

Sun Life Malaysia

Select Asia (ex Japan) Quantum Fund

September 2024



FUND OBJECTIVE

To achieve capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities.

INVESTMENT STRATEGY & APPROACH

Please refer to the Master Fund Fact Sheets at <https://www.sunlifemalaysia.com/insurance-and-takaful/investment-linked-fund/yearly-fund-fact-sheet/> for more information on the Investment Strategy and Approach for the target fund.

FUND DETAILS

Launch Date	20 May 2014	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	16.03 million units (31 September 2024)	Fund Size	RM23.66 million (31 September 2024)
Unit NAV	RM1.4760 (31 September 2024)	Target Fund	AHAM Select Asia (ex Japan) Quantum Fund (Quantum Fund)
Fund Manager	AHAM Asset Management Berhad	Taxation	8% of annual investment income
Performance Benchmark	MSCI AC Asia (ex-Japan) Small Cap Index	Frequency and Basis of Unit Valuation	The unit price is determined daily based on value of the holdings in the target fund, net of expenses, divided by the total number of units in that fund
Target Market	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	Fund Management Charge	<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% of Net Asset Value (NAV)	Balance of fund

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SECTOR ALLOCATION OF THE TARGET FUND

Technology	25.70%
Consumer Discretionary	21.90%
Health Care	17.60%
Industrials	12.70%
Financials	10.90%
Basic Materials	3.00%
Consumer Staples	2.70%
Cash & Cash Equivalents	5.50%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	6.50%
GT Capital Holdings Inc	6.00%
Siam Wellness Group	5.20%
Eugene Technology Company Ltd	5.00%
Zhihu Inc	4.90%
Aeon Credit Service M Bhd	4.90%
Medlive Technology Co Ltd	4.70%
Grand Venture Technology Ltd	4.30%
Park Systems Corp	3.80%
Xtep International Holdings Ltd	3.80%
Total	49.10%

PERFORMANCE RECORD

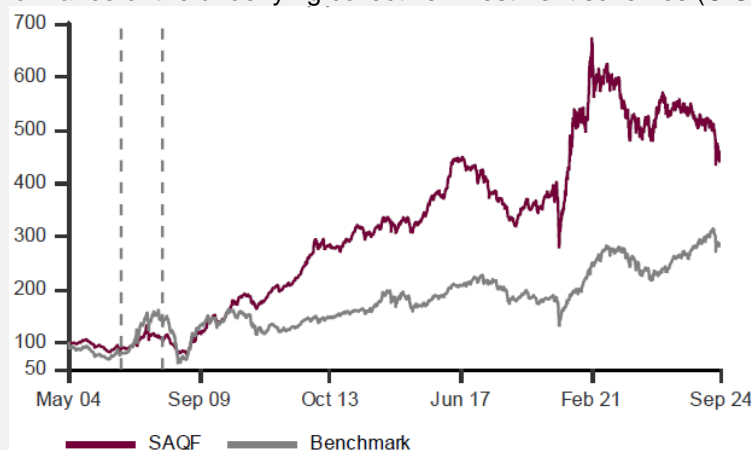
The Fund feeds into AHAM Select Asia (ex Japan) Quantum Fund (“target fund”) with the objective of achieving capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities with market capitalization of not more than USD1.5 billion at the time of investment. However, the target 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 30 September 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-11.56	-0.01	-8.69	-12.53	-18.95	29.61	47.60
Benchmark	1.82	-0.40	-1.30	7.84	5.37	61.12	83.85

* 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

- September marked a strong month for global equities, with the S&P 500 rising by 2.0%, driven by cooling inflation data that allowed central banks to consider interest rate cuts. The US Federal Reserve officially began its easing cycle with a 50-basis-point rate cut during its September meeting, exceeding market expectations of a 25-bps reduction. This decision was influenced by emerging weaknesses in the US labor market, prompting the Fed to act decisively to prevent economic slowdown. The Fed's updated projections indicate a more aggressive path for future rate cuts, anticipating the federal funds rate to decrease to 4.4% in 2024, followed by further reductions in subsequent years.
- In Asia, Chinese equities rebounded significantly, with the MSCI China Index surging 23.1% after the People's Bank of China (PBoC) announced a series of stimulus measures aimed at bolstering economic growth. These measures included reserve requirement ratio cuts and liquidity injections totaling 1 trillion yuan. The PBoC also established a swap facility to provide funding for non-bank financial institutions, signaling a strong commitment from Chinese leadership to use fiscal tools for economic stabilization.
- ASEAN markets benefited from US rate cuts and a weakening US dollar, with the FTSE ASEAN 40 Index gaining 15.5% year-to-date. Regional central banks, including Bank Indonesia and the Philippine central bank, have also eased financial conditions in response to these developments. In Malaysia, however, the benchmark KLCI fell by 1.80%, largely due to a strengthening Ringgit impacting net exporters while benefiting importers.
- Malaysia's inflation rate for August was reported at 1.9%, indicating a moderation driven by slower inflation in services and non-durable goods. The Malaysian Government Securities (MGS) yield decreased by 5 bps, closing at 3.71%, while Bank Negara Malaysia maintained its Overnight Policy Rate at 3.00% amidst expectations of continued growth supported by global tech upcycles and robust tourism spending.

STRATEGY:

- The funds return was muted (0.0%) compared to the benchmark return of -0.40%.
- Ringgit was the main detractor for the month with the overall FX impact to the fund were at c. -3.0%.
- The fund overweight position in China + HK has saw some fruition as the broader market rallied as the Chinese government announced stimulus targeted to improve their GDP figures over the last quarter of the year.
- Fund Manager will continue to maintain an overweight China position on the back of low fund positioning and cheap valuation, which will magnify returns further when there's an upturn.
- The main catalyst is dependent on government launching stimulus policies, though magnitude and timing is uncertain.
- The Manager continue to underweight India due to its high valuation, both on the index on the single stock basis. Any disappointed in growth data may result in sharp correction in valuation.
- Fund Manager thesis on cyclical recovery in semiconductor demand remains intact as Ai chips related demand remain robust with ROI for AI Capex is still high.

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 : 30 September 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.