

## 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	26.53 million units (28 August 2020)	Fund Size	RM63.35 million (28 August 2020)
Unit NAV	RM2.3877 (28 August 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"> <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%

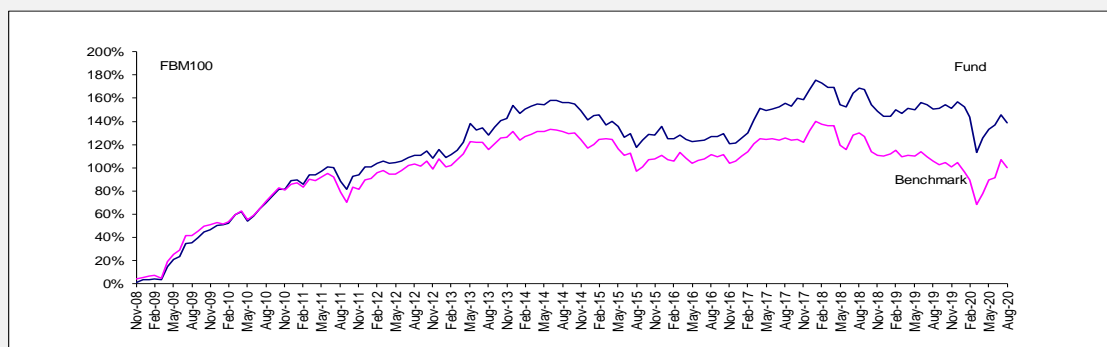
### SECTOR ALLOCATION OF THE FUND

Financial Services	17.12%
Industrial Products & Services	12.18%
Consumer Products & Services	11.20%
Utilities	9.05%
Plantation	8.83%
Energy	8.03%
Health Care	6.12%
Technology	5.84%
Transportation & Logistics	5.01%
Telecommunications & Media	3.28%
Construction	3.16%
Property	2.30%
REIT	0.32%
Cash	7.57%
Total	100.00%

### TOP HOLDINGS OF THE FUND (EQUITIES)

Tenaga Nasional Bhd	5.79%
Malayan Banking Bhd	5.63%
Public Bank Bhd - Local	5.39%
Petronas Chemicals Group Bhd	3.78%
Press Metal Aluminium Hldg Bhd	3.50%
Sime Darby Plantation Bhd	3.21%
Kuala Lumpur Kepong Bhd	3.21%
Dayang Enterprise Hldg Bhd	3.05%
Sime Darby Bhd	3.03%
DRB-Hicom Bhd	3.01%
Total	39.60%

### PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
<b>Fund*</b>	-6.96	-2.89	-4.71	-6.50	9.81	40.71	138.77
<b>Benchmark</b>	-2.05	-3.26	-2.72	-11.36	1.42	17.32	99.97

\* 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 August, the fund was down 2.89%, outperforming the benchmark by 0.37%. Outperformance came mainly from the under weights in gloves (i.e. Top Glove and Supermax). Year-to-date, the fund is down -6.96%, underperforming its benchmark by 4.91%.

### Portfolio Strategy

FBMKLCI underperformed its regional peers in August with a 4.9% loss. Despite the sell down of blue-chip stocks amid continued net outflow by foreign institutional investors, FBM Small Cap Index and FBM ACE Index posted gains of 5.0% and 28.6% respectively as retail participation continued to surge. The technology (+11.3%) and healthcare (7.5%) sectors continued to make higher grounds. Other notable gainers include energy (+6.5%) and property (+3.5%). On the other hand, construction (-4.5%) and finance (-4.0%) sectors were the major contributors to the index decline amid disappointing 2Q20 earnings.

2Q20 earnings season was a disappointment despite earlier expectation of severe earnings contraction due to the full impact of MCO. Post reporting season, consensus CY20 and CY21 EPS estimates of KLCI have been cut by 2% and 6.4% respectively. The earnings disappointment was further compounded by the absence of any interim dividends by the banks to preserve capital against potential losses as the end of loan moratorium looms. With the exception of banks which will continue to face asset deterioration risk post the end-Sep fiscal cliff and tourism related stocks, the worst is likely over for the rest of the listed companies. The reopening of economy since early May will lead to meaningful earnings rebound in 2H20 which is supported by the sharp rebound in the purchasing manager index from the low of 31.3 in Apr to 49.3 in Aug which is just a notch lower than the 50 parity level. We are turning cautious on small- and mid-cap stocks following recent rally and advise taking profit. On the big cap space, the YTD outperformance of the benchmark index against regional peers has largely been driven by glove stocks. Despite continued strong demand for glove, bullish investors' sentiment has somewhat cooled amid news of vaccine development. We are neutral on glove stocks now and would prefer laggards as well as stocks which benefit from reopening of economy. Key downside driver for the Malaysian equity market is political uncertainty but we believe any correction will unlikely to re-test Mar's low given the supportive monetary and fiscal stimulus.

We maintain our neutral stance and KLCI target of 1,530 which implies 16.6x 2021 PE. Our bull case KLCI target is 1,700 which is based on bottom-up valuation, implying 19.5x 2021 PE while our bear case KLCI target is 1,410 implying 15.3x 2021 PE. We maintain an asset allocation of 90-95%.

## RISKS

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

<p><b>Market risk</b></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"> <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>
<p><b>Company or security specific risk</b></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><b>Credit risk</b></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 : 28 August 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.