



## 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.

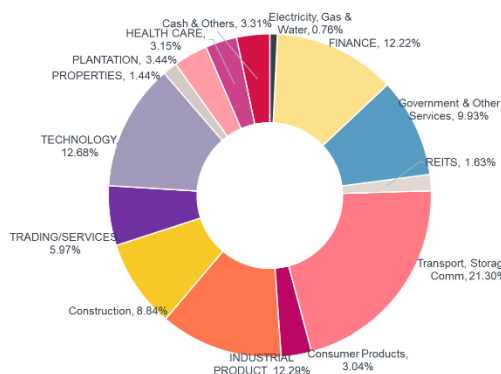
### Fund Details

Unit NAV (30 July 2021)	: RM 1.2695
Fund Size (30 July 2021)	: RM 135.84 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	5.82%
2.	EKVE Sdn Bhd 29/01/26	4.01%
3.	PBKM 4.65 08/03/27	3.34%
4.	BINGMK 5.6 12/27/23	3.29%
5.	Petronas Chemicals	3.29%

### Sector Allocation



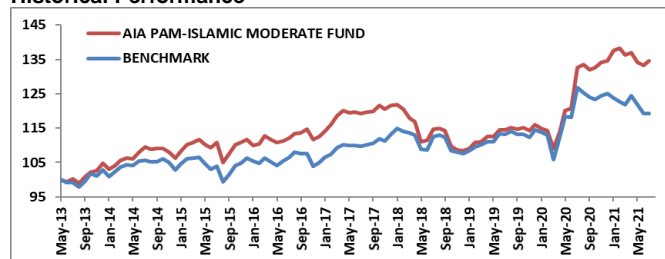
### Risk

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	0.99%	1.52%	17.31%	20.00%	34.55%
Index	-0.11%	-5.98%	5.88%	11.86%	19.14%
<b>Excess</b>	<b>1.11%</b>	<b>7.51%</b>	<b>11.42%</b>	<b>8.14%</b>	<b>15.41%</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 July 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 ("GII") yield curve continued to bull flattened in July 2021 with better buying interest seen at the longer end of the curve in line with global rates movement. During the month, BNM kept the Overnight Policy Rate ("OPR") unchanged at 1.75% in the Monetary Policy Committee meeting. Foreign funds turned net sellers of MYR debt securities in June 2021 with outflows of MYR0.5 billion, after 13 months of consecutive inflows which could be attributed to the Federal Reserve hawkish shift in the June's FOMC meeting. As a result, foreign holdings in MGS and GII dipped to 25.7% (May 2021: 26.1%). On the currency front, MYR weakened by 1.77% against the USD to close the month at MYR4.2215.

The FBMS ("Index") fell by 1.1% Month-on-Month ("MoM") to close at 12,049.08 pts on 30 July 2021 owing to rising Covid-19 cases and political concerns. The Index outperformed the MSCI Asia Ex Japan Index, which fell by 6.2% MoM in MYR terms over the same period. In July 2021, foreign flow in Malaysian equities was negative with a net foreign fund outflow of USD308m while domestic institutions and domestic retailers were net buyers.

### Market Outlook

With the vaccine rollouts, we expect an expansive reopening of the global economies led by developed markets towards 2H2021, which should lead to a recovery and a reflationary theme. Having said that, the surge in COVID-19 Delta variant cases in Asia sparked recovery concerns. As such, policy accommodation in the region will likely be extended further. This coupled with ample liquidity in the domestic financial system shall remain supportive of the sukuk market.

For local equities, we are slightly optimistic given the positive development in the daily vaccination trend but remain cautious about the local political situation. 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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