

# Sun Life Malaysia

## Asia Pacific Dynamic Income Fund

September 2024



### 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.

### 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	13 February 2015	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	194.51 million units (30 September 2024)	Fund Size	RM325.59 million (30 September 2024)
Unit NAV	RM1.6739 (30 September 2024)	Target Fund	Principal Asia Pacific Dynamic Income Fund - Class MYR
Fund Manager	Principal Asset Management Bhd	Taxation	8% of annual investment income
Performance Benchmark	8% p.a	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"> <li>Have a medium to long-term investment horizon</li> <li>Want a well-diversified portfolio of Asia Pacific ex Japan region</li> <li>Seek regular income</li> <li>Can accept that returns may fluctuate over the investment period</li> </ul>	Fund Management Charge	<ul style="list-style-type: none"> <li>Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Asia Pacific Dynamic Income Fund</li> <li>Up to 1.8% pa of fund management charge is applied on the target fund's NAV by Principal Asset Management Bhd</li> </ul>

### ASSET ALLOCATION OF THE TARGET FUND

Equities	Collective Investment Schemes (CIS)	Liquid assets
Minimum 60% and up to 98% of Net Asset Value (NAV)	Maximum 20% of NAV	Minimum 2% of NAV

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### SECTOR ALLOCATION OF THE TARGET FUND

Information Technology	19.62%
Others	14.38%
Financials	12.48%
Consumer Discretionary	11.34%
Industrials	10.67%
Communication Services	9.78%
Mutual Fund	6.38%
Health Care	5.63%
Energy	5.29%
Cash	4.43%
Total	100.00%

### TOP HOLDINGS OF THE TARGET FUND

Taiwan Semiconductor Manufacturing (Taiwan)	9.26%
Tencent Holdings Ltd (Hong Kong)	5.02%
Hitachi Ltd (Japan)	3.75%
Reliance Industries Ltd (India)	3.72%
AIA Group Ltd (Hong Kong)	3.23%
Goodman Group (Australia)	3.06%
Alibaba Group Holdings Ltd (Hong Kong)	2.73%
China Mobile Ltd (Hong Kong)	2.70%
NTPC Ltd (India)	2.63%
E Ink Holdings Inc (Taiwan)	2.52%
Total	38.62%

### PERFORMANCE RECORD

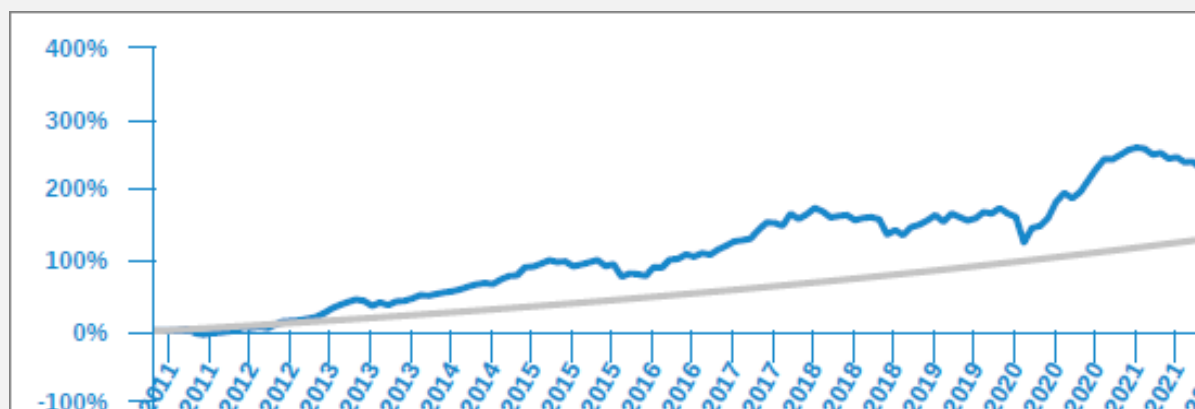
This fund feeds into Principal Asia Pacific Dynamic Income Fund - Class MYR ("target fund") with the objective to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

