



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.

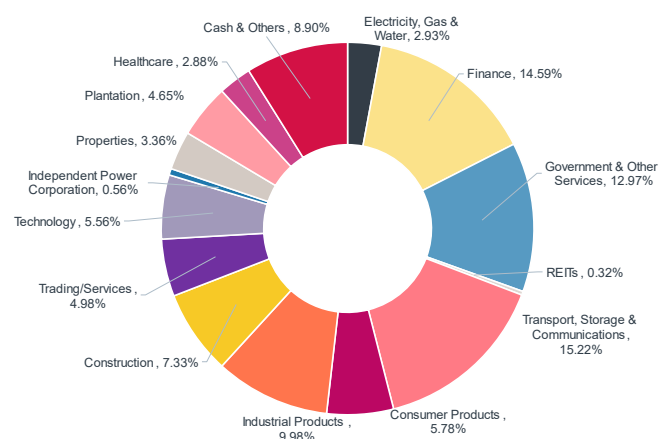
Fund Details

Unit NAV (31 January 2025)	: RM 1.2525
Fund Size (31 January 2025)	: 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.	GII MURABAHAH 6/2019 4.119% 30.11.2034	3.50%
2.	SPETCHEM IMTN 5.50% 27.07.2037	3.47%
3.	TELEKOM MALAYSIA BHD	3.00%
4.	JOHORCORP IMTN 4.720% 11.06. 2027	2.47%
5.	SUSTAINABILITY GII 3/2022 4.662% 31.03.2038	2.44%

Sector Allocation



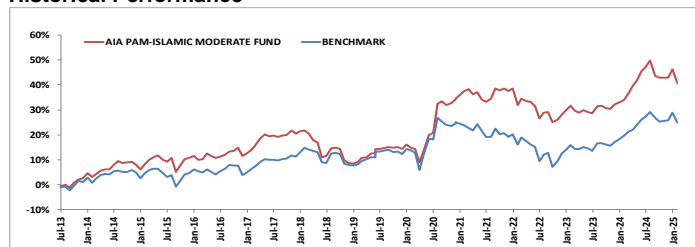
Risk

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	-3.79%	5.08%	22.47%	30.08%	40.73%
Benchmark	-3.22%	4.20%	9.63%	19.42%	24.83%
Excess	-0.57%	0.88%	12.84%	10.66%	15.90%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as of 31 January 2025.
^ 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 bull steepened marginally in the first month of the year. MGS yields traded in a relatively tight range despite the volatility seen in US treasuries (“UST”) that was dominated by headlines and shifting expectations on President-elect Donald Trump’s policies. As broadly expected, the US Federal Open Market Committee (“FOMC”) voted to keep the federal funds target range unchanged at 4.25% to 4.50%. Separately, Bank Negara Malaysia (“BNM”) also kept the overnight policy rate (“OPR”) unchanged at 3% as widely expected. The language of the latest monetary policy statement by BNM was rather balanced in its views regarding the downside risks to growth from external uncertainties and upside risks to inflation from domestic policy changes in the country.

Malaysia’s Dec headline inflation eased to 1.7% YoY (Nov 24: +1.8% YoY), tempered by softer non-food price inflation. Core inflation moderated to 1.6% YoY in Dec (Nov 24: +1.8% YoY). Headline inflation averaged 1.8% YoY in 2024 (2023: +2.5% YoY), which was well within the Ministry of Finance’s 1.5-2.5% forecast for the year. Malaysia’s industrial production for Nov 24 rose 3.6% YoY (Oct 24: +2.1% YoY), led by growth in the Manufacturing (+4.6% YoY) and Electricity (+3.9% YoY) sectors. This was partially offset by the downtrend in the Mining sector which contracted 0.8% YoY.

The FBMS (“Index”) fell 6.8% Month-on-Month (“MoM”) to close at 11,737.14 points in January 2025. The Index underperformed the MSCI Asia ex Japan Index, which rose by 0.3% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors remained net sellers of Malaysian equities amounting to MYR3.1 billion while local institutions remained net buyers amounting to MYR1.2 billion during the month.

Market Outlook

Although recent US economic growth data releases have remained robust, the trend for a moderation in inflation and a softening in the labour market remains intact. With the prospect of pro-inflationary policies under a Trump presidency in 2025, the US Federal Reserve (“Fed”) is expected to proceed with caution on rate cuts going forward. 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. 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 a Trump presidency.



Disclaimer

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