

**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	27.27 million units (29 April 2022)	Fund Size	RM76.68 million (29 April 2022)
Unit NAV	RM2.8122 (29 April 2022)	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%

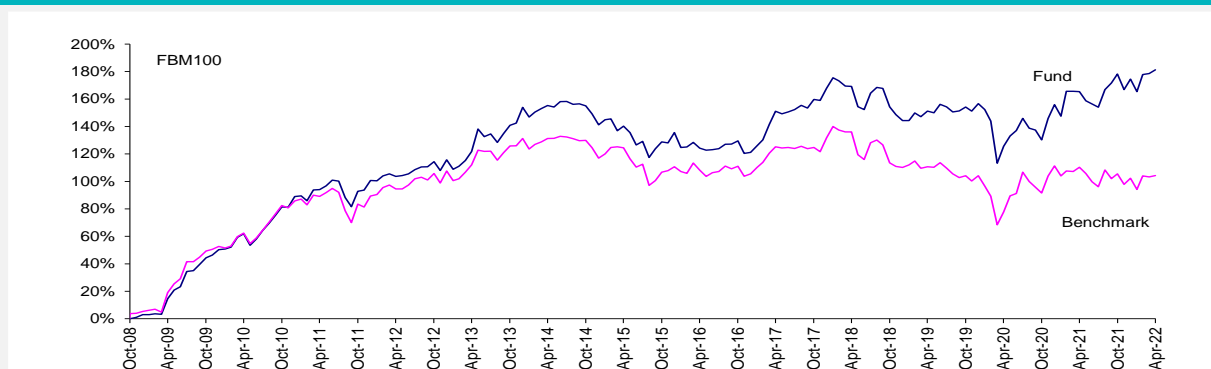
## SECTOR ALLOCATION OF THE FUND

Financial Services	26.79%
Industrial Products & Services	16.56%
Consumer Products & Services	13.22%
Plantation	11.42%
Technology	7.26%
Health Care	4.65%
Energy	4.21%
Construction	3.79%
Transportation & Logistics	3.06%
Telecommunications & Media	2.45%
Property	0.53%
Cash	6.06%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.66%
Press Metal Aluminium Holding Bhd	6.66%
Petronas Chemicals Group Bhd	6.14%
CIMB Group Holdings Bhd	5.28%
Public Bank Bhd - Local	4.82%
Sime Darby Plantation Bhd	4.25%
Kuala Lumpur Kepong Bhd	3.78%
Hong Leong Bank Bhd	3.73%
Genting Malaysia Bhd	3.73%
IHH Healthcare Bhd	3.69%
<b>Total</b>	<b>51.78%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	2.47	0.95	5.96	11.92	11.99	38.04	181.22
<b>Benchmark</b>	0.96	0.49	-2.88	-3.04	-9.29	5.03	104.27

\* 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, the Fund rose 0.95%, outperforming the benchmark by 46 basis points (bps). The outperformance was mainly due to the overweight in select Energy, Consumer Discretionary and Plantation as well as its underweight in Communication Services and Health Care.

### Portfolio Strategy

FBMKLCI gained 13pts or 0.8% to 1,600.43pts. Plantation (+11%) and Energy (8%) dominated the gainers leaderboard driven by continued strength in the underlying commodities, partly fueled by the prolonged Russian-Ukraine conflict which has now entered its third month. Tech slumped (-8%) on the back of the surge in bond yields driven by Fed rate hikes and balance sheet shrinkage plans, while Gloves languished on dull margin guidance. Tourism plays saw renewed interest during the month with the 1 April border re-opening but stocks came off their highs, similar to Financials.

Malaysia's manufacturing sector expanded in April with a rebound in the PMI from 49.6pts in March to 51.6pts. There was a surge in demand for manufactured goods with producers reporting the strongest inflow of new orders since 2014, reflecting a combination of improving sales at home and abroad. However, output contracted for the fourth month running due to persistent sourcing difficulties and fall in employment levels – these in turn had also exerted sustained upward pressure on prices.

Bank Negara Malaysia (BNM) last month trimmed GDP growth forecast to 5.3-6.3% for 2022, from 5.5-6.5% previously. Despite the re-opening of borders and businesses following the lifting of Covid-19 restrictions, the central bank expects some impact from the Russia-Ukraine conflict. Headline inflation is also projected to average higher between 2.2% and 3.2% (versus 2.1% previously). BNM has raised the OPR by 25bps to 2.0% during the recent MPC meeting in May vs. our expectation of at least 1x-2x hikes of 25bps each in 2022. The monetary tightening will be dependent on the inflation print, which is now running hot on the back of surging commodity prices and persistent supply-chain issues.

We project flat earnings for the FBM KLCI for 2022 but 13% growth excluding the Glove sector, and low-teens growth for 2023. We continue to see upside risks to these numbers, potentially from the Commodity space (Plantation and Energy) and tourism plays.

Valuation appears less compelling considering its proximity to the historical 10-year mean PE of 16.5x. We still see upside risk to corporate earnings, especially within the commodity space, but geopolitical risks abound with the Russian-Ukraine conflict, even domestically as Malaysia gears up for General Elections, speculated to be held in 2H22. We also consider potential policy misstep by the Fed with the interest lift-off soon to commence. As such, risk-reward appears to be in the balance. Nonetheless, dividend yield of c.4% is still attractive relative to the region.

We continue to adopt a balanced approach, with a larger tilt to value over growth, and maintain adequate diversification. We are still OW cyclical themes such as Consumer Discretionary as well as Commodities but have turned Neutral on Financials after the strong performance YTD. Still avoiding expensive Tech but remain invested in those with structural growth at reasonable valuations. We continue to expect the market to trade sideways, see rotation from leaders to laggards, and could breakout once geopolitical risks abates. That said, our bottom-up fair value for the KLCI puts it firmly above 1,700pts. Key risks are derailment of Malaysia's macro recovery and corporate earnings growth due to a more severe impact of new Covid-19 variants and heightened geopolitical risks, and larger-than-expected impact of rising inflation leading to stagflation.

## 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 : *29 April 2022*

### 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.