

**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	27.87 million units (29 July 2022)	Fund Size	RM73.41 million (29 July 2022)
Unit NAV	RM2.6342 (29 July 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"> <li>With a medium to long-term investment horizon</li> <li>Seek maximum capital appreciation</li> <li>Do not require regular income</li> <li>Comfortable with higher volatility</li> <li>Willing to take higher risk for potential higher gains</li> </ul>	Other Charges	Inclusive of auditor fee & transaction charge

**ASSET ALLOCATION OF THE FUND**

Equities	Cash
Minimum 80% - 98%	Up to 20%

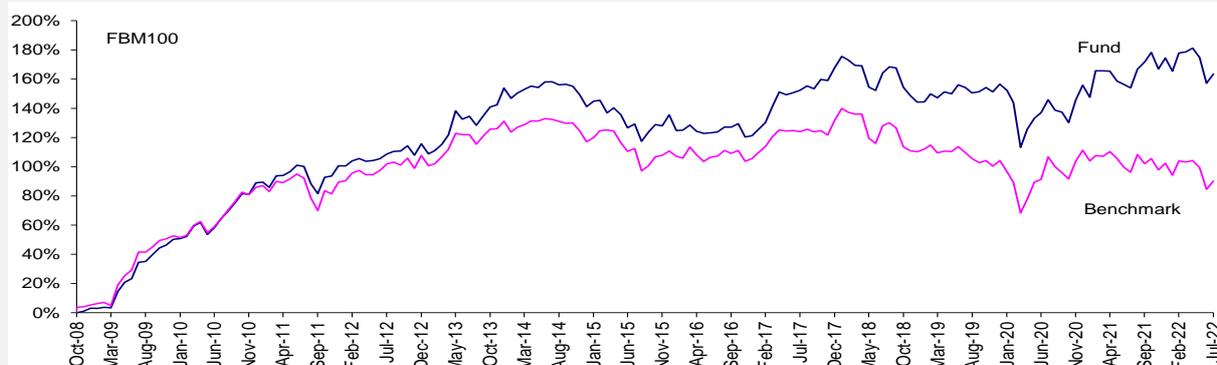
## SECTOR ALLOCATION OF THE FUND

Financial Services	28.76%
Consumer Products & Services	14.95%
Industrial Products & Services	13.53%
Plantation	9.31%
Technology	7.64%
Energy	4.24%
Health Care	4.15%
Transportation & Logistics	4.07%
Construction	3.47%
Telecommunications & Media	2.29%
Cash	7.60%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.82%
CIMB Group Holdings Bhd	7.07%
Public Bank Bhd - Local	5.45%
Press Metal Aluminium Holding Bhd	5.32%
Petronas Chemicals Group Bhd	4.92%
Genting Malaysia Bhd	4.49%
Genting Bhd	3.96%
Hong Leong Bank Bhd	3.90%
Sime Darby Plantation Bhd	3.69%
IHH Healthcare Bhd	3.38%
<b>Total</b>	<b>49.98%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-4.02	2.43	3.71	3.59	4.40	26.27	163.42
<b>Benchmark</b>	-6.01	3.04	-3.07	-9.30	-15.11	-5.82	90.17

\* 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 July, the Fund rose 2.43%, underperforming the benchmark by 61 basis points (bps). The underperformance was mainly due to the overweight in Information Technology, Materials, Energy and as well as its underweight in Communication Services and Financials.

### Portfolio Strategy

FBMKLCI rebounded 40.8pts or 2.8% to 1,492pts in July, mainly on the back of easing inflation concerns and rising hopes that a hard landing of the US economy may be avoided. The compression in bond yields also raised the appeal of equities, especially growth stocks. Gainers were relatively broad-based but Tech (+6%), Telcos (+4%), Financials (+4%) and Consumer (+3%) led gains, while Glove stocks continue to languish despite the WHO declaring the rapidly spreading Monkeypox a global health emergency and the resurgence of Covid-19 cases.

Malaysia's manufacturing sector picked up further in July, with an improvement in the PMI from 50.4pts in June to 50.6pts in July, signaling a third straight month of expansion and the strongest since April. Production returned to growth for the first time in seven months amid the strongest rise in new orders. Manufacturers noted that input price inflation eased to the softest rate since last September - supply-chain constraints showed clear signs of easing which should help alleviate some industrial price pressure. Employment was down marginally mainly due to the non-placement of voluntary leavers and lack of foreign workers. Overall, "Sentiment strengthened to the highest since February, amid hopes of stronger recovery demand once price and supply pressures ease follow the lifting of Covid-19 restrictions", according to S&P Global.

Bank Negara maintained GDP growth forecast of 5.3-6-3% for 2022, and headline inflation between 2.2% and 3.2%. BNM raised OPR by another 25bps to 2.25% in the last MPC meeting. Economists now expect just another 25bps by year end, and a further 50bps in 2023. The monetary tightening will be dependent on the inflation print. Malaysia's CPI rose 3.4% yoy in June, led mainly by higher food prices, up 6.1% versus the same period last year.

Valuation remains compelling despite the sharp rebound. At c.14x rolling 1Y forward PE, valuations are around -2SD below the historical mean of 16x. We expect the KLCI to stage a rebound in 2H22, but recently trimmed our year-end KLCI target to 1,560pts. Key driver for the market would be sustained corporate earnings delivery (consensus now projects 6% growth in 2022 and 9% growth in 2023; ex-Gloves +18% and +12% respectively). That said, we remain mindful of the ongoing geopolitical risks with the Russian-Ukraine conflict, and domestically as Malaysia gears up for General Elections, now speculated to be held in 4Q22.

We continue to adopt a balanced approach between value and growth, whilst maintaining adequate diversification. In the light of the current macro environment, we have remained vigilant on Commodities. We have turned our focus on quality names in Financials as well as exploring opportunity in Technology with preference for companies with structural growth and good fundamentals. We have also stayed overweight in select Consumer Discretionary names benefitting 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:

<b>Market risk</b>	<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"><li>• Economic and financial market conditions</li><li>• Political change</li><li>• Broad investor sentiment</li><li>• Movements in interest rate and inflation</li><li>• Currency risks</li></ul> <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>
<b>Company or security specific risk</b>	<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>
<b>Credit risk</b>	<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 : *29 July 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.