

Sun Life Malaysia

Select Asia (ex Japan) Quantum Fund

May 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	16.43 million units (31 May 2024)	Fund Size	RM26.32 million (31 May 2024)
Unit NAV	RM1.6019 (31 May 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

Technology	26.00%
Consumer Discretionary	17.40%
Industrials	16.00%
Health Care	14.60%
Financials	8.90%
Basic Materials	7.00%
Consumer Staples	3.40%
Others	3.10%
Cash & Cash Equivalent	3.60%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	6.4%
Eugene Technology Company Ltd	5.7%
Hainan Meilan Intl Airport Co	5.3%
GT Capital Holdings Inc	4.8%
Formosa Sumco Technology Corp	4.3%
Medlive Technology Co Ltd	4.2%
Andes Technology Corporation	4.2%
Hiap Teck Venture Berhad	4.2%
Aeon Credit Service M Bhd	4.2%
Zhihu Inc	3.6%
Total	46.90%

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 May 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-4.01	-2.57	-6.43	-4.31	-14.72	39.82	60.19
Benchmark	6.63	-0.24	9.04	20.98	11.46	62.87	92.54

* 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

- 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 May, the fund returned -2.6% against the benchmark of -0.2%. This was due to stock selection and countries allocation that detracted for the month of May.
- South Korea was the biggest detractor for the month, with Hugel reported lower export than expected due to absence of shipment to China, as they are still undergoing inventory digestion since 4Q23.
- Eugene Tech also detracted for the month due to a selloff mid-month, however it has recovery some ground since.
- Philippines detracted for the month due to its weaker currency and market over the month.
- Tech heavy Taiwan also saw some underperformance with Andes & AP memory underperformed as there was a sector shift from IC/IP design names to AI-related names ahead of Nvidia's GB200 launch.
- China and Hong Kong country allocation lead the gains for the month, with Hainan Meilan and Tamjai rallied following the broader market rally.
- Off benchmark allocation to Vietnam still continues to do well as Vietnam overall market performing YTD.
- Back home home in Malaysia also saw some modest gains, with names like Frontken performing in line with the broader market.
- Fund outlook remains unchanged, where further stimulus from China government is needed to support the market.
- The manager remains conviction in semiconductors recovery, with the fund exposure to tech around 33% of the portfolio.
- The fund manager remains its underweight in India due to high valuations and policy uncertainty given election results.

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 May 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.