

## 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	28.44 million units (31 October 2023)	Fund Size	RM76.28 million (31 October 2023)
Unit NAV	RM2.6820 (31 October 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%

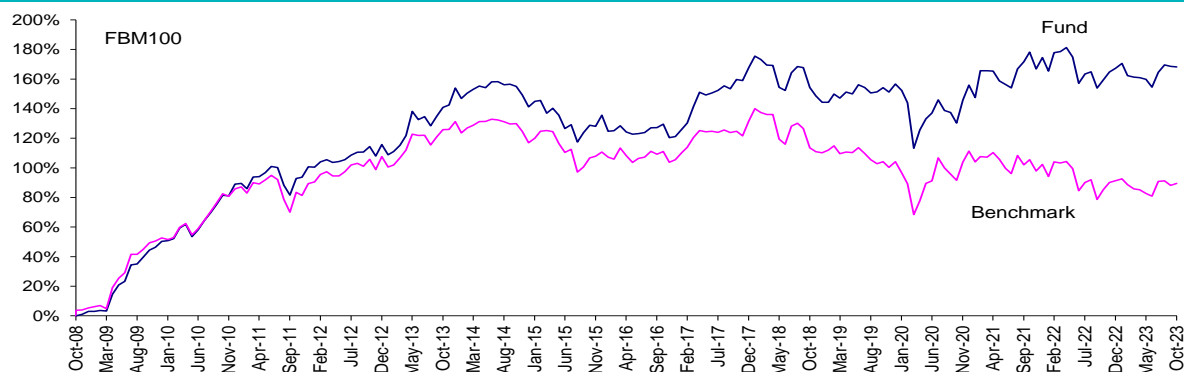
## SECTOR ALLOCATION OF THE FUND

Financial Services	23.27%
Utilities	11.34%
Technology	10.07%
Industrial Products & Services	7.80%
Health Care	7.77%
Energy	7.49%
Transportation & Logistics	5.93%
Construction	5.78%
Consumer Products & Services	4.92%
Telecommunications & Media	3.79%
Plantation	2.91%
Property	2.89%
Cash	6.05%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.55%
Public Bank Bhd - Local	7.20%
Malaysia Airports Holding Bhd	5.93%
Tenaga Nasional Bhd	5.57%
Malayan Banking Bhd	5.55%
Hartalega Holdings Bhd	3.73%
YTL Power International Bhd	3.42%
Inari Amertron Bhd	3.12%
Gamuda Bhd	2.83%
Cape EMS Bhd	2.50%
<b>Total</b>	<b>47.39%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	0.32	-0.13	3.35	16.47	5.46	11.32	168.20
<b>Benchmark</b>	-1.00	0.69	2.23	-1.12	-11.26	-16.09	89.48

\* 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 October 2023, the Fund was down 0.13%, underperforming the benchmark by 82 basis points (bps). The underperformance was mainly due to the fund's overweight in Energy, Real Estate and Information Technology as well as its underweight in Financials and Materials. On YTD, the Fund up 0.32% which outperformed the benchmark by 132 bps.

### Portfolio Strategy

KLCI gained 18pts or 1.3% in October, which improved the YTD decline to 3.6%. There were bargain hunting in Financials and Commodities following the steep sell-off in the previous month, while Telcos (mainly mobile operators) were laggards. Within the broader market, Construction performed while Tech, Energy and Property languished. Overall sentiment remains clouded by the surge in US treasury yields which topped 5% last month and persistent dollar strength affecting EM markets, coupled with tensions in the Middle East.

Malaysia's PMI reading for October was unchanged at 46.8pts. According to S&P Global, Malaysian manufacturers continued to endure ongoing slowdown in new orders and production. Employment also eased but firms were still able to deplete backlogs. The Ringgit weakness and higher raw material prices added to input cost pressures, but the rate of inflation remains relatively muted, so are selling prices. Optimism that the demand environment will improve over the course of the next 12 months picked up to a 6-month high.

Advanced release from the Department of Statistics revealed that Malaysia's economy expanded 3.3% yoy in 3Q23 vs 2.9% yoy in 2Q23 and median forecast of 2.7%. There appears to be a rebound in commodity-related output and acceleration in services. Budget 2024 was announced in October with a record allocation of RM394bn. An amount of RM90bn was allocation for development expenditure, while the federal government remains committed to fiscal consolidation and targets a deficit of 4.3% next year and 3% within the next 3-5 years.

Bank Negara maintained OPR at 3.00% in the last MPC meeting despite mounting pressures to intervene given the Ringgit weakness. Inflation was 1.9% in September, significantly undershooting BNM's revised target of 2.5-3.0% for 2023.

Malaysia's equity market valuation remains extremely compressed with forward PE of 13.3x which is still ~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:

<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 October 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.