



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.

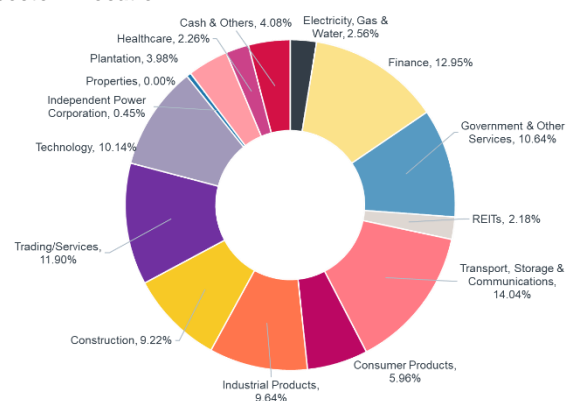
Fund Details

Unit NAV (31 March 2023)	: RM 1.1925
Fund Size (31 March 2023)	: RM 125.9 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.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	11.44%
2.	DANAINFRA 4.850% 16.08.2052	10.70%
3.	EKVE SDN BHD 5.25% 29.01.26	8.43%
4.	SPETCHEM IMTN 5.50% 27.07.2037	5.10%
5.	DIALOG GROUP	4.09%

Sector Allocation



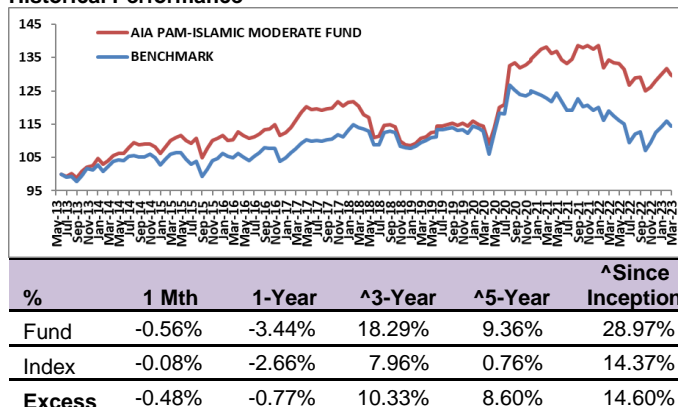
Risk

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



Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 March 2023.

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

Market Review

Government Investment Issues (“GII”) generally strengthened in March 2023, with yields shifting lower in a bull-steepening move. Bank Negara Malaysia (“BNM”) kept the overnight policy rate (“OPR”) on hold during the March Monetary Policy Committee (“MPC”) meeting. Fear of contagion to the global banking sector spurred safe-haven demand for government bonds. Concerns on the banking sector’s ability to absorb tighter financial conditions also led to a dovish repricing in expectations for the US Federal Reserve’s (“Fed”) monetary policy path, which spurred further rally for global bonds. Fed raised the Federal Funds Rate by 25 bps to 5.00% at March US Federal Open Market Committee (“FOMC”) meeting. While the Fed reaffirmed the need to manage inflation, the acknowledgement of the recent stress in the banking system was welcomed by the market and supported demand for US Treasuries.

Foreign funds remained net buyers for local bonds with MYR6.6 billion inflows in March 2023 (February 2023: +MYR4.3 billion), broadly in line with the regional trend as ASEAN bonds benefited from the risk-off environment from the banking fallout in US and European Union (“EU”).

Malaysia’s headline inflation eased to 3.4% in March 2023 (February 2023: 3.7%), mainly driven by a decrease in the price of Brent crude oil price while the food and non-alcoholic beverage group recorded a moderate increase of 6.9% (February 2023: 7.0%). Malaysia’s industrial production index grew by 3.6% Year-on-Year (“YoY”) in February 2023 (January 2023: 1.8% YoY), mainly contributed by the increase in manufacturing sector.

The FBMS (“Index”) fell 0.8% Month-on-Month (“MoM”) to close at 10,716.43 pts on 31 March 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 3.3% MoM in Malaysia Ringgit (“MYR”) terms over the same period. Foreign equity outflow accelerated to MYR1.35bn in March 2023 (February 2023: -MYR0.2bn), due to contagion fears from the US banking crisis.

Market Outlook

Recent inflation readings and economic data from the US have shown signs of moderation, particularly for goods inflation. Core services inflation remains relatively elevated while labour market conditions are still strong. The continued strength of the labour market is a key indicator for when core services inflation would peak. Recent stresses in the US banking sector have called into question the ability of financial institutions to absorb further tightening in the current financial conditions, which could encourage the Fed to pause sooner than indicated. For 2023, we expect rates volatility to linger as the monetary policy outlook develops amidst differing expectations and uncertainties on the path of inflation. Domestically, with the positive outlook on domestic growth and moderate inflation forecast for 2023, BNM’s policy measures should remain accommodative in the near term and the supply of sovereign bonds should be well absorbed by the market. We are cautiously optimistic on the equity market in the near term.



Disclaimer

This fund fact sheet has not been reviewed by the Securities Commission Malaysia ("SC") and Federation of Investment Managers Malaysia ("FIMM"). The SC and FIMM are not liable for this fund fact sheet and are not in any way associated with this fund fact sheet. The SC and FIMM are not responsible for the contents herein and do not make any representation on the accuracy or completeness of this fund fact sheet, either in whole or in part. A copy of the Second Replacement Disclosure Document dated 23 February 2021 ("Disclosure Document") and the Product Highlights Sheet ("PHS") have been registered and lodged with the SC. The registration of the Disclosure Document and lodgement of the PHS to the SC do not amount to nor indicate that the SC has recommended or endorsed the Private Retirement Scheme ("PRS"). A PHS highlighting the key features and risks of the PRS is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the Disclosure Document and the PHS before making a contribution. We suggest that you compare and consider the fees, charges and costs involved prior to making a contribution. The Disclosure Document and the PHS can be obtained from our office, authorised distributors, consultants or representatives. Any issue of units to which the Disclosure Document relates will only be made on receipt of an application form referred to and accompanying with a copy of the Disclosure Document. The price of units and distributions payable, if any, may go down as well as up. The past performance of the PRS should not be taken as an indication of its future performance. Specific risks and general risks for the PRS are elaborated in the Disclosure Document. Investors are advised to understand the risks involved in the PRS and make your own risk assessment and seek professional advice, where necessary.