



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.

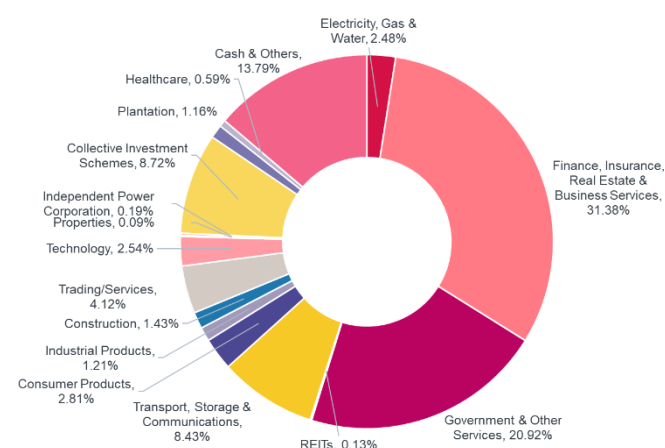
Fund Details

Unit NAV (31 October 2023)	: RM 1.1941
Fund Size (31 October 2023)	: RM 69.7 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% FBM 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	8.72%
2.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	4.51%
3.	MGS 1/2023 4.457% 31.03.2053	3.56%
4.	CCB IMTN 3.920% 28.03.2025	3.56%
5.	GII MURABAH 2/2022 5.357% 15.05.2052	3.20%

Sector Allocation



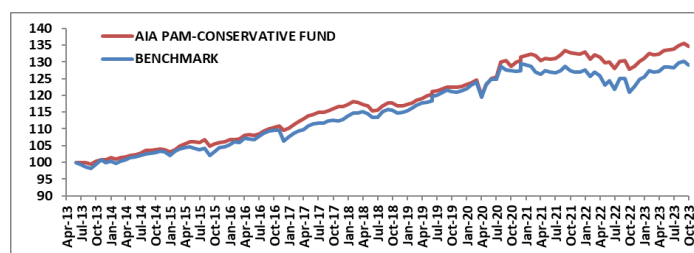
Risk

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	-0.16%	4.56%	15.17%	33.60%	34.52%
Index	-0.14%	5.13%	12.36%	28.01%	28.92%
Excess	-0.02%	-0.57%	2.81%	5.59%	5.60%

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

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

Market Review

The Malaysian Government Securities ("MGS") yield curve shifted higher during the month in tandem with the surge in US treasury ("UST") yields following strong labour market data releases in the US which continued to support the "higher for longer" rates narrative. Locally, sentiment was also weighed down by concerns on potentially higher government bond supply in 4Q23. However, the bond sell-off was partially cushioned by rising geopolitical risks in the Middle East which sparked a flight to safe-haven assets as well as the emergence of more dovish narrative from US Federal Reserve ("Fed") officials indicating that the higher UST yields could reduce the need for further rate hikes.

Foreign funds remained net sellers for local bonds in October 2023 with MYR2.6 billion outflows (September: -MYR4.4billion). Similar weak trend with ASEAN peers Indonesia and Thailand as regional sentiment was hurt by rise in 10y UST yield above 5%.

Malaysia's headline inflation edged lower to 1.8% YoY in October 2023 (September 2023: +1.9% YoY), primarily due to a continued moderation in the prices for Food & Non-Alcoholic beverages. Core inflation eased slightly to 2.4% YoY (September 2023: +2.5% YoY). Malaysia's industrial production for September 2023 dropped marginally 0.5% YoY (August 2023: -0.3% YoY). The decline was attributable to the drop in the mining sector's oil and gas activities.

The FBMKLCI ("Index") rallied 1.26% Month-on-Month ("MoM") to close at 1,442.12 pts on 31 October 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 2.47% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR2.2 billion in October 2023 while local institutions turned net buyers with net buy value of MYR2.3 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. Domestically, BNM has kept the OPR unchanged at its recent Monetary Policy Committee ("MPC") meetings. 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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