

**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 (31 January 2023)	Fund Size	RM75.49 million (31 January 2023)
Unit NAV	RM2.7057 (31 January 2023)	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%

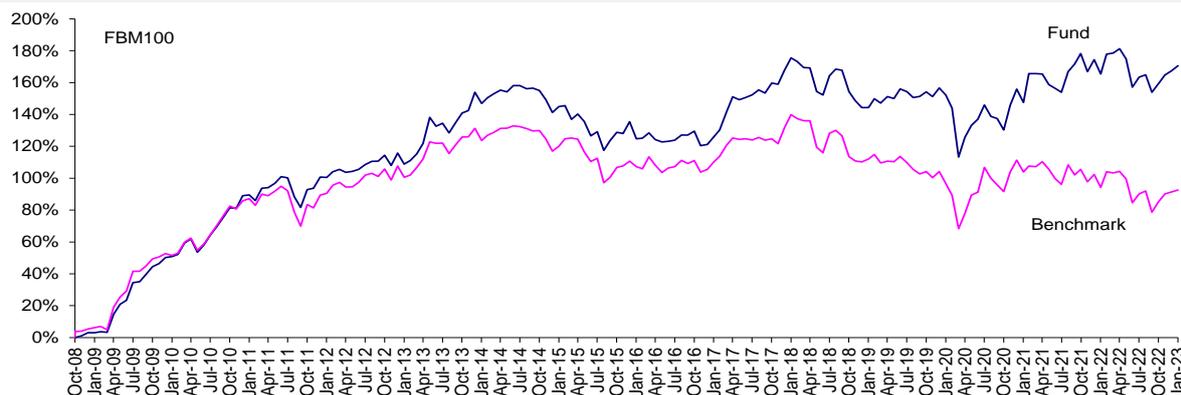
## SECTOR ALLOCATION OF THE FUND

Financial Services	24.94%
Consumer Products & Services	13.39%
Technology	13.35%
Industrial Products & Services	11.06%
Energy	5.60%
Plantation	5.51%
Transportation & Logistics	5.26%
Utilities	5.02%
Telecommunications & Media	4.30%
Construction	2.79%
Health Care	2.76%
REIT	0.79%
Cash	5.24%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

Public Bank Bhd - Local	6.86%
CIMB Group Holdings Bhd	6.56%
Malayan Banking Bhd	6.53%
Genting Malaysia Bhd	5.09%
Tenaga Nasional Bhd	5.02%
Press Metal Aluminium Holding Bhd	4.23%
Genting Bhd	3.65%
Malaysia Airports Holding Bhd	3.18%
Petronas Chemicals Group Bhd	3.01%
Telekom Malaysia Bhd	2.93%
<b>Total</b>	<b>47.06%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	1.20	1.20	1.94	7.26	-1.80	29.57	170.57
<b>Benchmark</b>	0.63	0.63	-0.79	-2.04	-19.73	-3.99	92.60

\* 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 January 2023, the Fund rose 1.20%, outperforming the benchmark by 57 basis points (bps). The outperformance was mainly due to the fund's overweight in Consumer Discretionary, Energy, Industrials and Materials as well as its underweight in Health Care.

### Portfolio Strategy

The FBMKLCI fell 10pts or 0.7%, ending January 2023 at 1486pts. The index underperformed the region, with North Asia especially China dominating EM fund flows. Globally, growth stocks outperformed, with technology stocks leading the pack as US inflation cooled further as well as optimism from China's reopening. Gaming (+8%), Tech (+7%), REITs (+6%) and Building Materials (+6%) were among the biggest winners for the month, while Gloves (-7%), Plantations (-5%) and Healthcare (-4%) languished.

Malaysia's PMI declined further from to 46.5pts from 47.8pts in December, representing the sixth consecutive month of contraction. This contrasted with the rest of ASEAN, which saw PMI improving to an average of 51.0pts compared to 50.3pts in December. Moderating global demand led to declines in the manufacturing sector, with manufacturers cutting on new order inflows. Positively, the survey by S&P Global noted that supply chain disruptions continue to improve, albeit slowly, with delivery times shortening for the first time since November 2019.

During the latest MPC meeting, Bank Negara held its OPR at 2.75%. This came as a surprise as consensus was expecting a 25bps hike. This marks the first pause after four consecutive rate hikes that began in May 2022. In a statement, BNM noted that this will enable them to assess the impact of the past OPR adjustments, which tends to have a lagging effect on the economy. Malaysia's CPI increased 3.8% YoY in December, a slight moderation compared to 4.0% in November, with food and non-alcoholic beverages the main contributors. This brought full year 2022 headline inflation to 3.3%, up from 2.5% in 2021.

Malaysia's equity market valuations remain compressed. Valuation at 13x forward PE is still at over -2SD below the historical mean. This is based on consensus earnings growth 10% growth for 2023 and 6% for 2024. We believe that Malaysia should play catch-up to recent positive shift in global investor sentiment on the back of easing monetary tightening measures and China's reopening.

Given the continued positive market momentum and the prospect of valuation upside, we remain cautiously positive on Malaysia market. On a balanced approach, we continue to focus on companies with firm fundamentals and strong cash flows generation. On top of that, we see opportunity in select Technology for structural growth. On China's reopening theme, we prefer tourism related stocks as well as select commodities in view of improved industrial demands. 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 : 31 January 2023

**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.