

Sun Life Malaysia Growth Fund

November 2023



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	28.45 million units (30 November 2023)	Fund Size	RM77.36 million (30 November 2023)
Unit NAV	RM2.7191 (30 November 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	Suitable for investors: <ul style="list-style-type: none">With a medium to long-term investment horizonSeek maximum capital appreciationDo not require regular incomeComfortable with higher volatilityWilling 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%

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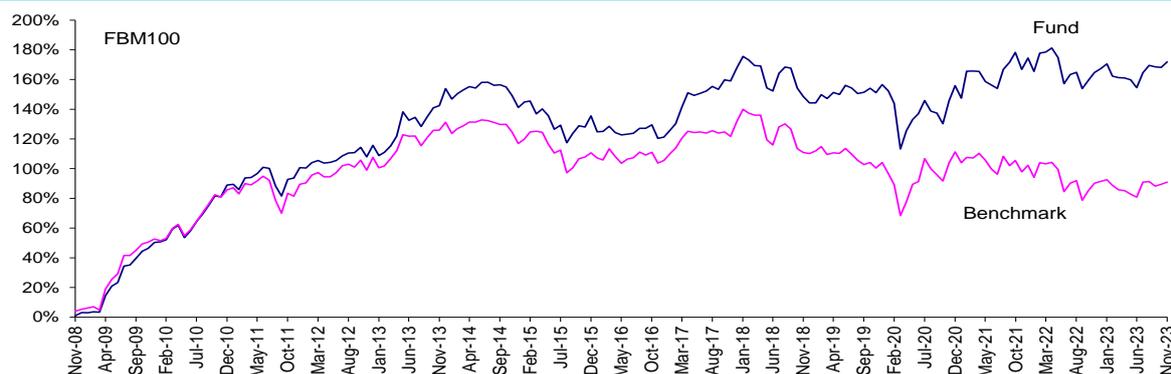
SECTOR ALLOCATION OF THE FUND

Financial Services	22.96%
Utilities	11.79%
Technology	9.91%
Health Care	8.56%
Industrial Products & Services	7.34%
Energy	7.22%
Construction	5.77%
Transportation & Logistics	5.68%
Consumer Products & Services	5.64%
Telecommunications & Media	3.69%
Plantation	2.94%
Property	2.60%
Cash	5.90%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.37%
Public Bank Bhd - Local	7.28%
Malaysia Airports Holding Bhd	5.68%
Tenaga Nasional Bhd	5.54%
Malayan Banking Bhd	5.45%
Hartalega Holdings Bhd	4.27%
YTL Power International Bhd	3.79%
Inari Amertron Bhd	3.15%
Gamuda Bhd	2.87%
My Eg Services Bhd	2.48%
Total	47.88%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	1.71	1.38	2.71	10.63	9.36	12.16	171.91
Benchmark	-0.22	0.79	0.43	-6.34	-9.44	-15.49	90.97

* 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 November 2023, the Fund increased by 1.38%, outperforming the benchmark by 59 basis points (bps). The outperformance was mainly due to the fund's overweight in Healthcare, Utilities and Consumer Discretionary as well as its underweight in Financials and Materials. On YTD, the Fund was up 1.71%, which outperformed the benchmark by 193 bps.

Portfolio Strategy

KLCI gained 10pts or 0.7% in November, which improved the YTD decline to 2.9%. Investors bought into Utilities, Telcos, Commodities (mainly plantations) and Gaming, took profit on Financials following the previous month's run-up. Within the broader market, Tech and Healthcare did well, while Energy languished on the back of lower oil prices. Overall sentiment was lifted by expectations that the US Fed may be done with rate hikes given the cooling inflation and recent economic data out of the US. The pullback in US treasury yields and the weaker dollar lifted interest in EM markets.

Malaysia's PMI improved to 47.9 pts from October's 46.8pts, which is at a 7-month high amid softer moderation of new orders. According to S&P Global, Malaysian manufacturers, while endured soft demand conditions witnessed tentative signs of improvement leading to less pronounced slowdowns in new orders, output and employment. The Ringgit weakness and higher raw material prices added to input cost pressures, but the rate of inflation remains relatively muted, so are selling prices. Optimism that the demand environment will improve over the course of the next 12 months picked up to a 7-month high.

Malaysia's economy expanded 3.3% yoy in 3Q23 vs 2.9% yoy in 2Q23 and median forecast of 2.7%. For the nine months, it was 3.9%, consistent with the Government's GDP growth forecast of 4% for 2023. Domestic demand remained strong, growing 4.8% in the third quarter, buoyed by resilient labor market and an improving tourism sector and these helped offset the weakness in trade which contracted 16%.

Bank Negara maintained OPR at 3.00% in November's MPC meeting despite mounting pressures to intervene given the Ringgit weakness. Inflation was at 1.8% in October, significantly undershooting BNM's revised target of 2.5-3.0% for 2023.

Malaysia's equity market valuation remains compressed with forward PE of 13.4x which is still ~1.5SD below the historical mean. This is based on consensus earnings growth of 4% for 2023 and 11% for 2024. 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 ~360bps). We are also hopeful that the newly launched National Energy Transition Roadmap (NETR) by the government would revitalize domestic investment and buoy consumption.

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

We remain constructive on sectors that stand to gain from the NETR, including Utilities, Construction, and Property. Additionally, we are optimistic on selective Technology due to the ongoing structural growth trends in the sector. We have also become more optimistic about selective Financials. 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 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 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.