



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.

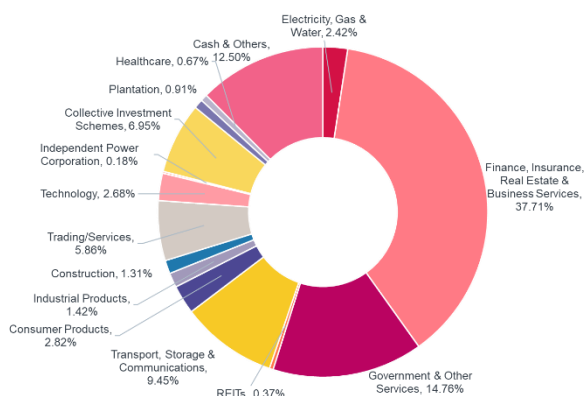
Fund Details

Unit NAV (31 March 2023)	: RM 1.1742
Fund Size (31 March 2023)	: RM 71.5 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

1.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	8.85%
2.	FIDELITY FUNDS-GLOBAL CORP BOND FUND	6.95%
3.	BPMB IMTN 3.180% 11.10.2030	6.49%
4.	CCB IMTN 3.920% 28.03.2025	3.45%
5.	MGS 4/2018 4.893% 08.06.2038	3.02%

Sector Allocation



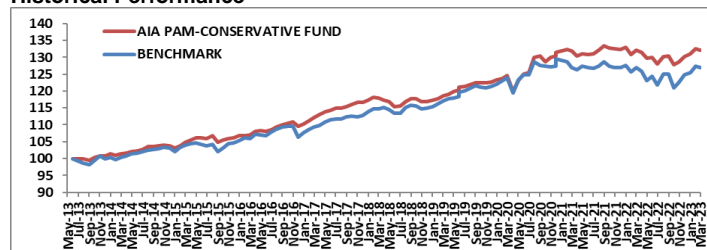
Risk

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	0.09%	0.53%	10.40%	12.82%	32.28%
Index	0.12%	1.04%	6.35%	10.40%	27.11%
Excess	-0.04%	-0.51%	4.05%	2.42%	5.17%

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

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

Market Review

Malaysian Government Securities ("MGS") generally strengthened in March 2023, with yields shifting lower in a bull-steepening move. Bank Negara Malaysia ("BNM") kept the overnight policy rate ("OPR") on hold during the March Monetary Policy Committee ("MPC") meeting. Fear of contagion to the global banking sector spurred safe-haven demand for government bonds. Concerns on the banking sector's ability to absorb tighter financial conditions also led to a dovish repricing in expectations for the US Federal Reserve's ("Fed") monetary policy path, which spurred further rally for global bonds. Fed raised the Federal Funds Rate by 25 bps to 5.00% at March US Federal Open Market Committee ("FOMC") meeting. While the Fed reaffirmed the need to manage inflation, the acknowledgement of the recent stress in the banking system was welcomed by the market and supported demand for US Treasuries.

Foreign funds remained net buyers for local bonds with MYR6.6 billion inflows in March 2023 (February 2023: +MYR4.3 billion), broadly in line with the regional trend as ASEAN bonds benefited from the risk-off environment from the banking fallout in US and EU.

Malaysia's headline inflation eased to 3.4% in March 2023 (February 2023: 3.7%), mainly driven by a decrease in the price of Brent crude oil price while the food and non-alcoholic beverage group recorded a moderate increase of 6.9% (February 2023: 7.0%). Malaysia's industrial production index grew by 3.6% Year-on-Year ("YoY") in February 2023 (January 2023: 1.8% YoY), mainly contributed by the increase in manufacturing sector.

The FBMKLCI ("Index") fell 2.2% Month-on-Month ("MoM") to close at 1,422.59 pts on 31 March 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 3.3% MoM in Malaysia Ringgit ("MYR") terms over the same period. Foreign equity outflow accelerated to MYR1.35bn in March 2023 (February 2023: -MYR0.2bn), due to contagion fears from the US banking crisis.

Market Outlook

Recent inflation readings and economic data from the US have shown signs of moderation, particularly for goods inflation. Core services inflation remains 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. Recent stresses in the US banking sector have called into question the ability of financial institutions to absorb further tightening in the current financial conditions, which could encourage the Fed to pause sooner than indicated. For 2023, we expect rates volatility to linger as the monetary policy outlook develops amidst differing expectations and uncertainties on the path of inflation. Domestically, with the positive outlook on domestic growth and moderate inflation forecast for 2023, BNM's policy measures should remain accommodative in the near term and the supply of sovereign bonds should be well absorbed by the market. We are cautiously optimistic on the equity market in the near term.



Disclaimer

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