Table below shows the investment returns of Sun Life Malaysia Asia Pacific Dynamic Income Fund versus its benchmark as at 30 September 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	5.10	-0.28	-3.87	9.20	-3.37	25.99	67.39
<b>Benchmark</b>	5.93	0.63	3.92	8.01	25.98	46.94	110.35

\* Calculation of past performance is based on NAV-to-NAV

Graph below shows the historical performance of the underlying collective investment schemes (CIS) for calendar year returns:



Source: Lipper

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#### FUND MANAGER'S COMMENTS

The Fund was down 0.28% in MYR terms in Sep, underperforming the benchmark by 91 bps. YTD, the Fund is up 5.10%, underperforming the benchmark by 83 bps.

The MSCI AC Asia Pacific ex Japan Index surged 7.5% in September in USD terms. US Fed kicked off the rate cut cycle with an unusually large 50bps move, not so much due to worries of a recession, but rather a signal that US Fed is comfortable with the inflation outlook and wants to be pre-emptive to prevent job layoffs from taking place and engineer a soft landing. According to the dot plot, US Fed expects another 150bps cut to reach fed fund rate of 3.375% by end 2025. This should allow central banks in Asia the leeway to reduce rates without worrying about their currencies in the foreseeable future. Post the surprise rate cut by US Fed, China announced a set of easing measures to support the property and equity markets. These recent announcements appeared to mean that the Chinese government has recognized the need for significant policy action to boost the flagging economy. We noted that there is a big shift in tone in Chinese government but implementation remains key and the long-term sustainability of any improvement in equity markets is dependent on the macro recovery and corporate earnings growth. The government needs to continue to roll out measures on both the fiscal and monetary front to improve business and household confidence. We have a constructive view on Asian equities, with the start of the US rate cutting cycle and positive earnings revision. We prefer companies where there is strong earnings growth such as beneficiaries of AI spend, rising capex or consumption. We are selective in China, focusing on domestic oriented companies which have shown signs of turnaround, improving top line and margins, and able to deploy capital efficiently, manage costs and/or can declare high dividend yields. As we are heading into US election season, volatility is to be expected for the Asian markets since proposals about US trade with China would be very contentious. Other risks would be (1) US economy hard landing, (2) continued weak business and consumer sentiment in China, (3) rising geopolitical risks.

**RISKS**

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<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>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 price of units to fall.
<b>Liquidity risk</b>	Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the target fund holds assets that are illiquid, or are difficult to dispose of, the value of the target fund will be negatively affected when it has to sell such assets at unfavourable prices.
<b>Currency risk</b>	As the investments of the target fund may be denominated in currencies other than the base currency of the target fund, any fluctuation in the exchange rate between the base currency of the target fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the target fund, this will have an adverse effect on the NAV of the target fund and vice versa. 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.
<b>Credit and default risk</b>	The target fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the target fund invests in debt securities, money market instruments and/or place deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers or counterparties may impact the value as well as liquidity of the investments. In the case of rated debt securities, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparty either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the target fund. Principal (S) aims to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

**RISKS (CONTINUED)**

**Interest rate risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of debt securities. When interest rates rise, debt securities prices generally decline and this may lower the market value of the target fund's investment in debt securities. In managing the debt portfolio, Principal (S) takes into account the coupon rate and time to maturity of the debt securities with an aim to mitigate the interest rate risk.

**Risk associated with investing in CIS**

Since the target fund may invest entirely into CIS, there is a risk of concentration into CIS, in which the CIS's management company has absolute discretion over the CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the CIS and/or the management company, the NAV of the target fund, which invests into those CIS would be affected negatively. Should the situation arise, Principal (S) will seek for another CIS that is consistent with the objective of the target fund.

**Risk of investing in emerging markets**

In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the target fund's growth. Principal (S) will attempt to mitigate these risks through active asset allocation management and diversification, in addition to their continuous bottom-up and top-down research and analysis.

**Source : Principal Asset Management Bhd**

**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.