

**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	28.23 million units (29 March 2024)	Fund Size	RM89.57 million (29 March 2024)
Unit NAV	RM3.1733 (29 March 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"> <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%

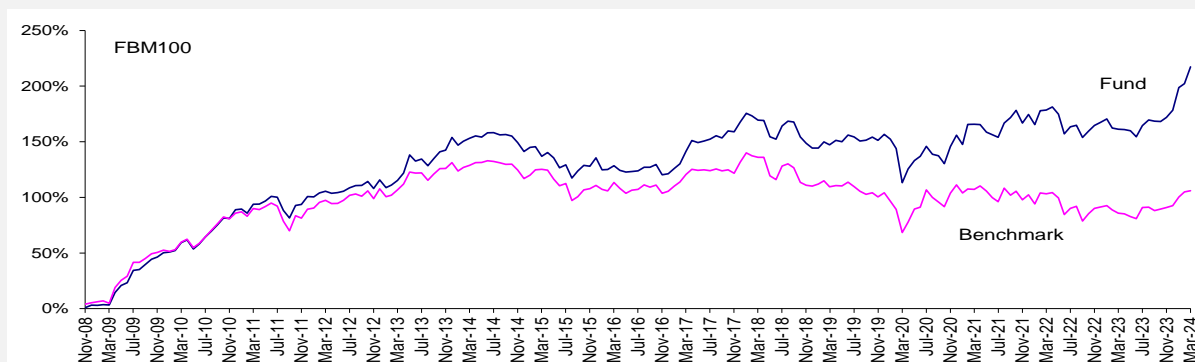
## SECTOR ALLOCATION OF THE FUND

Financial Services	23.10%
Energy	10.82%
Utilities	10.81%
Health Care	8.34%
Construction	8.14%
Industrial Products & Services	7.70%
Technology	7.09%
Transportation & Logistics	6.34%
Property	5.72%
Consumer Products & Services	3.52%
Plantation	2.49%
Telecommunications & Media	2.33%
Cash	3.60%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.48%
Malaysia Airports Holding Bhd	6.34%
Public Bank Bhd - Local	6.22%
Tenaga Nasional Bhd	5.45%
Malayan Banking Bhd	5.08%
Hartalega Holdings Bhd	4.22%
YTL Power International Bhd	3.67%
Frontken Corp Bhd	3.41%
Dayang Enterprise Holdings Bhd	3.37%
Dialog Group Bhd	3.12%
<b>Total</b>	<b>48.36%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	14.02	5.01	21.43	19.44	28.37	25.41	217.33
<b>Benchmark</b>	6.98	0.53	10.91	-0.57	-1.66	-9.96	106.05

\* 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 March 2024, the Fund increased by 5.01%, outperforming the benchmark by 448 basis points (bps). The outperformance was mainly due to the fund's overweight in Industrials, Health Care, Real Estate and Energy, as well as its underweight in Communication Services, Financials and Materials.

### Portfolio Strategy

KLCI lost 1% in March as profit-taking set in following 5 months of consecutive gains. Bets on rate cuts by the Fed were pushed back given the persistent strong data out of the US, and there was an absence of fresh catalysts domestically. During the month, there were also distortions caused by FTSE rebalancing (as well as MSCI rebalancing in Feb) and many index stocks going ex-dividends. Financials, Transport, Utilities and Commodities topped the gainers list while Telcos languished. Within the broader market, Property, Construction, Tech, Healthcare and Energy did well.

Malaysia's manufacturing sector unexpectedly weakened in March following a strong start to the year, with the PMI reading at 48.4 vs 49.5pts in February. S&P Global noted a more pronounced slowdown in new orders, output and employment during the month while business confidence reached a seven-month low. Higher raw material prices and currency weakness added to firms' input costs but selling prices remained broadly unchanged. Manufacturers remain optimistic that demand environment would improve and that price conditions would stabilize but there are heightened concerns on the timing of recovery. The latest PMI data still supports a modest improvement in 1Q24 GDP growth. To recap, BNM projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023.

BNM maintained OPR at 3.00% in the last MPC meeting, and we expect it to remain unchanged for the rest of the year given muted inflation and modest economic growth. Inflation ticked up to 1.8% in 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 with forward PE of c13.5x which is still ~1.5SD 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 ~350bps). We are also hopeful that the newly launched National Energy Transition Roadmap (NETR) by the government would revitalize domestic investment and buoy consumption.

We see prospect for the KLCI to rise to 1,600 pts by end-2024. We identify 4 key catalysts that could spur the market: 1) Fed pivot and further 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.

Whilst remaining positive on the domestic economy, we took the opportunity to lock in our gains on strength. We believe the recent performance provides an opportunity for us to rebalance our portfolios and deploy the cash into quality names that have lagged. Our key preferred sectors remain on those that stand to gain from the NETR, including Utilities, Construction, and Property. We still see opportunities in 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:

<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 March 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.