



## 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.

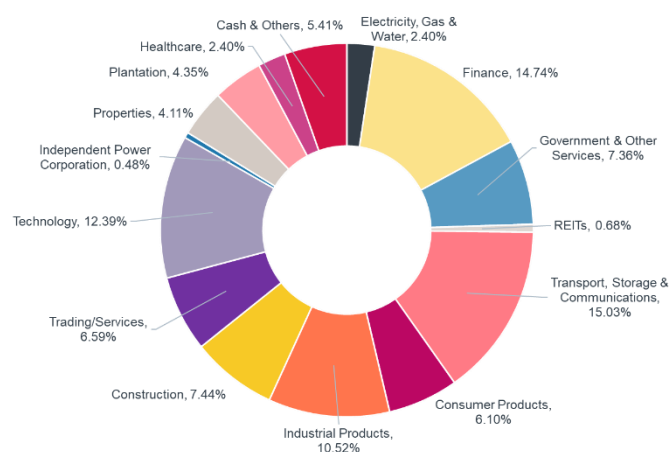
### Fund Details

Unit NAV (30 June 2024)	: RM 1.3562
Fund Size (30 June 2024)	: RM 134.4 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.	SPETCHEM IMTN 5.50% 27.07.2037	3.39%
2.	TELEKOM MALAYSIA BHD	3.02%
3.	DANAINFRA IMTN 4.850% 16.08.2052	2.87%
4.	PRESS METAL	2.79%
5.	MY E.G. SERVICE	2.66%

### Sector Allocation



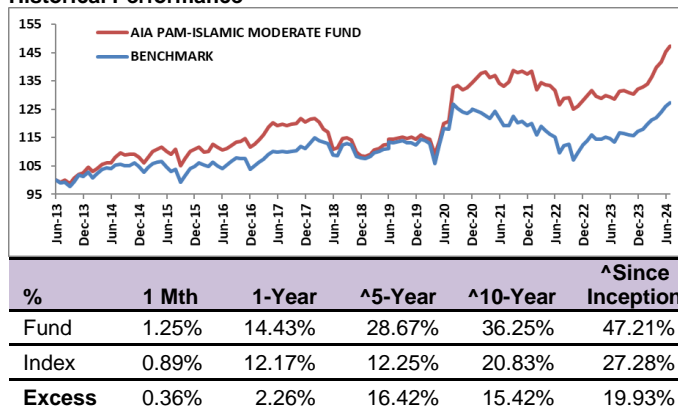
### Risk

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 June 2024.  
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

### Market Review

The Government Investment Issues (“GII”) yield curve bull steepened in June 2024 tracking global rates movement as the US Federal Reserve (“Fed”) kept the Fed Funds target rate on hold at the June’s Federal Open Market Committee (“FOMC”) meeting. Fed Chair Powell continues to cite 2 conditions that would prompt rate cuts namely slowing inflation or unexpected weakness in the labour market. Market participants seem encouraged by the series of softer United States (“US”) economic data releases on inflation and labour market in recent months. On the domestic front, the government announced the float on diesel prices that is expected to save Malaysian Ringgit (“MYR”) 4 billion on subsidies each year and a 13% salary increment to public servants that would take place at the end of the year.

Foreign flow for Ringgit bonds ended June 2024 with a small reversal (-MYR 0.6billion) after three conservative months of net gain (MYR7.7billion in March 2024 to May 2024). Outflows mostly occurred in the first half of the month and recovered in the second half of 2024.

Malaysia’s headline inflation inched up to 2.0% Year-on-Year (“YoY”) in May 2024 (Apr 2024: 1.8% YoY). Increases in food & beverages, restaurant & accommodation services and housing, water, electricity, gas & other fuels were offset by declines in clothing and footwear services. Malaysia’s industrial production grew at a faster pace of 6.1% YoY in Apr 2024 (Mar 2024: 2.4%) following higher growth in manufacturing, mining, and electricity indices.

The FBMS (“Index”) rose 1.29% Month-on-Month (“MoM”) to close at 12,552.70 basis points (pts) in June 2024. The Index underperformed the MSCI Asia ex Japan Index, which rose 4.09% MoM in MYR terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR61 million while local institutions turned net buyers of MYR264 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 are of the opinion that the 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.



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**Disclaimer**

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