

Sun Life Malaysia Select Asia (ex Japan) Quantum Fund

February 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	16.96 million units (29 February 2024)	Fund Size	RM28.05 million (29 February 2024)
Unit NAV	RM1.6539 (29 February 2024)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad	Target Fund	AHAM Select Asia (ex Japan) Quantum Fund (FKA 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	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	Fees	<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%; Max 100%	Remaining Balance

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

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

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SECTOR ALLOCATION OF THE TARGET FUND

Consumer Discretionary	20.80%
Technology	20.70%
Health Care	16.10%
Industrials	13.90%
Financials	13.20%
Basic Materials	3.40%
Consumer Staples	2.90%
Others	2.60%
Cash & Cash equivalent	6.40%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	7.70%
Andes Technology Corporation	5.10%
GT Capital Holdings Inc	4.90%
Zhihu Inc	4.60%
Siam Wellness Group	4.50%
Medlive Technology Co Ltd	4.40%
Cebu Air Inc	4.00%
Formosa Sumco Technology Corp	3.80%
Hiap Teck Venture Berhad	3.40%
Eugene Technology Company Ltd	3.30%
Total	45.70%

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 29 February 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-0.90	3.06	-3.20	-4.80	-13.06	45.03	65.39
Benchmark	3.33	2.85	8.32	21.78	18.57	54.97	86.57

* 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.

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FUND MANAGER'S COMMENTS

- The S&P 500 experienced a significant rally in February, surging 5.20% and achieving a new all-time high. Positive economic data, specifically the core PCE index increasing by 0.40% for the month and 2.80% year-over-year (meeting expectations), fueled optimism about easing inflationary pressures.
- Additionally, impressive earnings results from major tech companies like Meta and Nvidia further boosted market sentiment.
- Despite initial gains, Treasury yields rose throughout the month as investors adjusted their expectations for interest rate cuts. The US 10-Year Treasury yield increased by 34 basis points, settling at 4.25%.
- The release of minutes from the Fed's January meeting revealed a hawkish stance, suggesting a possible delay in rate cuts. However, bond market pricing currently expects 3.5 rate reductions to begin in June, aligning more closely with Fed projections for 2024.
- Asian markets also saw gains, with the MSCI Asia ex-Japan rising 5.50% and the MSCI China climbing 8.60%. These gains were driven by the PBoC lowering its benchmark 5-year loan prime rate by 25 basis points to 3.95% to stimulate the property sector.
- Market are eagerly anticipating policy announcements and potential stimulus measures at China's upcoming annual parliamentary meeting, where economic targets will be set.
- In Indonesia, Prabowo Subianto won the presidential election with a focus on pro-growth policies, aiming for 6%-7% economic growth.
- Back in Malaysia, the KLCI closed 2.50% higher, with mixed earnings results across sectors, although overall momentum remains positive with a projected 15% growth for the year. The local bond market saw a slight increase in the 10-year MGS yield, up 8 bps to 3.87%. Malaysia's 4Q23 GDP was revised lower to 3.00% year-over-year (compared to consensus estimates of 3.40%), with a full-year GDP growth of 3.70%.

STRATEGY:

- Over the month, the Fund Return -0.9% vs the benchmark's 3.3%.
- Main contributors came from stock specifics (Hainan, Medlive) China + HK position which had bounced significantly after PBoC lowering it's rates to stimulate the economy.
- Other contributors were Hugel Inc which had received FDA approval to sell the products in the US. Fund picks into Philippines's GT Capital is also performing consistently YTD.
- The detractors of the month came from Taiwan stock selection, where non-AI technology names were lagging, and did not benefit from the growth and momentum of AI.
- India also detracted due to specific stock selection, with BBQ nation aggressive expansion were now hit with a rationalisation exercise to close down loss-making store. While Investment in an automotive stock detracted due to declining sales.
- Eugene tech also saw a dropped in price, after being sued by Kokusai Electronic for Patent Infringement. The manager has trimmed the position to be on the cautious side.

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 : 29 February 2024

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.