

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	24.35 million units (31 December 2019)	Fund Size	RM62.48 million (31 December 2019)
Unit NAV	RM2.5662 (31 December 2019)	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%

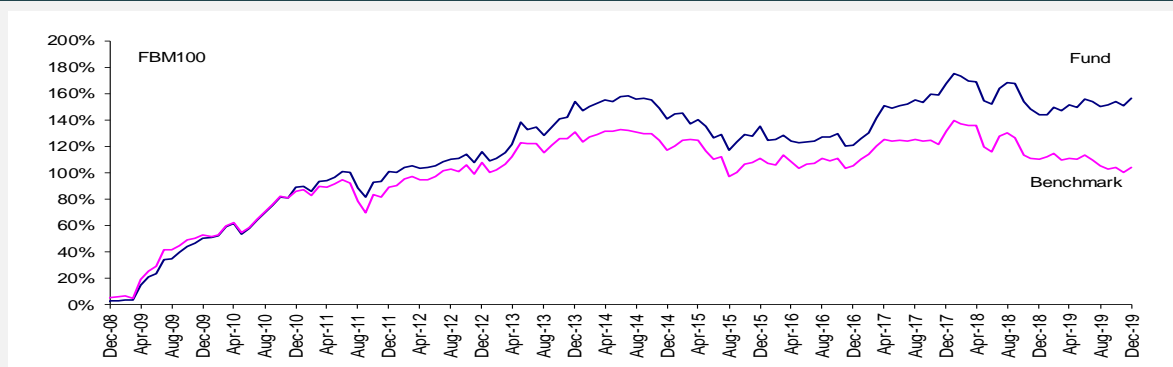
SECTOR ALLOCATION OF THE FUND

Financial Services	24.20%
Telecommunications & Media	8.17%
Utilities	8.01%
Energy	7.87%
Industrial Products & Services	7.76%
Plantation	7.74%
Consumer Products & Services	7.09%
Health Care	5.53%
Transportation & Logistics	5.34%
Technology	4.15%
Construction	3.86%
REIT	3.03%
Property	2.27%
Cash	4.96%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.66%
Tenaga Nasional Bhd	7.09%
CIMB Group Holdings Bhd	5.84%
Public Bank Bhd- Local	5.28%
Digi.com Bhd	3.66%
IHH Healthcare Bhd	3.25%
Dayang Enterprise Hldg Bhd	3.16%
Sime Darby Bhd	2.98%
Sime Darby Plantation Bhd	2.93%
Petronas Chemicals Group Bhd	2.90%
Total	44.75%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	5.04	2.15	5.04	16.01	6.38	71.50	156.62
Benchmark	-2.88	1.88	-2.88	-0.67	-5.91	33.77	104.16

* 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 December, the fund was up 2.15%, outperforming its benchmark by 0.27%. Outperformance came mainly from the overweight in Oil and Gas, Technology and underweight in Financials. At the stock level, the overweight in Dayang, MPI and underweight in Public bank were key contributors. Year-to-date, the fund is up 5.04%, outperforming its benchmark by 7.92%.

KLCI ended the year as the worst performing Asian market with a loss of 6% in 2019. In Dec, KLCI gained 1.7% as the continued surge in crude palm oil (CPO) prices led to a 9.4% surge in the plantation index. Besides this, market sentiment was also buoyed by the phase 1 trade deal between US and China. Top three contributors towards the KLCI's gains were Sime Plantation (+9.4%), Petronas Gas (+8.5%) and IOI (+6.0%). Despite on-going trade tension, we expect growth to be sustained at a moderate rate going into 2020. This will be underpinned by more growth-oriented Budget 2020 (higher fiscal deficit, resumption of mega infrastructure projects) and accommodative monetary policy. Externally, the rebound in PMI to 50 in Dec 19 after hitting a low of 46.8 in Dec 18 bodes well for exports outlook particularly in the electronics and electrical (E&E) segment. Furthermore, the plantation sector will also be boosted by improving supply and demand dynamics which have led to CPO prices surging past RM3,000 per MT. Given a modest consensus earnings growth expectation of 7.3% in 2020, we believe earnings upside risks outweigh downside risks.

While political and regulatory risks remain elevated, we do not believe that this will deteriorate further. Recent by-election loss of the ruling government will potentially be the catalyst for more market friendly policies going forward. We expect GLC reforms to take centre stage again following a slew of leadership changes in GLICs and GLCs since the general election in May 2018. Malaysia is also benefitting from trade diversion with the increase in FDIs flow, but the government would need to do more to restore business and consumer confidence in order to boost both domestic investment and consumption.

Portfolio Strategy

Externally, the rebound in PMI to 50 in Dec 19 after hitting a low of 46.8 in Dec 18 bodes well for exports outlook particularly in the electronics and electrical (E&E) segment. Furthermore, the plantation sector will also be boosted by improving supply and demand dynamics which have led to CPO prices surging past RM3,000 per MT. Given a modest consensus earnings growth expectation of 7.3% in 2020, we believe earnings upside risks outweigh downside risks. We maintain Malaysia at OVERWEIGHT as we turn constructively more positive going into 2020. We believe earnings downside risk has narrowed significantly following recent cuts which is further supported by undemanding valuation now. As such, we take a barbell approach on high yield sectors like REITs and utilities and increasing on cyclical growth sectors like banks, plantation, oil and gas, and the technology sectors.

Source : *Principal Asset Management Bhd*

Date : *31 December 2019*

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.