



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

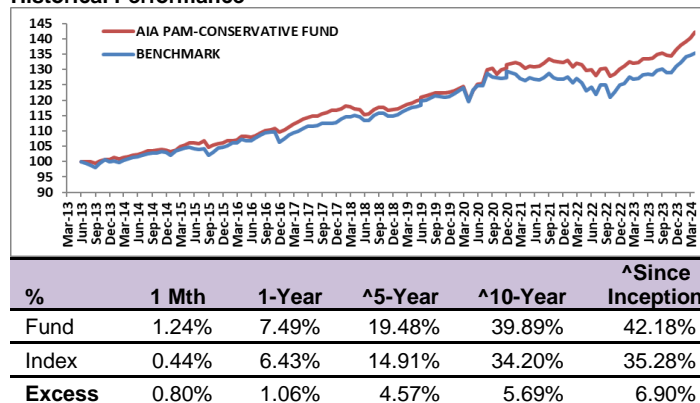
Investment Strategy

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 (29 March 2024)	: RM 1.2621
Fund Size (29 March 2024)	: 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% 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.

Historical Performance



Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 29 March 2024.

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

Market Review

The Malaysian Government Securities ("MGS") traded mixed in March 2024 as Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 3.00% for the fifth consecutive Monetary Policy Committee ("MPC") meeting. BNM's statement highlighted that the Malaysian economy is expected to improve in 2024, driven by the recovery in exports and resilient domestic expenditure. Export growth is turning positive after contracting since March 2023 and will continue to be supported by stronger global trade. Tourist arrivals and spending are poised to rise further. Inflation in 2024 is expected to remain moderate, broadly reflecting stable demand conditions and contained cost pressures.

Foreign funds turned net buyers for local bonds in March 2024 with MYR1.7 billion inflows (February: -MYR1.2billion), a commendable performance amid continued hawkish repricing in US rates and outflows from other ASEAN local bonds.

Malaysia's headline inflation edged higher at 1.8% YoY in February 2024 (January 2024: +1.5% YoY) as Housing, Water, Electricity, Gas & Other Fuels and Transport inflation were main contributors to the CPI print. Malaysia's industrial production index rebounded to 4.3% YoY in January 2024 (December 2023: -0.1% YoY). The electricity, mining and manufacturing indices led the growth by 8.3% YoY, 5.0% YoY and 3.7% YoY respectively.

The FBMKLCI ("Index") fell 0.99% Month-on-Month ("MoM") to close at 1,536.07 pts in March 2024. The Index underperformed the MSCI Asia ex Japan Index, which rose 1.91% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR2.9 billion while local institutions became net buyers of MYR3.5 billion during the month.

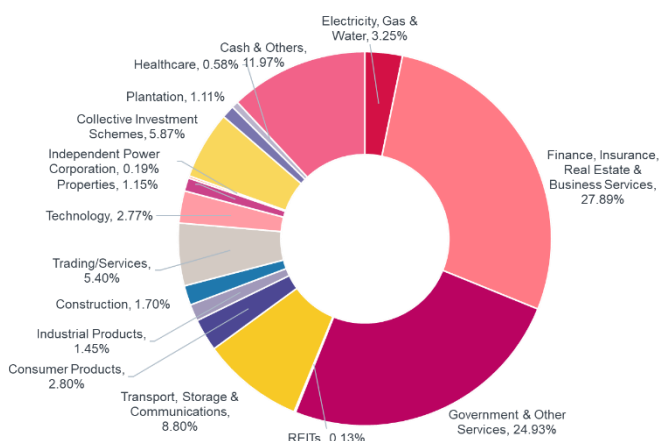
Market Outlook

All eyes will be on the Fed's potential pivot to interest rate cuts amid signs of a slower economic growth and easing inflation. Although inflation continues to moderate, recent US economic data releases are suggestive of a resilient US economy and labour market. As such, we think the US Federal Reserve ("Fed") will likely proceed carefully to avoid any premature rate cuts which could fuel reflation risks. Domestically, BNM may keep its OPR unchanged in the coming meetings as it observes the domestic inflation trend. These factors are supportive of the domestic bond market while the market observes developments on global central banks' monetary policy decisions, geopolitical risks, and the US presidential elections. We are cautiously optimistic on the equity and fixed income market in the near term.

Top Five Holding

1.	MGS 3/2018 4.642% 07.11.2033	7.43%
2.	FIDELITY FUNDS-GLOBAL CORP BOND FUND	5.87%
3.	MGS 1/2023 4.457% 31.03.2053	3.65%
4.	CCB IMTN 3.920% 28.03.2025	3.48%
5.	PRASARANA IMTN 4.610% 30.01.2048	2.98%

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.



Disclaimer

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