

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 (30 August 2022)	Fund Size	RM74.07 million (30 August 2022)
Unit NAV	RM2.6487 (30 August 2022)	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%

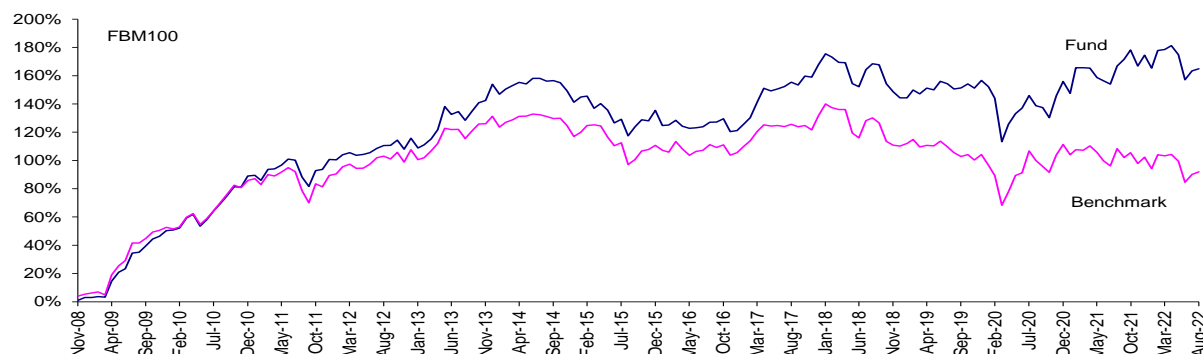
SECTOR ALLOCATION OF THE FUND

Financial Services	30.09%
Consumer Products & Services	13.43%
Industrial Products & Services	12.73%
Plantation	9.13%
Technology	7.55%
Energy	4.24%
Health Care	4.08%
Transportation & Logistics	4.02%
Construction	3.45%
Telecommunications & Media	2.80%
Cash	8.48%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.84%
CIMB Group Holdings Bhd	7.62%
Public Bank Bhd - Local	5.48%
Petronas Chemicals Group Bhd	5.08%
Press Metal Aluminium Holding Bhd	4.39%
Genting Malaysia Bhd	4.23%
Genting Bhd	3.90%
Hong Leong Bank Bhd	3.85%
Sime Darby Plantation Bhd	3.40%
IHH Healthcare Bhd	3.25%
Total	49.04%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-3.49	0.55	-0.74	5.70	3.72	25.79	164.87
Benchmark	-5.14	0.93	-7.88	-6.62	-14.92	-5.48	91.94

* 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 rose 0.55%, underperforming the benchmark by 38 basis points (bps). The underperformance was mainly due to the fund's underweight in Utilities and Communication Services as well as its overweight in Industrials, Materials and Consumer Discretionary.

Portfolio Strategy

FBMKLCI extended gains, up 19.8pts or 1.3% to 1,512pts in August. Sentiment was earlier lifted by a cooler US inflation print of 8.5% in July vs 9.1% in the previous month, but subsequently dented by comments from Jerome Powell at Jackson Hole that the fight against inflation was not over and the Fed will continue to hike interest rates to cool the economy further. Commodities (Energy +9%, Plantations +3%), Utilities (+4%) and Telcos (+3%) gained at the expense of Tech (-4%) and Healthcare (-10% mainly Gloves).

Malaysia's manufacturing sector moderated in August with a lower PMI reading of 50.3pts vs 50.6pts in July. Output levels scaled back for the first time in three months, with firms citing difficulty in receiving inputs amid sustained delivery delays albeit new orders were the strongest since April. However, export orders fell at the fastest pace in a year amid weak global conditions. Input price inflation eased to the softest rate since last September, leading to year-low factory gate inflation. Employment fell for the seventh consecutive month on non-placement of voluntary leavers and labor shortages. Overall sentiment strengthened to a seventh-month high, amid hopes of demand conditions would continue to improve as the pandemic was brought fully under control according to companies surveyed by S&P Global.

No change to Bank Negara's GDP growth forecast of 5.3-6.3% for 2022 and headline inflation between 2.2% and 3.2%. BNM could raise OPR by as much as 50bps in the upcoming MPC meeting to temper rising inflation. Malaysia's CPI accelerated to 4.4% yoy in July from 3.4% a month ago, led mainly by higher food prices, up 6.9% versus the same period last year.

Valuation remains compelling despite the sharp rebound. At c.14x/13x 2022F/2023F PE, valuations are over -2SD below the historical mean of close to 16x. We expect the KLCI to rebound further in 4Q22 with our year-end KLCI target at 1,560pts, suggesting ~5% upside from current levels. Key driver for the market would be sustained corporate earnings delivery (consensus now projects 4% growth in 2022 and 9% growth in 2023; ex-Gloves +16% and +11% respectively). That said, we remain mindful of the ongoing geopolitical risks both locally and abroad, as well the global slowdown, if not a recession.

We continue to adopt a balanced approach between value and growth, whilst maintaining adequate diversification. In view of the current macro environment, we remain wary in Commodities and focus on quality names in Financials as well as exploring opportunity in Technology space with preference for companies with structural growth and good fundamentals. We also stay overweight in select Consumer Discretionary and stocks that benefit from the economic reopening. 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 : *30 August 2022*

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.