

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	25.60 million units (31 March 2020)	Fund Size	RM54.59 million (31 March 2020)
Unit NAV	RM2.1327 (31 March 2020)	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%

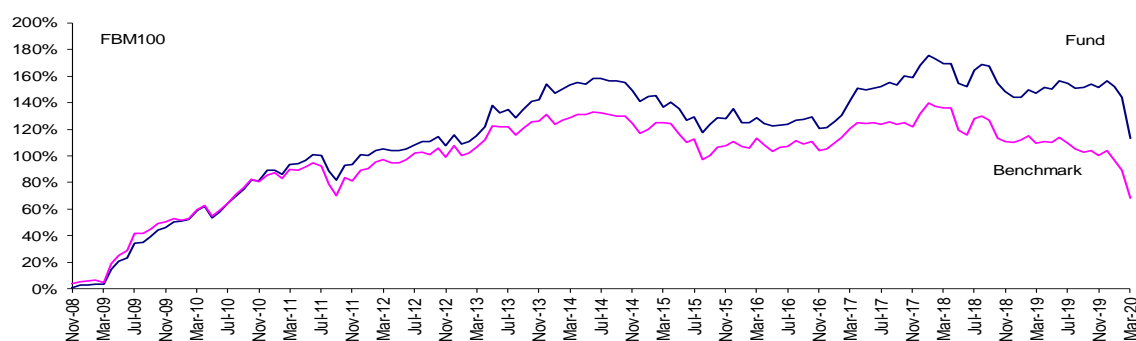
SECTOR ALLOCATION OF THE FUND

Financial Services	22.73%
Telecommunications & Media	9.08%
Technology	8.08%
Utilities	7.77%
Consumer Products & Services	5.63%
Construction	5.23%
Energy	4.67%
Health Care	3.87%
Industrial Products & Services	3.80%
REIT	3.36%
Transportation & Logistics	2.95%
Property	1.55%
Plantation	1.32%
Cash	19.95%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.49%
Tenaga Nasional Bhd	6.90%
Public Bank Bhd - Local	6.13%
CIMB Group Holdings Bhd	3.97%
RHB Bank Bhd	3.74%
IHH Healthcare Bhd	3.51%
Digi.com Bhd	2.82%
Axiata Group Bhd	2.74%
Dialog Group Bhd	2.48%
Gamuda Bhd	2.44%
Total	42.22%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	-16.89	-12.57	-13.72	-11.66	-9.97	33.90	113.27
Benchmark	-17.53	-11.01	-19.64	-23.65	-25.23	5.38	68.37

* 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 March, the fund was down -12.57%, underperforming its benchmark by 1.56%. Underperformance came mainly from the overweight in oil & gas, industrials and technology. Key underweights in Consumer goods and healthcare did drag performance. At the stock level, the overweight in Serba Dinamik, Econpile and Sime Darby Plantation were key drags. Year-to-date, the fund is down -16.98%, outperforming its benchmark by 0.64%.

The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") declined 8.9% in March (YTD: -14.9%) amid concerns over uncertainty in domestic politics, Covid-19 outbreak and the poor set of lackluster corporate results. Political uncertainty engulfed Malaysia again following the shocked resignation of Tun Dr Mahathir as prime minister after losing a majority support in the parliament. However, the uncertainty of not having a functioning federal government was short-lived as the King has appointed Tan Sri Muhyiddin Yasin as the 8th Prime Minister after determining that the latter is likely to get a majority support in the parliament. In his last act as interim prime minister, Tun Dr Mahathir unveiled a RM20bn stimulus package to mitigate the adverse economic impact from the Covid-19 outbreak. He further lowers Malaysia GDP growth forecast in 2020 from 4.8% to 3.2-4.2% while raising the fiscal deficit target from 3.2% to 3.4%. Against the backdrop of a disappointing 4Q19 GDP growth of 3.6% (vs 4.1% street expectation) and a weaker PMI reading of 48.5 in Feb, BNM has followed through with its second interest rate cut this year as it lowers the Overnight Policy Rate (OPR) by 25 bps to 2.50% in its March's MPC meeting. The central bank continues to take pre-emptive measure to support the economic growth trajectory amid slower growth outlook due to the Covid-19 outbreak and weak commodity markets. Given the benign inflationary outlook and growth risk, we believe BNM has further headroom to ease monetary policy to support growth. With rising political risk coupled with downside risk to economic growth, market risk premium will likely increase in the near term.

Portfolio Strategy

Given the earnings risks, we opine that negatives have yet to be fully priced in at current level. As such, we advocate taking a defensive equity stance in order to preserve capital. We will continue to adopt a barbell approach of buying high yield and growth stocks but will be more selective on quality names with resilient earnings and track record. We will be looking out to identify the turning point (flattening of epidemic curve) for Covid-19 new cases to reposition the portfolios. The potential recovery to the stock market could be significant; but too early to tell whether the reversal is "V", "U" or "L" shape. Sector in focus will be on those with defensive and high yielding qualities such as Utilities, Telecommunication, Consumer and REITs.

Source : *Principal Asset Management Bhd*

Date : *31 March 2020*

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.