



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.

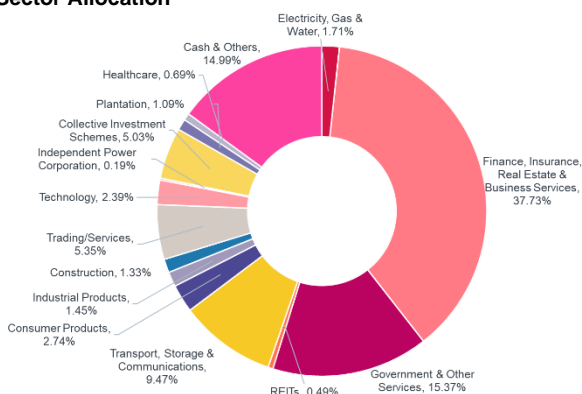
Fund Details

Unit NAV (28 February 2023)	: RM 1.1732
Fund Size (28 February 2023)	: RM 71.6 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 (%)	Duration	Weight (%)
1.	SUSTAINABILITY GII 3/2022	4.662%	31.3.2038	8.83%
2.	BPMB IMTN	3.180%	11.10.2030	6.47%
3.	FIDELITY FUNDS-GLOBAL CORP BOND FUND			5.03%
4.	CCB IMTN	3.920%	28.03.2025	4.00%
5.	MGS 4/2018	4.893%	08.06.2038	3.03%

Sector Allocation



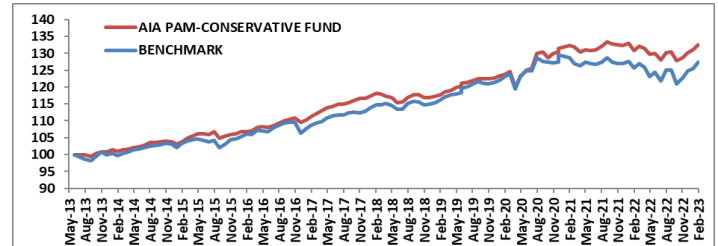
Risk

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	-0.37%	0.08%	6.09%	12.04%	32.17%
Index	-0.42%	-0.08%	2.34%	10.74%	26.95%
Excess	0.05%	0.16%	3.75%	1.30%	5.22%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 28 February 2023.

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

Market Review

Malaysian Government Securities ("MGS") weakened in February 2023, with yields shifting higher across the curve in a bear-flattening move after selling off towards the end of the month. The US Federal Reserve ("Fed") raised rates by a narrower 25 bps following its Federal Open Market Committee ("FOMC") meeting. 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. Global bonds rallied in response. However, the positive sentiment was short-lived, as economic data released in the US during the month indicated that inflation and economic activities were stronger than expected. This led to an upward repricing in investor expectations for terminal Fed Funds Rate which saw US Treasury yields spike. This damaged sentiment in the local bond market, prompting MGS yields to move higher gradually throughout the month. Despite the rise in yields, Malaysian bonds still performed relatively better compared to US Treasuries as robust onshore demand supported the market.

Foreign funds remained net buyers for local bonds with MYR4.3 billion inflows in February 2023 (January 2023: +MYR0.5 billion), despite weak global bond sentiment. Inflows were concentrated in front / mid tenors given a better visibility to BNM peak rate than the Fed.

Malaysia's headline inflation declined to 3.7% YoY in January 2023 (December 2022: +3.8% YoY) due to a slower increase in the Food & Non-Alcoholic Beverages segment while Core Consumer Price Index ("CPI") decelerated to 3.9% YoY in January 2023 (December 2022: +4.1% YoY). Malaysia's industrial production index moderated to 1.8% YoY in January 2023 (December 2022: 3.0% YoY). Growth was driven by expansion in the mining and manufacturing sectors while electricity sector recorded a decline.

The FBMKLCI declined 2.1% Month-on-Month ("MoM") to close at 1,454.19 pts on 28 February 2023. The Index slightly underperformed the MSCI Asia Ex Japan Index, which fell 2.0% MoM in Malaysia Ringgit ("MYR") terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.1 billion in February 2023 while local institutions turned net sellers with MYR0.6 billion.

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 changes. Domestically, with the positive outlook on domestic growth and moderate inflation forecast for 2023, BNM is expected to conclude its monetary policy tightening cycle in 1H2023.



Disclaimer

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