



## AIA PAM – Islamic Moderate Fund

### Investment Objective

The Fund seeks to provide returns through a combination of income\* and capital growth from a portfolio that is consistent with Shariah principles.

*\*Income will be reinvested in additional Units in the Fund*

### Investment Strategy

The Fund will invest in a Shariah-compliant portfolio comprising equities with potential for growth and equities that are trading below their fair value. The Fund will also invest at least 40% of its NAV in Sukuk and Islamic money market instruments with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC.

The Fund will only invest locally.

### Fund Details

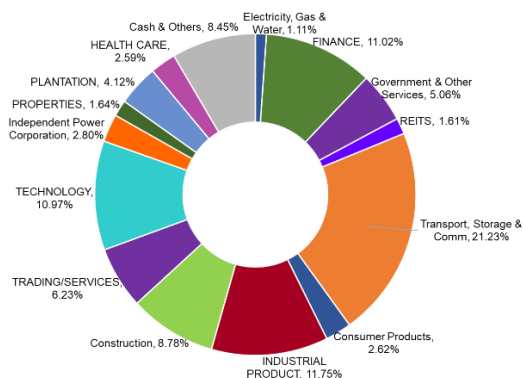
Unit NAV (31 May 2021)	: RM 1.2663
Fund Size (31 May 2021)	: RM 136.33 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: up to 1.50% p.a
Investment Manager	: AIA Pension and Asset Management Sdn. Bhd.

Basis of Unit Valuation	: Net Asset Value (NAV)
Frequency of Unit Valuation	: Daily
Benchmark	: 50% FBM EMAS Shariah Index + 50% Quant Shop GII All Index

### Top Five Holding

1.	Northport Malaysia Berhad 19/12/24	5.80%
2.	EKVE Sdn Bhd 29/01/26	3.98%
3.	PBKMK 4.65 08/03/27	3.33%
4.	BINGMK 5.6 12/27/23	3.28%
5.	TOPGMK 3.95 PERP 02/27/25	2.99%

### Sector Allocation



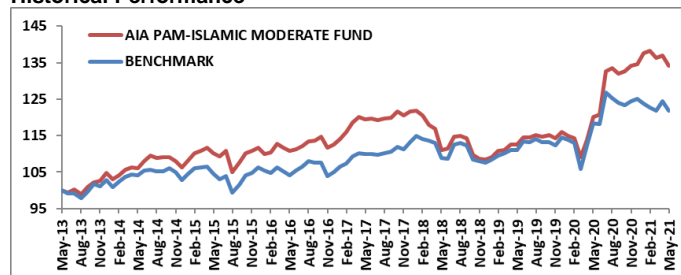
### Risk

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 and reclassification of shariah status 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	-1.99%	11.85%	20.90%	21.15%	34.21%
Index	-2.09%	2.85%	11.80%	16.91%	21.73%
Excess	0.10%	9.00%	9.10%	4.24%	12.48%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 31 May 2021.

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

\*Note: Change of performance reporting method from annualised to cumulative returns with effect from July 2020 to provide better clarity and follow common practice by industry players.

### Market Review

Government Investment Issue generally weakened in May 2021, following BNM decision to maintain the Overnight Policy Rate at 1.75% in the Monetary Policy Committee meeting. Market sentiment was dampened by the implementation of another nationwide Movement Control Order ("MCO"), which sparked concerns on potentially more fiscal stimulus. MYR weakened by 0.91% against the greenback to close the month at MYR4.1252.

The FBMS fell by 3.8% Month-on-Month on 31 May 2021. The Index underperformed the MSCI Asia Ex Japan Index, which rose by 1.9% MoM in MYR terms over the same period. In May 2021, foreign flow in Malaysian equities was negative with a net sell of MYR0.2 billion while domestic institutions and domestic retailers were net buyers. Notable news during the month included the re-imposition of "MCO" which started in Selangor and Kuala Lumpur on 6th and 7th of May 2021 respectively with inter-district travels banned nationwide from 10th May onwards.

### Market Outlook

With the vaccine rollouts, we expect an expansive reopening of the global economies towards 2H2021, which should lead to a recovery and a reflationary theme. Growth prospects and potentially higher funding via supply of government sukuk for the stimulus measures would continue to weight on the yield curve. That said, ample liquidity in the domestic financial system remains supportive of the domestic sukuk market.

Meanwhile for equity, an expansive reopening of major economies should lead to a recovery. Globally, monetary and fiscal policies are expected to remain accommodative and supportive. Given the rising long-term yield outlook as economic recovery gathers momentum, funds are expected to rotate into equities from bonds. Domestically, the revival of stalled infrastructure projects, trade diversion into Malaysia from the ongoing US China tension, and the recovery in commodity prices should bolster growth and exports going forward. Downside risks to the market could stem from any delay in roll-out of mass vaccination and uncertainties from the fluid domestic political landscape.

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