

**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	28.31 million units (29 February 2024)	Fund Size	RM85.54 million (29 February 2024)
Unit NAV	RM3.0218 (29 February 2024)	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%

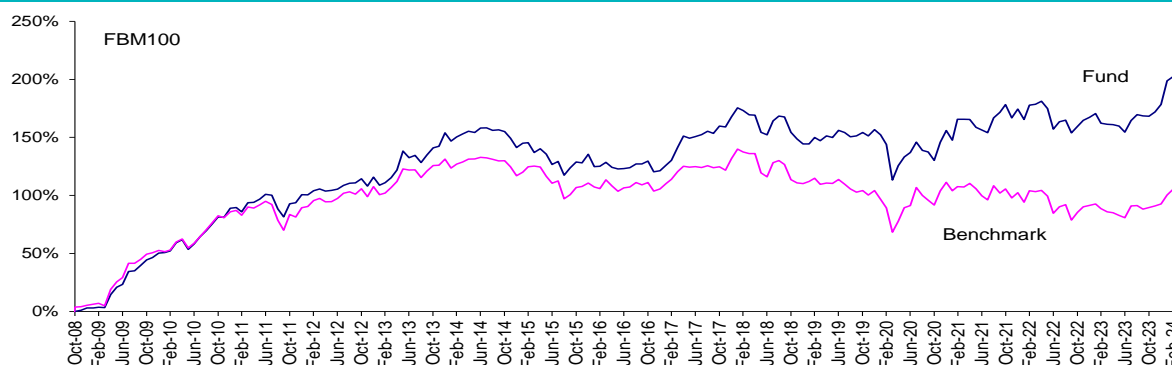
## SECTOR ALLOCATION OF THE FUND

Financial Services	22.32%
Utilities	11.37%
Energy	10.65%
Technology	9.35%
Health Care	8.47%
Construction	7.74%
Industrial Products & Services	7.12%
Transportation & Logistics	6.06%
Consumer Products & Services	4.25%
Property	4.24%
Plantation	2.61%
Telecommunications & Media	2.47%
Cash	3.35%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.62%
Public Bank Bhd - Local	6.79%
Malaysia Airports Holding Bhd	6.06%
Tenaga Nasional Bhd	5.65%
Malayan Banking Bhd	5.23%
Hartalega Holdings Bhd	4.04%
YTL Power International Bhd	3.92%
Dayang Enterprise Holdings Bhd	3.42%
Frontken Corp Bhd	3.37%
Gamuda Bhd	2.81%
<b>Total</b>	<b>48.91%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	8.57	1.18	15.20	13.75	20.93	20.66	202.18
<b>Benchmark</b>	6.41	2.33	8.63	-1.27	-4.61	-9.69	104.96

\* 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 February 2024, the Fund increased by 1.18%, underperforming the benchmark by 115 basis points (bps). The underperformance was mainly due to the fund's overweight in Health Care, Information Technology and Real Estate, as well as its selection in Utilities.

### Portfolio Strategy

KLCI's rally extended into February, up 2.5% for the month vs up 4% in January, closing the month at 1,551.44 pts. This marked the 5th consecutive month of gains, with Malaysia outperforming most ASEAN markets. This was also despite the stronger dollar following stronger-than-expected inflation and economic data out of the US, and bets on rate cuts by the Fed pushed back. Financials, Utilities, Commodities and Telcos topped the gainers list. Within the broader market, Energy did well, and Tech rebounded strongly.

Malaysia's manufacturing sector neared stabilization in February, with the PMI reading at 49.5pts vs 49 pts in January. According to S&P Global, both new orders and production levels moderated at a marginal pace amid reports that there were some pockets of demand building. Employment and backlogs also broadly stabilized. However, higher raw material prices and currency weakness added to firms' input costs but selling prices were raised only fractionally. Manufacturers remain optimistic that demand environment would improve and that price conditions would stabilize. The latest PMI suggests a modest improvement in 1Q24 GDP growth. To recap, BNM projects GDP to grow 4-5% in 2024, from an estimate of 3.8% in 2023.

We expect BNM to maintain OPR at 3.00% in the upcoming MPC meeting, as well as for the rest of the year given muted inflation and modest economic growth. Inflation was at 1.5% in January. There appears to be sufficient headroom to central bank's 2.1-3.6% CPI forecast for 2024 with the impending subsidy rationalization plans.

Malaysia's equity market valuation remains compressed with forward PE of 13.5x which is still ~1.5SD below the historical mean. This is based on consensus earnings growth of 10% for 2024 and 6% for 2025. More clarity on the new Government's policy posture, in our view, should reduce the current extreme risk premiums applied to the market (yield gap of ~360bps). We are also hopeful that the newly launched National Energy Transition Roadmap (NETR) by the government would revitalize domestic investment and buoy consumption.

We see prospect for the KLCI to rise to 1,600 pts by end-2024. We identify 4 key catalysts that could spur the market: 1) Fed pivot and further weakness in the Dollar, 2) Reallocation of portfolio investments domestically, 3) Lower risk premiums as a result of fiscal consolidation and policy continuity and 4) Corporate earnings sustaining with growth re-accelerating; we highlight that ~80% of the listed market cap is domestic driven.

As the Malaysian market continues to thrive, we took the opportunity to lock in our gains. However, we still retain our positive view on the market as we believe improved political stability, stronger earnings growth prospects and higher domestic investment investments would drive the market further. Our key preferred sectors remain those that stand to gain from the NETR, including Utilities, Construction, and Property. Additionally, we see opportunities in selected O&G names as we see value and we believe the sector will be supported by strong Petronas activity in the coming years. We also remain optimistic on selective Financials as we expect positive momentum to persist in 2024, primarily fueled by better earnings outlook. 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 risk.

**RISKS**

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<p><b>Market risk</b></p>	<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>
<p><b>Company or security specific risk</b></p>	<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>
<p><b>Credit risk</b></p>	<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 February 2024*

**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.