



## 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.

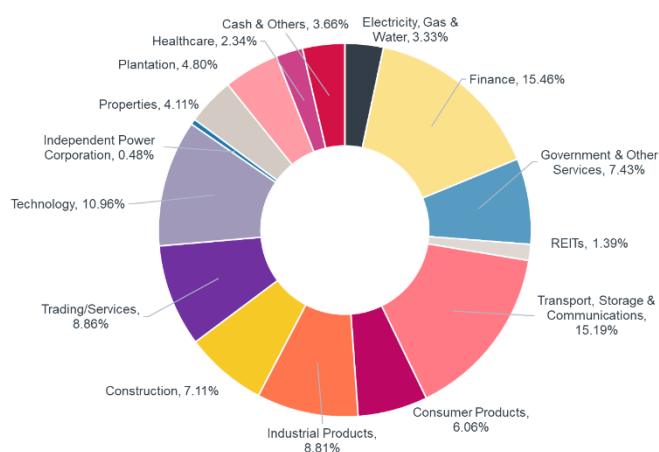
### Fund Details

Unit NAV (29 March 2024)	: RM 1.2915
Fund Size (29 March 2024)	: RM 129.8 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.	DANAINFRA IMTN 4.850% 16.08.2052	5.08%
2.	SPETCHEM IMTN 5.50% 27.07.2037	3.48%
3.	DIALOG GROUP	3.00%
4.	TELEKOM MALAYSIA BHD	2.79%
5.	SIME DARBY BHD	2.61%

### Sector Allocation



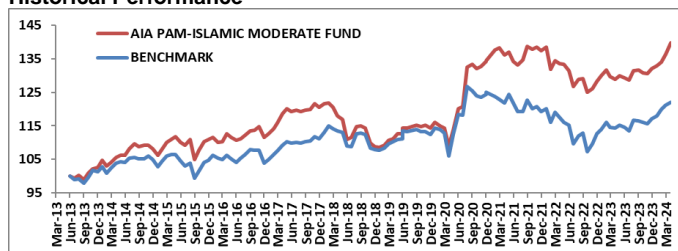
### Risk

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	2.37%	8.30%	25.69%	32.31%	39.67%
Index	0.73%	6.74%	10.77%	17.64%	22.07%
Excess	1.64%	1.56%	14.92%	14.67%	17.60%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 29 March 2024.

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

### Market Review

Government Investment Issues (“GII”) traded mixed in March 2024 as Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate (“OPR”) unchanged at 3.00% for the fifth consecutive Monetary Policy Committee (“MPC”) meeting. BNM’s statement highlighted that the Malaysian economy is expected to improve in 2024, driven by the recovery in exports and resilient domestic expenditure. Export growth is turning positive after contracting since March 2023 and will continue to be supported by stronger global trade. Tourist arrivals and spending are poised to rise further. Inflation in 2024 is expected to remain moderate, broadly reflecting stable demand conditions and contained cost pressures.

Foreign funds turned net buyers for local bonds in March 2024 with MYR1.7 billion inflows (February: -MYR1.2billion), a commendable performance amid continued hawkish repricing in US rates and outflows from other ASEAN local bonds.

Malaysia’s headline inflation edged higher at 1.8% YoY in February 2024 (January 2024: +1.5% YoY) as Housing, Water, Electricity, Gas & Other Fuels and Transport inflation were main contributors to the CPI print. Malaysia’s industrial production index rebounded to 4.3% YoY in January 2024 (December 2023: -0.1% YoY). The electricity, mining and manufacturing indices led the growth by 8.3% YoY, 5.0% YoY and 3.7% YoY respectively.

The FBMS (“Index”) rose 1.00% Month-on-Month (“MoM”) to close at 11,643.52 pts in March 2024. The Index underperformed the MSCI Asia ex Japan Index, which rose 1.91% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR2.9 billion while local institutions became net buyers of MYR3.5 billion during the month. Sector wise, Property (+9.3%), Construction (+5.6%) and Transport (+3.6%) were the key performers, while Telecom (-2.6%), Consumer (-1.2%) and REIT (-0.5%) were the key detractors.

### Market Outlook

All eyes will be on the Fed’s potential pivot to interest rate cuts amid signs 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.



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**Disclaimer**

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