

# Sun Life Malaysia

## Asia Pacific Dynamic Income Fund

October 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	194.28 million units (30 October 2024)	Fund Size	RM330.59 million (30 October 2024)
Unit NAV	RM1.7017 (30 October 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"> <li>Have a medium to long-term investment horizon</li> <li>Want a well-diversified portfolio of Asia Pacific ex Japan region</li> <li>Seek regular income</li> <li>Can accept that returns may fluctuate over the investment period</li> </ul>	Fund Management Charge	<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>Up to 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	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

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

Telephone (603) 2612 3600 Client Careline 1300-88-5055 [wecare@sunlifemalaysia.com](mailto:wecare@sunlifemalaysia.com) [sunlifemalaysia.com](http://sunlifemalaysia.com)

# Sun Life Malaysia Asia Pacific Dynamic Income Fund

October 2024



## SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	21.02%
Financials	13.85%
Consumer Discretionary	11.26%
Industrials	10.92%
Others	10.19%
Communication Services	7.73%
Mutual Fund	7.27%
Real Estate	6.05%
Health Care	5.99%
Cash	5.72%
Total	100.00%

## TOP HOLDINGS OF THE TARGET FUND

Taiwan Semiconductor Manufacturing (Taiwan)	10.41%
Tencent Holdings Ltd (Hong Kong)	4.82%
Hitachi Ltd (Japan)	3.85%
AIA Group Ltd (Hong Kong)	3.61%
Goodman Group (Australia)	3.04%
Alibaba Group Holdings Ltd (Hong Kong)	2.75%
E Ink Holdings Inc (Taiwan)	2.75%
NEXT FUNDS TOPIX Banks ETF (Japan)	2.68%
ICICI Bank Ltd (United States)	2.61%
SK Hynix Inc (South Korea)	2.36%
Total	38.88%

## PERFORMANCE RECORD

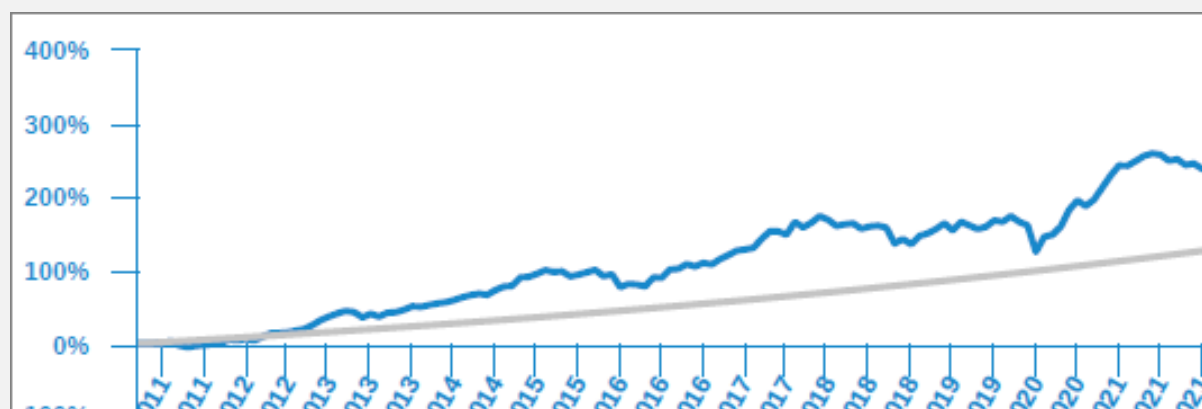
This fund feeds into Principal Asia Pacific Dynamic Income Fund - Class MYR ("target fund") with the objective to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

Table below shows the investment returns of Sun Life Malaysia Asia Pacific Dynamic Income Fund versus its benchmark as at 30 October 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	6.84	1.66	-1.74	14.07	-2.33	24.11	70.17
<b>Benchmark</b>	6.62	0.65	3.94	8.00	25.98	46.94	111.71

\* 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

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

Telephone (603) 2612 3600 Client Careline 1300-88-5055 wecare@sunlifemalaysia.com sunlifemalaysia.com

#### FUND MANAGER'S COMMENTS

The Fund was up 1.66% in MYR terms in Oct, outperforming the benchmark by 101 bps. YTD, the Fund is up 6.84%, outperforming the benchmark by 22 bps.

The MSCI AC Asia Pacific ex Japan Index corrected 4.9% in October in USD terms, while the USD appreciated by 3.2% and the US 10-year bond yields rose 50 bps to 4.28% as markets priced in Trump win in the US elections. In the US, the pace of job creation has slowed where the JOLTs survey highlighted job openings have come down significantly since the peak of pandemic. The core inflation rose 0.3% MoM in September, which is higher than expected, bringing the annual core inflation to 3.3%. We are of the opinion that this will not change the rate cut trajectory with the continuation of its policy normalisation and our base case is for 2 more rate cuts of 25 bps each. During the month, the Ministry of Finance in China suggested that the central government has “fairly large” flexibility to increase fiscal deficit and debt to support growth. However, the market corrected with the lack of policy specifics and Trump’s intention to impose higher tariffs against China exports. This is despite the better-than-expected 3Q24 GDP of 2.6% YoY and retail sales growing at 3.2% YoY. While we noted the shift in tone by the Chinese government recently, implementation remains key and the long-term sustainability of any improvement in equity markets is dependent on the macro recovery and corporate earnings growth. The government needs to continue to roll out measures on both the fiscal and monetary front to improve business and household confidence. We have a constructive view on Asian equities, with the start of the US rate cutting cycle. We are positioning the portfolio where there is strong earnings growth such as beneficiaries of AI spend, rising capex or consumption. We are selective in China, especially in domestic oriented companies which have shown signs of turnaround, improving topline and margins, and able to deploy capital efficiently, manage costs and/or can declare high dividend yields. Other risks would be (1) US economy hard landing, (2) continued weak business and consumer sentiment in China, and (3) rising geopolitical risks.

## RISKS

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

<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>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 price of units to fall.
<b>Liquidity risk</b>	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.
<b>Currency risk</b>	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.
<b>Credit and default risk</b>	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 : 30 October 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.