Sun Life Malaysia
Select Asia (ex Japan) Quantum Fund
September 2021

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	20.49 million units (30 September 2021)	Fund Size	RM37.32 million (30 September 2021)
Unit NAV	RM1.8210 (30 September 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Affin Hwang Asset Management Berhad	Target Fund	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: ▪ Have a medium to long term investment horizon ▪ Are risk tolerance ▪ Are seeking higher returns for their investments compared to the performance benchmark	Fees	▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Select Asia (ex Japan) Quantum Fund ▪ Up to 1.5% p.a. of fund management charge is applied on the target fund's NAV by Affin Hwang Asset Management Berhad

ASSET ALLOCATION OF THE TARGET FUND

Equities	Cash
Minimum 70%; Max 100%	Remaining Balance

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SECTOR ALLOCATION OF THE TARGET FUND

Technology	20.8%
Financials	17.1%
Consumer Discretionary	16.8%
Industrials	14.6%
Consumer Staples	8.3%
Health Care	5.9%
Energy	2.8%
Basic Materials	2.8%
Cash & Cash Equivalents	10.8%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Guan Chong Bhd	4.4%
Grand Venture Technology Ltd	3.5%
Aztech Global Ltd	2.9%
Ascendas India Trust	2.8%
Greatech Technology Bhd	2.8%
Pentamaster International Ltd	2.7%
Ciputra Development Tbk PT	2.7%
Samsonite International SA	2.6%
Supercomnet Technologies Bhd	2.5%
Truly International Holdings Ltd	2.4%
Total	29.3%

PERFORMANCE RECORD

The Fund feeds into Affin Hwang 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 2021:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	11.29	-2.09	-1.39	12.18	58.25	50.26	82.10
Benchmark	20.68	-0.92	7.08	39.24	37.83	45.40	74.48

** 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 fell in September amidst various macro concerns, including fears of a tapering of asset purchases by the Fed, the debt ceiling standoff in the US and supply chain bottlenecks. The MSCI AC World index was down 4.1% while the S&P 500 fell 4.7% during the month.

- The MSCI AC Asia ex-Japan index was down 3.6% in September as regulatory headwinds continue to cloud North Asian markets. Market sentiment was also dampened with news surrounding China Evergrande dominating headlines and amid fears of power shortages in China.

- News of the potential default of China's leading real estate developer Evergrande put investors on alert, as the property developer will be facing a maturity wall in 2022. Worries arose on possible knock-on effects to home buyer and consumer sentiment. However, additional liquidity injection by the PBoC helped to soothe market jitters.

- Fears of power shortages in China was another worry for the market. This had been driven by rising demand for electricity and surging coal and gas prices, as well as strict targets from Beijing to cut emissions. Because of this, large manufacturing industries have been ordered to curb operations. Other countries including Taiwan and Korea were similarly impacted by the power crunch as the main tech hubs of Asia.

- The rest of Asia has held up relatively better such as ASEAN and India. The number of COVID-19 cases has come off its peak and vaccination rates have ramped-up significantly. More parts of the economy are expected to re-open and could see improvement in growth.

STRATEGY:

- Headwinds are forming for equity markets. Global growth momentum is easing and downside risk has increased, accentuated by an energy crisis. With tapering around the corner, markets will likely be volatile although a repeat of 2013 Taper Tantrum is unlikely.

- Valuations for Asian markets are now more palatable and sentiments are less exuberant. However, we remain cautious given the headwinds may not be fully priced in yet.

- The fund's invested level is now at 89%, as the fund reduced exposure to selected Chinese stocks due to regulatory risk. We continue to be on the lookout for structural growth names but the fund has a larger tilt towards value reopening and cyclical names for now.

- New names added include a HK instant noodle maker given its oversold position, an Indian cinema operator as a reopening beneficiary, an Australian mining tech company, and a Korea secondary battery ETF for rising EV penetration. We exited an Apple component supplier, a HK listed container maker, and a Korean optical inspection equipment maker.

- Structural growth names and economic reopening themes make up bulk of the fund, while cyclicals exposure is maintained at around 15% of the fund.

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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.

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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 : Affin Hwang Asset Management Berhad
Date : 30 September 2021

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