



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.

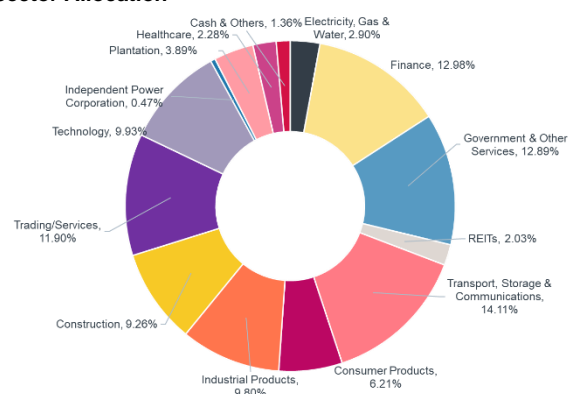
Fund Details

Unit NAV (30 April 2023)	: RM 1.2017
Fund Size (30 April 2023)	: RM 126.5 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	5.12%
2.	DANAINFRA	4.850%	16.08.2052	5.08%
3.	GII MURABAH	5.357%	15.05.2052	4.67%
4.	EKVE SDN BHD	5.25%	29.01.26	4.07%
5.	SPETCHEM IMTN	5.50%	27.07.2037	3.49%

Sector Allocation



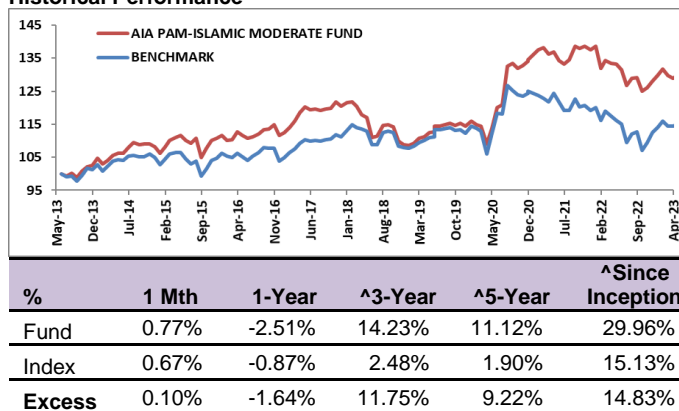
Risk

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 at 30 April 2023.

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

Market Review

Government Investment Issues (“GII”) strengthened in April 2023, with yields shifting lower in a bull-flattening manner. Sentiment at the start of the month was lifted by a slew of economic and job data releases from the US which missed expectations, as well as ongoing news on the US banking sector stress. These have continued to anchor expectations that the US Federal Reserve (“Fed”) may refrain from further interest rate hikes. Long-end bonds rallied during the month, driven by offshore buying in a move to extend duration as well as investors’ search for yields.

Foreign funds remained net buyers for local bonds with MYR1.3 billion inflows in April 2023 (March 2023: +MYR6.6 billion), driven by Treasury bills as inflows to MGS+GII grinded to a halt.

Malaysia’s headline inflation eased to 3.4% YoY in March 2023 (February 2023: +3.7% YoY) mainly due to lower inflation for fuel, air fares and selected food items, in line with the easing global commodity prices. Malaysia’s industrial production index rose 3.6% YoY in February 2023 (January 2023: +1.8% YoY) with an acceleration in the Manufacturing and Electricity sectors.

The FBMS (“Index”) improved 0.19% Month-on-Month (“MoM”) to close at 10,736.79 pts on 28 April 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 2.19% MoM in Malaysia Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.25 billion in April 2023 while local institutions remained net buyers with MYR0.21 billion.

Market Outlook

Recent US economic data releases are suggestive of a softening in economic activities and a moderation in inflation, though labour market conditions remain stubbornly strong. Although the Fed continues to reiterate the need to maintain tighter monetary policy, the financial sector instability in the US may impede the Fed from further rate hikes. Locally, with still resilient domestic growth outlook and upside risk to inflation, BNM may keep the door open for further rate increases. For 2023, we expect rates volatility to linger due to differing expectations and uncertainties on the extent and timing of the remaining policy changes. Domestically, with the positive outlook on domestic growth and moderate inflation forecast for 2023, BNM is expected to conclude its monetary policy tightening cycle in 1H2023. We are cautiously optimistic on the equity market in the near term.



Disclaimer

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