

# Sun Life Malaysia

## Select Asia (ex Japan) Quantum Fund

June 2021



### 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	21.40 million units (30 June 2021)	Fund Size	RM41.19 million (30 June 2021)
Unit NAV	RM1.9247 (30 June 2021)	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

# Sun Life Malaysia

## Select Asia (ex Japan) Quantum Fund

June 2021



### SECTOR ALLOCATION OF THE TARGET FUND

Technology	22.0%
Consumer Discretionary	21.1%
Financials	13.7%
Industrials	12.0%
Health Care	11.1%
Consumer Staples	6.4%
Basic Materials	2.9%
Energy	1.9%
Cash & Cash Equivalents	8.9%
<b>Total</b>	<b>100.0%</b>

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

CMGE Technology Group Ltd	6.2%
Netjoy Holdings Limited	5.0%
Weimob Inc	4.1%
Guan Chong Bhd	3.5%
Supercomnet Technologies Bhd	3.2%
Suzhou Basecare Medical Corp	2.9%
Truly International Holdings Ltd	2.7%
Edvantage Group Holdings Ltd	2.6%
Pentamaster International Ltd	2.5%
KWG Living Group Holdings Ltd	2.4%
<b>Total</b>	<b>35.1%</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 30 June 2021:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	17.63	2.47	17.63	40.93	60.80	73.24	92.47
<b>Benchmark</b>	22.89	2.86	22.89	53.71	36.09	62.74	77.68

\* 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.**

## FUND MANAGER'S COMMENTS

- Global markets shrugged off inflation fears to climb higher in June as investors buy-in to the Fed's dovish testimony. The MSCI AC World Index was up 1.4% while the S&P 500 index closed 2.4% higher, reaching an all-time high in the last week of the month.
- The MSCI Asia ex-Japan index was marginally weaker, down 0.1% in June, as sentiment was dampened on geopolitical tensions and consolidation seen in China's economy. The G7 and NATO held its annual summit vowing to toughen its stance on China.
- China reported weaker than expected retail sales and industrial production data. Industrial production grew 8.8% y-o-y in May, below consensus expectations of 9.2%. May retail sales rose 12.4% y-o-y also fell short of market expectations of 14.0%. Weaker economic data could push back any chance of further tightening as policymakers look to sustain growth.
- Large internet platform companies in China continues to be under scrutiny, with an antitrust investigation launched into food delivery giant Meituan. Meanwhile, China also ordered the removal of its largest ride hailing provider off app stores on alleged data and privacy laws violations. This comes after similar crackdowns on Alibaba earlier this year.
- Demand for Taiwan's semiconductors and electronic components showed signs of abating in May as growth in overseas orders for technology products slowed. Export orders grew 34.5% from a year earlier, with officials expecting demand to ease slightly. The data is a leading indicator for future demand for goods from Taiwan.

### STRATEGY:

- We remain constructive on equities on the expectations that global growth would continue on its recovery path in 2021. We remain mindful of risks of policy tapering and further Covid resurgence. However, beyond near term risks of reopening delays due to the Delta variant, continued accommodative policies, and wider vaccine efforts globally should lead to further normalization which could benefit cyclical stocks.
- Asian markets are expected to remain rangebound due to a lack of catalysts. The Chinese markets may continue to struggle due to tightening fears and regulatory overhang on the internet sector.
- The fund's invested level is now at 91%, maintaining the strategy of straddling both structural growth themes and value/reopening themes which are supported by economic recovery.
- The fund notably reduced exposure to the health care sector, taking profit as valuations have become rich. We further added to the reopening themes, in a commercial REIT and companies with exposure to the travel sector. We have also added a structural growth name, a Taiwanese tech hardware company.
- Structural growth names and economic reopening themes make up bulk of the fund, while cyclical make up less than 10% 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 : *30 June 2021*

#### **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.