

Sun Life Malaysia

Select Asia (ex Japan) Quantum Fund

July 2024



FUND OBJECTIVE

To achieve capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities.

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	20 May 2014	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	16.18 million units (31 July 2024)	Fund Size	RM24.85 million (31 July 2024)
Unit NAV	RM1.5359 (31 July 2024)	Target Fund	AHAM Select Asia (ex Japan) Quantum Fund (Quantum Fund)
Fund Manager	AHAM Asset Management Berhad	Taxation	8% of annual investment income
Performance Benchmark	MSCI AC Asia (ex-Japan) Small Cap Index	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">Have a medium to long term investment horizonAre risk toleranceAre seeking higher returns for their investments compared to the performance benchmark	Fund Management Charge	<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% of Net Asset Value (NAV)	Balance of fund

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

Sun Life Malaysia Select Asia (ex Japan) Quantum Fund

July 2024



SECTOR ALLOCATION OF THE TARGET FUND

Technology	28.20%
Consumer Discretionary	19.00%
Health Care	16.00%
Industrials	12.50%
Financials	10.00%
Basic Materials	6.90%
Consumer Staples	3.30%
Cash & Cash Equivalents	4.10%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	7.7%
Eugene Technology Company Ltd	5.6%
GT Capital Holdings Inc	5.4%
Aeon Credit Service M Bhd	4.6%
Hainan Meilan Intl Airport Co	4.6%
Siam Wellness Group	4.5%
Hiap Teck Venture Berhad	4.3%
Medlive Technology Co Ltd	4.3%
Grand Venture Technology Ltd	4.3%
Zhihu Inc	4.2%
Total	49.50%

PERFORMANCE RECORD

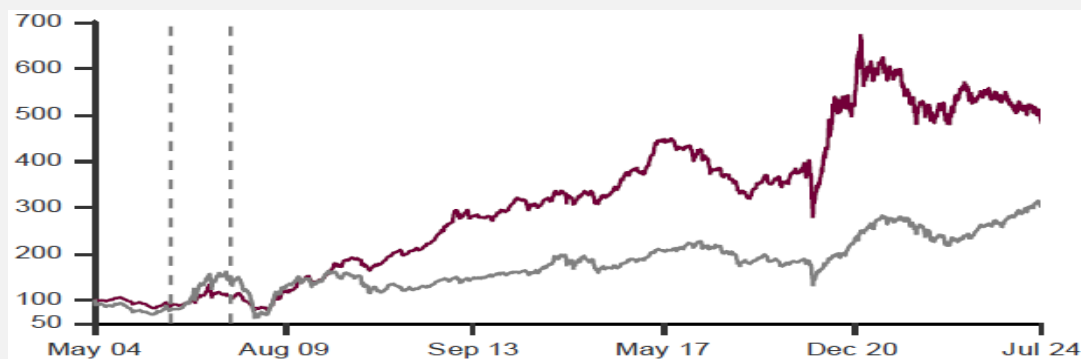
The Fund feeds into AHAM Select Asia (ex Japan) Quantum Fund (“target fund”) with the objective of achieving capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities with market capitalization of not more than USD1.5 billion at the time of investment. However, the target 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 31 July 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-7.97	-3.77	-4.29	-12.37	-19.24	31.12	53.59
Benchmark	6.67	-3.19	6.18	13.42	8.24	66.38	92.61

* Calculation of past performance is based on NAV-to-NAV

Below shows the historical performance of the underlying collective investment schemes (CIS) for calendar year returns:



Source: www.morningstar.com

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

- July saw significant developments in US markets as investors processed a range of economic data. Nonfarm payrolls grew by 114,000 in July, down from 179,000 in June and below the 185,000 market estimate. The unemployment rate increased to 4.3%, the highest since October 2021. Despite these weak data releases, the Fed kept interest rates steady at its July FOMC meeting, with Fed Chair Jerome Powell signaling a possible rate cut in September if inflation eases. The S&P 500 gained 1.10%, driven by a rotation from megacap tech to small-cap stocks. US Treasury yields dropped, with the 10-year yield falling 37 bps to 4.03%. Bond markets now price in a higher likelihood of a 50 bps rate cut in September compared to the previous 25 bps expectation.
- President Joe Biden withdrew from the 2024 presidential election, endorsing Vice President Kamala Harris. This political shift adds another layer of uncertainty to the market's base case, which still considers Trump a potential winner, though the odds of Republicans winning both houses of Congress may be lowered.
- Internationally, Japan's Nikkei 225 fell 1.20% due to a stronger yen following the BoJ's rate hike and reduced bond-buying program. The MSCI Asia ex-Japan index dropped 0.60%, with Taiwan's benchmark gauge down 3.60% and the MSCI China index down 2.20%. In China, the PBOC cut the reverse repo rate and the benchmark loan prime rate to boost liquidity, though the market reaction was muted.
- In Malaysia, the KLCI rose 2.30%, led by gains in the construction and plantation sectors, benefiting from the upcoming Johor-Singapore Special Economic Zone (JS-SEZ). The 10-year MGS yield fell 15 bps to 3.72%. June's CPI was 2.0% y-o-y, below the 2.20% estimate, indicating stable food prices and manageable services inflation. The modest increase in transport costs due to diesel subsidy rationalization suggests BNM will likely keep the OPR unchanged for the rest of the year.

STRATEGY:

- Over the month of May, the fund returned -4.10% compared to the benchmark of -3.20%. Detractor was due to underweight in India which did well in the month of July amidst a volatile global market.
- The fund exposure to semiconductors was also a detractor following the pullback of the sector, after the release of weaker than expected CPI print on 11 July; which jittered the market in fear of a US recession.
- However, China + Hong Kong was a contributor for the month as stock specific name like Zhihu rebounded following a privatisation offer at HKD 9.11. South Korea's Hugel continues its momentum for the year as it reported higher than expected earnings results and announcement of a strategic partnership with BENEV in the US market distribution.
- The PM is in view that the unwinding of carry trade from JPY has completed. However, to be cautious against the volatility, the fund has raised some cash by disposing some thematic names like AP memory, Advance Nano and Soul Brain.
- The fund has also taken the opportunity to take profit from its Vietnam position and to raise cash as well.
- The fund has also increased some of its position in Semiconductor related companies (Pentamaster, Park systems) after the price correction as the valuation remains attractive.
- Malaysia's fundamental remains intact and the fund will look to stay invested in the fund Malaysia's 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 : 31 July 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.