

# Sun Life Malaysia

## Select Asia (ex Japan) Quantum Fund

May 2022



### 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	19.93 million units (31 May 2022)	Fund Size	RM32.82 million (31 May 2022)
Unit NAV	RM1.6471 (31 May 2022)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Affin Hwang Asset Management Berhad	Target Fund	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	<p>Suitable for investors:</p> <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 Affin Hwang Asset Management Berhad</li> </ul>

### ASSET ALLOCATION OF THE TARGET FUND

Equities	Cash
Minimum 70%; Max 100%	Remaining Balance

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### SECTOR ALLOCATION OF THE TARGET FUND

Financials	22.4%
Industrials	19.9%
Consumer Discretionary	19.7%
Technology	12.2%
Consumer Staples	6.3%
Health Care	4.9%
Basic Materials	2.8%
Energy	2.1%
Cash & Cash Equivalents	9.7%
<b>Total</b>	<b>100.0%</b>

### TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Shriram City Union Finance Ltd	4.6%
Mitra Adiperkasa Tbk PT	4.4%
Ciputra Development Tbk PT	3.6%
Hugel Inc	3.5%
Lemon Tree Hotels Limited	3.4%
Yuexiu Transport Infra Ltd	3.3%
CSOP Hang Seng TECH Index ETF	3.3%
Samsonite International SA	3.3%
Novo Tellus Alpha Acquisition	3.2%
Yinson Holdings Berhad	3.0%
<b>Total</b>	<b>35.6%</b>

### PERFORMANCE RECORD

The Fund feeds into Affin Hwang 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 May 2022:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	-5.53	-0.91	-7.02	-12.31	43.77	17.39	64.71
<b>Benchmark</b>	-8.95	-1.16	-7.05	-6.57	36.53	21.80	61.40

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#### FUND MANAGER'S COMMENTS

- Global equities finished slightly higher in May, With the MSCI AC World Index +0.2% higher, as fears of sluggish growth and persistently high inflation continued, exacerbated with on-going geopolitical tensions in Ukraine.
- U.S Fed officials signaled that the central bank needed to tighten 50 bps at least in the next two FOMC meetings, following a 50bps hike in the last meeting in May. At the May meeting, officials also finalized the plans to shrink its balance sheet which will begin on 1st of June.
- The broader MSCI AC Asia ex-Japan index rallied 1.3% higher in May on tentative signs of reopening in China as well as stimulus optimism. Shanghai authorities announced that it would cancel many restrictions on businesses, easing a city-wide lockdown that began two months ago.
- China continued to enforce strict lockdowns to contain infections, which was reflected in softer economic data which saw a drop in retail sales and industrial production in April. Credit growth was also weaker with a drop seen in new bank loans. However, the latter part of the month saw China easing up on its zero-Covid policy.
- China pledged to implement a slew of policies to support the country's Big Tech platforms. According to state-run media, the period of extraordinary regulation over China's technology giants will come to an end, giving way to "market-based and rule-of-law supervision" to create a good environment for the growth of its internet platforms.

#### STRATEGY:

- Macro fundamentals remain challenging i.e., rising rates, slowing growth and waning earnings expectations. Valuations are more palatable now, but earnings are still being revised lower. Maintaining some cash buffer and staying defensive.
- We would continue to seek and hold stocks with the Quality Growth at Reasonable Price characteristic. These stocks offer an ideal balance of long term growth prospects, thematic relevance and digestible valuations, though there may be short-term headwinds from the transitions mentioned above.
- The fund's invested level is now at 90%, with the intention to maintain some buffer with higher cash levels as the Fund stays defensive.
- Structural growth names and economic reopening themes make up bulk of the fund, while cyclicals exposure is kept at around 20-25% of the fund.

## 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 : Affin Hwang Asset Management Berhad

Date : 31 May 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.