Real Estate	10.17%
Materials	9.98%
Industrials	9.79%
Communication Services	7.70%
Energy	3.79%
Health Care	1.73%
Utilities	1.51%
Cash	4.23%
Total	100.0%

#### TOP HOLDINGS OF THE TARGET FUND

Samsung Electronics Co. Ltd (South Korea)	5.72%
Taiwan Semiconductor Manuf (Taiwan)	4.96%
Tencent Hldg Ltd (Hong Kong)	4.03%
HDFC Bank Ltd (India)	3.93%
AIA Group Ltd (Hong Kong)	3.81%
Alibaba Group Holding Ltd (Cayman Island)	3.64%
Ping An Insurance Group Co. (China)	3.07%
Techtronic Industries Co. (Hong Kong)	2.57%
Reliance Industries Ltd (India)	2.37%
Aristocrat Leisure Ltd (Australia)	2.32%
Total	36.42%

#### PERFORMANCE RECORD

This fund feeds into 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 31 January 2020:

%	YTD	1M	6M	1-Year	3-Year	5-Year	Since Inception
<b>Fund*</b>	-2.59	-2.59	1.89	7.39	22.88	36.23	36.23
<b>Benchmark</b>	0.64	0.64	3.92	8.00	25.97	46.93	46.93

\* 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

The Fund was down 2.59% in MYR terms in Jan, underperforming the absolute return benchmark by 323bps. Sector wise, Financials and Information Technology were the main drags, whilst Healthcare contributed positively.

The Coronavirus outbreak in Hubei has thrown the expected Asian economic recovery into disarray. Despite economic uncertainties from the coronavirus outbreak, investors should adopt a positive stance towards Equities. This is given the sharp correction in prices, new cases in China possibly having peaked and likely recovery in economic activity in 2H2020. Our research indicates the outbreak is not showing exponential growth typical of an epidemic gone out of control. The evidence so far points to: (1) effectiveness of early and proactive human intervention with the number of new cases in China possibly having peaked, (2) low fatality rate amongst the young and healthy, and (3) limited occurrence outside of China. Hence, we are inclined to view this outbreak as transitory and likely to delay, but not impair, the structural recovery of Asia that was underway prior to the outbreak. With inflation subdued and Asian countries showing high real rates, we expect governments across Asia to roll-out fiscal and monetary stimulus to backstop economic weaknesses due to the viral outbreak. We also expect resumption of robust economic recovery on the back of inventory re-stocking and technology-led upcycle with increased capex in 5G, industrial upgrade, new automotive applications, and smartphones. The 12% correction of China's stock market from its January peak (and 8% correction for Asia) would have reflected the expectations that China's GDP and earnings would be cut for 2020. Consensus Asia Pac ex-Japan earnings growth are likely to be revised down from 12% to 10% in 2020, with most of the growth taking place in 2H20. Key risks to monitor would be the extent of demand slowdown beyond the first quarter and supply chain disruptions. The recent correction has brought Asia Pacific ex Japan equity valuation to 13.4x PER FY20 inline with 5-year average of 13.0x. Currently, we like large cap, high quality defensive growth stocks. Our preference is stocks in China to benefit from credit and fiscal stimulus, as well as Singapore and Indonesia. Sector-wise, we prefer Technology, Industrials and selected financials.

**Source :** *Principal Asset Management Bhd*

**Date :** *31 January 2020*

### **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.