

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	28.01 million units (31 October 2022)	Fund Size	RM72.69 million (31 October 2022)
Unit NAV	RM2.5950 (31 October 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%

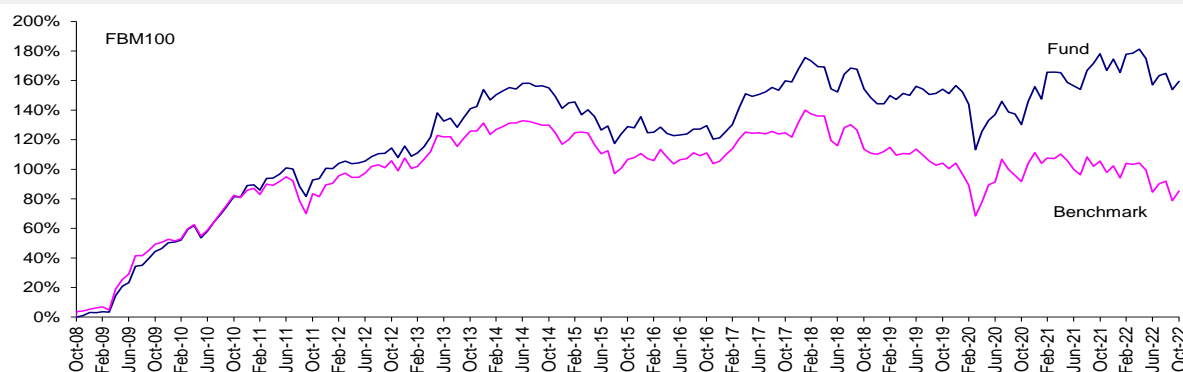
SECTOR ALLOCATION OF THE FUND

Financial Services	27.26%
Consumer Products & Services	13.10%
Industrial Products & Services	11.35%
Plantation	8.77%
Technology	7.78%
Transportation & Logistics	4.18%
Energy	3.97%
Health Care	3.31%
Telecommunications & Media	2.98%
Construction	2.80%
Utilities	1.00%
Cash	13.50%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.03%
CIMB Group Holdings Bhd	7.01%
Public Bank Bhd - Local	6.16%
Petronas Chemicals Group Bhd	5.13%
Genting Malaysia Bhd	3.95%
Genting Bhd	3.40%
Press Metal Aluminium Holding Bhd	3.27%
Sime Darby Plantation Bhd	3.25%
Hong Leong Bank Bhd	3.18%
Telekom Malaysia Bhd	2.98%
Total	45.36%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-5.44	2.21	-6.73	2.09	-0.10	21.05	159.50
Benchmark	-8.40	3.71	-9.82	-9.23	-17.52	-9.93	85.34

* 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, the Fund rose 2.21%, underperforming the benchmark by 150 basis points (bps). The underperformance was mainly due to the fund's underweight in Communication Services and Health Care as well as its overweight in Industrials, Consumer Discretionary and Information Technology.

Portfolio Strategy

FBMKLCI jumped 65.8pts or 4.7% to 1,460 pts in October in tandem with the rebound in global and regional markets. Investors shrugged off recent hot inflation print and strong employment data in the US, and instead focused on pockets of softness in the economy and expect the Fed to ease off its aggressive rate hikes soon. Recent corporate earnings in the US were also quite robust, albeit glaring weakness in some of the Tech giants. Consequently, the US dollar strength waned, and treasury yields compressed, helping EM flows and currencies. Healthcare (+15%; mainly Gloves), Transport (+12%) and Commodities (Energy +4%, Plantations +6% and metals) and Telcos (+4%) were among the key winners for the month.

Malaysia's manufacturing sector slowed further in October with a PMI reading of 48.7pts vs 49.1pts in September, representing the second straight month of contraction. The weak reading stemmed from sluggish global market conditions and muted customer demand – new orders softened for the second month while demand for overseas moderated at the strongest pace in 16 months. Spare capacity persisted, with backlogs depleted for the fifth consecutive month. Employment decreased following growth in the previous month. Positively, inflationary pressures eased with rates of input cost and output prices dipping to 2-year lows. According to S&P Global, sentiment remained positive from hopes for global market recovery and successful production launches.

During the Budget 2023 announcement, Malaysia's GDP growth forecast for 2022 was revised upwards to 6.5-7.0% from of 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 may raise OPR by another 25bps in the upcoming MPC meeting in November, translating to a cumulative hike of 100bps to end the year at 2.75%. Malaysia's CPI decelerated to 4.5% in September from 4.7% yoy in August, as food inflation increased at a slower pace.

Despite the rally, valuation at 13.5x forward PE is still at over -2SD below the historical mean. This is based on consensus earnings growth of 2.4% for 2022 (15.2% ex-glove) and 10-11% growth for 2023. We expect the KLCI to rebound further considering year-end window-dressing, but there is risk to our year-end KLCI target at 1,560pts given the elevated market risk premiums.

We continue to adopt a balanced approach. In consideration of the current macro environment, we remain wary in the commodities space. We would focus on companies with firm fundamentals, strong cash flows generation and defensive in nature. We stay overweight in select Banks and Consumers, as well as stocks benefit from the structural growth and economic recovery. 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 : 31 October 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.