



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.

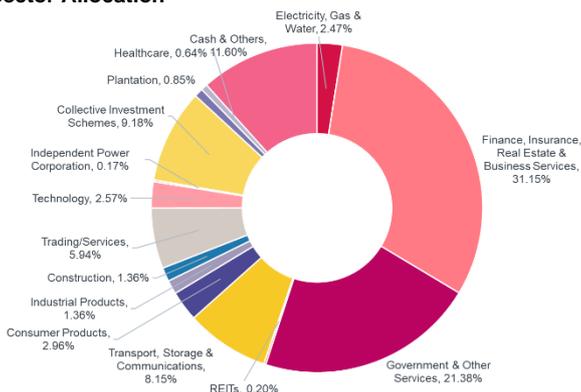
Fund Details

Unit NAV (31 May 2023)	: RM 1.1860
Fund Size (31 May 2023)	: RM 71.7 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	Weight (%)
1.	FIDELITY FUNDS-GLOBAL CORP BOND FUND	9.18%
2.	GII MURABAHAH 2/2022 5.357% 15.05.2052	6.59%
3.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	4.51%
4.	CCB IMTN 3.920% 28.03.2025	3.45%
5.	GII MURABAHAH 2/2023 4.291% 14.08.2043	3.12%

Sector Allocation



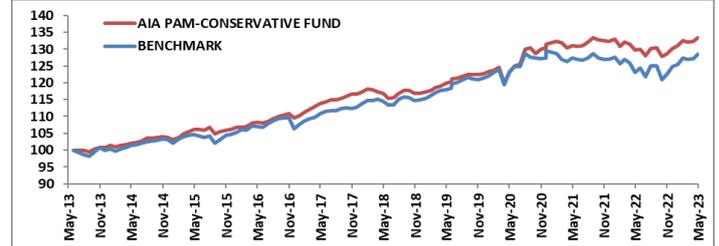
Risk

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	0.12%	2.83%	6.78%	15.81%	33.61%
Index	0.08%	3.31%	2.93%	13.30%	28.50%
Excess	0.04%	-0.48%	3.85%	2.52%	5.11%

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

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

Market Review

Malaysian Government Securities (“MGS”) traded with mixed sentiment in May 2023. Sentiment at the start of the month was supported by lower yields in the US after a slew of data releases towards the end of April 2023 which missed expectations. However, the sentiment quickly deteriorated throughout the month as hawkish statements from Federal Reserve Open Market Committee (“FOMC”) members and concerns on the US debt ceiling extension talks led to sharp rises in US Treasury yields and a stronger US Dollar (“USD”). MGS yields tracked and moved higher in response, but losses were capped by buying interest from local investors towards the end of the month due to attractive valuations and optimism on the eventual resolution of the debt ceiling extension.

Foreign funds remained net buyers for local bonds with MYR3.0 billion inflows in May 2023 (April 2023: +MYR1.5 billion), despite weaker Ringgit and some selling of MGS.

Bank Negara Malaysia (“BNM”) raised the Overnight Policy Rate (“OPR”) by 25 bps to 3.00% at the May Monetary Policy Committee (“MPC”) meeting, citing inflation concerns and robust growth led by strong domestic private consumption. Malaysia’s 1Q23 real GDP growth moderated to 5.6% YoY (4Q2022: +7.1%), with the moderating growth momentum anchored by domestic demand and net exports. Malaysia’s headline inflation declined to 2.8% YoY in May 2023 (April 2023: +3.3% YoY) due to a slower increase in the Food & Non-Alcoholic Beverages segment while Core Consumer Price Index (“CPI”) decelerated to 3.5% YoY in May 2023 (April 2023: +3.6% YoY). Malaysia’s industrial production grew by 3.1% YoY in March 2023, driven by a 4.1% expansion in the manufacturing sector and a 0.8% rebound in the mining sector.

The FBMKLCI (“Index”) fell by 2.03% Month-on-Month (“MoM”) to close at 1,387.12 pts on 31 May 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 1.25% MoM in Malaysia Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.73 billion in May 2023 while local institutions remained net buyers with MYR0.71 billion.

Market Outlook

Recent US economic data releases are suggestive of a softening in economic activities and a moderation in inflation, though labour market conditions remain stubbornly strong. Although the US Federal Reserve (“Fed”) continues to reiterate the need to maintain tighter monetary policy, the financial sector instability in the US may impede the Fed from further rate hikes. Locally, with still resilient domestic growth outlook and upside risk to inflation, BNM may keep the door open for further rate increases. For 2023, we expect rates volatility to linger due to uncertainties surrounding central banks’ future monetary policy moves on the back of differing and changing views as market conditions evolve. We are cautiously optimistic on the equity and fixed income market in the near term. We continue to favour corporate bonds for yield pickup.



Disclaimer

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