



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.

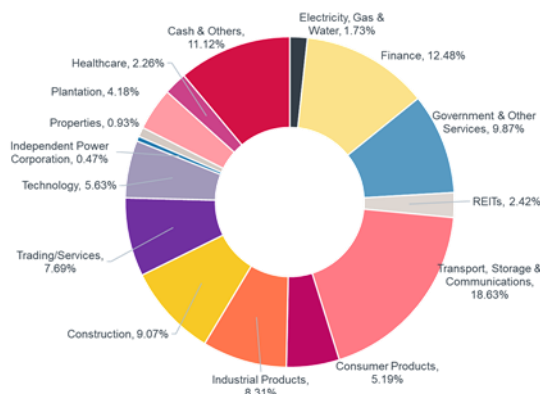
Fund Details

Unit NAV (30 November 2022)	: RM 1.1849
Fund Size (30 November 2022)	: RM 126.4 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	: 50% FBM EMAS Shariah Index + 50% Quant Shop GII All Index

Top Five Holding

1.	DANAINFRA 4.850% 16.08.2052	4.71%
2.	EKVE SDN BHD 5.25% 29.01.26	4.04%
3.	BGSM MANAGEMENT 5.6% 27.12.23	3.38%
4.	SPETCHEM IMTN 5.50% 27.07.2037	3.29%
5.	TELEKOM MALAYSIA BHD	3.10%

Sector Allocation



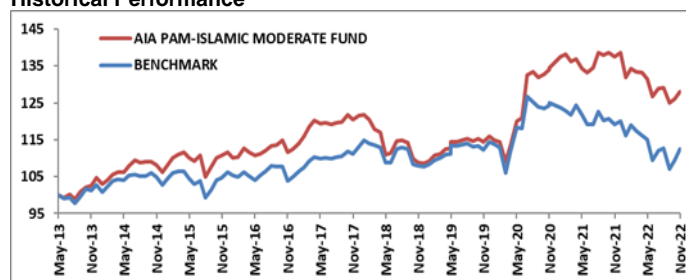
Risk

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	1.64%	-6.78%	12.08%	6.40%	28.14%
Index	2.71%	-5.65%	0.14%	1.22%	12.52%
Excess	-1.07%	-1.13%	11.95%	5.18%	15.63%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 November 2022.
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Government Investment Issues ("GII") yield curve steepened in November 2022, with the longer end of the curve seeing steeper declines, amid remarks by various United States ("US") Federal Reserve ("Fed") officials that the central bank could soon moderate the pace of interest rate increases. This raised expectations of a downshift in the quantum of the Fed's rate hike in the December Federal Open Market Committee ("FOMC") meeting to 50 bps as compared to 75 bps previously. Locally, the sentiment was also lifted as political uncertainties ebbed on the back of the appointment of Datuk Seri Anwar Ibrahim as Malaysia's 10th Prime Minister. On the currency front, MYR jumped by 6.3% against the US dollar ("USD") to end the month at MYR4.4445.

The FBMS Index ("Index") rallied by 3.57% Month-on-Month ("MoM") to close at 10,783.09 pts on 30 November 2022. The Index underperformed the MSCI Asia Ex Japan Index, which rallied 11.57%, MoM, in Malaysia Ringgit ("MYR") terms over the same period. Foreign investors stayed net sellers of Malaysian equities, amounting to MYR0.3 billion in November 2022, while local institutions stayed net buyers with MYR0.1 billion.

Market Outlook

Major central banks have reiterated their hawkish tone amid global recessionary concerns. Persistently high inflation has pressured central banks to move forward with the tightening path despite material downgrades to growth forecasts. This reflects the broadened effects of supply chain disruptions, sanctions and energy shocks to a broad-based core inflation strength. With positive outlook on domestic growth and elevated core inflation for 2023, BNM would most likely continue its normalization cycle on a gradual basis, unless demand-driven data suggests otherwise.

Generally, global equities will remain volatile as investors continue to assess the US inflationary outlook and the risk of overtightening by the Fed. Domestically, supporting the local market is (1) the recovery in corporate earnings from the reopening of the economy, (2) the absence of the 2022 prosperity tax, and (3) potentially lower risk premium due to better political stability from the formation of a unity government. We look for opportunities to rebuild our position on any weaknesses. Downside risks to the market could stem from the Fed's over-tightening of rates, deterioration in global energy disruption, prolonged 'zero-COVID' policy in China, US hard landing and cautious policy reforms introduced following the formation of unity government in Malaysia.



Disclaimer

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