

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	27.00 million units (29 October 2021)	Fund Size	RM75.14 million (29 October 2021)
Unit NAV	RM2.7822 (29 October 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%

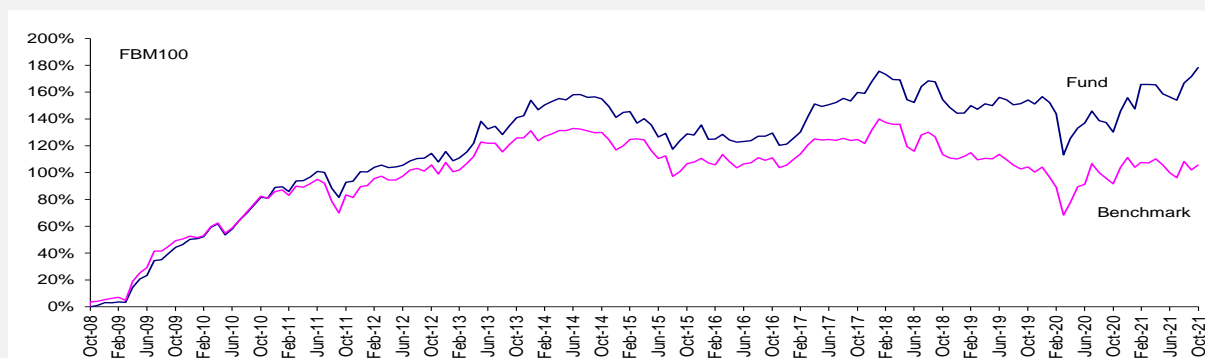
SECTOR ALLOCATION OF THE FUND

Financial Services	30.81%
Industrial Products & Services	18.73%
Technology	15.21%
Consumer Products & Services	9.80%
Energy	6.17%
Plantation	4.20%
Health Care	3.74%
Construction	3.32%
Telecommunications & Media	2.52%
Transportation & Logistics	2.20%
Property	0.50%
Cash	2.81%
Total	100.00%

TOP HOLDINGS OF THE FUND (EQUITIES)

CIMB Group Holdings Bhd	7.83%
Malayan Banking Bhd	7.27%
Press Metal Aluminium Holding Bhd	5.88%
Public Bank Bhd - Local	5.86%
Petronas Chemicals Group Bhd	4.71%
Inari Amertron Bhd	4.01%
RHB Bank Bhd	3.91%
Sime Darby Plantation Bhd	3.21%
Genting Malaysia Bhd	3.20%
Genting Bhd	3.15%
Total	49.03%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
Fund*	8.74	2.41	20.82	9.40	21.21	44.31	178.22
Benchmark	-2.72	1.74	7.25	-3.74	-2.62	12.02	105.53

* 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 October, the Fund rose 2.41%, outperforming the benchmark by 67 basis points. The outperformance was mainly due to overweight in Energy, Financials and Information Technology as well as the underweight in Communication Services and Health Care. On the YTD, the Fund outperformed the Benchmark by 11.46%.

Portfolio Strategy

FBMKLCI rebounded 25pts or 1.6% to 1,562pts in October. Investors heaved a sigh of relief as policy risks abated, with earlier plans to impose windfall tax on companies that profited during pandemic scrapped. Further relaxation of movement controls spurred reopening plays further. In contrast, Glove stocks were hit by fresh bans by the US CBP.

Malaysia's manufacturing PMI rose further to 52.2pts in October from 48.1pts in the previous month, the strongest expansion since April. Production and new order volumes also recorded its first increase in six months, aided by lifting of movement restrictions. That said, manufacturers complained of sustained supply-chain constraints and delivery delays which inhibited the recovery, while material shortage and logistics have fueled cost inflation. Purchasing activity also remained relatively subdued at the start of 4Q21. IHS Markit indicated that, "Manufacturers expressed optimism regarding the year-ahead outlook for the fourth month running, citing hopes of a domestic and external recovery in demand should the pandemic continue to dissipate".

We expect Bank Negara to maintain OPR at 1.75% during the upcoming MPC meeting on 3 November, with 25bps hikes in 2022 and 2023 each respectively, and maintain an accommodative monetary policy. Inflation is expected to moderate from the projected 2.4% in 2021 to 2.1% in 2022. The government estimates GDP growth of 3.0-4.0% for 2021, accelerating to 5.5-6.5% in 2022, based on the anticipated reopening of all economic and social sectors in 4Q21 due to the advanced vaccination progress (74% of Malaysians are fully vaccinated).

Corporate earnings remain poised for a strong recovery. We project 52% earnings growth for 2021 for our coverage universe followed by a further 5% growth for 2022 (46% and 4% growth respectively FBMKLCI), excluding the one-off impact from the Prosperity Tax. Excluding the Glove sector, which could see earnings falling over 70% in 2022, growth for 2021 and 2022 would be 49% and 20% respectively (44% and 16% respectively for FBMKLCI), which we consider very commendable.

The one-off broad-based Prosperity Tax hurts corporate earnings in 2022 and dents investor sentiment in the near-term but it does not derail the recovery. In our opinion, the recent sell-off presents an opportunity to reposition into reopening plays, laggards, as well as sectors with structural or secular growth stories. Thus, we continue to remain constructive on Financial, cyclical themes such as Consumer Discretionary. We continue to overweight selective Technology companies and to underweight Glove given their earnings prospects. We are turning neutral on Plantation as valuations may have partially reflected ESG concerns. We slash our 2021 year-end FBMKLCI target by 5% from 1,670 to 1,580 mainly to account for the one-off earnings impact in 2022 and the near-term overhang.

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 : *29 October 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.