Sun Life Malaysia
Asia Pacific Dynamic Income Fund
April 2022

Sun Life

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	185.46 million units (29 April 2022)	Fund Size	RM303.76 million (29 April 2022)
Unit NAV	RM1.6379 (29 April 2022)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Target Fund	Principal Asia Pacific Dynamic Income Fund
Benchmark	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 ▪ Seek regular income ▪ Can accept that returns may fluctuate over the investment period	Fees	▪ 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

Equity	Collective Investments	Cash
91.73%	1.31%	6.96%

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SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	21.40%
Financials	14.18%
Communication Services	10.73%
Energy	10.53%
Industrials	9.34%
Consumer Discretionary	6.89%
Materials	6.87%
Health Care	5.95%
Others	5.68%
Consumer Staples	1.48%
Cash	6.96%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND

Taiwan Semiconductor Manufacturing Co Ltd ORD (Taiwan)	6.69%
Tencent Holdings Ltd ORD (Hong Kong)	4.79%
Reliance Industries Ltd ORD (India)	4.23%
CNOOC Ltd ORD (Hong Kong)	3.41%
Samsung Electronics Co. Ltd ORD (South Korea)	3.37%
Alibaba Group Holding Ltd ORD (Hong Kong)	3.31%
Santos Ltd ORD (Australia)	2.88%
AIA Group Ltd ORD (Hong Kong)	2.85%
Singapore Technologies Engineering Ltd ORD (Singapore)	2.50%
E Ink Holdings Inc ORD (Taiwan)	2.45%
Total	36.30%

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 29 April 2022:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-4.39	-1.09	-5.99	-8.49	21.31	39.67	63.79
Benchmark	2.56	0.63	3.89	8.00	25.97	46.93	74.69

** 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

The Fund was down 1.09% in MYR terms in April, underperforming the absolute return benchmark by 172bps. YTD, the Fund is down 4.39%, underperforming the absolute return benchmark by 695bps.

The MSCI AC Asia Pacific ex Japan Index slumped by 5.4% in USD terms in April, led by Taiwan and Singapore while Indonesia and India outperformed. Equities tumbled in April as a risk-off mood prevailed due to an increasingly hawkish US Fed in response to high inflation, lockdowns in China, uncertainties from the continuing Russia-Ukraine conflict, and USD strength. Ongoing geopolitical conflict between Russia and Ukraine as well as lockdowns in China will prolong the supply chain disruptions. This is likely to lead to higher inflation for longer. While negative headlines on inflation is likely to continue in the near term, we should look out for any signs in peaking of inflation expectations, which may suggest the bottoming of markets. Until then, volatility will ensue. Without any visibility on when China will lift the various lockdowns, especially in Shanghai and mass testing in Beijing, the negative sentiment on the impact of zero Covid policy on global economy was a drag on market performance. While President Xi announced the intention to step up on infrastructure spending to support the economy, we expect such related policies to be implemented in earnest after the government achieves zero-Covid and lockdowns are lifted. We remain selective in China, such as beneficiaries of decarbonization or winners of policy easing, etc. The rising inflationary environment and knock-on effect on demand are the main risks to Asian corporate earnings. Nevertheless, we expect Asia to print positive earnings growth in 2022 given the reopening of the economies and international borders. Other risks would be (1) escalation of Russia-Ukraine conflict, (2) policy mistake, (3) pace of monetary policy normalization, (4) stronger than expected USD and (5) renewed US and China tension. We remain neutral on Asian equities. Amidst the heightened volatility and risks, we have diversified concentration of factors and reducing risks where appropriate. We will continue to focus on quality companies which have good earnings visibility, robust balance sheet, long term winners, market share gainers and those with pricing power to overcome cost pressures.

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 : 29 April 2022

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.