

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	26.61 million units (30 April 2021)	Fund Size	RM70.62 million (30 April 2021)
Unit NAV	RM2.6541 (30 April 2021)	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%

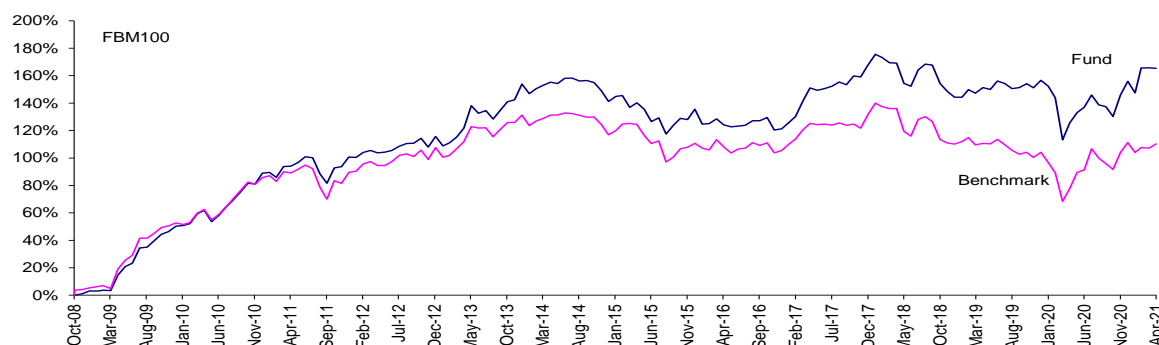
SECTOR ALLOCATION OF THE FUND

Financial Services	28.65%
Industrial Products & Services	16.08%
Consumer Products & Services	12.52%
Technology	11.54%
Energy	11.42%
Utilities	4.72%
Transportation & Logistics	3.96%
Construction	3.20%
Telecommunications & Media	2.93%
Plantation	0.95%
Property	0.77%
Health Care	0.44%
Cash	2.82%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.38%
CIMB Group Holdings Bhd	7.25%
Press Metal Aluminium Holding Bhd	5.26%
Petronas Chemicals Group Bhd	5.25%
Public Bank Bhd - Local	5.02%
Tenaga Nasional Bhd	3.70%
Ann Joo Resources Bhd	3.09%
RHB Bank Bhd	3.08%
Mr D.I.Y. Group (M) Bhd	2.97%
Hong Leong Bank Bhd	2.89%
Total	45.89%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	3.74	-0.10	17.65	-1.40	18.34	36.77	165.41
Benchmark	-0.45	1.49	18.32	-10.91	1.02	11.24	110.32

* 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 April, the fund fell 0.10%, underperforming the benchmark by 1.59%. The underperformance was mainly due to underweight in Communication Services and Healthcare (Gloves), as well as overweight in Energy and Consumer Discretionary.

Portfolio Strategy

FBMKLCI rose 28pts or 1.8% to 1,601.65pts in April. Gloves rallied on the back of the surge in COVID-19 cases domestically and abroad especially in India, while reopening plays took a hit. The Healthcare sector index was up 15%, followed by Industrial (+4), Transport (+4%), Tech (+3%) and Construction (+2%), while Energy and Finance were the worst performers, down 3% and 2% respectively. Malaysia's manufacturing PMI rose to a record of 53.9pts in April from 49.9pts in March, suggesting that the economy is steadily recovering from the pandemic. The last time the measure showed the economy was in expansion was in July 2020. Output also grew for the first time in nine-months, while new orders also returned to expansion. Export sales grew for the first time since November 2019 as demand across Asia and the US recovered. However, there was a renewed fall in employment while input cost inflation rose to its highest in over four years, according to IHS Markit.

BNM is expected to maintain its OPR at 1.75% during its May policy meeting. There is expectation of a spike in inflation of 2.5-4.0% this year but we expect the central bank to maintain an accommodative monetary policy and instead resort to fiscal measures and stimulus to support the economy. To recap, Bank Negara pegged 2021 GDP growth at 6.0-7.5%. Consensus projects KLCI earnings to grow almost 48% in 2021 but fall 1.5% in 2022 (from close to zero growth previously) following downgrades on Consumer and Gaming. The surge in soft commodity prices could affect companies like Nestle, while analysts could be turning more cautious on the speed of reopening. Excluding gloves, earnings growth for 2022 is still projected to be in the mid-teens, which is still very commendable.

The FBMKLCI currently trades at a forward PE of just over 15x for 2021 and 2022, ex-Gloves 18x and 15.4x respectively. While Malaysia appears to be at a discount to the region despite comparable market earnings growth, we opine that concerns over the country's fiscal position, the de-rating of heavyweight Gloves and domestic political issues remain as the key overhangs. Our KLCI target of 1,670pts now represents just over 4% upside from current level. To recap, the index target is based on an expected yield gap of 280bps which is +0.5SD pre-Covid19 mean of 250bps to partly factor in political risks, and assuming Malaysia 10yr MGS rises to 3.5% (vs 3.1% currently); this implies an earnings yield of 6.3% or a PE of 16x.

We stay Neutral on Malaysia and remain proponents of the reopening theme and thus constructive on sectors such as Financials, Cyclical, Commodities and select Transport. As for tech, it has outperformed significantly, hence, we are very selective and focus on quality tech names while stay cautious on richly valued companies. We are cautious on Gloves as earnings seem to have peaked despite ESG issues waning.

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 April 2021*

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.