



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.

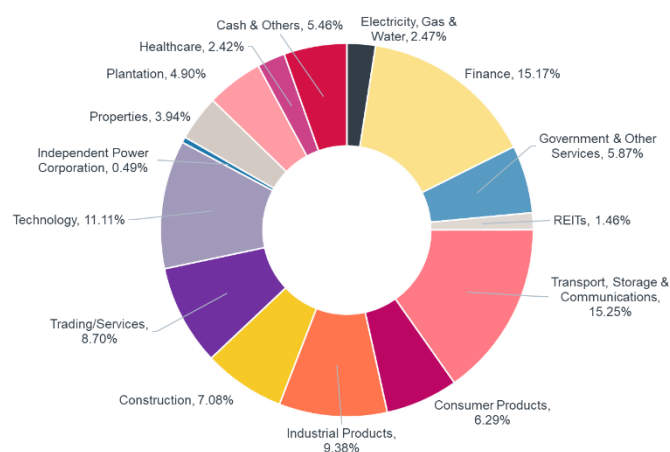
Fund Details

Unit NAV (30 April 2024)	: RM 1.3118
Fund Size (30 April 2024)	: RM 131.1 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.	DANAINFRA IMTN 4.850% 16.08.2052	4.95%
2.	SPETCHEM IMTN 5.50% 27.07.2037	3.45%
3.	DIALOG GROUP	3.13%
4.	TELEKOM MALAYSIA BHD	2.83%
5.	SIME DARBY BHD	2.79%

Sector Allocation



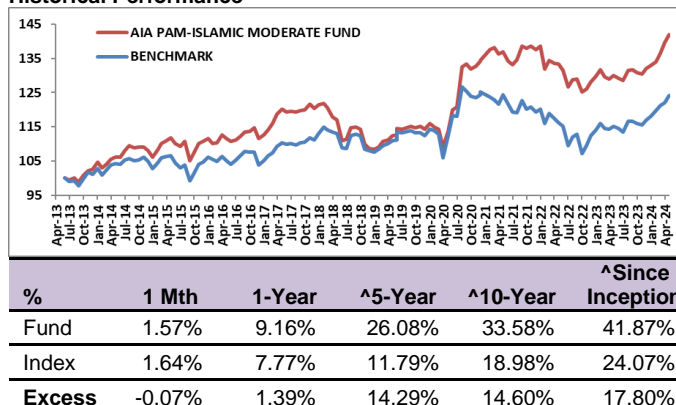
Risk

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 30 April 2024.

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

Market Review

Government Investment Issues (“GII”) yield curve shifted higher in April 2024 against the backdrop of elevated global rates following a series of stronger-than-expected United States (“US”) economics data. The closely monitored US non-farm payroll and personal consumption expenditure (“PCE”) data for March 2024 beat expectations, fuelling fears of a possible interest rate hike in the US or a ‘higher-for-longer’ narrative. Bank Indonesia’s move to raise interest rates by 25 bps during its monetary policy meeting further exacerbated the already weak regional trading sentiment. Malaysian Ringgit (“MYR”) MYR weakened against the United States Dollar (“USD”) by 1.0% at MYR4.7725 in April 2024.

Foreign funds maintained net buyers for local bonds in April 2024 with MYR0.6 billion inflows (March: MYR1.7billion), despite hawkish US rates and a rise in geopolitical conflicts. Overall, Ringgit bonds outperformed ASEAN peers Indonesia and Thailand as both incurred outflow in April 2024.

Malaysia’s headline inflation grew 1.8% Year-of- Year (“YoY”) in March 2024 (Feb 2024: +1.8% YoY). The lagging components were food & beverages, healthcare & recreation, and sport & culture services. This counterbalanced the strength in alcoholic beverages, utilities, transport, restaurant services as well as jewellery & watches. Malaysia’s industrial production rose 3.1% YoY in February 2024 (Jan 2024: +4.3% YoY). The moderation in growth momentum was due to slower growth in the Manufacturing sector (Feb 2024: +1.2% YoY), which partially dampened stronger growth in the Mining (Feb 2024: +8.1% YoY) and Electricity sectors (Feb 2024: +10.9% YoY).A

The FBMS (“Index”) rose 3.8% Month-on-Month (“MoM”) to close at 12,085.94 pts in April 2024. The Index outperformed the MSCI Asia ex Japan Index, which rose 2.11% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR1.4 billion while local institutions became net buyers of MYR2.5 billion during the month. Sector wise, Utilities (+7.3%), Healthcare (+6.4%) and Industrial Production (+5.3%) were the key performers, while Finance (-0.3%), Construction (-0.3%) were the key detractors.

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 are of the opinion that the US Federal Reserve (“Fed”) will likely proceed carefully to avoid any premature rate cuts which could fuel reflation risks. Domestically, Bank Negara Malaysia may keep its Overnight Policy Rate unchanged in the coming meetings as it observes the domestic inflation trend. These factors are supportive of the domestic bond 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

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