



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.

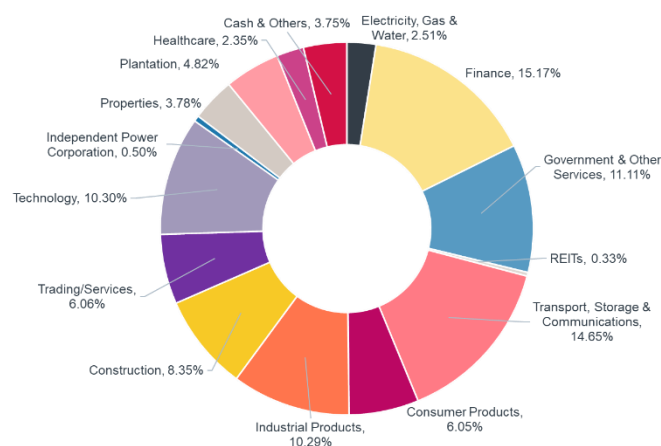
Fund Details

Unit NAV (30 August 2024)	: RM 1.3279
Fund Size (30 August 2024)	: RM 131.2 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	3.50%
2.	TELEKOM MALAYSIA BHD	3.09%
3.	MISC	2.63%
4.	DIALOG GROUP	2.52%
5.	JOHORCORP IMTN 4.720% 11.06.2027	2.49%

Sector Allocation



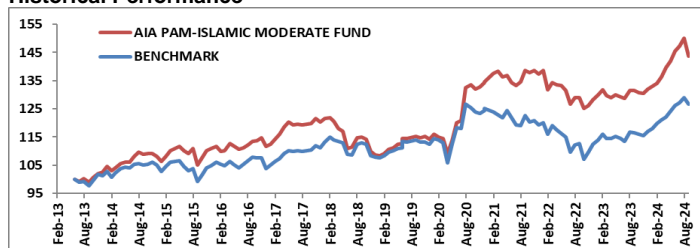
Risk

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	-4.22%	9.10%	24.67%	31.94%	43.61%
Benchmark	-1.77%	8.73%	11.22%	20.52%	26.75%
Excess	-2.45%	0.37%	13.45%	11.42%	16.86%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 30 August 2024.

^ Cumulative returns. The performance is calculated on NAV-to-NAV basis. Past performance is not an indicative of future performance.

Market Review

The Government Investment Issues (“GII”) market traded mixed in August 2024 as short end bond yields moved lower while longer dated bond yields increased. It was a volatile start to the month for global financial markets as weak labour market data in the United States (“US”) prompted a repricing in rate cut expectations and led to a sharp selloff in risk assets and consequently, a strong rally for fixed income markets. This led to a strong first week for the domestic bond market as the 10-year MGS benchmark yield hit a low of 3.68%. However, as risk-aversion in global financial markets dissipated and US Treasury yields normalised, MGS yields gradually moved up throughout the month to eventually close higher compared to closing levels in July 2024.

Foreign flow for Ringgit bonds surged to MYR9 billion, the highest in a year (July 2024: MYR 7.8 billion), bringing Year-To-Date (“YTD”) net foreign inflows to MYR17.7 billion.

Malaysia’s headline inflation in July 2024 grew 2.0% YoY (June 2024: +2.0% YoY). Compared to June 2024, Consumer Price Index (“CPI”) for food and beverages decelerated while there was an acceleration in restaurant and accommodation services, personal care, social protection and miscellaneous goods & services, recreation, sports and culture and healthcare components. Malaysia’s industrial production for June 2024 grew 5.0% (May 2024: +2.4%), underpinned by higher output growth in the manufacturing sector, which was reinforced by stronger demand in the export-oriented industries.

The FTSE Bursa Malaysia EMAS Shariah (“Index”) fell 3.73% Month-on-Month (“MoM”) to close at 12,286.67 pts. The Index outperformed the MSCI Asia ex Japan Index, which declined by 4.30% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors were net buyers for the second straight month in August, with a net buy of MYR2.55 billion, raising Year-to-Date (“YTD”) net buy to MYR3.1 billion.

Market Outlook

Recent US economic data releases are suggestive of a moderation in inflation and a softening in the labour market. This has prompted Fed Chair Powell to signal that the first cut could come in September 2024. The weaker data and dovish Fed guidance has led the market to price in 100bps of rate cuts in 2024. However, despite the bullish moves and favourable monetary policy outlook, we maintain our view that market volatility would persist as the Fed and the market would remain reactive to data releases and developments in key geopolitical events, central banks’ monetary policy decisions and the upcoming US presidential elections. 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 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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