

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 | 28.28 million units (30 April 2024) | Fund Size | RM91.80 million (30 April 2024) |
| Unit NAV | RM3.2462 (30 April 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"> 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% |

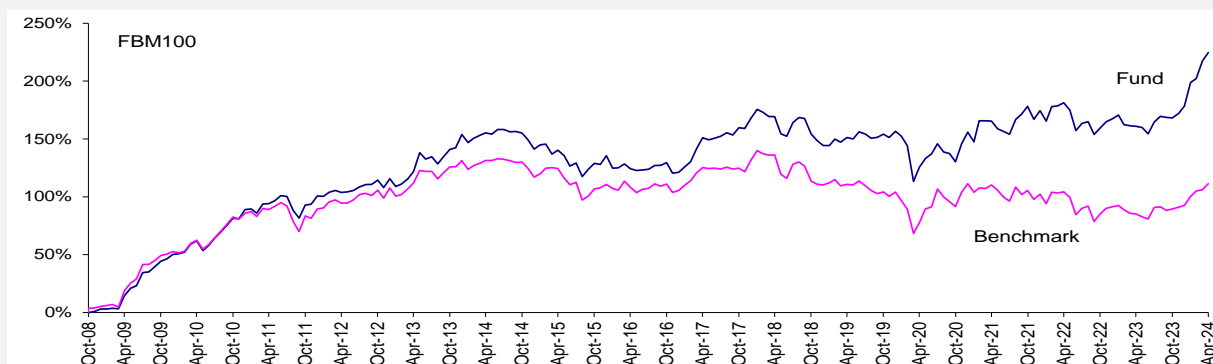
SECTOR ALLOCATION OF THE FUND

| | |
|--------------------------------|----------------|
| Financial Services | 22.87% |
| Energy | 12.80% |
| Utilities | 11.79% |
| Construction | 8.15% |
| Industrial Products & Services | 7.68% |
| Health Care | 7.55% |
| Transportation & Logistics | 6.21% |
| Technology | 5.75% |
| Property | 5.29% |
| Consumer Products & Services | 4.73% |
| Plantation | 2.51% |
| Telecommunications & Media | 1.67% |
| Cash | 3.00% |
| Total | 100.00% |

TOP HOLDINGS OF THE FUND (EQUITIES)

| | |
|--------------------------------|---------------|
| CIMB Group Holdings Bhd | 6.79% |
| Malaysia Airports Holding Bhd | 6.21% |
| Public Bank Bhd - Local | 5.92% |
| Tenaga Nasional Bhd | 5.59% |
| Malayan Banking Bhd | 4.97% |
| YTL Power International Bhd | 4.25% |
| Hartalega Holdings Bhd Bhd | 4.20% |
| Dayang Enterprise Holdings Bhd | 3.85% |
| Dialog Group Bhd | 3.47% |
| Frontken Corp Bhd | 2.95% |
| Total | 48.20% |

PERFORMANCE RECORD



| % | YTD | 1M | 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|------------------|-------|------|--------|---------|---------|----------|-----------------|
| Fund* | 16.64 | 2.30 | 24.38 | 22.31 | 29.19 | 27.17 | 224.62 |
| Benchmark | 9.70 | 2.54 | 14.11 | 0.46 | 0.29 | -8.65 | 111.29 |

* 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 April 2024, the Fund increased to 2.30%, underperforming the benchmark by 24 basis points (bps). The underperformance was mainly due to the fund's overweight in Industrials, Health Care and Real Estate, as well as its underweight in Consumer Staples and Materials.

Portfolio Strategy

KLCI gained 2.6% in April with the index settling at a two-year high. Local investors remain upbeat despite bets on rate cuts by the Fed pushed back given the persistent strong economic data out of the US and sticky inflation. The run-up was relatively broad-based but Utilities, Industrial (mainly PMAH), Healthcare and Transport led gains while Energy eased. Within the broader market, Property and Consumer did well.

Malaysia's manufacturing sector improved in April with the PMI reading at 49.0pts vs 48.4pts in March. S&P Global saw evidence of demand conditions moving on an upward trajectory given the softer moderations in production, new business and purchasing, coupled with renewed expansion in new export sales to the strongest level in 3 years. That said, business confidence waned and are growingly unsure regarding the timing and speed of demand recovery citing concerns on the global economy. Higher raw material prices and currency weakness added to firms' input costs and output charges. The latest PMI data still supports a modest improvement official statistic. To recap, BNM projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023.

We expect BNM to maintain OPR at 3.00% in the upcoming MPC meeting, and we expect it to remain unchanged for the rest of the year given muted inflation and modest economic growth. Inflation stayed at 1.8% in March, similar to February. 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 still remains compressed despite the run-up, with forward PE of 13.6x which is still over 1SD below the historical mean. This is based on consensus earnings growth of 9% for 2024 and 6% for 2025. 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.

The KLCI is now at close proximity to our end-2024 target of 1,600pts. We see room for it to be surpassed given ample domestic investor interest, while foreign investors are still quite sidelined given the record-low ownership levels. Bottom-up, aggregating TPs, we get an index level of ~1,680pts. We identify 4 key catalysts that could spur the market further: 1) Fed pivot and weakness in the Dollar, 2) 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.

We are still positive on the market and remain constructive on sectors that stand to gain from the NETR, including Utilities, Construction, and Property. We are still positive on selective O&G names as we see value and we believe the sector will be supported by strong Petronas activities in the coming years. Additionally, we remain optimistic on selective Financials as we expect positive momentum to persist in 2024, primarily fueled by better earnings outlook. 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:

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|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 : *30 April 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.