

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	28.37 million units (29 September 2023)	Fund Size	RM76.18 million (29 September 2023)
Unit NAV	RM2.6856 (29 September 2023)	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"> With a medium to long-term investment horizon Seek maximum capital appreciation Do not require regular income Comfortable with higher volatility Willing to take higher risk for potential higher gains 	Other Charges	Inclusive of auditor fee & transaction charge

ASSET ALLOCATION OF THE FUND

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

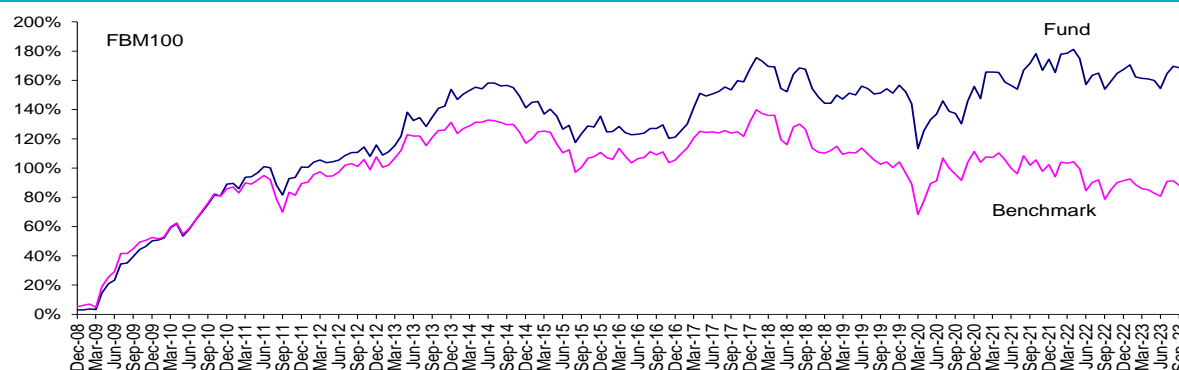
SECTOR ALLOCATION OF THE FUND

Financial Services	22.59%
Utilities	11.34%
Technology	10.24%
Industrial Products & Services	8.44%
Health Care	7.86%
Energy	7.49%
Transportation & Logistics	5.73%
Construction	5.14%
Consumer Products & Services	5.01%
Telecommunications & Media	3.89%
Plantation	3.85%
Property	3.15%
Cash	5.27%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.19%
Public Bank Bhd - Local	7.03%
Tenaga Nasional Bhd	5.89%
Malaysia Airports Holding Bhd	5.73%
Malayan Banking Bhd	5.41%
Hartalega Holdings Bhd	3.59%
YTL Power International Bhd	3.33%
Inari Amertron Bhd	3.17%
Cape EMS Bhd	2.61%
My Eg Services Bhd	2.53%
Total	46.48%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.45	-0.37	5.77	13.14	0.33	14.37	168.56
Benchmark	-1.68	-1.61	5.30	-3.90	-16.96	-14.82	88.18

* 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 2023, the Fund was down 0.37%, outperforming the benchmark by 124 basis points (bps). The outperformance was mainly due to the fund's overweight in Energy and Health Care as well as its underweight in Financials and Materials.

Portfolio Strategy

KLCI lost 27.8pts or 1.9% in September. The sell-off, which largely concentrated towards the last week of the month, was rather broad-based, led by Financials and Commodities. While there could be volatility caused by quarter-end rebalancing, investors were spooked by US treasury yields at a 16-year high and persistent dollar strength affecting EM markets, in addition to the Fed's hawkish messaging on interest rates. Domestically, there also seems to be a lack of fresh leads and some political noises surrounding cabinet reshuffling.

Malaysia's PMI reading for September was 46.8pts against 47.8pts in August. According to S&P Global, Malaysian manufacturers continued to endure demand weakness which further caused a stronger moderation in output, new orders and exports. Reflecting the weakness, firms are increasingly cautious regarding spending, pulling back on input purchases, stock holdings and employment levels. That said, manufacturers were increasingly optimistic that the current demand weakness would fade, with the overall degree of optimism at the highest since May.

Malaysia's economy expanded 2.9% yoy in 2Q23, below the 3.6% yoy expected by economists polled by Bloomberg. In addition to the high 2Q22 base, there were temporary commodity-related factors that weighed on growth such as lower production of oil and related products, and lower CPO output – these collectively shaved off 40bps of growth according to BNM. However, the economy accelerated 1.5% qoq vs 0.9% qoq in 1Q23, well above the long-run 1.1% SA qoq growth. BNM anticipates a subdued 3Q23 given the weak external demand, but momentum should improve from 4Q23 and into 2024 on the back of a recovery in E&E exports and tourism-led consumption. Maintains Malaysia's GDP growth of 4-5% in 2023.

Bank Negara maintained OPR at 3.00% in the last MPC meeting despite mounting pressures to intervene given the Ringgit weakness. Inflation remained unchanged at 2.0% for August, significantly undershooting BNM's target of 2.8-3.8% for 2023.

Malaysia's equity market valuation still remains compressed with forward PE of 13.2x which is still over 1.5SD below the historical mean. This is based on consensus earnings growth of 5% for 2023 and 11% for 2024. More clarity on the new Government's policy posture, in our view, should reduce the current extreme risk premiums applied to the market (yield gap of ~340bps). We are also hopeful that the newly launched National Energy Transition Roadmap (NETR) by the government would revitalize domestic investment and buoy consumption.

We remain positive on the market. We remain constructive on sectors that stand to gain from the NETR, including Utilities, Construction, and Property. Additionally, we remain optimistic on selective Technology due to the ongoing structural growth trends in the sector. We have also become more optimistic about selective Financials as we expect positive momentum to persist in the second half of the year, primarily fueled by better earnings outlook for 2HFY23. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and heightened geopolitical risks.

RISKS

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

Market risk	<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">• Economic and financial market conditions• Political change• Broad investor sentiment• Movements in interest rate and inflation• Currency risks <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>
Company or security specific risk	<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>
Credit risk	<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 : *29 September 2023*

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.