



## 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.

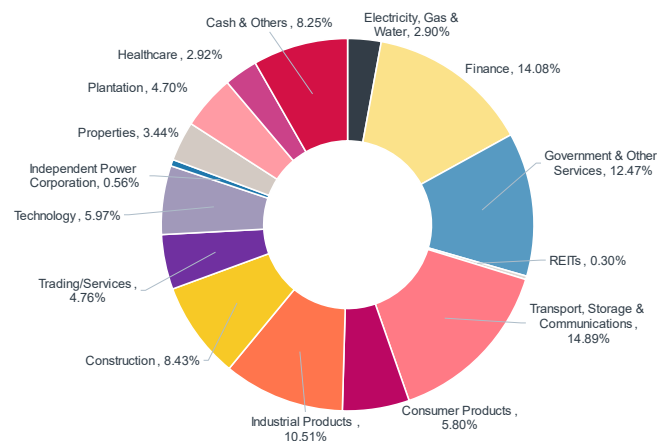
### Fund Details

Unit NAV (31 December 2024)	: RM 1.3018
Fund Size (31 December 2024)	: RM 137.0 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.	GII MURABAHAH 6/2019 4.119% 30.11.2034	3.36%
2.	SPETCHEM IMTN 5.50% 27.07.2037	3.33%
3.	TELEKOM MALAYSIA BHD	2.91%
4.	GAMUDA BHD	2.75%
5.	JOHORCORP IMTN 4.720% 11.06.2027	2.38%

### Sector Allocation



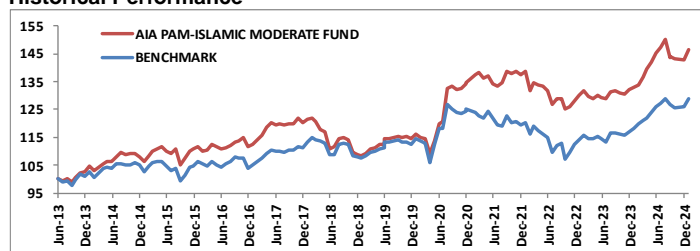
### Risk

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	2.41%	10.03%	26.06%	37.70%	46.27%
Benchmark	2.47%	9.26%	12.74%	25.58%	28.98%
Excess	-0.06%	0.77%	13.32%	12.12%	17.29%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as of 31 December 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 bear flattened in the last month of the year as the 3-month KLIBOR climbed 11 basis points (“bps”) higher to 3.73% due to year end seasonality effects. As broadly expected, the US Federal Open Market Committee (“FOMC”) voted to cut the federal funds target range by 25 bps to 4.25% to 4.50%. US Federal Reserve (“Fed”) Chairman Jerome Powell’s speech leaned towards a hawkish tilt and said that the policy is now entering a new phase where the committee will move more cautiously. The FOMC’s summary of economic projections has projected the median 2025 dot plot of only two cuts instead of the four cuts expected in the previous projections in September.

Fixed income foreign outflows widened to MYR1.4billion in December 2024 (November 2024: MYR1.1 billion), amid higher USD yields and stronger USD. Full year foreign inflow remained positive at MYR4.8 billion. Foreign holdings in MGS and GII fell to 21.2% in December 2024 (November 2024: 21.4%).

Malaysia’s November headline inflation eased to 1.8% Year-on-Year (“YoY”) (October 2024: +1.9% YoY), driven by increases in food & beverages and personal care, social protection & misc. goods and services. Core inflation remained stable at 1.8% YoY in November 2024 (October 2024: 1.8% YoY). Malaysia’s industrial production index increased at a slower rate of 2.1% YoY in October 2024 (September 2024: 2.3% YoY). The electricity and manufacturing indices led the growth by 2.5% YoY and 3.3% YoY respectively, partially offset by the mining sector at -2.8% YoY.

The FBMS (“Index”) surged 4.6% Month-on-Month (“MoM”) to close at 12,590.57 points in December 2024. The Index outperformed the MSCI Asia ex Japan Index, which rose by 0.7% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to RM2.9 billion during the month.

### Market Outlook

Although recent US economic data releases have surprised on the upside, the trend for a moderation in inflation and a softening in the labour market remains intact. As the Fed finally embarked on an easing cycle, 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 as well as implications from Trump presidency. 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 and geopolitical risks. We are cautiously optimistic on the equity and fixed income market in the near term.



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**Disclaimer**

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