

FUND OBJECTIVE

The Fund aims to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

FUND DETAILS

Launch Date	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	90.510 million units (31 December 2018)	Fund Size	RM109.877million (31 December 2018)
Unit NAV	RM1.2140 (31 December 2018)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	CIMB-Principal Asset Management Bhd	Target Fund	CIMB-Principal Asia Pacific Dynamic Income Fund
Benchmark	Target return of 8% p.a.	Taxation	8% of annual investment income
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> ▪ Have a medium to long-term investment horizon ▪ Want a well-diversified portfolio of Asia Pacific ex Japan region ▪ Willing to take moderate risk for potentially moderate capital return over the long-term 	Fees	<ul style="list-style-type: none"> ▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Asia Pacific Dynamic Income Fund. ▪ 1.8% of pa fund management charge is applied on the target fund's NAV by CIMB-Principal.

ASSET ALLOCATION OF THE TARGET FUND

Equities (Foreign)	Equities (Local)	Cash
90.75%	2.08%	7.17%

SECTOR ALLOCATION OF THE TARGET FUND

Finance	44.56%
Consumer	14.59%
Industrials	11.78%
Technology	6.40%
Telecommunications	4.84%
Oil & Gas	4.08%
Health Care	3.83%
Basic Materials	2.75%
Cash	7.17%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND

AIA Group Ltd (Hong Kong)	4.39%
Industrial and Commercial Bank (China)	3.56%
Samsung Electronics Co. Ltd (South Korea)	3.27%
Taiwan Semiconductor Manuf (Taiwan)	3.22%
Tencent Hldg Ltd (Hong Kong)	3.18%
Ping An Insurance Group Co. -H (China)	3.04%
TRANSURBAN GROUP (Australia)	2.86%
Link REIT (Hong Kong)	2.78%
BHP Group Ltd (Australia)	2.75%
Bank Central Asia (Indonesia)	2.64%

PERFORMANCE RECORD

This fund feeds into CIMB-Principal Asia Pacific Dynamic Income Fund ("target fund") with the objective to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

Table below shows the investment returns of Sun Life Malaysia Asia Pacific Dynamic Income Fund versus its benchmark as at 31 December 2018:

%	YTD	1M	3M	6M	1-Year	3-Year	Since Inception
Fund*	-10.04%	-2.73%	-8.19%	-7.50%	-10.04%	20.08%	21.40%
Benchmark	8.00%	0.64%	1.94%	3.92%	8.00%	25.97%	35.18%

***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

In December, the Fund declined by 2.73% in MYR terms. Year-to-date the Fund is down 10.04%.

Asia Pacific ex-Japan equities lost 3% (US\$ terms) month-on-month in December 2018 but outperformed MSCI World (-8%). Asia Pac ex-Japan equities have been relatively resilient against US equities in Nov & Dec which suggests we are in a bottoming process. Asian equities are a Buy. We should be scaling into markets gradually as macro issues on trade and monetary policy stop deteriorating. Fundamentally, negotiations have resumed between the US & China which pushes out the tail risks of trade war escalating further. The US Fed will be "patient" in their pace of monetary tightening and sensitive to risks in markets which will help keep the US\$ stable. The Chinese Yuan should be stable as authorities will be reluctant to allow significant moves while trade talks are ongoing Growth is slowing and inflation is easing in Asia which means monetary policy can be accommodative. We are also of the opinion that consensus earnings cuts in Asia should bottom out in 2019. The market is probably ahead in discounting more earnings downgrades (we forecast +6% yoy versus consensus of +8%yoy). The worry is China, which is slowing & this was amplified by Apple's downward guidance in early Jan and the weak PMI. Policy easing (recent RRR cut of 100bp, wider tax deductions, VAT cuts, more relaxed LGFV financing) will help cushion the slowdown but not reverse it. Therefore, marking a bottom in earnings revision over the next few months will be key. Valuations are undemanding at 11x PER FY2019. We have grown more positive on Indonesia and India as the currencies have stabilized and oil prices have fallen below US\$70/bbl (WTI). In general, we prefer financials, specifically, Banks in ASEAN and India, Insurance in China/HK, and Industrials like toll roads, defense manufacturing, waste management and domestic infrastructure names.

Source : CIMB-Principal Asset Management Bhd
Date : 31 December 2018

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.