

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	27.90 million units (30 September 2022)	Fund Size	RM70.85 million (30 September 2022)
Unit NAV	RM2.5390 (30 September 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%

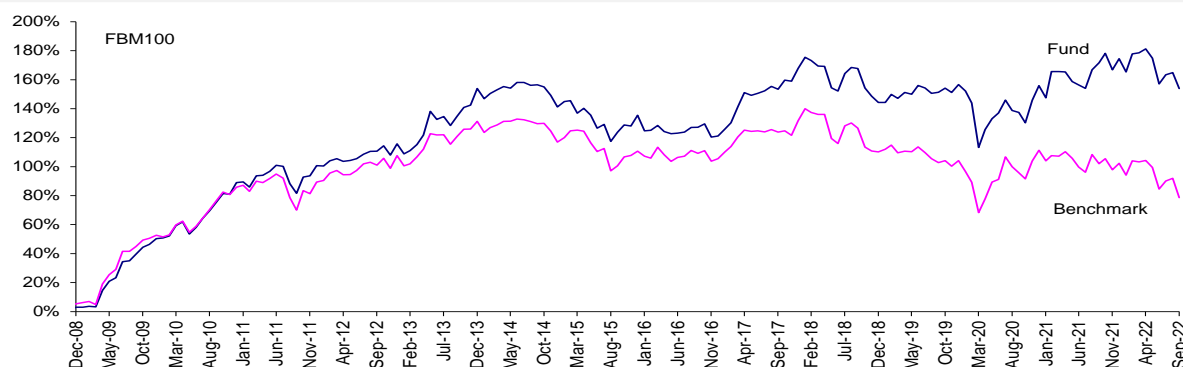
SECTOR ALLOCATION OF THE FUND

Financial Services	29.63%
Consumer Products & Services	13.53%
Industrial Products & Services	11.89%
Technology	8.66%
Plantation	8.60%
Transportation & Logistics	4.41%
Energy	3.97%
Health Care	3.36%
Construction	3.27%
Telecommunications & Media	3.01%
Cash	9.67%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.51%
CIMB Group Holdings Bhd	7.04%
Public Bank Bhd - Local	5.65%
Petronas Chemicals Group Bhd	5.06%
Genting Malaysia Bhd	4.13%
Hong Leong Bank Bhd	3.95%
Genting Bhd	3.89%
Press Metal Aluminium Holding Bhd	3.55%
RHB Bank Bhd	3.34%
Sime Darby Plantation Bhd	3.26%
Total	47.37%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	-7.48	-4.14	-6.54	1.01	0.18	20.47	153.90
Benchmark	-11.68	-6.90	-11.54	-11.86	-20.19	-11.14	78.70

* 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 September, the Fund down 4.14%, outperforming the benchmark by 276 basis points (bps). The outperformance was mainly due to the fund's underweight in Communication Services, Financials and Health Care as well as its overweight in Industrials and Information Technology.

Portfolio Strategy

FBMKLCI slumped 117.4pts or -7.8% to 1,394 pts in September. Markets reeled from renewed fears of a global recession stoked by the ever-so-hawkish Fed which remained adamant about sustaining hikes to cool the economy further. The strong US dollar, which is at the strongest it has ever been since 1997 also trigger flows out of emerging markets and commodities. Commodities (Energy -8%, Plantations -10% and metals) and Telcos (-7%) were among the key losers, with modest gains seen in Construction (+2%), Transport (+3%) and REITs (+3%).

Malaysia's manufacturing sector slipped into contraction in September with a PMI reading of 49.1pts vs 50.3pts in August, lower than March low of 49.6pts. Demand showed signs of waning and firms scaled back their production, for the second successive month, and purchasing activity (first time in four months) accordingly. Despite the softening, delivery times lengthened again due to raw material shortages and shipping delays. Cost inflation eased to the lowest for year but where input prices did rise, they were attributed to higher cost of raw materials and transportation and currency weakness - encouragingly manufacturers were able to pass them on. Positively, employment expanded the first time in 10 months and the rate of job creation was the sharpest since April 2019. According to S&P Global, the demand weakness in September may prove to be short-lived, supported by optimism in the year-ahead outlook, albeit the gauge dropped to a three-month low.

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 may raise OPR by another 25bps in the upcoming MPC meeting in November, translating to a cumulative hike of 100bps to end the year at 2.75%. Malaysia's CPI accelerated to 4.7% in August from 4.4% yoy in July, led mainly by higher food prices, up 7.2% versus the same period last year. Government is due to release its Budget 2023 on 7 October 2022.

Following the steep sell-off, valuation at 13x forward PE are now at -3SD below the historical mean. This is based on consensus earnings growth of 2.4% for 2022 (15.2% ex-glove) and 10-11% growth for 2023. We expect the KLCI to rebound from current distressed levels, but there is risk to our year-end KLCI target at 1,560pts given the elevated market risk premiums. Given the heightened uncertainty and assuming a flat vs. consensus of 10% earnings growth for 2023, our top-down fair value for the KLCI will be 1,400, which is currently based on 300 bps target yield gap (historical average 270 bps; +1.5SD) and 400 bps 10Y MGS.

We continue to adopt a balanced approach with a tilt toward value over growth, whilst maintaining adequate diversification. In view of the current macro environment, we remain wary in the commodities space and focus on companies with firm fundamentals and cash flows generation. We stay overweight in selective Banks and Consumers, as well as stocks benefit from recovery and structural growth. 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 September 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.