

# Sun Life Malaysia

## Select Asia (ex Japan) Quantum Fund

June 2024



### 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  | 16.28 million units<br>(28 June 2024)   | Fund Size                                | RM25.98 million<br>(28 June 2024)   |
| Unit NAV              | RM1.5961<br>(28 June 2024)  | Target Fund                              | AHAM Select Asia (ex Japan)<br>Quantum Fund (Quantum Fund)  |
| Fund Manager          | AHAM Asset Management Berhad  | Taxation                                 | 8% of annual investment income  |
| Performance Benchmark | MSCI AC Asia (ex-Japan) Small<br>Cap Index  | Frequency and Basis<br>of Unit Valuation | The unit price is determined daily<br>based on value of the holdings in<br>the target fund, net of expenses,<br>divided by the total number of units<br>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>Are risk tolerance</li><li>Are seeking higher returns for their investments compared to the performance benchmark</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 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 AHAM Asset Management Berhad</li></ul> |

### ASSET ALLOCATION OF THE TARGET FUND

| Equities                             | Cash            |
|--------------------------------------|-----------------|
| Minimum 70% of Net Asset Value (NAV) | Balance of fund |

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## SECTOR ALLOCATION OF THE TARGET FUND

|                        |                |
|------------------------|----------------|
| Technology             | 29.10%         |
| Consumer Discretionary | 16.70%         |
| Health Care            | 15.00%         |
| Industrials            | 13.70%         |
| Financials             | 9.50%          |
| Basic Materials        | 7.50%          |
| Consumer Staples       | 3.20%          |
| Others                 | 2.90%          |
| Cash & Cash Equivalent | 2.40%          |
| <b>Total</b>           | <b>100.00%</b> |

## TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

|                                |               |
|--------------------------------|---------------|
| Hugel Inc                      | 6.9%          |
| Eugene Technology Company Ltd  | 5.8%          |
| GT Capital Holdings Inc Hainan | 5.0%          |
| Hiap Teck Venture Berhad       | 4.7%          |
| Formosa Sumco Technology Corp  | 4.5%          |
| Aeon Credit Service M Bhd      | 4.5%          |
| Hainan Meilan Intl Airport Co  | 4.5%          |
| Grand Venture Technology Ltd   | 4.4%          |
| Medlive Technology Co Ltd      | 4.0%          |
| Andes Technology Corporation   | 4.0%          |
| <b>Total</b>                   | <b>48.30%</b> |

## PERFORMANCE RECORD

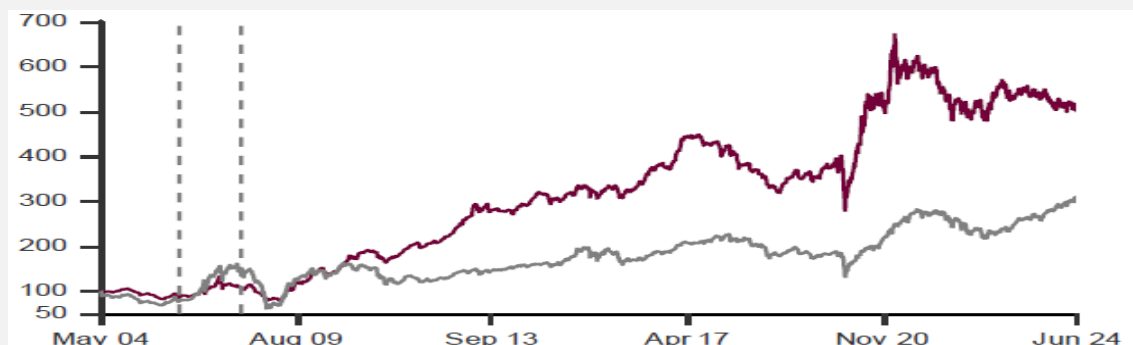
The Fund feeds into AHAM Select Asia (ex Japan) Quantum Fund (“target fund”) with the objective of achieving capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities with market capitalization of not more than USD1.5 billion at the time of investment. However, the target 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 28 June 2024:

| %                | YTD   | 1M    | 6M    | 1-Year | 3-Years | 5-Years | Since Inception |
|------------------|-------|-------|-------|--------|---------|---------|-----------------|
| <b>Fund*</b>     | -4.36 | -0.36 | -4.36 | -7.40  | -17.07  | 36.48   | 59.61           |
| <b>Benchmark</b> | 10.18 | 3.33  | 10.18 | 19.63  | 11.97   | 65.20   | 98.95           |

\* 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

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## FUND MANAGER'S COMMENTS

- Global equities performed well in May, with the S&P 500 index achieving a 5% increase, marking its best May since 2020. Inflation showed modest declines, with the headline CPI rising 3.4% and core inflation at 3.6%, both as expected. The US Federal Reserve kept interest rates within the 5.25% - 5.50% range, showing patience on rate cuts despite acknowledging the slow progress on inflation.
- US Treasury yields fell, with the 10-Year yield dropping 18 basis points to 4.50%, anticipating two rate cuts by year's end.
- In Asia, the MSCI Asia ex-Japan index rose 1.30%, driven by Chinese equities. The Hang Seng index and MSCI China index increased by 1.80% and 2.10%, respectively, due to optimism over stimulus measures, including the lowest-ever 15% down payment for first-home purchases and 300 billion yuan from the PBOC for SOEs to buy unsold apartments.
- In Malaysia, the KLCI rose 1.30%, breaking the 1600-point mark, and the FBM 100 index climbed 2.30% due to foreign inflows. The government removed the blanket subsidy for diesel, potentially saving RM4 billion annually.
- The first quarter of 2024 saw an average earnings growth of 24%, with 57% of companies meeting forecasts and 17% exceeding them. The 10-year Malaysian Government Securities yield decreased by 9 basis points to 3.89%. Bank Negara Malaysia kept the overnight policy rate unchanged but noted risks from EPF withdrawals, civil servant wage hikes, and further subsidy rationalization measures.

### STRATEGY:

- Over the month of July, the fund returned -0.4% against the benchmark of 3.3%. This was due to underweight in India that had rallied post-election. Hugel from South Korea contributed to the fund as the US International Trade Commission (ITC) has ruled in favour of Hugel, which effectively allowed participation in the market.
- Country allocation into Malaysia has also contributed positively for the month of June as the Malaysia continues to enjoy its broad base market rally. The fund has also took some profit on its Frontken position.
- Taiwan market also saw a rallied in the previous months which was a contributor to the performance of the fund. Philippines finally saw some positive returns for the month after the weakening of the peso, however fund remains convicted as the economy still shows signs of growing.
- Main contractor of the month came from China and Hong Kong positions, where stock specific Pei Jia recently had its stock unsuspending which investors promptly sold off their positions; fund manager believes matter is resolved as the auditors has sign off on the statements. Another stock specific detractor from China was Hainan Airport; which detracted due to expected weak spending on duty free goods.
- Fund outlook remains unchanged, where further stimulus from China government is needed to support the market.
- The manager remains conviction in semiconductors / semiconductor equipment recovery cycle in 2H24 on the backdrop of inventory bottoming out and continued AI demand via indirect exposure through circuit boards and memory stock picks from Taiwan and South Korea.
- The fund manager still likes India however expensive valuations has kept the fund positions to be underweight in the country. 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:

|                                 |   |
|---------------------------------|---|
| <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 : AHAM Asset Management Berhad

Date : 28 June 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.