

**FUND OBJECTIVE**

To maximize capital growth over the medium to long-term through the stock market.

**FUND DETAILS**

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	27.14 million units (30 September 2021)	Fund Size	RM73.73million (30 September 2021)
Unit NAV	RM2.7167 (30 September 2021)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	FBM100
Taxation	8% of annual investment income	Fees	Management Fee: 1.5% p.a.
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>▪ With a medium to long-term investment horizon</li> <li>▪ Seek maximum capital appreciation</li> <li>▪ Do not require regular income</li> <li>▪ Comfortable with higher volatility</li> <li>▪ Willing to take higher risk for potential higher gains</li> </ul>	Other Charges	Inclusive of auditor fee & transaction charge

**ASSET ALLOCATION OF THE FUND**

Equities	Cash
Minimum 80% - 98%	Up to 20%

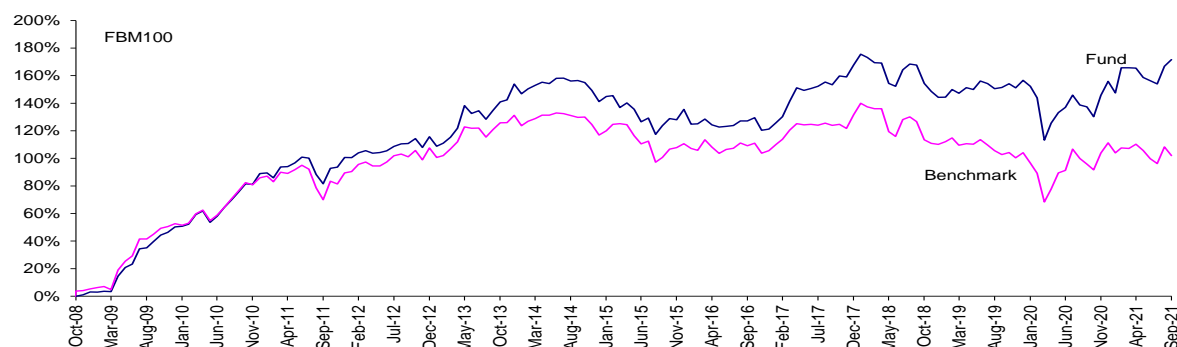
## SECTOR ALLOCATION OF THE FUND

Financial Services	29.34%
Industrial Products & Services	17.78%
Technology	15.15%
Consumer Products & Services	10.08%
Energy	5.62%
Health Care	3.99%
Transportation & Logistics	3.96%
Construction	2.91%
Telecommunications & Media	2.89%
Utilities	2.42%
Plantation	2.20%
Property	0.22%
Cash	3.45%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.80%
Malayan Banking Bhd	6.58%
Public Bank Bhd - Local	5.83%
Press Metal Aluminium Holding Bhd	5.67%
Petronas Chemicals Group Bhd	4.81%
RHB Bank Bhd	3.89%
Inari Amertron Bhd	3.89%
Genting Bhd	3.13%
IHH Healthcare Bhd	3.09%
Genting Malaysia Bhd	3.08%
<b>Total</b>	<b>47.77%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	6.18	1.81	14.45	1.49	19.60	49.61	171.67
<b>Benchmark</b>	-4.38	-3.04	3.16	-10.85	-3.42	18.85	102.02

\* 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.**

## FUND MANAGER'S COMMENTS

### Market review

In September, the Fund rose 1.81%, outperforming the benchmark by 4.85%. The outperformance was mainly due to overweight in Energy, Industrials, Materials and Information Technology as well as the underweight in Consumer Staples and Health Care. On the YTD, the Fund outperformed the Benchmark by 10.56%.

### Portfolio Strategy

FBMKLCI lost 64pts or 4% to 1,537pts in September. Investors were spooked by a surprise move by the MOF seeking local banks to waive interest payments for loans under moratorium in 4Q21 for borrowers in the B50 category, and concerns that the government might be imposing a windfall tax levy or capital gains tax to shore up revenues to fund stimulus measures. China's Evergrande debacle and US taper tantrums may have also added to the pessimism.

Malaysia's manufacturing PMI rose further to 48.1pts in September from 43.4pts in August suggesting that the weakness in the manufacturing sector has eased. IHS Markit also indicated that manufacturers were increasingly confident that output would rise over the coming year, citing hopes that the end of the pandemic would encourage new projects to begin and aid a broad-based recovery in market demand. It also added that the degree of optimism reached the highest since April.

Bank Negara maintained the OPR at 1.75% during the MPC meeting on 9 September. The recent spike in inflation was viewed as transitory and is projected to moderate, with core inflation to range between 0.5% and 1.5% for 2021. The government will continue to deploy fiscal measures and financial assistance to cushion the economic impact of the pandemic. The central bank has officially revised its GDP growth forecast for 2021 to 3.0-4.0% (previously at 6.0-7.5%). At the time of writing, 63% of Malaysians are fully vaccinated versus 46% end-August, with 73% (vs 61% previous month) of the population already having received 1 dose.

The signing of the MOU between the government and Pakatan Harapan, which entailed a bipartisan cooperation to restore political stability through various transformation and reform initiatives, as well as to manage the COVID-19 pandemic, should have served as a sentiment booster.

Corporate earnings remain poised for a strong recovery, despite the persistent weak economic conditions. We project 52% earnings growth for 2021 for our coverage universe followed by a further 5% growth for 2022 (45% and 4% growth respectively FBMKLCI). Excluding the Glove sector, which could see earnings falling 57% in 2022, growth for 2021 and 2022 would be 45% and 20% respectively (36% and 18% respectively for FBMKLCI), which we consider very commendable.

We remain positive on Malaysia as movement controls ease, paving way for a full reopening of the economy, and domestic political issues abating. We continue to be selective on stocks from a bottom-up basis that plays into the reopening theme and thus remain constructive on sectors such as Financial, cyclical themes such as Consumer Discretionary and select Transport. Sectors that benefit from certain government reforms such as systems providers, and fiscal pump-priming to resuscitate the economy such as Construction and Building Materials, could be in focus next. We continue to overweight selective Technology companies and underweight Glove given their earnings prospects and ESG issues. Whilst turning neutral on Plantation as the major companies seek to address ESG concerns and valuations have factored such concerns.

## RISKS

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

<b>Market risk</b>	<p>Market risk is the risk of negative movement that affects the price of all assets in a particular capital market. The factors influencing the performance of the markets include:</p> <ul style="list-style-type: none"><li>• Economic and financial market conditions</li><li>• Political change</li><li>• Broad investor sentiment</li><li>• Movements in interest rate and inflation</li><li>• Currency risks</li></ul> <p>Stock values fluctuate in response to the activities and performance of individual companies and general market or economic conditions. Such movements in the underlying values of the share of the investment portfolio will cause the NAV or prices of units to fall as well as rise. Market risk is mitigated through careful selection of securities and diversification through spreading of risk across a basket of assets and/or sectors.</p>
<b>Company or security specific risk</b>	<p>There are many specific risks, which apply to individual companies or securities. Examples include the possible effect on a company of losing a key executive or the unforeseen entry of a new competitor into the market. The risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>
<b>Credit risk</b>	<p>The risk of loss of principal or loss of a financial reward stemming from counterparty's failure to repay a loan or otherwise meet a contractual obligation. This risk is primarily applicable to the liquid assets of this fund. Credit risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>

Source : *Principal Asset Management Bhd*  
Date : *30 September 2021*

### Disclaimer:

The benchmark performance is not a guide to future performances which may differ. 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.