

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	26.15 million units (30 July 2020)	Fund Size	RM64.29 million (30 July 2020)
Unit NAV	RM2.4588 (30 July 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%

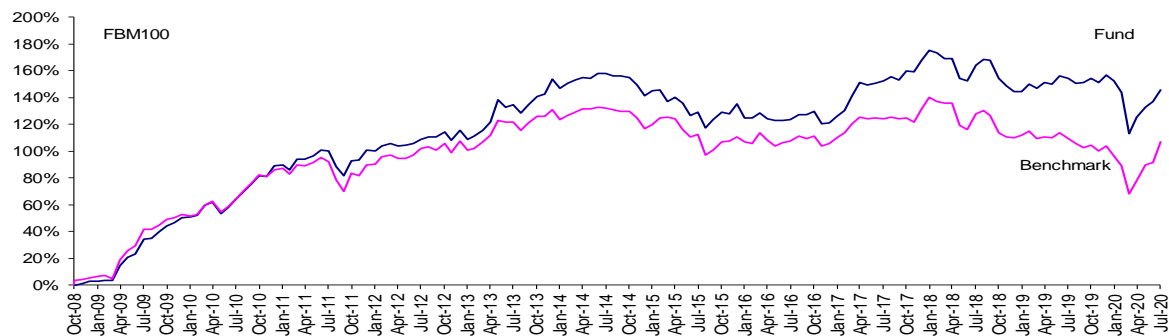
SECTOR ALLOCATION OF THE FUND

Financial Services	17.68%
Industrial Products & Services	12.22%
Consumer Products & Services	9.17%
Health Care	8.63%
Technology	8.50%
Plantation	8.42%
Utilities	7.64%
Energy	6.45%
Construction	6.17%
Telecommunications & Media	4.45%
Transportation & Logistics	3.49%
Property	0.98%
REIT	0.50%
Cash	5.69%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.08%
Tenaga Nasional Bhd	6.01%
Public Bank Bhd - Local	5.49%
Hartalega Hldg Bhd	4.56%
Petronas Chemicals Group Bhd	4.22%
Inari Amertron Bhd	3.79%
Sime Darby Plantation Bhd	3.24%
IHH Healthcare Bhd	3.12%
Kuala Lumpur Kepong Bhd	3.05%
Press Metal Aluminium Hldg Bhd	3.05%
Total	43.61%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	-4.19	3.74	-3.31	-2.56	7.27	49.56	145.88
Benchmark	1.26	8.08	-1.40	-7.72	-2.73	25.69	106.72

* 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, the fund was up 3.74%, underperforming the benchmark by 4.34%. Underperformance came mainly from the under weights in gloves (i.e. Top Glove and Supermax). Year-to-date, the fund is down -4.19%, underperforming its benchmark by 5.45%.

Portfolio Strategy

The FTSE Bursa Malaysia Composite Index ("KLCI") outperformed its regional peers again in July with a 6.85% gain. The broader market has performed even better as the FBM Small Cap Index and FBM ACE Index gained a whopping 10.1% and 38.5% respectively. The healthcare sector was again the star of the month as the continued rise in global Covid-19 new cases underpinned the spike in demand for PPE including gloves. This led to a 68.0% gain in Bursa Malaysia Healthcare Index. Besides healthcare, technology (+24.4%) and plantation (+6.5%) are the two other notable sectors which also contributed to the broad rally.

Politics will remain the biggest uncertainty for the market. Sabah State Election will be the first litmus test for PN given the slim majority of the current government. Any change in government will lead to policy uncertainty which is a dampener for the market in the short term. On the economic side, the government has decided to provide further financial support to individuals financially affected by Covid-19 and has announced a 3-month extension to the loan repayment moratorium for those who lost their jobs this year due to the pandemic. This targeted loan moratorium and financial assistance was a welcomed move not just for the rakyat but also for the banks as a blanket loan moratorium extension beyond end-Sep would have led to further uncertainty on the health of the banking sector's loan book. Although the banking sector is currently trading at below book value (0.965x), re-rating would only happen once the loan moratorium overhang is lifted. Key commodities for such as Crude Palm Oil and Gold have rallied on the back of weakening USD. The DXY Index slumped by 4.15% in July and 3.16% YTD. MYR has also appreciated against the USD by 1.1% to MYR4.2393. Historically, weakness in DXY would be positive for commodities and Emerging Market.

We are turning cautious on small- and mid-cap stocks following recent rally and advise taking profit. On the big cap space, the benchmark index will continue to be driven almost entirely by the glove sector. Although we believe there is still leg in the glove rally, risk-reward is more balanced now after YTD rally and therefore advise to reduce portfolio position by 1-1.5%. The Malaysian equity market could also be susceptible to broader base correction particularly on concern of political uncertainty (domestic and US), but we believe any broad base correction will unlikely to re-test Mar's low given the supportive monetary and fiscal stimulus. We reiterate our AA position at 90-95%. Focus sectors will be on Plantation, Financials/Bursa and Oil & Gas.

RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<p>Market risk</p>	<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>
<p>Company or security specific risk</p>	<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>
<p>Credit risk</p>	<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 July 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. 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.