

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	28.07 million units (30 November 2022)	Fund Size	RM74.31 million (30 November 2022)
Unit NAV	RM2.6473 (30 November 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"> ▪ 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%

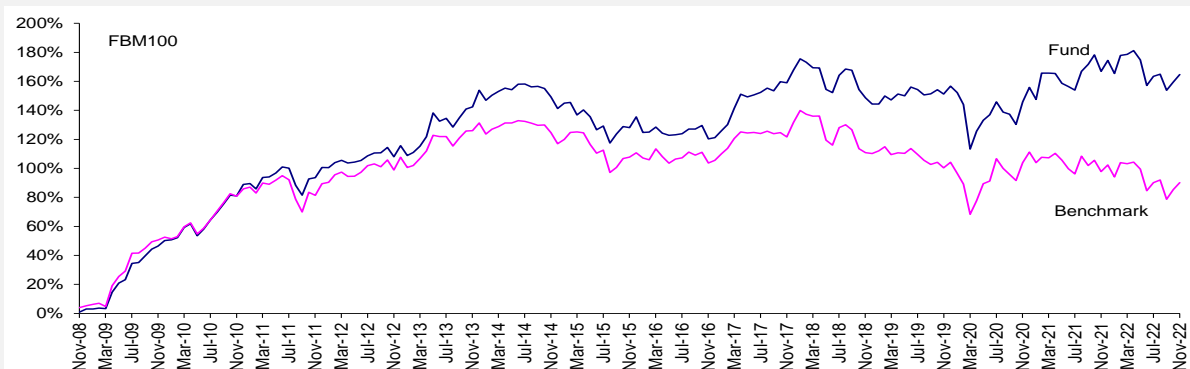
SECTOR ALLOCATION OF THE FUND

Financial Services	29.09%
Consumer Products & Services	13.42%
Industrial Products & Services	9.88%
Technology	7.95%
Plantation	7.80%
Transportation & Logistics	4.88%
Energy	4.44%
Construction	3.48%
Utilities	3.38%
Health Care	3.32%
Telecommunications & Media	2.81%
Cash	9.55%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Public Bank Bhd - Local	7.40%
CIMB Group Holdings Bhd	7.36%
Malayan Banking Bhd	6.91%
Petronas Chemicals Group Bhd	4.01%
Genting Malaysia Bhd	3.94%
Tenaga Nasional Bhd	3.38%
Genting Bhd	3.32%
Hong Leong Bank Bhd	3.07%
Press Metal Aluminium Holding Bhd	3.04%
Gamuda Bhd	3.04%
Total	45.47%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-3.54	2.02	-0.80	5.38	2.20	27.29	164.73
Benchmark	-6.02	2.60	-3.87	-5.11	-14.23	-4.40	90.15

* 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 November, the Fund rose 2.02%, underperforming the benchmark by 58 basis points (bps). The underperformance was mainly due to the fund's underweight in Communication Services, Consumer Staples and Utilities as well as its overweight in Consumer Discretionary.

Portfolio Strategy

FBMKLCI rose 28.4pts or 1.9% to 1,489 pts in November. Investors cheered as the political deadlock from GE15 (which resulted in a hung parliament) was broken with the appointment of Datuk Seri Anwar Ibrahim as Malaysia's 10th Prime Minister who will lead a 'unity government' comprising of members from his party Pakatan Harapan and MPs from Barisan Nasional, as well as parties from Borneo and other party blocs. Global sentiment also improved on raised bets that the US Fed may start slowing the pace of rate hikes in the upcoming FOMC meeting in December following the softer October inflation print.

Malaysia's manufacturing sector slowed further in November with a PMI reading of 47.9pts vs 48.7pts in October, representing the third straight month of contraction. The weak reading stemmed from waning global demand with order book volumes losing further momentum. New export orders were scaled back for the fifth time in many months. Consequently, firms lowered input buying and moderated inventory levels. Encouragingly employment stabilized after falling in the previous month. Prices of inputs and outputs ticked up slightly from October. According to S&P Global, firms remained hopeful that demand conditions would normalize over the coming year, but the degree of confidence did fall to a five-month low amid concerns over the longer-term effect of the current economic climate.

During the Budget 2023 announcement, Malaysia's GDP growth forecast for 2022 was revised upwards to 6.5-7.0% from 5.3-6.3% previously, and headline inflation raised to 3.3%. The government expects GDP growth to decelerate to 4-5% in 2023. Budget 2023 was expansionary, and the government remains on a gradual fiscal consolidation path. BNM raised OPR by another 25bps in its recent MPC meeting, translating to a cumulative hike of 100bps for the year. Malaysia's CPI decelerated further to 4% in October from 4.5% the previous month. Price of housing and utilities rose by a smaller quantum of 1.5% from 4% in September, offsetting the acceleration in food and non-alcoholic beverages from 6.8% to 7.1%.

Domestic political turmoil has amplified the effects of global macroeconomic and geopolitical headwinds, resulting in Malaysia's equity market valuations being extremely compressed. Valuation at 13.8x forward PE is still at over -2SD below the historical mean. This is based on consensus earnings growth 10% growth for 2023 and 5% for 2024, after glove names removed and AMMB and QL added to the FBM30 post-December rebalancing. Beyond the initial celebratory rally, there needs to be some clarity on the policy direction of the new Government, hopefully via a new Budget 2023 that is slated to be proposed soon. That said, risk premiums should fall over time as some of these concerns abate. Malaysia should also play catch-up to recent positive shift in global investor sentiment on the back of easing monetary tightening measures and China embracing a more pragmatic approach to zero-Covid.

Given the positive market momentum recently as well as the prospects of reduced risk premium and decent upside in valuation, we have turned positive for the KLCI. We continue to focus on companies with firm fundamentals, strong cash flows generation and defensive in nature. As for Technology, we see good opportunity within sector following rounds of sell-off earlier. Key risks are derailment of Malaysia's macro recovery and corporate earnings growth due to a larger-than-expected impact of rising inflation, slower global economic growth as well as heightened geopolitical risks.

RISKS

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

Market risk	<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>
Company or security specific risk	<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>
Credit risk	<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 November 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.