

Sun Life Malaysia

Select Asia (ex Japan) Quantum Fund

December 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	15.32 million units (31 July 2024)	Fund Size	RM23.51 million (31 July 2024)
Unit NAV	RM1.5346 (31 July 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

Sun Life Malaysia Assurance Berhad 199001005930 (197499-U)

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SECTOR ALLOCATION OF THE TARGET FUND

Consumer Discretionary	25.5%
Technology	24.2%
Health Care	16.2%
Industrials	11.9%
Financial Services	4.6%
Real Estate	3.8%
Consumer Staples	2.7%
Banks	2.0%
Cash & Cash Equivalents	9.1%
Total	100.0%

TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	7.4%
Grand Venture Technology Ltd	5.8%
Siam Wellness Group	5.4%
Frontken Corp Bhd	4.8%
Aeon Credit Service M Bhd	4.6%
Zhihu Inc	4.5%
Medlive Technology Co Ltd	4.4%
Andes Technology Corporation	4.1%
Capital A Berhad	3.9%
GT Capital Holdings Inc	3.8%
Total	48.6%

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 December 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	-8.05	3.44	-3.85	-8.05	-11.99	26.67	53.46
Benchmark	2.10	-0.29	-7.33	2.10	4.00	54.47	83.36

* 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

- US equities struggled in December, with the S&P 500 dropping 2.5%, ending the year with a strong 23.3% gain for 2024. The year's performance was driven by the "Magnificent 7" tech giants and beneficiaries of artificial intelligence (AI), though the December decline reflected recalibrated market expectations and profit-taking.
- The Federal Reserve delivered its third consecutive rate cut at the December FOMC meeting, lowering the federal funds rate by 25 basis points to 4.25%–4.50%. Despite the expected cut, the Fed's hawkish tone, including an upward revision to the 2025 terminal rate to 3% and reduced anticipated rate cuts (from 4 to 2), dampened investor sentiment. This cautious approach reflects persistent inflation risks and a measured policy stance, triggering a sell-off in risk assets as markets adjusted to less accommodative expectations.
- In Asia, the MSCI Asia ex-Japan index was flat in December, edging up 0.08%. The strengthening US dollar and recalibrated global rate expectations weighed on sentiment. South Korea's KOSPI fell 2.3%, driven by political turmoil following a coup, which raised concerns about policy stability and economic direction. While a strong dollar poses challenges for Asia, undervalued currencies and attractive equity valuations provide some resilience compared to 2016. China equities outperformed, with the MSCI China Index gaining 2.50%, driven by optimism following the December Politburo meeting. The government emphasized a "more proactive" fiscal policy for 2025, pledging to stabilize property and stock markets and intensify counter-cyclical adjustments.
- Malaysia's KLCI rose 3% in December, demonstrating resilience amid rising yields. Malaysia's strategic role in global supply chains and developments like the Johor-Singapore Special Economic Zone (JS-SEZ) are expected to bolster growth and regional connectivity.

STRATEGY:

- The funds return was 3.8% over the month, compared to the benchmark of -0.3%, contributed by the Technology sector of Taiwan and Malaysia, while China + HK holdings was also a positive for the month.
- The manager decision to underweight India has also shielded some of the fund performance, as India's small cap continue to slip over the month of December. Fund Manager continue to UW India given its rich valuation.
- South Korea's political turmoil has also detracted the fund performance, but individual stock selection like Hugel returned positive for the month, which held up the overall fund performance.
- Semiconductor related and technology stocks in Taiwan, Malaysia and Singapore rebounded after the sell off in November. The manager continues to hold these names, given the thesis on cyclical recovery in semiconductor demand remains intact.
- Meanwhile, China and HK exposure are position onto consumers, healthcare and internet sectors which could benefit from any further stimulus measures announce by the Chinese government.
- The fund is currently raising some cash from Eugene Tech and redeploying onto an Indonesia apparel company, Mitra; given its cheap valuation after a sell down. The manager believes its cost could be normalised and be pass down to consumers by 1H25 following the hike in minimum wage.
- The fund currently holds around 9% cash, which the fund manager might deploy in the event of any market weakness or to capture better opportunity.

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 : 31 December 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.