

**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	26.50 million units (26 February 2021)	Fund Size	RM70.40 million (26 February 2021)
Unit NAV	RM2.6565 (26 February 2021)	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%

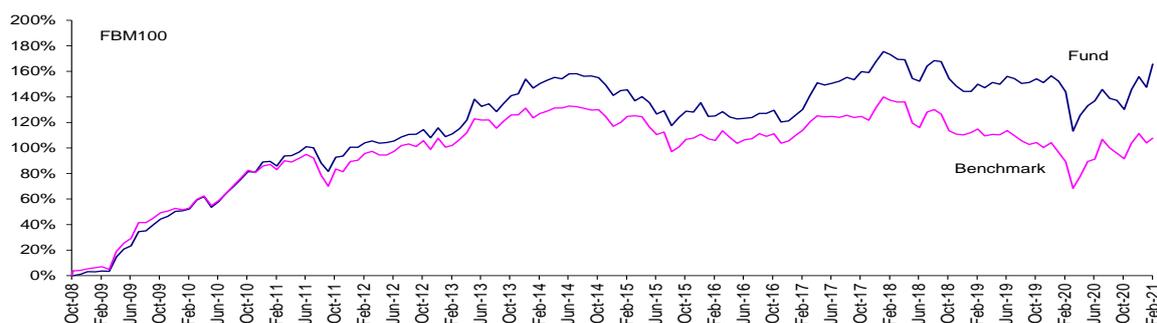
## SECTOR ALLOCATION OF THE FUND

Financial Services	24.32%
Consumer Products & Services	14.99%
Industrial Products & Services	14.29%
Technology	13.13%
Energy	10.73%
Transportation & Logistics	4.54%
Telecommunications & Media	4.32%
Utilities	3.80%
Plantation	2.01%
Construction	1.98%
Health Care	0.92%
Property	0.55%
Cash	4.41%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

Malayan Banking Bhd	7.22%
Press Metal Aluminium Holding Bhd	5.55%
CIMB Group Holdings Bhd	4.57%
Public Bank Bhd - Local	4.29%
Petronas Chemicals Group Bhd	4.19%
Genting Malaysia Bhd	4.02%
Mr D.I.Y. Group (M) Bhd	3.44%
RHB Bank Bhd	3.22%
Dayang Enterprise Hldg Bhd	3.17%
Genting Bhd	3.09%
<b>Total</b>	<b>42.76%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	3.83	7.32	8.90	-2.77	18.04	42.91	165.65
<b>Benchmark</b>	-1.74	1.77	9.72	-12.54	0.84	13.44	107.60

\* 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 February, the fund was up 7.32%, outperforming the benchmark by 5.55%. Outperformance came mainly from a broader market rally with exposure to Industrials, Technology, Energy and Materials

### Portfolio Strategy

The FTSE Bursa Malaysia Composite Index ("KLCI") eased during the month of February giving up 3.04% ytd to end the month at 1577.8 pts. The softer sentiment in the market was dampened by the jump in the number of COVID-19 cases that reached new peak over 5000 cases per day. Despite the market weakness the Tech sector remained robust at +27.5% ytd. On the other end, the Construction sector was the worst performer -8.6% ytd followed by the Property sector at -5.3%.

Much of the optimism over recovery in Nov and Dec went away as numbers of COVID-19 cases climbed which led to the government imposing MCO 2.0 which began mid-January. This was quickly followed by the Yang Di Pertuan Agong declaring State of Emergency for Malaysia until the end of July 2021. In addition, the suspension of Regulated Short Selling (RSS) from 24th March last year, was lifted this year adding to the volatility of the market. On the macro end, Malaysia's PMI eased again in January to 48.9 after picking up to 49.1 in December, remaining below 50 suggesting that growth is not improving at the pace earlier anticipated. With further extension of MCO 2.0, the government's earlier GDP target of 6.5-7.5% for 2021 is at risk of being adjusted 0.5-1.0% lower. The market remains hopeful with the vaccine roll-out scheduled at the end of February but the speed and efficiency of the execution and how that translate to improvement in the numbers of COVID-19 cases is critical to the timing of overall recovery.

On valuations, FBMKLCI is currently trading at 2021 PE of 14.25x at par vs the 5-year mean of 15.9x. Low interest rate environment expected to continue until the economy is on a firmer footing. With such a low interest rate, equity risk premium (ERP) stands at 3.7% against the mean of 2.72%. This means equity valuation remains cheap against fixed income hence the preference for equities over FI. We value KLCI at 1,730 for the base case for 2021 as we peg it to 15.9x PE. All things being considered, we are positive on Malaysia market from Valuations perspective.

In a nutshell, recovery and growth all hinges on our fight against COVID-19. With the vaccine roll-out, the economy will normalize and then recovery and growth in the economy as well as in corporate earnings can take place. We remain constructive on the market and look ahead towards normalization. With that, we maintain our high AA of 94-98% and focusing on post COVID-19 recovery theme. The sectors in focus are Consumer & Retail, Technology and Commodity-related (weakening of USD), whilst underweighting Healthcare and Plantations.

## 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 : *26 February 2021*

### 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.