

**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	28.27 million units (31 May 2023)	Fund Size	RM73.45 million (31 May 2023)
Unit NAV	RM2.5981 (31 May 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%

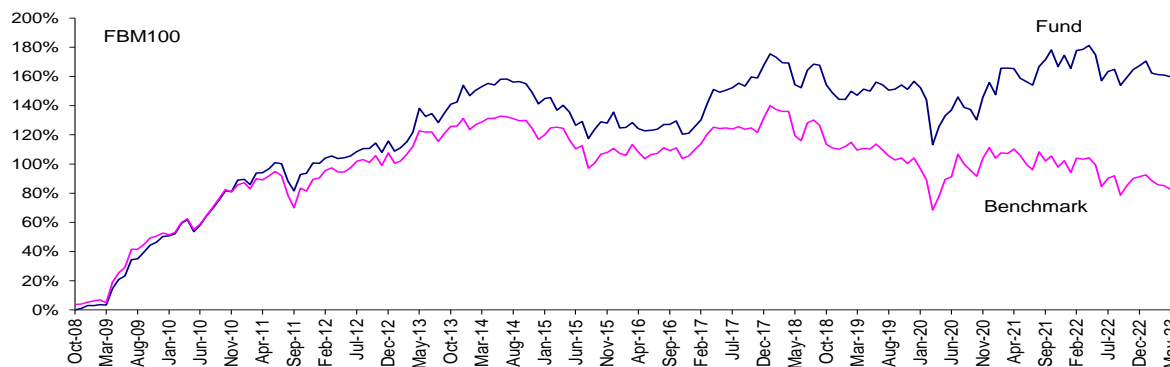
## SECTOR ALLOCATION OF THE FUND

Financial Services	20.16%
Consumer Products & Services	10.94%
Health Care	10.29%
Transportation & Logistics	8.67%
Technology	7.93%
Industrial Products & Services	7.72%
Utilities	6.59%
Telecommunications & Media	6.26%
Energy	5.93%
Plantation	4.12%
REIT	2.65%
Construction	2.19%
Cash	6.55%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

Malaysia Airports Holding Bhd	6.70%
Tenaga Nasional Bhd	6.03%
Public Bank Bhd - Local	5.83%
Malayan Banking Bhd	5.53%
CIMB Group Holdings Bhd	5.29%
Genting Malaysia Bhd	4.62%
Hartalega Holdings Bhd	4.31%
Press Metal Aluminium Holding Bhd	3.41%
Telekom Malaysia Bhd	3.27%
My Eg Services Bhd	3.05%
<b>Total</b>	<b>48.04%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-2.82	-0.45	-5.47	11.45	2.12	9.08	159.81
<b>Benchmark</b>	-4.51	-1.30	-8.37	-3.53	-16.72	-17.97	82.76

\* 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 May 2023, the Fund was down 0.45%, outperforming the benchmark by 85 basis points (bps). The outperformance was mainly due to the fund's overweight in Health Care and Industrials as well as its underweight in Consumer Staples and Materials.

### Portfolio Strategy

FBMKLCI lost 28.8pts or 2% and ended May at 1,383pts. The sell-off was relatively broad-based, with select stocks within defensive sectors showing green, and we believe it was largely triggered by the recent weakness of the Ringgit on the back of poor Chinese data and consequently the depreciation of the Yuan. Further aggravating the situation was the stronger Dollar due to concerns surrounding the US debt ceiling, and recent US data – encouraging payroll and wage, sticky inflation, and more recently a rebound in job openings - stoking bets on further rates hikes in the next FOMC meeting. The recently concluded 1Q23 US earnings season saw 78% of companies beating analyst's earnings estimates by an aggregate of 6.5%.

Malaysia's PMI reading for May was 47.8pts vs 48.8 pts in April. According to S&P Global, respondents often cited weak demand leading them to scale back purchasing as well as staffing. Improvement in supply chains have however contributed to relatively muted inflation pressures. There remains concerns that demand weakness could persist until 3Q23. Overall, outlook remained positive amid hopes that demand environment would recover over the year ahead leading to higher production.

Malaysia's economy expanded 5.6% y-y in 1Q23 beating economists' projection of 4.8%, albeit a moderation from the 7.1% y-y growth in 4Q22. The strong growth was contributed by further expansion of household spending, continued investment activity, improving labor market and higher tourism activities. S&P Global opines that the 2Q23 PMI data so far suggests the GDP will hold steady around the 5.5% y-y mark in proximity with the 1Q23 print. BNM made no change to Malaysia's GDP growth of 4-5% in 2023.

BNM raised OPR by 25bps to 3.00% in the last MPC meeting and economists are still expecting another 25bps hike for the rest of the year. Malaysia's CPI eased further to 3.3% against March's 3.4%, driven by lower pace of increase in Transport, Restaurant and Hotels, and Food and Non-alcoholic beverages. The latest reading remained in line with BNM's inflation target of 2.8-3.8% for 2023.

Malaysia's equity market valuations remain compressed with forward PE of under 13x still at over -2SD below the historical mean. This is based on consensus earnings growth of 5% for 2023 and 8% for 2024. The re-tabled Budget 2023 offered much needed clarity on the new Government's policy posture. Overall, we are encouraged by the non-extension of Prosperity Tax (no derailment of re-acceleration of corporate earnings in 2023), delayed implementation of GST and capital gains tax, and fiscal target discipline. There were also numerous tax incentives to spur MSMEs and investments into various high impact sectors. We remain hopeful that elevated risk premiums on Malaysia would abate over time.

We prefer to maintain a cautious stance and continue to adopt a barbell strategy, balancing between value and growth, though we saw opportunity on selective sectors post the recent market sell-down. We are constructive on domestic-driven sectors, such as Utilities and REITS, while we continue to like structural growth themes in selective Technology. Furthermore, in view of a stronger rebound in tourist arrivals post-reopening in China, we also like airport and tourism-related stocks. Key risks are the derailment of Malaysia's macroeconomic recovery and corporate earnings growth due to the larger-than-expected impact of rising inflation, slower global economic growth, and 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 May 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.