



## 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.

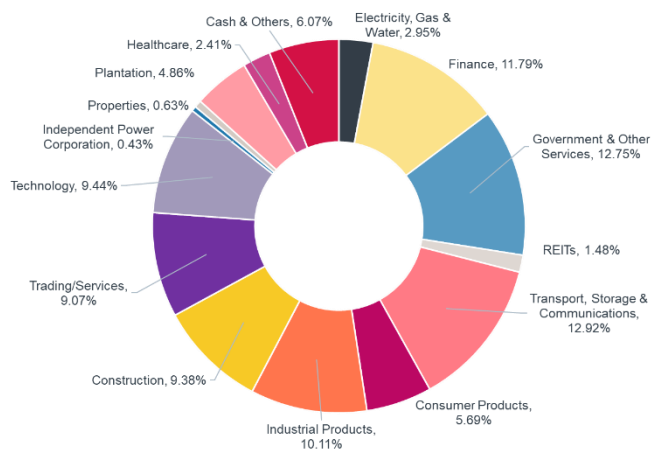
### Fund Details

Unit NAV (30 August 2023)	: RM 1.2171
Fund Size (30 August 2023)	: RM 126.1 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	5.11%
2.	DANAINFRA IMTN	4.850%	16.08.2052	5.07%
3.	EKVE SDN BHD	5.25%	29.01.26	4.08%
4.	SPETCHEM IMTN	5.50%	27.07.2037	3.53%
5.	DIALOG GROUP			2.76%

### Sector Allocation



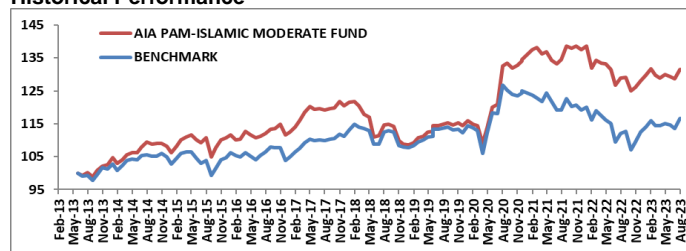
### Risk

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	0.12%	2.00%	-1.34%	14.59%	31.63%
Index	-0.06%	3.36%	-7.00%	3.28%	16.57%
<b>Excess</b>	<b>0.18%</b>	<b>-1.36%</b>	<b>5.66%</b>	<b>11.31%</b>	<b>15.06%</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 August 2023.

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

### Market Review

Government Investment Issues (“GII”) traded mixed in August 2023. Short-end yields moved lower amidst optimism that Bank Negara Malaysia (BNM) will keep the Overnight Policy Rate (“OPR”) on hold for the rest of 2023. On the long end of the curve, yields moved higher, weighed by weakness in US Treasuries (“UST”) and pressured by increased primary supply of long-dated bonds during the month. The earlier part of the month saw some decent demand by local investors especially after the conclusion of the state elections, however, sentiment deteriorated in the final 2 weeks of the month, as UST yields soared to 15-year highs. The UST market was burdened by large primary supply and investors also began to price in the potential for more hikes by the Federal Reserve after data releases indicated that the services sector and labour market remains robust.

Foreign funds turned net sellers for local bonds in August 2023 with MYR5.2 billion outflows (July: +MYR7.6billion). Similar weak trend with ASEAN peers Indonesia and Thailand as regional sentiment was hurt by China downturn risk and USD strength.

Malaysia’s headline inflation steady at +2.0% YoY in August 2023 (July 2023: +2.0% YoY), supported by the easing in Restaurant and Hotels, Furnishing & Household Equipment as well as Food & Non-Alcoholic Beverages sectors. Malaysia’s industrial production index contracted in June by falling 2.2% YoY (May 2023: 4.8% YoY), mainly due to the contraction in manufacturing and mining sectors.

The FBMS (“Index”) corrected 0.3% Month-on-Month (“MoM”) to close at 10,920.64 pts on 30 August 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 3.88% MoM in Malaysia Ringgit (“MYR”) terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.14 billion in August 2023 while local institutions turned net buyers with net buy value of MYR0.43 billion.

### Market Outlook

Although recent inflation readings and economic data from the US have shown signs of moderation, the US Federal Reserve (“Fed”) continues to reiterate the need to maintain tighter monetary policy amidst robust labour market data. Despite this, it is apparent that we are at the tail-end of the rate normalisation cycle, with potentially one final hike by the Fed in 2023. Domestically, BNM has kept the OPR unchanged at its recent Monetary Policy Committee (“MPC”) meeting. Against the backdrop of moderating inflation expectations as well as growth outlook in 2H23, the possibility of further OPR hikes for the rest of the year may be remote at this juncture, barring the uncertain timing of subsidy rationalization. Moving forward, we expect rate volatility to remain due to uncertainties surrounding economic data and central banks’ future monetary policy moves as market conditions evolve. We are cautiously optimistic on the equity and fixed income market in the near term.



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**Disclaimer**

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