



# 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.

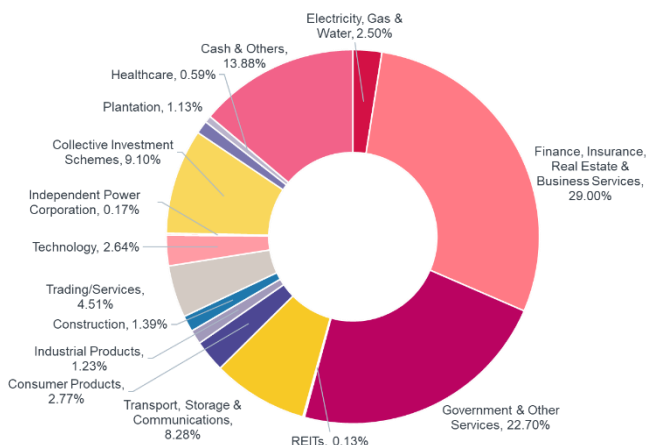
### Fund Details

Unit NAV (30 September 2023)	: RM 1.1960
Fund Size (30 September 2023)	: RM 70.5 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.	FIDELITY FUNDS-GLOBAL CORP BOND FUND	9.10%
2.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	4.51%
3.	MGS 1/2023 4.457% 31.03.2053	3.57%
4.	CCB IMTN 3.920% 28.03.2025	3.52%
5.	GII MURABAHAH 2/2022 5.357% 15.05.2052	3.24%

### Sector Allocation



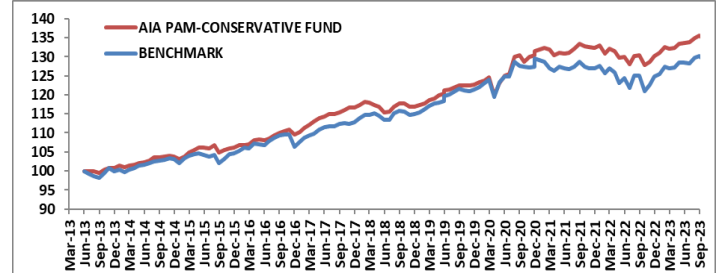
### Risk

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	^5-Year	^10-Year	^Since Inception
Fund	-0.55%	5.43%	14.51%	34.43%	34.74%
Index	-0.82%	6.69%	11.59%	29.78%	29.10%
<b>Excess</b>	<b>0.27%</b>	<b>-1.26%</b>	<b>2.92%</b>	<b>4.65%</b>	<b>5.64%</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 September 2023.

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

### Market Review

Malaysian Government Securities (“MGS”) yield curve shifted higher tracking global rates movement in September 2023. Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate (“OPR”) unchanged at 3.00% at the September Monetary Policy Committee (“MPC”) meeting. However, sentiment deteriorated throughout the month, as the Federal Reserve Open Market Committee (“FOMC”) meeting in September leaned towards a soft-landing narrative with higher for longer rates on the back of strong growth and jobs data. Concerns on a possible US government shutdown led to sharp rises in US Treasury (“UST”) yields as well. As a result, emerging market government bonds saw selling pressure following the macro backdrop and the strength of the US dollar (“USD”).

Foreign funds remained as net sellers of local bonds in September 2023 with MYR4.4 billion outflows (August: -MYR5.2 billion), mainly due to global bearish bond setting and USD strength weighed on regional risk sentiment.

Malaysia’s headline inflation moderated to +1.9% YoY in September 2023 (August 2023: +2.0% YoY), supported by the easing in Restaurant and Food & Non-Alcoholic Beverages sectors. Malaysia’s industrial production index rebounded to +0.7% YoY (June 2023: -2.2% YoY), spurred by the mining and electricity sectors.

The FBMKLCI (“Index”) corrected 0.29% Month-on-Month (“MoM”) to close at 1,424.17 pts on 29 September 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 1.69% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.67 billion in September 2023 while local institutions turned net sellers with net sale value of MYR0.58 billion.

### Market Outlook

Although recent inflation readings and economic data from the US have shown signs of moderation, the US Federal Reserve (“Fed”) continues to reiterate the need to maintain tighter monetary policy amidst robust labour market data. Despite this, it is apparent that we are at the tail-end of the rate normalisation cycle, with potentially one final hike by the Fed in 2023. Domestically, BNM has kept the OPR unchanged at its recent Monetary Policy Committee (“MPC”) meeting. Against the backdrop of moderating inflation expectations as well as growth outlook in 2H23, the possibility of further OPR hikes for the rest of the year may be remote at this juncture, barring the uncertain timing of subsidy rationalization. Moving forward, we expect rate volatility to remain due to uncertainties surrounding economic data and central banks’ future monetary policy moves as market conditions evolve. We are cautiously optimistic on the equity and fixed income market in the near term.



## Disclaimer

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