

**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	28.38 million units (31 July 2023)	Fund Size	RM75.07 million (31 July 2023)
Unit NAV	RM2.6455 (31 July 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"> <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%

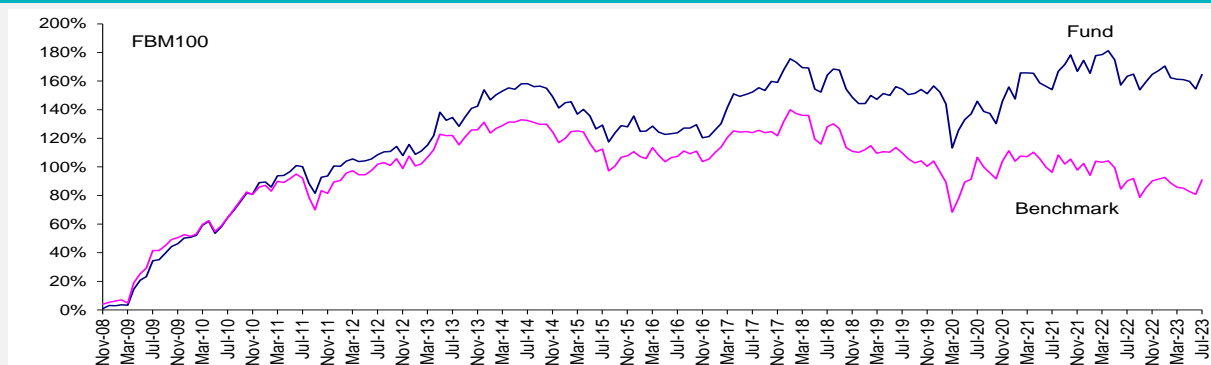
## SECTOR ALLOCATION OF THE FUND

Financial Services	22.90%
Health Care	9.38%
Technology	8.55%
Consumer Products & Services	8.52%
Utilities	8.43%
Industrial Products & Services	8.21%
Transportation & Logistics	7.52%
Plantation	6.17%
Energy	6.10%
Telecommunications & Media	5.21%
Construction	1.95%
REIT	1.79%
Property	0.42%
Cash	4.85%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.46%
Public Bank Bhd - Local	6.25%
Tenaga Nasional Bhd	5.96%
Malayan Banking Bhd	5.64%
Malaysia Airports Holding Bhd	5.62%
Genting Malaysia Bhd	4.16%
Hartalega Holdings Bhd	4.03%
Press Metal Aluminium Holding Bhd	3.65%
Genting Bhd	3.03%
My Eg Services Bhd	2.71%
<b>Total</b>	<b>48.51%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-1.05	3.95	0.43	7.59	0.12	12.80	164.55
<b>Benchmark</b>	-0.26	5.58	0.39	-7.65	-16.32	-14.00	90.90

\* 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 July 2023, the Fund rose 3.95%, underperforming the benchmark by 163 basis points (bps). The underperformance was mainly due to the fund's overweight in Industrials and Information Technology as well as its underweight in Materials, Communication Services and Consumer Staples.

### Portfolio Strategy

FBMKLCI gained 83pts or 6% in July, fully reversing the loss sustained in 2Q23. Sentiment was sharply lifted by the slump in the US dollar, benefiting the Ringgit, and waning expectations of a US recession following recent favorable economic data points – cooling inflation and still resilient jobs market. Gainers were broad-based, with mainly large caps forging ahead.

Malaysia's PMI reading for July was 47.8pts, a slight improvement versus June. According to S&P Global, the Malaysian manufacturing sector continued to indicate sustained weakness in operating conditions in July. New order intakes moderated to the greatest extent for six months, while production levels continued to be scaled back, indicating that the sector still has some way to go before demand recovers fully. Input price inflation accelerated for the fourth month in a row to reach the highest since February, while firms looked to reduce workforce to manage costs. Manufacturers remained hopeful that demand conditions would normalize, albeit sentiment has weakened further.

Malaysia's economy expanded 5.6% yoy in 1Q23 but expected to moderate to 3.6% yoy in 2Q23 according to economists polled by Bloomberg. BNM maintains Malaysia's GDP growth of 4-5% in 2023.

BNM kept OPR unchanged at 3.00% despite mounting pressures to intervene given the Ringgit weakness but may pause for the rest of the year. Inflation eased further with June's CPI reading at 2.4% vs 2.8% in May, now undershooting BNM's target of 2.8-3.8% for 2023.

Malaysia's equity market valuation remains compressed with forward PE of 13.4x which is still around -2SD below the historical mean. This is based on consensus earnings growth of 9% for 2023 and 8% 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 ~400bps). We are also hopeful that the newly launched National Energy Transition Roadmap (NETR) by the government would revitalize domestic investment and buoy consumption.

Market sentiment has improved on the back of the recent weakening USD and reversal of foreign outflows. Furthermore, from headwind to tailwind, political uncertainty shall subside after the conclusion of the 6 states election on 12 August, hence, we have turned incrementally 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. 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:

<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 : *31 July 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.