

### 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	26.76 million units (31 May 2021)	Fund Size	RM69.22 million (31 May 2021)
Unit NAV	RM2.5870 (31 May 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%

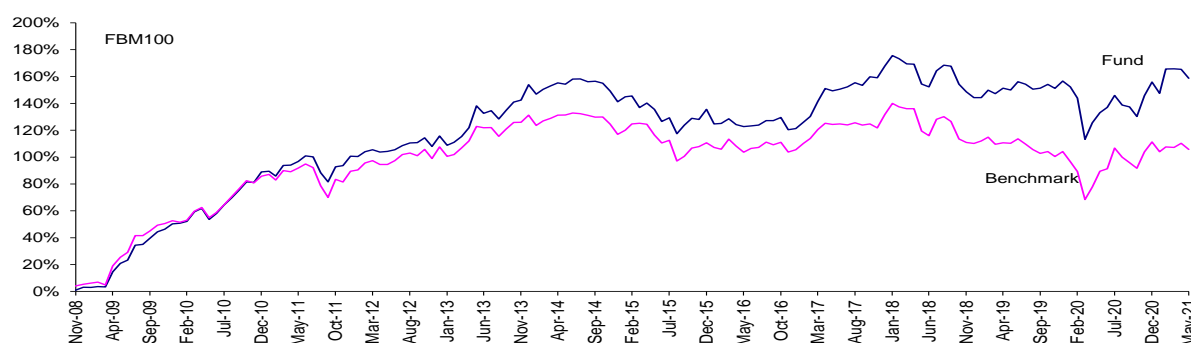
## SECTOR ALLOCATION OF THE FUND

Financial Services	29.55%
Industrial Products & Services	15.42%
Consumer Products & Services	11.89%
Energy	10.55%
Technology	10.35%
Utilities	4.82%
Transportation & Logistics	3.77%
Construction	3.44%
Telecommunications & Media	3.10%
Plantation	0.98%
Property	0.77%
Health Care	0.44%
Cash	4.93%
<b>Total</b>	<b>100.00%</b>

## TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.65%
Malayan Banking Bhd	7.48%
Press Metal Aluminium Holding Bhd	5.37%
Public Bank Bhd - Local	5.20%
Petronas Chemicals Group Bhd	4.97%
Tenaga Nasional Bhd	3.77%
RHB Bank Bhd	3.20%
Hong Leong Bank Bhd	3.04%
My Eg Services Bhd	2.80%
Genting Bhd	2.77%
<b>Total</b>	<b>46.25%</b>

## PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	1.11	-2.53	10.97	1.68	16.13	31.49	158.70
<b>Benchmark</b>	-2.64	-2.20	8.58	-6.26	1.03	7.23	105.70

\* 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

FBMKLCI fell 18pts or just over 1% to 1,583.55pts in May. Investors were spooked by the surge in US CPI reading for the month of April which came in at 4.2%, the sharpest increase since the GFC, while Malaysia instituted much stricter movement controls due the surge in COVID-19 cases domestically. Except Financials where sentiment was lifted by prospects of rising interest rates and strong quarterly results reported during the month, all sectors were in the red led by Energy (-9%), Construction (-8%), Tech (-8%). Healthcare was also not spared, down 3%, with gloves the hardest hit.

### Portfolio Strategy

Malaysia's manufacturing PMI eased from April's record of 53.9pts to 51.3pts in May, given the stricter measures imposed to combat COVID-19 infections, but the measure suggested that the manufacturing sector was still expanding. It was also the first time back-to-back monthly improvements were reported since mid-2018. Manufacturing output could be dampened in the months ahead, as the country goes into 'full lockdown', but firms surveyed by IHS Markit remained optimistic that output would increase over the coming 12 months.

BNM maintained its OPR at 1.75% during its May policy meeting despite expecting inflation to average 2.5-4.0% this year. We continue to expect that the central bank will maintain an accommodative monetary policy and resort to fiscal measures and stimulus to support the economy. Bank Negara pegs 2021 GDP growth at 6.0-7.5%, but the recent lockdown measures have caused economists to shave 100-150bps off their respective GDP forecasts.

Consensus projects KLCI earnings to grow almost 45% in 2021 but stay flat in 2022. There were modest upgrades in Financials and Materials, but they were largely offset by cuts in reopening plays such as Transport and Gaming. Excluding gloves, earnings growth for 2022 is still projected to be in the mid-teens, which is very commendable. However, there seems downside risk to earnings for most of the laggard sectors, in particular Gaming, Transport and Tech. Gaming and Transport would largely depend on the pace of reopening, while expectations for Technology companies is quite high.

We stay Neutral on Malaysia. Despite the near-term headwinds, we remain proponents of the reopening theme and thus constructive on sectors such as Financials, Cyclical, Consumer Discretionary and select Transport. We turned cautious on some commodities but remain positive on energy and aluminum. The former will benefit from rising air travel activities and the latter due green infrastructure spending. We are very selective on Tech and maintain our underweight stance on Gloves as earnings seem to have peaked despite ESG issues waning.

**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 : 31 May 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.