

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	26.90 million units (30 October 2020)	Fund Size	RM61.94 million (30 October 2020)
Unit NAV	RM2.3027 (30 October 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"> ▪ 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%

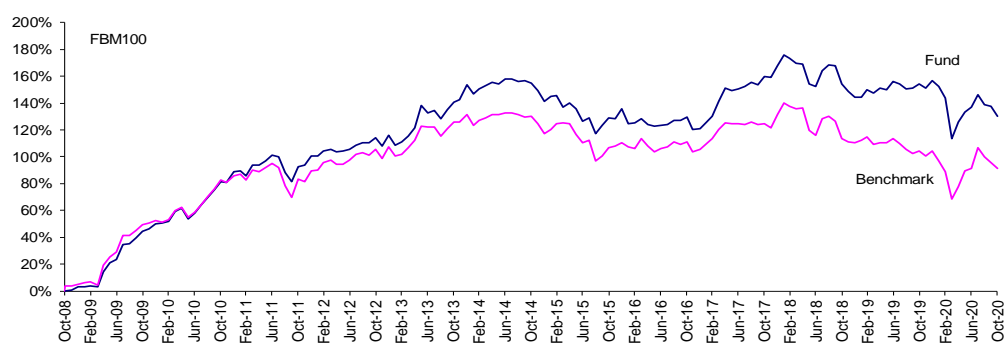
SECTOR ALLOCATION OF THE FUND

Health Care	15.60%
Industrial Products & Services	13.73%
Financial Services	12.69%
Consumer Products & Services	10.84%
Utilities	8.30%
Plantation	6.49%
Technology	6.34%
Energy	5.94%
Transportation & Logistics	3.48%
Telecommunications & Media	3.07%
Construction	2.62%
Property	2.22%
REIT	0.32%
Cash	8.36%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Top Glove Corp Bhd	7.70%
Hartalega Hldg Bhd	5.52%
Tenaga Nasional Bhd	5.20%
Press Metal Aluminium Hldg Bhd	4.32%
Petronas Chemicals Group Bhd	3.98%
Malayan Banking Bhd	3.95%
Sime Darby Bhd	3.41%
DRB-Hicom Bhd	2.87%
Sime Darby Plantation Bhd	2.81%
Genting Malaysia Bhd	2.68%
Total	42.44%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-10.27	-2.99	-9.41	-11.35	0.62	26.84	130.27
Benchmark	-6.14	-2.14	-6.15	-14.72	-7.32	5.02	91.63

* 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 was down 2.99%, underperforming the benchmark by 0.85%. Underperformance came mainly from the exposure to construction, gloves and oil and gas. Year-to-date, the fund is down 10.27%, underperforming its benchmark by 4.13% due to earlier underweight in gloves.

Portfolio Strategy

The FTSE Bursa Malaysia Composite Index (“KLCI”) fell -2.37% as the market continued its downtrend due to a resurgence in covid19 cases and rising political uncertainty contributed to the softer market. Politics also took the limelight in October when there was news that PM Muhyiddin Yassin had proposed to the King (YDPA) to call for a state of emergency for the country (which was later declined by the King) and faced challenges to his slim parliamentary majority from the opposition and coalition partner, UMNO. Energy -9.9% Construction -5.7% and REIT -4.7% were the worst performing sectors in October. While the best performing sectors were Technology +8.4% and Healthcare +7.1%.

Main economic highlights for October will be the implementation of Conditional MCO (“CMCO”) in Sabah, Selangor, Putrajaya and Kuala Lumpur due to the resurgence of Covid cases in these states. The National Security Council (“NSC”) decided to allow all economic sectors in the Klang Valley to continue operating as usual under strict compliance of standard operating procedures. PM Muhyiddin assured the public that there will not be another total lockdown as this would have a significant impact on Malaysia’s economic and social systems but said the govt will enforce Targeted Enhanced MCO (“TEMCO”) in high-risk areas. Despite assurance that all economic sectors will be allowed to operate during the implementation of CMCO or TEMCO, productivity and consumer sentiment and spending will be affected, and impact can only be seen in the coming months. Unemployment recorded a marginal increase of 0.5% MoM (Jul: 0.6%) to 15.15mn ppl in Aug but with the CMCO in Klang Valley and Sabah, it is expected that unemployment number to increase in the coming months. Declining PMI for a 3rd consecutive months to 49.0 in Sep20 could be an early signs of a downward pressure to the economy in the coming months. With threats to the economy is growing by the day, there have been high hopes on the current government to deliver a Budget that will provide enough economic stimulus to steer past the Covid-19 and providing enough safety net for the B40. Warily, politically, due to PM Muhyiddin weak coalition, there will a threat that the Budget may not get enough support for approval.

Despite our cheap valuations locally, we reiterated our cautiousness view on the local market perspective driven by US Presidential Election and the resurgence of Covid cases globally and domestically. Earlier hope for rapid recovery in 4Q2020 may now be pushed further into 1Q or 2Q of 2021. Heighten volatility in the coming months present a good opportunity to position all portfolios for 1H2021. We will continue with our high AA of 90-95% and focus more on adding alpha into all portfolios. Sector in focus will be on Technology, Healthcare, Telecommunication and Commodity-related. We will continue to underweight Banks & Financial Services and reduce our overweight on Plantation and REITs.

RISKS

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

<p>Market risk</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"> • 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>
<p>Company or security specific risk</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>Credit risk</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 : 30 October 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.