

### 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	27.06 million units (30 July 2021)	Fund Size	RM68.73million (30 July 2021)
Unit NAV	RM2.5399 (30 July 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	29.63%
Industrial Products & Services	15.26%
Technology	11.60%
Consumer Products & Services	10.85%
Energy	7.81%
Utilities	4.74%
Transportation & Logistics	3.77%
Construction	3.72%
Telecommunications & Media	3.25%
Plantation	0.78%
Property	0.71%
Health Care	0.48%
Cash	7.40%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.62%
Malayan Banking Bhd	7.38%
Public Bank Bhd - Local	4.95%
Petronas Chemicals Group Bhd	4.77%
Press Metal Aluminium Holding Bhd	4.49%
Tenaga Nasional Bhd	3.68%
RHB Bank Bhd	3.11%
Hong Leong Bank Bhd	3.00%
Genting Bhd	2.93%
Genting Malaysia Bhd	2.56%
<b>Total</b>	<b>44.48%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-0.73	-0.94	3.30	-3.87	13.46	26.88	153.99
<b>Benchmark</b>	-7.14	-1.78	-5.09	-14.00	-5.34	2.12	96.20

\* 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 July, the Fund fell 0.94%, outperforming the benchmark by 0.84%. The outperformance was mainly due to overweight in Industrials, Materials and Technology as well as the underweight in Consumer Staples.

### Portfolio Strategy

FBMKLCI fell 38pts or 2.5% to 1,494.60pts in July, which was a fresh low for the year. It was a relatively broad-based sell-off, but Plantation (-6%) and Energy (-6%) stocks were the worst hit. Financials (-3%), which were quite resilient in the past few months, also succumbed to selling pressure. We believe sentiment was badly affected by political issues domestically, while weakness in regional markets perhaps aggravated the sell-off. Only sector that showed positive returns in July was Technology (+12%), partly buoyed by the compression in global bond yields and strong corporate results.

Malaysia's manufacturing PMI rose slightly to 40.1pts in July from 39.9pts in June, but still represented a second consecutive month of decline. However, the output fell from 30.9pts in June to 29.3pts. This was not completely unexpected given the stricter movement controls which dampened demand, curbed production, and disrupted supply chains. On a positive note, manufacturers surveyed have showed renewed optimism about the outlook in the year ahead underpinned by hopes that restrictions would be lifted. This has in turn has led to some stabilization in employment and ending three consecutive months of deterioration.

Bank Negara maintained the OPR at 1.75% on during the MPC on 8 July.

In terms of earnings, based on our assessment of the 1Q21 corporate results, which accounted for 24% of full year numbers, we see headroom for earnings for Financial and Energy to be raised, while Tech needs significant jump in earnings in the next few quarters to meet expectations. We also see downside risk for Glove earnings given the quicker-than-expected deterioration in ASPs and select reopening plays, such as Consumer Discretionary, Transport (especially Aviation) and Leisure given the extended lockdown.

Malaysia continues to be the worst performing market in the region with the FBMKLCI down ~8% YTD. While Malaysia appears to be at a significant discount to the region despite comparable market earnings growth, we opine that concerns over the country's pace of recovery, fiscal position, and domestic political issues remain as the key overhangs. Our year-end KLCI target of 1,670pts now represents 9% upside from current levels.

We continue to remain cautious on Malaysia, given the prolonged movement controls and lack of clear re-rating catalyst. Due the risks mentioned above, we approach the market with a balanced approach. We are selective on stocks from a bottom-up basis that plays into the reopening theme and overlay with growth names through Technology. Reopening theme comprises sectors such as Financial, Consumer Discretionary and select Transport. We maintain our underweight stance on Gloves and Plantation given their earnings prospects and ESG issues. The only positive for much-delayed reopening theme is our improving daily vaccination rate. With vaccination rate averaging over 500,000 doses day and undeterred by political uncertainty, we could reach herd immunity by 4Q21 if not 1Q22.

## 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 : 30 July 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 up on 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.