

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	26.86 million units (30 June 2021)	Fund Size	RM68.86million (30 June 2021)
Unit NAV	RM2.5640 (30 June 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"> ▪ 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%

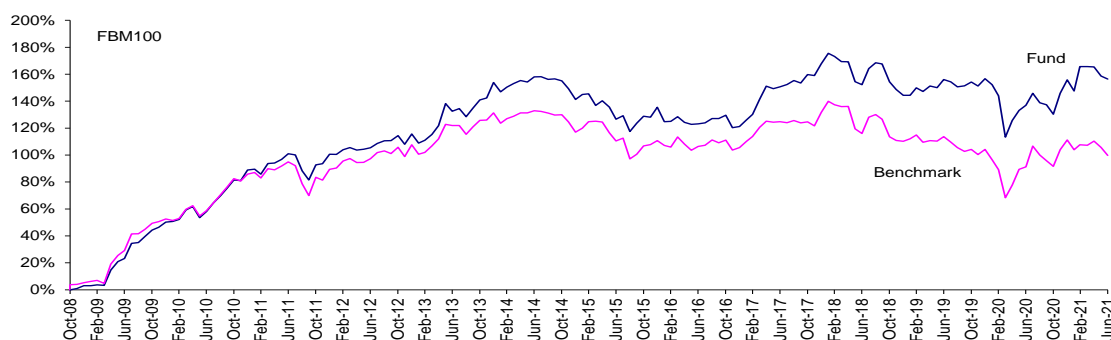
SECTOR ALLOCATION OF THE FUND

Financial Services	30.77%
Industrial Products & Services	13.61%
Consumer Products & Services	10.84%
Technology	9.05%
Energy	9.04%
Utilities	4.76%
Construction	3.88%
Transportation & Logistics	3.85%
Telecommunications & Media	3.04%
Plantation	0.88%
Property	0.73%
Health Care	0.46%
Cash	9.09%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.88%
Malayan Banking Bhd	7.45%
Public Bank Bhd - Local	5.10%
Petronas Chemicals Group Bhd	5.00%
Press Metal Aluminium Holding Bhd	4.44%
Tenaga Nasional Bhd	3.73%
RHB Bank Bhd	3.28%
Hong Leong Bank Bhd	3.11%
Genting Bhd	2.81%
My Eg Services Bhd	2.60%
Total	45.41%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	0.21	-0.89	8.18	1.64	14.89	27.59	156.40
Benchmark	-5.45	-2.89	4.44	-7.51	-3.23	2.47	99.76

* 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 June, the fund fell 0.89%, outperforming the benchmark by 2.00%. The outperformance was mainly due to underweight in Consumer Staples and Healthcare (Gloves), as well as overweight in Financials and Industrials.

FBMKLCI fell 51pts or over 3% to 1,533.35pts in June. While Gloves and Plantations were the key culprits for the decline, overall market sentiment was affected by the Malaysian government resorting to a total lockdown from 1 June to battle surging COVID-19 cases domestically. Thus, the delay of transitioning into Phase 2 of the National Recovery Plan. Except for Financials, Transport and REITs, all the other sectors were in the red led by Health Care (mainly Gloves) (-11%), Plantations (-7%), Property (-4%), Energy (-3%).

Portfolio Strategy

Malaysia's manufacturing PMI fell to 39.9pts in June from 51.3pts in May, the lowest reading since April 2020. This was not completely unexpected given the stricter movement controls which dampened demand, curbed production and disrupted supply chains. IHS Markit, which publishes the monthly statistic, also indicated that business confidence had hit the lowest reading on record. Manufacturers surveyed expressed pessimism over the year-ahead outlook amid concerns about the duration of the pandemic, a stark contrast to their optimistic responses last month.

Given the sustained weakness in the economy, we expect Bank Negara to maintain OPR at 1.75% in the upcoming policy meeting on 8 July, and to continue to resort to fiscal measures and stimulus, such as the recently launched RM150bn PEMULIH program. The central bank may share its latest 2021 GDP growth forecast (previously at 6.0-7.5%) in the upcoming meeting. Bloomberg's June polls are not yet released (May's poll was 5.7%), but recent forecasts have a wide range of 2.5%-6.3%.

Consensus still projects KLCI earnings to grow almost 45% in 2021 but low single-digit for 2022. Excluding Gloves, forecast for 2022 is in the mid-teens, which is very commendable. Based on our assessment of the 1Q21 results, we see headroom for earnings for Financials and Energy to be raised, while Technology 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 average selling prices and select reopening plays, such as Consumer Discretionary, Transport and Leisure given the extended lockdown.

We continue to remain cautious on Malaysia, given the prolonged movement controls and lack of clear re-rating catalyst. We are selective on stocks from a bottom-up basis that plays into the reopening theme and thus remain constructive on sectors such as Financials, Cyclical namely Consumer Discretionary and select Transport. We turn positive on Technology, following the recent pullback, and maintain our underweight stance on Gloves and Plantations.

RISKS

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

Market risk	<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">• Economic and financial market conditions• Political change• Broad investor sentiment• Movements in interest rate and inflation• Currency risks <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>
Company or security specific risk	<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>
Credit risk	<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 June 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.