

**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	28.36 million units (31 May 2024)	Fund Size	RM95.20 million (31 May 2024)
Unit NAV	RM3.3566 (31 May 2024)	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%

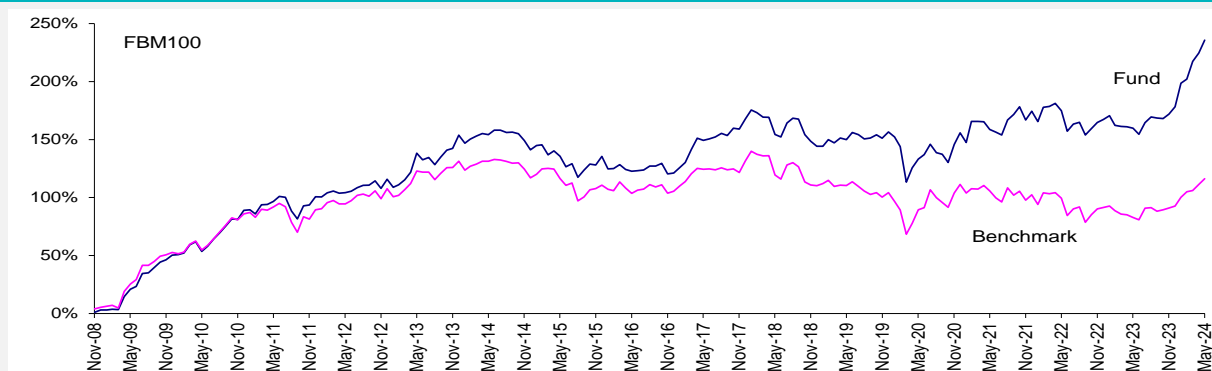
## SECTOR ALLOCATION OF THE FUND

Financial Services	19.82%
Utilities	12.88%
Energy	12.60%
Construction	9.10%
Health Care	7.61%
Industrial Products & Services	7.41%
Transportation & Logistics	7.29%
Property	6.01%
Technology	5.66%
Consumer Products & Services	4.62%
Telecommunications & Media	1.61%
Plantation	1.49%
Cash	3.90%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	6.78%
Tenaga Nasional Bhd	6.33%
Malaysia Airports Holding Bhd	5.95%
Public Bank Bhd - Local	5.03%
YTL Power International Bhd	4.38%
Hartalega Holdings Bhd Bhd	4.37%
Malayan Banking Bhd	4.02%
Dayang Enterprise Holdings Bhd	3.75%
Dialog Group Bhd	3.41%
Frontken Corp Bhd	3.07%
<b>Total</b>	<b>47.09%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	20.60	3.40	29.19	29.75	34.29	32.05	235.66
<b>Benchmark</b>	12.24	2.32	18.29	5.10	2.79	-6.55	116.19

\* 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 May 2024, the Fund increased by 3.4%, outperforming the benchmark by 108 basis points (bps). The outperformance was mainly due to the fund's overweight in Industrials, Energy and Healthcare, as well as its underweight in Communication Services, Consumer Staples and Materials. Stock selection in Utilities also contributed to the outperformance of the fund.

### Portfolio Strategy

KLCI gained 1.3% in May, albeit slight distortion from MSCI May rebalancing, with investors staying upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. Utilities, Financials, Consumer and Industrial led gains while Telcos and Commodities lagged. Within the broader market, Construction, Property and Tech did well.

Corporate earnings in 1Q24 were decent with the first quarter numbers forming 24% of analysts' full year forecast for FBM30 constituents. Sectors that beat were Gaming, Transport and Consumer, while Commodities trailed. For the broader market, Software was ahead while Tech, Gloves and Media trailed. Revisions stayed flat for 2024 but earnings estimates for 2025 were raised.

Malaysia's manufacturing sector expanded for the first time since June 2022, with the PMI reading at 50.2pts in May vs 49.0pts in the previous month. S&P Global saw renewed growth of new business and production, as well as job creation. That said, firms remained cautious in acquiring inputs and business confidence waned. Higher raw material prices and currency weakness added to firms' input costs and output charges. The latest PMI data supports an acceleration in GDP growth into 2Q. To recap, BNM projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023, and 4.2% in 1Q24.

We expect BNM to maintain OPR at 3.00% for the rest of the year given muted inflation and modest economic growth. Inflation was at 1.8% in April, same as March. There appears to be sufficient headroom to central bank's latest 2.0-3.5% CPI forecast for 2024 with the impending subsidy rationalization plans.

Malaysia's equity market valuation remains compressed despite the run-up, with forward PE of 13.8x which is around 1SD below the historical mean. This is based on consensus earnings growth of 10% for 2024 and 9% (vs 6% previously) for 2025. More clarity on the new Government's policy posture, in our view, should reduce the current elevated risk premiums applied to the market (yield gap of ~320bps). We are also hopeful that the newly launched National Energy Transition Roadmap (NETR) by the government would revitalize domestic investment and buoy consumption.

We raise our year-end-KLCI target to 1,740pts from 1,600pts following the upward revision in corporate earnings and applying a slightly lower market risk premium, which should be adequately justified by the positive traction on domestic fiscal reforms, surge in investments and elevated domestic liquidity. The higher KLCI target is also supported by bottom-up aggregation of analysts target prices. The 4 key catalysts that we have identified that could spur the market further remains: 1) Fed pivot and weakness in the Dollar, 2) Further reallocation of portfolio investments domestically, 3) Lower risk premiums as a result of fiscal consolidation and policy continuity and 4) Corporate earnings sustaining with growth re-accelerating.

Overall, we are still positive on the market. We remain invested on themes such as NETR and prefer to stay overweight in Utilities, Construction, Property and selective O&G. Additionally, we remain optimistic on selective Financials as we expect positive momentum to persist in 2024. 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 risk.

**RISKS**

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

<p><b>Market risk</b></p>	<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>
<p><b>Company or security specific risk</b></p>	<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>
<p><b>Credit risk</b></p>	<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 : 31 May 2024

**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.