

Sun Life Malaysia Select Asia (ex Japan) Quantum Fund

March 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	16.58 million units (29 March 2024)	Fund Size	RM26.80 million (29 March 2024)
Unit NAV	RM1.6165 (29 March 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">Have a medium to long term investment horizonAre risk toleranceAre seeking higher returns for their investments compared to the performance benchmark	Fees	<ul style="list-style-type: none">Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Asia (ex Japan) Quantum FundUp to 1.5% p.a. of fund management charge is applied on the target fund's NAV by AHAM Asset Management Berhad

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	22.20%
Consumer Discretionary	16.80%
Health Care	15.20%
Industrials	13.70%
Financials	11.30%
Basic Materials	4.90%
Consumer Staples	2.70%
Others	2.70%
Cash & Cash Equivalent	10.50%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	7.50%
GT Capital Holdings Inc	5.10%
Andes Technology Corporation	4.50%
Zhihu Inc	4.20%
Medlive Technology Co Ltd	4.20%
Formosa Sumco Technology Corp	4.10%
Eugene Technology Company Ltd	3.90%
Cebu Air Inc	3.70%
Hiap Teck Venture Berhad	3.60%
Frontken Corp Bhd	3.50%
Total	44.40%

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 29 March 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-3.14	-2.26	-4.20	-6.74	-12.47	40.80	61.65
Benchmark	3.16	-0.16	9.26	22.42	14.31	51.09	86.27

* 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

- In March, US equities experienced a surge, closing the month with a 3.10% increase in the S&P 500 index, its best quarterly performance since 2009. This rise was fueled by expectations of rate cuts and optimism that the US Federal Reserve (Fed) might achieve a soft landing. Despite this, the Fed, during its March FOMC meeting, decided to keep interest rates unchanged and projected three rate hikes for 2024, consistent with previous forecasts.
- This decision was supported by slightly higher long-term rate expectations due to a positive outlook on growth and inflation. Fed Chair Jerome Powell downplayed the impact of higher-than-expected Consumer Price Index (CPI) readings on the overall inflation trend. Meanwhile, Treasury yields decreased slightly.
- Internationally, the Bank of Japan announced an exit from its negative interest rate policy, signaling a shift towards slight rate increases and an end to its yield curve control. In Asia, the MSCI Asia ex-Japan index rose by 2.30%, with notable gains in Taiwan and Korea, spurred by Nvidia's announcement of a new AI chip, among other factors.
- China witnessed a recovery in consumer prices, ending four months of deflation with a 0.70% year-over-year increase in CPI, and an expansion in manufacturing activity, marking the first growth in six months. The local Malaysian market, however, saw a 1.00% decrease due to profit-taking, though it remains up by 5.60% year-to-date, outperforming some regional markets.
- Significant local developments included the approval of the Penang Light Rail Transit project, expected to benefit companies like Gamuda and positively impact property developers in Penang. Malaysian government bonds and the overnight policy rate remained stable, with Bank Negara Malaysia (BNM) forecasting GDP growth between 4% and 5% for 2024, and a moderate inflation projection of 2.0%-3.5%, accounting for potential subsidy rationalisation measures.

STRATEGY:

- Over the month, the Fund Return -2.3% vs benchmark return of -0.2%
- Main contributors came from Eugene tech rebounded for the month after being sued by Kokusai Electronic for Patent Infringement previously, manager has also added more exposure after the price detract. Hugel also continue to contribute to the fund as it continues to perform YTD.
- Main detractors came from China, Taiwan and India. Stock selection in Andes Technology from Taiwan was the detractor as it reported poorer than expected monthly sales, while still being sensitive to the high interest rates environment.
- Similarly to Taiwan, specific stock selection in China + HK was the detractors, notably with Pei Jia Medical reporting poorer than expected results.
- However, in India, regulators concern about small-cap overheating and recommended that the trustee of funds to consider the flows into small and mid-cap funds has led to a minor sell-off at Mid-March.
- The manager continues to maintain most of the position, while adding some tech names as the manager expects the semi-conductor cyclical recovery to continue. The manager continues to maintain Malaysia and Philippines holdings.
- As for China + Hong Kong, manager view that it still requires further action from the government for China and the market to recover.
- As for India, maintaining the allocation as the valuation is expensive, however the manager still likes the space.
- Cash level was increased to 10.6% as the manager has also trimmed some position.

RISKS

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

Market risk	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.
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.
Credit and default risk	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.
Interest rate risk	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.
Warrants investment risk	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.
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 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 : 29 March 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.