Sun Life Malaysia
Asia Pacific Dynamic Income Fund
JuLY 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	193.20 million units (31 July 2024)	Fund Size	RM335.52 million (31 July 2024)
Unit NAV	RM1.7367 (31 July 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: ▪ Have a medium to long-term investment horizon ▪ Want a well-diversified portfolio of Asia Pacific ex Japan region ▪ Seek regular income ▪ Can accept that returns may fluctuate over the investment period	Fund Management Charge	▪ Sun Life Malaysia does not impose any fund management charge on Sun Life Malaysia Asia Pacific Dynamic Income Fund ▪ Up to 1.8% pa of fund management charge is applied on the target fund's NAV by Principal Asset Management Bhd

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	27.52%
Others	11.14%
Industrials	10.43%
Communication Services	10.30%
Energy	9.40%
Mutual Fund	7.29%
Consumer Discretionary	6.96%
Financials	6.53%
Real Estate	4.91%
Cash	5.52%
Total	100.00%

TOP HOLDINGS OF THE TARGET FUND	
Taiwan Semiconductor Manufacturing (Taiwan)	9.25%
CNOOC Ltd (Hong Kong)	5.38%
Samsung Electronics Co. Ltd (South Korea)	4.82%
Tencent Holdings Ltd (Hong Kong)	4.63%
Reliance Industries Ltd (India)	4.03%
SK Hynix Inc (South Korea)	3.48%
NEXT FUNDS TOPIX Banks ETF (Japan)	3.33%
Hitachi Ltd (Japan)	3.19%
Goodman Group (Austrilia)	3.11%
NTPC Ltd (India)	2.62%
Total	43.84%

PERFORMANCE RECORD

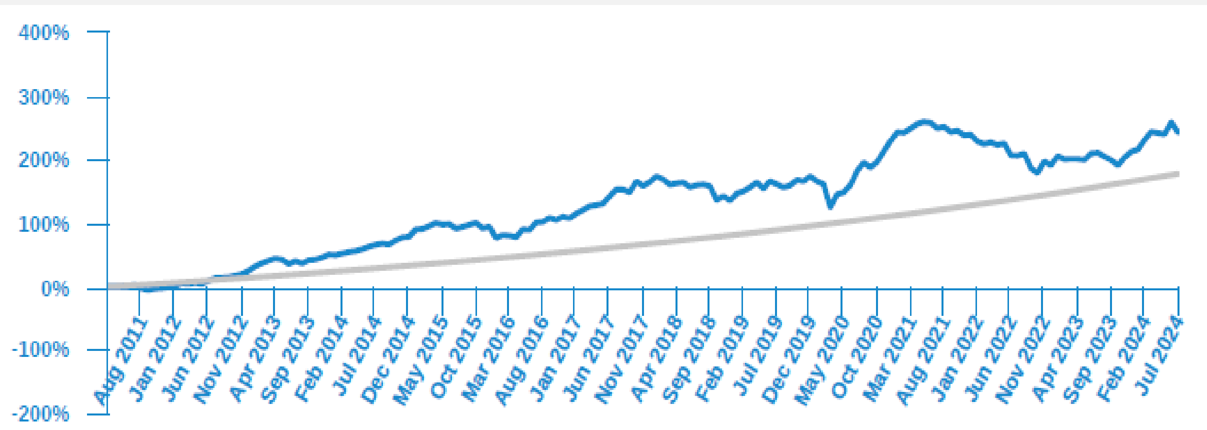
This fund feeds into Principal Asia Pacific Dynamic Income Fund - Class MYR ("target fund") with the objective to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long-term.

Table below shows the investment returns of Sun Life Malaysia Asia Pacific Dynamic Income Fund versus its benchmark as at 31 July 2024:

%	YTD	1M	6M	1-Year	3-Years	5-Years	Since Inception
Fund*	9.04	-4.12	7.86	9.58	-1.30	29.90	73.67
Benchmark	4.58	0.65	3.90	8.01	25.98	46.95	107.68

** 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 4.12% in MYR terms in Jul, underperforming the benchmark by 477 bps. YTD, the Fund is up 9.04%, outperforming the benchmark by 446 bps.

The MSCI AC Asia Pacific ex Japan Index was almost flat in July in USD terms. The June CPI reading in the US was encouraging which marks a step in the right direction and pave the way for a potential rate cut in September. On a 3-month annualized basis, core CPI is now 2.1% which is near the Fed's target. Amid jittery over recession risk in the US post nonfarm payrolls report, we retain our view that US economy will have a soft landing. In China, GDP growth slowed to 4.7%YoY in 2Q24 on the back of weak consumption, and is below the government's target of 5%. The 3rd Plenary Session ended with largely no change in policy stance, as expected. Caixin Manufacturing PMI fell below 50 in July and inflation is very subdued at 0.2%. PBoC unexpectedly cut its key policy rate by 10bps to 1.7%. The Chinese government has to do more in terms of policy to hit the 5% GDP growth target. As we are heading into US election season, volatility is to be expected for the Asian markets as proposals about US trade with China would be very contentious. Nevertheless we believe that long term fundamentals and earnings growth would be the primary drivers of stock returns. In Asia, growth drivers include increasing demand for more advanced chips due to A.I, recovery in the semiconductor industry, India's strong economic growth and capex cycle. Current market correction is likely to present investment opportunities as valuations become more attractive. We will continue to diversify and position the portfolio in the identified growth drivers. We will also be selective in our investments in China, especially for those companies who have shown signs of turnaround or have high dividend yields. 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:

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.
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 price of units to fall.
Liquidity risk	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.
Currency risk	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.
Credit and default risk	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 : 31 July 2024