



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.

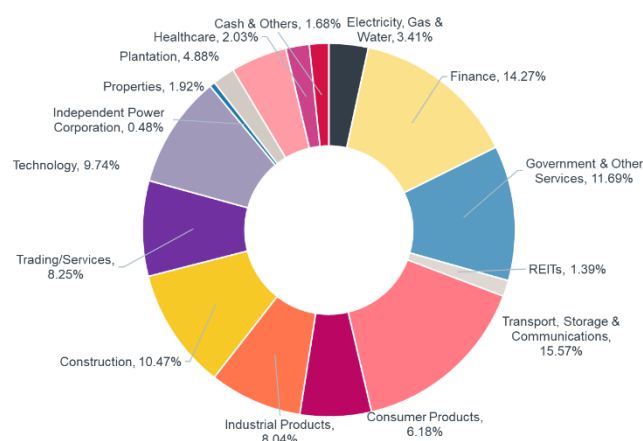
Fund Details

Unit NAV (29 February 2024)	: RM 1.2616
Fund Size (29 February 2024)	: RM 127.7 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.	DANAINFRA IMTN 4.850% 16.08.2052	5.15%
2.	EKVE SDN BHD 5.25% 29.01.26	4.01%
3.	SPETCHEM IMTN 5.50% 27.07.2037	3.53%
4.	GII MURABAH 5/2013 4.582% 30.08.2033	3.31%
5.	TELEKOM MALAYSIA BHD	2.84%

Sector Allocation



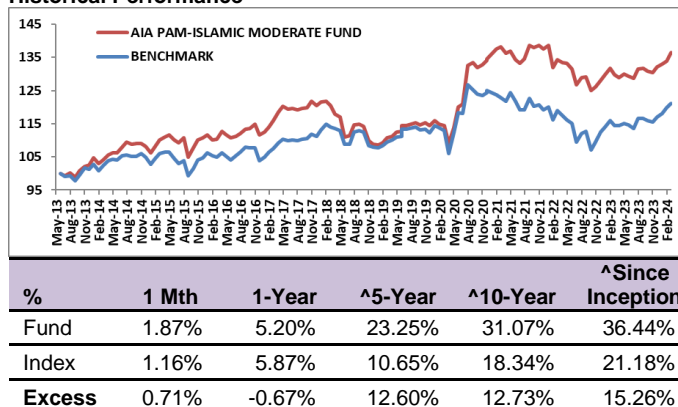
Risk

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 29 February 2024.

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

Market Review

Government Investment Issues (“GII”) yield curve bear flattened in February 2024, tracking the weakness in US Treasuries (“UST”) after inflation data releases in the US suggested that the Federal Reserve (“Fed”) would keep the Federal Funds rate on hold for longer than initially anticipated. Despite the weaker sentiment, stable demand from domestic investors capped the rise in MGS yields, especially for longer dated securities. There was also heightened concern on the currency front as a surge in US dollar (“USD”) strength drove the Malaysian ringgit (“MYR”) to hit an intraday low of 4.80 against the USD during the month. However, swift communication by Bank Negara Malaysia (“BNM”) to address investor concerns and to reiterate the constructive fundamentals supporting the currency drove a meaningful recovery in the MYR towards the end of the month. As such, on a monthly basis, MYR was only marginally weaker against the USD, with USDMYR increasing by 0.21% to 4.7428.

Foreign funds turned net sellers for local bonds in February 2024 with MYR1.2 billion outflows (January: -MYR5.1billion). Other ASEAN local bond markets also incurred outflows in February with Indonesia seeing widest losses with outflow widened to USD 0.3billion from -USD 0.01billion in January.

Malaysia's 4Q23 Gross Domestic Product (“GDP”) registered at +3.0% Year-on-Year (“YoY”) (3Q23: +3.3% YoY) with continued recovery in economic activity and labour market conditions moderated by a decline in manufacturing output amidst weaker external demand. For FY2023, GDP growth was recorded at +3.7% YoY (2022: +8.7% YoY). Malaysia's headline inflation was unchanged at 1.5% YoY in January 2024 (December 2023: +1.5% YoY). Cooling food and beverage prices were the main contributors to the unchanged Consumer Price Index (“CPI”) print.

The FBMS (“Index”) rose 2.22% Month-on-Month (“MoM”) to close at 11,527.99 pts in February 2024. The Index underperformed the MSCI Asia ex Japan Index, which rose 5.83% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR1.3 billion while local institutions reversed their trend, becoming net sellers of MYR964 million during the month.

Market Outlook

All eyes will be on the Fed's potential pivot to interest rate cuts amid sign of a slower economic growth and easing inflation. Although inflation continues to moderate, recent US economic data releases are suggestive of a resilient US economy and labour market. As such, we think the US Federal Reserve (“Fed”) will likely proceed carefully to avoid any premature rate cuts which could fuel reflation risks. Domestically, BNM may keep its OPR unchanged in the coming meetings as it observes the domestic inflation trend. These factors are supportive of the domestic sukuk market while the market observes developments on global central banks' monetary policy decisions, geopolitical risks, and the US presidential elections. 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.