



AIA PAM – Dynamic Asia Ex-Japan Fund

Investment Objective

The Fund seeks to provide income and capital growth over the Medium to Long Term with investments predominantly in the Asia Ex-Japan market.

Investment Strategy

The Fund will invest between 20% and 80% of its NAV in equities, including collective investment schemes and between 20% and 80% of its NAV in local fixed income instruments, money market instruments and/or deposits with financial institutions.

The Fund will invest in local and foreign markets.

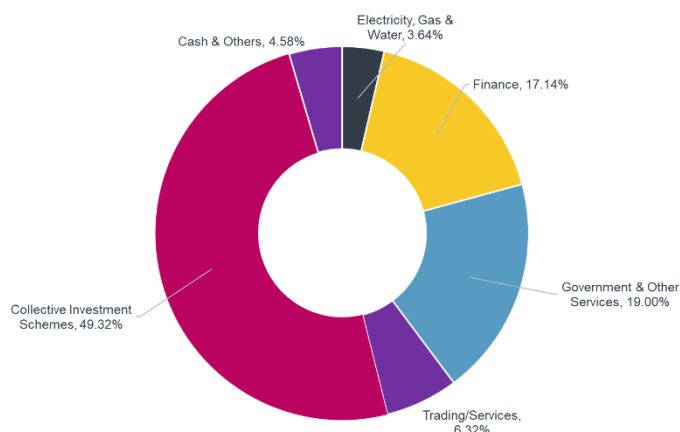
Fund Details

Unit NAV (31 July 2024)	: RM 1.0266
Fund Size (31 July 2024)	: RM 19.5 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: September 26, 2023
Fund Inception	: October 17, 2023
Fund Management Charge	: up to 1.80% 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	: 50% MSCI AC Asia ex Japan Index + 50% Quant Shop MGS All Bond Index

Top Five Holding

1.	INVESCO ASIAN EQUITY FUND	18.15%
2.	FIDELITY FUNDS – SUSTAINABLE ASIA EQUITY FUND	17.69%
3.	SCHRODER ISF ASIAN OPPORTUNITIES	13.49%
4.	CIMBI IMTN 4.130% 27.03.2034	4.65%
5.	MGS 3/2018 4.642% 07.11.2033	4.40%

Sector Allocation



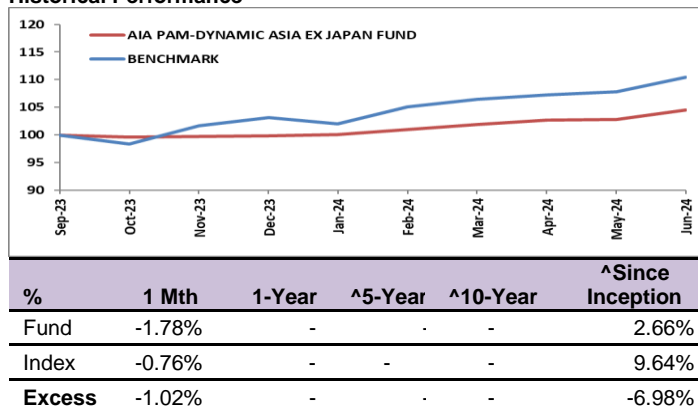
Risk

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, currency risk and shariah status reclassification 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 as at 31 July 2024.

^ Cumulative returns. The performance is calculated on NAV-to-NAV basis. Past performance is not an indicative of future performance.

Market Review

The Malaysian Government Securities ("MGS") yield curve bull steepened in July 2024. Trading sentiment turned bullish as optimism built up for a dovish signal at July's US Federal Open Market Committee ("FOMC") meeting following easing US inflation and labour market data. Expectations are now for the US Federal Reserve ("Fed") to cut the federal funds target rate in the upcoming September FOMC meeting. On the domestic front, Bank Negara Malaysia ("BNM") kept the overnight policy rate ("OPR") unchanged at 3.00%. In its monetary policy statement, BNM highlighted that inflation will trend higher in 2H24 amid the recent rationalisation of diesel subsidies. Nevertheless, it added that inflation will remain manageable given the mitigation measures to minimise the cost impact on businesses. Growth outlook is expected to be driven by the ongoing global tech upcycle, tourist arrivals, sustained household spending as well as ongoing progress of multi-year projects and implementation of initiatives under the national master plans, among others.

Foreign flow for Ringgit bonds surged to MYR7.8 billion, the highest in a year (June 2024: -MYR 0.6 billion). Expectation of Fed easing strengthened the conviction of Ringgit, drawing large bond inflows.

Global market closed with a positive note in July 2024 with S&P500 and MSCI Europe rose by 1.22% and 1.20% respectively. In the US, July earnings season continued with more than two thirds of the S&P reporting companies beaten analysts' expectations, suggesting a resilient US economy is contributing to a broadening of earnings. Meanwhile, Chinese equity markets continued to see challenges in the real estate sector and the spillover effects on the broader economy with MSCI China Index fell by 1.2% in USD terms in July.

The FBMKLCI ("Index") rose 2.23% Month-on-Month ("MoM") to close at 1625.57 pts in July 2024. The Index outperformed the MSCI Asia ex Japan Index, which declined by 3.22% MoM in Malaysian Ringgit ('MYR') terms over the same period. Foreign investors reversed their positions from net selling in June 2024 to a net buy position in July 2024, recording a YTD cumulative net inflow of MYR500 million.

Market Outlook

Recent US economic data releases are suggestive of a moderation in inflation. Although the labour market and services sectors remain resilient, recent data has pointed towards some softening in these sectors. In the latest US FOMC meeting, the federal fund target rate was maintained at the range of 5.25-5.50%, with Fed Chair Powell finally signalling that the first cut could come in September 2024. 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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