



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.

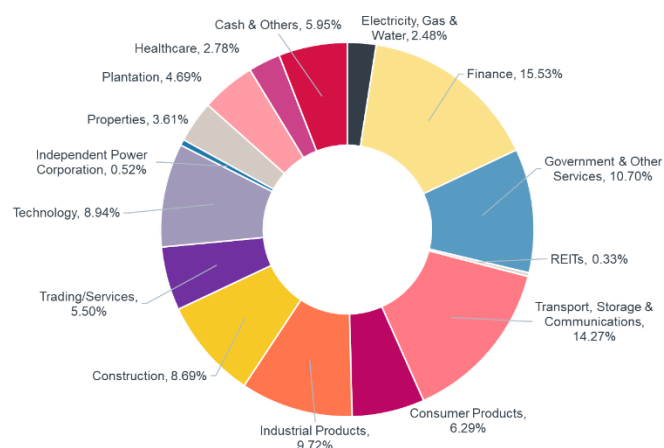
Fund Details

Unit NAV (30 September 2024)	: RM 1.3295
Fund Size (30 September 2024)	: RM 131.8 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.	SPETCHEM IMTN 5.50% 27.07.2037	3.48%
2.	TELEKOM MALAYSIA BHD	3.06%
3.	JOHORCORP IMTN 4.720% 11.06.2027	2.48%
4.	SUSTAINABILITY GII 3/2022 4.662% 31.03.2038	2.46%
5.	MISC	2.43%

Sector Allocation



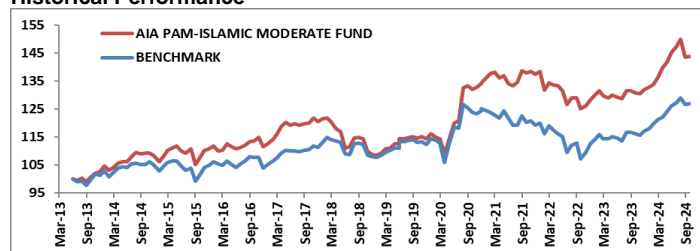
Risk

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	0.12%	9.95%	25.33%	31.79%	43.78%
Benchmark	0.07%	9.31%	12.09%	20.56%	26.84%
Excess	0.05%	0.64%	13.24%	11.23%	16.94%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 30 September 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”) yield curve shifted slightly lower in Sept 2024. The Federal Reserve’s (“Fed”) embarked on an easing cycle as the Fed opted to cut the Fed funds target rate by 50 bps to 4.75%-5.00%. The larger than expected rate cut was characterized by Fed Chair Powell as a recalibration to preserve the currently strong labour market from downside risks. On the domestic front, Bank Negara Malaysia (“BNM”) kept the Overnight Policy Rate (“OPR”) unchanged at 3.00% at the Monetary Policy Committee (“MPC”) meeting, which was widely expected. BNM highlighted that latest indicators point towards sustained strength in economic activity driven by resilient domestic expenditure and higher export activity.

Foreign inflow for Ringgit bonds slowed to a relatively muted MYR1 billion in September (August 2024: MYR9 billion), bring Year-To-Date (“YTD”) net foreign inflows to MYR18.7 billion.

Malaysia’s headline inflation increased 1.9% Year-on-Year (“YoY”) in August 2024 (July 2024: 2.0% YoY). Increases in food & beverages, transport and housing, water, electricity, gas & other fuels were offset by declines in clothing and footwear services. Core inflation remained stable at 1.9% YoY in August 2024 (July 2024: 1.9% YoY). Malaysia’s industrial production index increased to 5.3% YoY in July 2024 (June 2024: 5.0% YoY). The electricity and manufacturing indices led the growth by 7.0% YoY and 7.7% YoY respectively, partially offset by the mining sector at -5.0% YoY.

The FTSE Bursa Malaysia EMAS Shariah (“Index”) fell 0.34% Month-on-Month (“MoM”) to close at 12,245.12 in September 2024. The Index underperformed the MSCI Asia ex Japan Index, which rose 3.31% MoM in Malaysian Ringgit terms over the same period. Foreign investors remained net buyers of Malaysian equities amounting to MYR509 million while local institutions were net sellers of MYR508 million during the month.

Market Outlook

Recent US economic data releases are suggestive of a moderation in inflation and a softening in the labour market. As the Fed finally embarked on an easing cycle, the US Federal Reserve (“Fed”) Chair Powell has signalled that the outsized move is a recalibration to preserve the currently strong labour market from downside risk and a commitment not to fall behind the curve. 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, BNM 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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