



# 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.

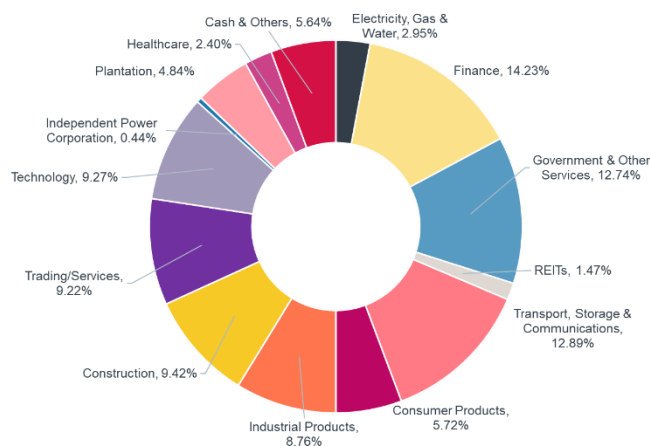
### Fund Details

Unit NAV (30 September 2023)	: RM 1.2092
Fund Size (30 September 2023)	: RM 124.8 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	5.09%
2.	DANAINFRA IMTN	4.850%	16.08.2052	5.05%
3.	EKVE SDN BHD	5.25%	29.01.26	4.11%
4.	SPETCHEM IMTN	5.50%	27.07.2037	3.56%
5.	DIALOG GROUP			2.89%

### Sector Allocation



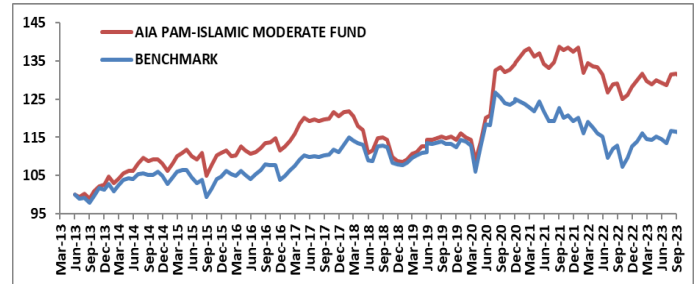
### Risk

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	^5-Year	^10-Year	^Since Inception
Fund	-0.65%	4.53%	14.45%	29.76%	30.77%
Index	-0.45%	8.28%	3.24%	16.50%	16.04%
<b>Excess</b>	<b>-0.20%</b>	<b>-3.75%</b>	<b>11.21%</b>	<b>13.26%</b>	<b>14.73%</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 September 2023. ^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

### Market Review

Government Investment Issues (“GII”) yield curve shifted higher tracking global rates movement in September 2023. Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate (“OPR”) unchanged at 3.00% at the September Monetary Policy Committee (“MPC”) meeting. However, sentiment deteriorated throughout the month, as the Federal Reserve Open Market Committee (“FOMC”) meeting in September 2023 leaned towards a soft-landing narrative with higher for longer rates on the back of strong growth and jobs data. Concerns on a possible US government shutdown led to sharp rises in US Treasury (“UST”) yields as well. As a result, emerging market government bonds saw selling pressure following the macro backdrop and the strength of the US dollar (“USD”).

Foreign funds remained as net sellers for local bonds in September 2023 with MYR4.4 billion outflows (August: -MYR5.2 billion), mainly due to global bearish bond setting and USD strength weighed on regional risk sentiment.

Malaysia’s headline inflation moderated to +1.9% YoY in September 2023 (August 2023: +2.0% YoY), supported by the easing in Restaurant and Food & Non-Alcoholic Beverages sectors. Malaysia’s industrial production index rebounded to +0.7% YoY (June 2023: -2.2% YoY), spurred by the mining and electricity sectors.

The FBMS (“Index”) rose by 0.30% Month-on-Month (“MoM”) to close at 10,874.52 pts on 29 September 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 1.69% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.67 billion in September 2023 while local institutions turned net sellers with net sale value of MYR0.58 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.



#### **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.