

# Sun Life Malaysia

## Select Asia (ex Japan) Quantum Fund

August 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	16.26million units (30 August 2024)	Fund Size	RM24.00 million (30 August 2024)
Unit NAV	RM1.4761 (30 August 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"><li>Have a medium to long term investment horizon</li><li>Are risk tolerance</li><li>Are seeking higher returns for their investments compared to the performance benchmark</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 Select Asia (ex Japan) Quantum Fund</li><li>Up to 1.5% p.a. of fund management charge is applied on the target fund's NAV by AHAM Asset Management Berhad</li></ul>

### 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)

Level 11, 338 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur

Telephone (603) 2612 3600 Client Careline 1300-88-5055 [wecare@sunlifemalaysia.com](mailto:wecare@sunlifemalaysia.com) [sunlifemalaysia.com](http://sunlifemalaysia.com)

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## SECTOR ALLOCATION OF THE TARGET FUND

Banks	29.10%
Consumer Discretionary	18.70%
Health Care	16.50%
Industrials	15.90%
Financials	9.10%
Basic Materials	3.00%
Consumer Staples	2.70%
Cash & Cash Equivalents	5.00%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE TARGET FUND (EQUITIES)

Hugel Inc	7.50%
Eugene Technology Company Ltd	6.10%
Aeon Credit Service M Bhd	4.90%
Siam Wellness Group	4.30%
Medlive Technology Co Ltd	4.30%
Grand Venture Technology Ltd	4.30%
GT Capital Holdings Inc	4.30%
Zhihu Inc	4.10%
Formosa Sumco Technology Corp	4.10%
Park Systems Corp	3.80%
<b>Total</b>	<b>47.70%</b>

## PERFORMANCE RECORD

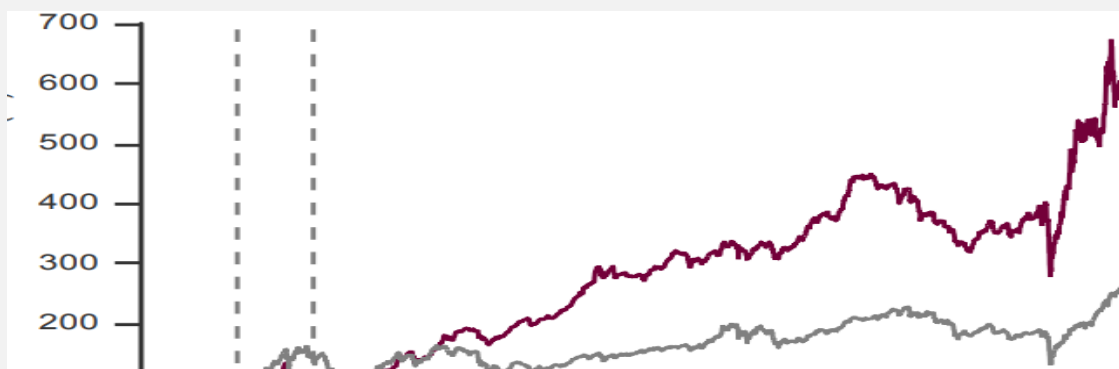
The Fund feeds into AHAM Select Asia (ex Japan) Quantum Fund ("target fund") with the objective of achieving capital appreciation over the medium to long-term by investing in Asia (ex Japan) equities with market capitalization of not more than USD1.5 billion at the time of investment. However, the target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

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
<b>Fund*</b>	-11.55	-3.89	-10.75	-13.61	-20.64	28.48	47.61
<b>Benchmark</b>	-4.20	-4.12	-1.06	7.17	4.82	63.76	84.59

\* 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](http://www.morningstar.com)

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## FUND MANAGER'S COMMENTS

- August was marked by volatility, as the relative lull in markets was abruptly interrupted at the beginning of the month. This shift was triggered by disappointing labour data that stoked recessionary fears. July's Nonfarm Payrolls report revealed job growth of just 114,000, down from the revised 179,000 in June and well below the market's expectation of 185,000. Additionally, the unemployment rate rose to 4.3%, its highest level since October 2021. Adding to the market's unease, the Bank of Japan (BoJ) raised interest rates, which led to an unwinding of the Japanese yen carry trade, where investors had placed heavy bets on a weaker yen. This had caused severe dislocation in financial markets as investors now begin ditch their short yen positions. However, a sense of stability returned towards the end of August, where global markets regained ground. The S&P 500 index rose by 2.28%, while the tech-heavy Nasdaq Index managed to close in positive territory after initially plunging by more than 10%.
- This recovery was driven by fresh economic data that underscored the resilience of the US economy. Notably, retail sales increased by 1.0% in July, marking the largest gain since January 2023, following a revised 0.2% decline in June. Furthermore, the US ISM Services PMI for July returned to expansion territory at 51.4, surpassing both the forecast of 51 and the previous month's reading of 48.8. Growing confidence in potential interest rate cuts by the US Federal Reserve (Fed) also provided comfort to investors. The Fed's preferred inflation gauge, the Core Personal Consumption Expenditures (PCE) index, met expectations, reinforcing the likelihood of rate cuts in its FOMC meeting in September.
- In Asia, the MSCI Asia ex-Japan index rose by 1.75%, supported by lower bond yields. Thailand's benchmark index was a notable gainer, surging 3.58% as political clarity emerged following the appointment of a new Prime Minister. Japanese equities also recovered some losses as the Bank of Japan (BoJ) downplayed the likelihood of further rate hikes, particularly during periods of market instability. Meanwhile, Chinese equities received support on speculation that Beijing might allow homeowners to refinance up to US\$5.4 trillion in mortgages, potentially lowering borrowing costs and boosting consumption.
- On the domestic front, the KLCI benchmark index advanced by 3.27%, driven by positive 2Q'2024 earnings results. Banks were standout performers during the results season, primarily due to higher dividends and improved loan growth. In contrast, the tech sector faced challenges, making it the biggest decliner. The sector was weighed down by concerns over a stronger Ringgit, leading to sluggish results and order delays. However, a recovery is expected in the second half of the year, with improvements likely reflected in 3Q'24 earnings.

## STRATEGY:

- Specific country and stock selection like South Korea performing positive for the month, where stock holding in Hugel continued to perform well YTD. However, the fund overweight position in Tech sector was a detractor over the month, and overall YTD – overweight position in China + HK and in combination with an underweight in India has attributed to the performance deviation from the benchmark.
- Given the recent volatility due to heightened risk of US economic growth slowdown, the fund manager has trimmer some tech weights, particular in names that has lower conviction and extended valuation. However, 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.
- The fund has redeploy some of the funds back home to Malaysia as the manager believes there is an edge in generating alpha given home advantage. As for the fund exposure in China + HK, the manager believes the weak economy has been priced into the valuation and will maintain overweight on the back of low fund positioning and cheap valuation, which might magnify returns when there is an upturn.
- 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.

## RISKS

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

<b>Market risk</b>	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.
<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>Credit and default risk</b>	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.
<b>Interest rate risk</b>	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.
<b>Warrants investment risk</b>	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.
<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 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 August 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.