



February 2023

## AIA PAM – Global Islamic Growth Fund

### Investment Objective

The Fund seeks to provide returns through capital growth by investing in Shariah-compliant securities predominantly in the global markets

### Investment Strategy

The Fund will invest at least 60% to 90% of its NAV in Shariah-compliant equities including Islamic collective investment schemes. The Fund will also invest at least 10% of its NAV in Sukuk, Islamic deposit and/or Islamic money market instruments.

The Fund will invest in local and foreign markets.

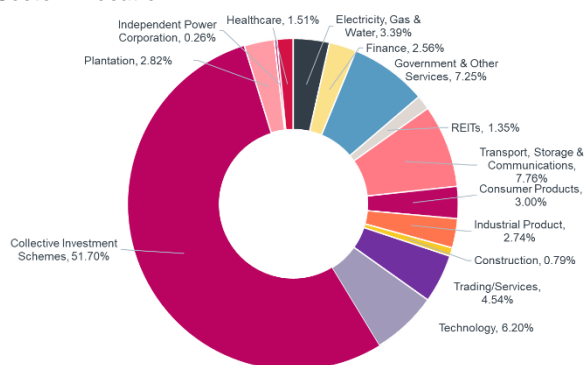
### Fund Details

Unit NAV (28 February 2023)	: RM 0.4798
Fund Size (28 February 2023)	: RM 55.7 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: February 23, 2021
Fund Inception	: March 16, 2021
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	: Target return of 6% per annum

### Top Five Holding

1.	ISHARES MSCI EM ISLAMIC	19.86%
2.	TEMPLETON SHARIAH GLOBAL EQUITY FUND	17.56%
3.	ISHARES MSCI WORLD ISLAMIC	11.08%
4.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	5.67%
5.	ISHARES MSCI USA ISLAMIC	3.19%

### Sector Allocation



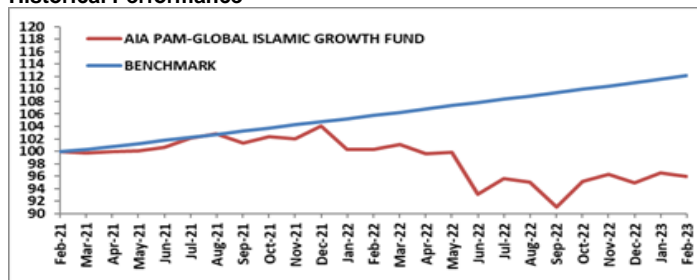
### Risk

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



%	1 Mth	1-Year	^3-Year	^5-Year	^Since Inception
Fund	-0.62%	-4.33%	-	-	-4.04%
Index	0.49%	6.00%	-	-	12.10%
<b>Excess</b>	<b>-1.11%</b>	<b>-10.33%</b>	<b>-</b>	<b>-</b>	<b>-16.14%</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 28 February 2023.

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

### Market Review

Government Investment Issues ("GII") weakened in February 2023, with yields shifting higher across the curve in a bear-steepening move after selling off towards the end of the month. The US Federal Reserve ("Fed") raised rates by a narrower 25 bps following its Federal Open Market Committee ("FOMC") meeting. While the 25 bps rate hike was widely expected, investors took a dovish cue from the remarks by Fed Chair Jerome Powell as he made references to the start of the disinflationary process. Global bonds rallied in response. However, the positive sentiment was short-lived, as economic data releases in the US during the month indicated that inflation and economic activity were stronger than expected. This led to an upward repricing in investor expectations for terminal Fed Funds Rate which saw US Treasury yields spike. This damaged sentiment in the local sukuk market, prompting GII yields to move higher gradually throughout the month. Despite the rise in yields, Malaysian sovereign sukuk still performed relatively better compared to US Treasuries as robust onshore demand supported the market.

Developed and Asia Pacific markets corrected in February 2023 with S&P500 Index and MSCI Europe fell by 2.61% and 0.6% respectively and MSCI AC Asia Pacific ex Japan Index declined by 6.75% in USD terms. US Consumer Price Index ("CPI") registered at 6.0%YOY in February 2023 (January 2023: 6.4% YOY) with the rising shelter and food prices, while the decrease in energy cost kept the headline consumer price index ("CPI") reading in check. US Fed FOMC minutes signalled that interest rate will be high for longer amid ongoing inflation concerns while markets continue to reposition on higher rate hikes expectation amid the strong data released.

The FBMS ("Index") declined 2.51% Month-on-Month ("MoM") to close at 10,797.67 pts on 28 February 2023. The Index underperformed the MSCI Asia Ex Japan Index, which fell 2.0% MoM in Malaysia Ringgit ("MYR") terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.1 billion in February 2023 while local institutions turned net sellers with MYR0.6 billion.

### Market Outlook

We are cautiously optimistic on the equity market in the near term. We are of the view that we have already seen the peak of Fed's hawkishness and equities valuation has been partially adjusted downwards accordingly. Investors are now watching the macro data closely to gauge the extend of the recession in the US from the aggressive rate hikes. On the other hand, China has reopened its economy which would potentially mitigate the impact of the US recession. Domestically, corporate earnings should improve in 2023 with by the expiry of the one-off prosperity tax. Downside risks to the market could stem from a prolonged deep US recession, worsening geopolitical tension, domestic politics, and policy direction. – to follow amendments earlier



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**Disclaimer**

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