



AIA PAM – Conservative Fund

Investment Objective

The Fund seeks to provide returns through income* that is consistent with capital preservation**.

*Income will be reinvested in additional Units in the Fund

** The Fund is neither capital guaranteed, nor capital protected

Investment Strategy

The Fund will invest at least 70% of its NAV in fixed income instruments and money market instruments, of which a minimum of 10% of the Fund's NAV will be invested in money market instruments. The remainder of the Fund's NAV will be invested in equities and collective investment schemes, of which a maximum of 20% of the Fund's NAV in collective investment schemes. The Fund will invest in local and foreign markets.

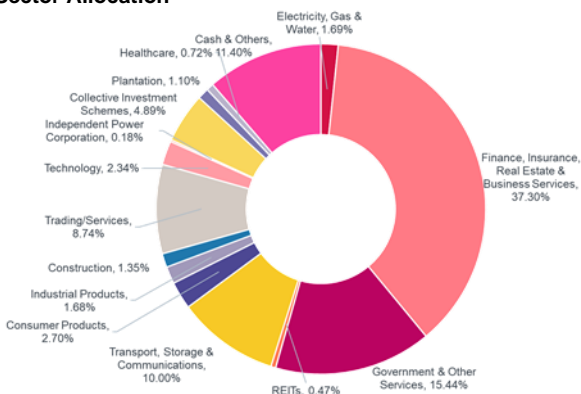
Fund Details

Unit NAV (31 January 2023)	: RM 1.1775
Fund Size (31 January 2023)	: RM 72.6 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a
Investment Manager	: AIA Pension and Asset Management Sdn. Bhd.
Basis of Unit Valuation	: Net Asset Value (NAV)
Frequency of Unit Valuation	: Daily
Benchmark	: 20% FBMT 100 Index + 10% Maybank Berhad overnight rate + 60% Quant Shop MGS All Bond Index + 10% Bloomberg Barclays Global Aggregate Corporate TR Index Unhedged USD.

Top Five Holding

Rank	Security Name	Yield	Weight
1.	BPMB IMTN 3.180% 11.10.2030	3.180%	6.35%
2.	GII MURABAH 1/2022 4.193% 07.10.2032	4.193%	5.97%
3.	FIDELITY-G CORP BD FD-YACUSD	4.89%	4.89%
4.	SPORTS TOTO 5.25% 30.6.2026	5.25%	3.47%
5.	CCB IMTN 3.920% 28.03.2025	3.920%	3.39%

Sector Allocation



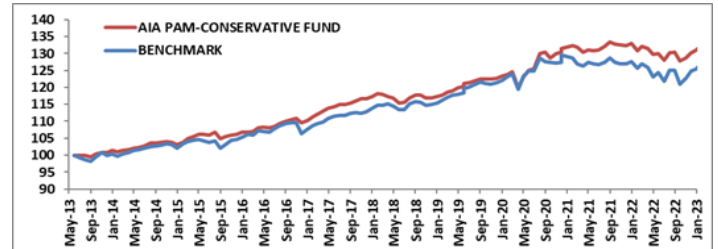
Risk

General investment risks involve market risk, fund manager risk, inflation risk and liquidity risk. Specific risks of the Fund involve credit/default risk, interest rate risk, particular security risk, country risk and currency risk.

Risk Management

Investment Manager aims to reduce investment risks through structured and disciplined investment process, rigorous and disciplined credit research and analysis, portfolio diversification and strict and frequent stock evaluation to minimize company specific risk.

Historical Performance



%	1 Mth	1-Year	^3-Year	^5-Year	^Since Inception
Fund	1.20%	1.32%	7.11%	12.36%	32.65%
Index	1.56%	1.35%	3.52%	11.16%	27.48%
Excess	-0.36%	-0.03%	3.59%	1.20%	5.17%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 31 January 2023.

^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Malaysian Government Securities ("MGS") rallied in January 2023, with yields shifting lower across the curve. The US Federal Reserve ("Fed") raised rates by a narrower 25 bps following its Federal Open Market Committee ("FOMC") meeting during the month. While the 25 bps rate hike was widely expected, investors took a dovish cue from the remarks by Fed Chair Jerome Powell as he made references to the start of the disinflationary process. On the local front, local investment sentiment was also supported by Bank Negara Malaysia's ("BNM") move to maintain its overnight policy rate ("OPR") at 2.75%, against consensus expectations of another 25 bps rate increase. BNM indicated that the pause was to allow it to assess the cumulative impact of previous OPR hikes. BNM views that both headline and core inflation will moderate this year but will remain elevated, while growth should moderate amid a slower global economy.

Foreign funds turned net buyers for local bonds with MYR0.5 billion inflows in January 2023 (December 2022: net seller MYR0.9 billion), putting a halt to a 4 months outflow from September 2022 to December 2022, amid positive sentiment in regional rates and FX markets prior to the unexpectedly strong US jobs report.

Malaysia's headline inflation eased to 3.7% (December 2022: 3.8%), mainly due to slowdown in prices of transport (4% vs 4.9% in December 2022), and food & non-alcoholic beverages (6.7% vs 6.8% in December 2022). Meanwhile, Malaysia's industrial production index ("IPI") grew 3% in December 2022 (November 2022: 4.8%), supported by the expansion of the manufacturing and mining sectors. Overall, in year 2022, IPI growth narrowed to 6.9% from 7.2% in 2021.

The FBMKLCI fell by 0.67% Month-on-Month ("MoM") to close at 1,485.50 pts on 31 January 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 4.68% MoM in Malaysia Ringgit ("MYR") terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.35 billion in January 2023, which local institutions stayed net buyers with MYR0.75 billion. Sector wise, Energy (+6.1%), Consumer Products & Services (+1.9%), and Industrial Products & Services (+0.8%) were the key performers while Plantation (-5.8%), Health Care (-4.8%) and Transportation & Logistics (-2.5%) were the key detractors.

Market Outlook

Recent inflation readings and economic data from the US have shown signs of moderation, particularly for goods inflation. Core services inflation remain relatively elevated while labour market conditions are still strong. The continued strength of the labour market is a key indicator for when core services inflation would peak. Nevertheless, Fed Chair Jerome Powell has continued to reiterate the need for further tightening and highlighted the risks to prematurely loosening policy. Going into 2023, we expect rates volatility to linger due to differing expectations and uncertainties on the extent and timing of the remaining policy moves. Domestically, with the positive outlook on domestic growth and still elevated core inflation for 2023, BNM could continue its normalization cycle, unless demand-driven data suggests otherwise.



Disclaimer

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