

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	27.97 million units (28 February 2023)	Fund Size	RM73.36 million (28 February 2023)
Unit NAV	RM2.6230 (28 February 2023)	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%

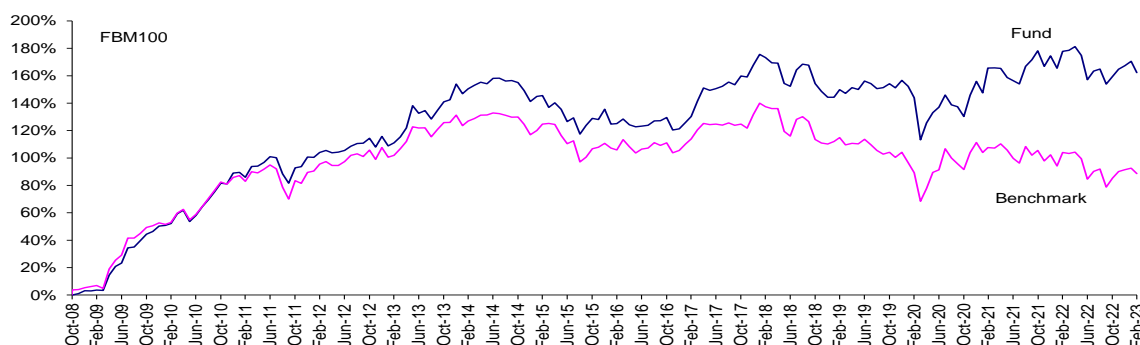
SECTOR ALLOCATION OF THE FUND

Financial Services	26.38%
Consumer Products & Services	13.34%
Technology	10.95%
Industrial Products & Services	8.85%
Energy	6.07%
Plantation	5.58%
Utilities	5.13%
Transportation & Logistics	4.73%
Telecommunications & Media	3.37%
Health Care	3.24%
Construction	3.06%
REIT	0.91%
Cash	8.39%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.51%
Public Bank Bhd - Local	6.88%
Malayan Banking Bhd	6.77%
Tenaga Nasional Bhd	5.13%
Genting Malaysia Bhd	4.98%
Press Metal Aluminium Holding Bhd	4.66%
Genting Bhd	3.35%
Malaysia Airports Holding Bhd	2.68%
Gamuda Bhd	2.61%
Sime Darby Plantation Bhd	2.59%
Total	47.16%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-1.89	-3.06	-5.59	7.53	-4.00	24.30	162.30
Benchmark	-1.42	-2.04	-7.51	-0.28	-20.52	-6.58	88.67

* 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 February 2023, the Fund was down 3.06%, underperforming the benchmark by 102 basis points (bps). The underperformance was mainly due to the fund's underweight in Communication Services and its overweight in Technology as well as stocks selection in Consumer Discretionary, Industrials and Materials.

Portfolio Strategy

FBMKLCI fell 30pts or 2.0%, ending the month of February at 1,456pts. Investors remained cautious leading up to Budget 2023 while renewed concerns over the US Fed staying hawkish given persistent inflation coupled with encouraging consumption and employment data in the US recently further weighed on sentiment. The rebound in the US dollar also took flows out of emerging markets. Only Construction and Property sub-sectors posted modest gains during the month while Industrial (-7%; mainly PCHEM), Technology (-6%) and Energy (-5%; DLG) were heavily beaten down.

Malaysia's PMI rose to 48.4 pts in February from 46.5pts the previous month, alongside improvements seen in many economies in Asia. According to S&P Global, there were signs of positive momentum building in the Malaysian manufacturing sector, with data on output and new orders signaled much improved situation compared to January. Operations are being helped by improving supply-chain environment with delivery times quickened further, and inflationary pressures easing. With signs that the recent soft patch may be coming to an end, firms surveyed intend to maintain purchasing activity and workforce numbers, coupled with the desire to deplete backlogs.

BNM now projects Malaysia's GDP growth to moderate from 8.7% in 2022 to 4.5% in 2023, due to the slowdown in global growth on the back of persistent pressures from inflation and tightening of global financial conditions, in addition to a high base effect. Last MPC meeting, the central bank held OPR at 2.75%, while economists are still expecting up to 50bps hike before the end of 1H23. Malaysia's CPI increased at lower rate of 3.7% in January vs 3.8% in December. Restaurant and Hotels, and Food and Non-alcoholic beverages remain key contributors to the inflation index. The reading seems on track to achieve BNM's latest target of 2.8-3.8% for 2023.

Malaysia's equity market valuations remain compressed with forward PE of under 13x, which is still at over -2SD below the historical mean. This is based on consensus earnings growth 10% growth for 2023 and 6% for 2024. The re-tabled Budget 2023 offered much needed clarity on the new Government's policy posture. Overall, we are encouraged by the non-extension of Prosperity Tax (no derailment of re-acceleration of MY corporate earnings in 2023), delayed implementation of GST and capital gains tax, and fiscal target discipline. There were also numerous tax incentives to spur MSMEs and investments into various high impact sectors. We remain hopeful that elevated risk premiums on Malaysia should abate over time.

We remain cautiously positive on Malaysia as the economy is projected to grow at 4.5% in 2023. We also believe that China's economic recovery should be positive for Malaysia. In view of stronger rebound in tourist arrivals post reopening, we like Airports, Consumer and tourism related stocks. On the expectation of improved industrial demands which partly induced by China's recovery, we prefer select commodities such as Metals and Energy. Besides that, we see opportunities in selective Technology stocks for structural growth as well as Gloves for emerging values. 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 : *28 February 2023*

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.