



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.

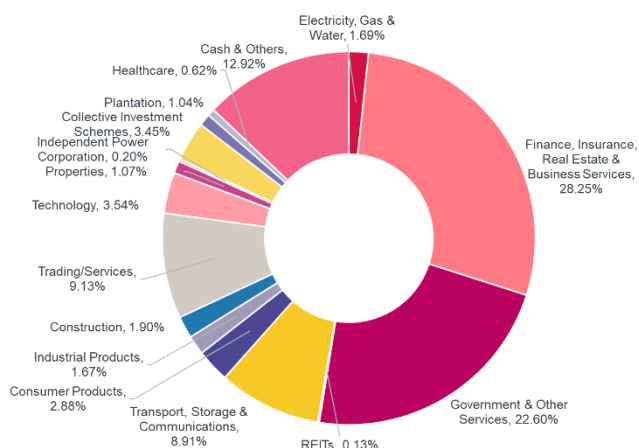
Fund Details

Unit NAV (30 June 2024)	: RM 1.2780
Fund Size (30 June 2024)	: RM 72.0 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.	MGS 2/2020 2.632% 15.04.2031	3.60%
2.	GII MURABAH 2/2023 4.291% 14.08.2043	3.53%
3.	CCB IMTN 3.920% 28.03.2025 (Tranche 2)	3.45%
4.	PRASARANA IMTN 4.610% 30.01.2048	2.93%
5.	MGS 3/2018 4.642% 07.11.2033	2.93%

Sector Allocation



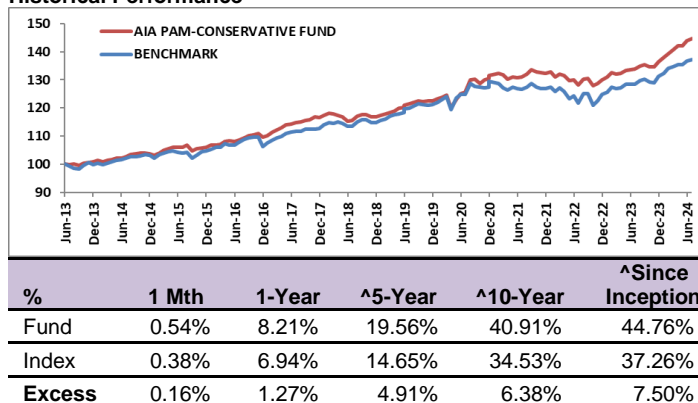
Risk

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



Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 June 2024.

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

Market Review

The Malaysian Government Securities ("MGS") yield curve bull steepened in June 2024 tracking global rates movement as the US Federal Reserve ("Fed") kept the Fed Funds target rate on hold at the June's Federal Open Market Committee ("FOMC") meeting. Fed Chair Powell continues to cite 2 conditions that would prompt rate cuts namely slowing inflation or unexpected weakness in the labour market. Market participants seem encouraged by the series of softer United States ("US") economic data releases on inflation and labour market in recent months. On the domestic front, the government announced the float on diesel prices that is expected to save Malaysian Ringgit ("MYR") 4 billion on subsidies each year and a 13% salary increment to public servants that would take place at the end of the year.

Foreign flow for Ringgit bonds ended June 2024 with a small reversal (-MYR 0.6 billion) after three conservative months of net gain (MYR7.7 billion in March 2024 to May 2024). Outflows mostly occurred in the first half of the month and recovered in the second half of 2024.

Malaysia's headline inflation inched up to 2.0% Year-on-Year ("YoY") in May 2024 (Apr 2024: 1.8% YoY). Increases in food & beverages, restaurant & accommodation services and housing, water, electricity, gas & other fuels were offset by declines in clothing and footwear services. Malaysia's industrial production grew at a faster pace of 6.1% YoY in Apr 2024 (Mar 2024: 2.4%) following higher growth in manufacturing, mining, and electricity indices.

The FBMKLCI ("Index") fell 0.41% Month-on-Month ("MoM") to close at 1590.09 basis points (pts) in June 2024. The Index underperformed the MSCI Asia ex Japan Index, which rose 4.09% MoM in MYR terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR61 million while local institutions turned net buyers of MYR264 million during the month.

Market Outlook

All eyes will be on the Fed's potential pivot to interest rate cuts amid sign 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 are of the opinion that the Fed will likely proceed carefully to avoid any premature rate cuts which could fuel reflation risks. Domestically, Bank Negara Malaysia may keep its Overnight Policy Rate 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.



Disclaimer

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