

# Sun Life Malaysia

## Select Asia (ex Japan) Quantum Fund

July 2023



### 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	18.06 million units (31 July 2023)	Fund Size	RM31.66 million (31 July 2023)
Unit NAV	RM1.7527 (31 July 2023)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	AHAM Asset Management Berhad (FKA Affin Hwang 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"><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 AHAM Asset Management Berhad</li></ul>

### ASSET ALLOCATION OF THE TARGET FUND

Equities	Cash
Minimum 70%; Max 100%	Remaining Balance

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

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### SECTOR ALLOCATION OF THE TARGET FUND

Consumer Discretionary	22.80%
Technology	19.50%
Health Care	17.20%
Financials	17.10%
Industrials	14.30%
Consumer Staples	3.10%
Cash & Cash Equivalents	5.90%
<b>Total</b>	<b>100.00%</b>

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

Hugel Inc	4.70%
Zhihu Inc	3.90%
Hainan Meilan Intl Airport Co	3.60%
Peijia Medical Limited	3.60%
Medlive Technology Co Ltd	3.30%
Andes Technology Corporation	3.20%
Cebu Air Inc	3.20%
Shriram Finance Ltd	3.10%
Tam Jai International Co Ltd	3.10%
Novo Tellus Alpha Acquisition	2.90%
<b>Total</b>	<b>34.60%</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 31 July 2023:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	3.54	1.68	-0.40	10.05	14.65	46.28	75.27
<b>Benchmark</b>	16.63	2.11	13.12	12.39	37.69	29.95	69.82

\* 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

- US equities leapt higher in July as upbeat Goldilocks data bolstered the case for a soft landing in the US. The S&P 500 index soared 3.11%, benefiting from a wave of positive economic indicators that pointed to easing inflation, robust economic growth and a resilient labour market.
- During the month, the US Federal Reserve (Fed) delivered a 25 bps rate hike that was well priced-in. Fed Chair Jerome Powell stopped short of saying that the US central bank is done with raising rates, but maintained that there were encouraging signs that inflation is trending downwards.
- In Asia, the broader MSCI Asia ex-Japan index rose 5.68% lifted by stimulus optimism in China. The MSCI China index vaulted 9.30% as top party leaders unveiled measures at its Politburo meeting to reinvigorate growth in the country.
- Among the measures include a pledge by Beijing to provide stimulus support for its beleaguered property sector. Top party leaders also emphasised the need for measures to tackle youth unemployment as well as accelerate the issuance of local government special bonds to spur government investment.
- While there were no explicit announcements of blockbuster stimulus, the overall policy tone from the Politburo meeting did exceed expectations. There was an acknowledgement of pressing issues on-the-ground that could result in targeted easing measures to bolster growth and lift sentiment.
- On the domestic front, the benchmark KLCI rose 6.01% as foreign investors continued to pour into local equities. Several policy announcements by the government last month caught the attention of investors. These include the Ekonomi Madani Plan which outlined several key economic targets as well as Part 1 of the National Energy Transition Roadmap which intends to achieve 70% renewable energy (RE) capacity mix by 2050.
- All eyes will be on election in 6 outstanding states which is due to be held on the 12 August that would provide clarity on the stability of the unity government. With a stable government and accommodative policies in place, we anticipate an increase in foreign direct investments (FDI), which will boost market sentiment and provide support to the Ringgit.

## STRATEGY:

- Korea and Taiwan outperforming due to expectations of the ending of the cyclical downturn in the semiconductor sector. Companies with exposure to AI are also rerating. India and Indonesia's domestic economy has been robust.
- China's economic momentum has been weak. The recent Politburo meeting announcements indicates a shift in gears to act more aggressively. Sentiment remains fragile. Concrete measures need to be seen.
- The main drivers of the fund are structural growth sectors (eg. Healthcare and technology), China reopening beneficiaries, and ASEAN/India markets from rising disposable income.
- Over the month, the contributors for the Fund were the Chinese healthcare names, specifically Peijia Medical due to an increase in 1H 2023's revenue attributed to the commercialization of its products. Andes Tech was one of the detractors of the portfolio from weaker-than-expected sales due to the slowdown in China as well as higher one-off costs dragging 1H earnings.
- The fund manager reinitiated position in a China sportswear brand as value has emerged following a selloff as well as a newly-listed aesthetic service provider in Malaysia given strong growth prospect.

## 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 : 31 July 2023

#### 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.