



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.

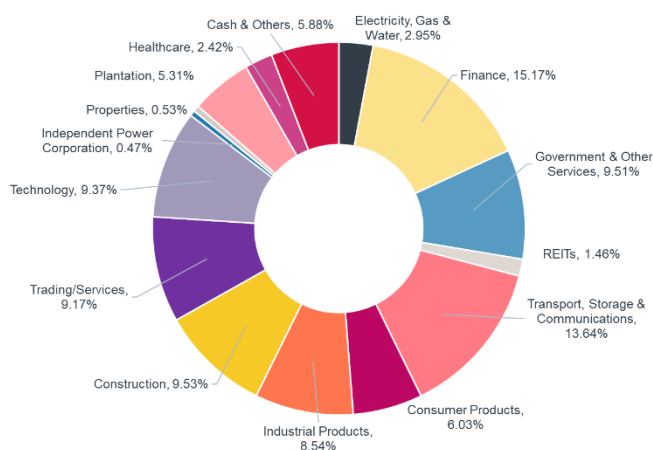
Fund Details

Unit NAV (31 October 2023)	: RM 1.2065
Fund Size (31 October 2023)	: RM 124.0 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	5.06%
2.	DANAINFRA IMTN	4.850%	16.08.2052	4.98%
3.	EKVE SDN BHD	5.25%	29.01.26	4.13%
4.	SPETCHEM IMTN	5.50%	27.07.2037	3.51%
5.	DIALOG GROUP			2.95%

Sector Allocation



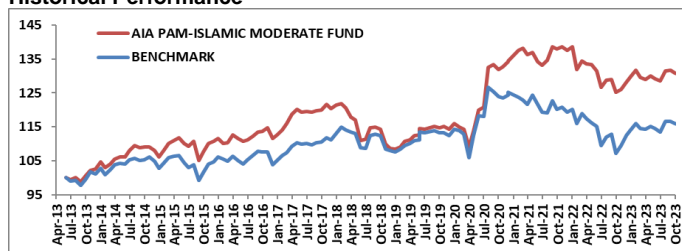
Risk

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	-0.22%	3.49%	18.84%	27.79%	30.48%
Index	-0.38%	5.52%	6.68%	13.68%	15.60%
Excess	0.16%	-2.03%	12.16%	14.11%	14.88%

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

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

Market Review

The Government Investment Issues (“GII”) yield curve shifted higher during the month in tandem with the surge in US treasury (“UST”) yields following strong labour market data releases in the US which continued to support the “higher for longer” rates narrative. Locally, sentiment was also weighed down by concerns on potentially higher government sukuk supply in 4Q23. However, the sukuk market sell-off was partially cushioned by rising geopolitical risks in the Middle East which sparked a flight to safe-haven assets as well as the emergence of more dovish narrative from US Federal Reserve (“Fed”) officials indicating that the higher UST yields could reduce the need for further rate hikes.

Foreign funds remained net sellers for local bonds in October 2023 with MYR2.6 billion outflows (September: -MYR4.4billion). Similar weak trend with ASEAN peers Indonesia and Thailand as regional sentiment was hurt by rise in 10y UST yield above 5%.

Malaysia’s headline inflation edged lower to 1.8% YoY in October 2023 (September 2023: +1.9% YoY), primarily due to a continued moderation in the prices for Food & Non-Alcoholic beverages. Core inflation eased slightly to 2.4% YoY (September 2023: +2.5% YoY). Malaysia’s industrial production for September 2023 dropped marginally 0.5% YoY (August 2023: -0.3% YoY). The decline was attributable to the drop in the mining sector’s oil and gas activities.

The FBMS (“Index”) corrected by 0.30% Month-on-Month (“MoM”) to close at 10,841.59 pts on 31 October 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 2.47% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR2.2 billion in October 2023 while local institutions turned net buyers with net buy value of MYR2.3 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. Domestically, BNM has kept the OPR unchanged at its recent Monetary Policy Committee (“MPC”) meetings. 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.