AIA PAM – Moderate Fund

Investment Objective
The Fund seeks to provide returns through a combination of income* and capital growth.
Income will be reinvested in additional Units in the Fund

Investment Strategy
The Fund will invest in equities that are trading below their fair value and equities offering a dividend yield above the market average. The Fund will invest in local and foreign markets. The Fund will also invest at least 35% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.

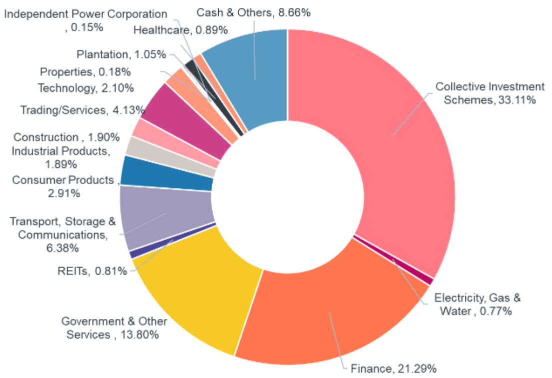
Fund Details

Unit NAV (30 November 2022)	: RM 1.2532
Fund Size (30 November 2022)	: RM 175.5 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	: 25% FBMT 100 Index + 15% MSCI AC Asia ex Japan Index + 40% Quant Shop MGS All Bond Index + 20% MSCI World Index

Top Five Holding

1.	FIDELITY FDS-ASIA P OP-I USD	11.20%
2.	SCHRODER GLOB SUST GRTH-CA	9.73%
3.	FIDELITY FDS-GL FOCUS-IAUSD	7.75%
4.	SCHRODER IN ASIA P XJP E-CAC	4.43%
5.	PUBLIC BANK BHD	2.26%

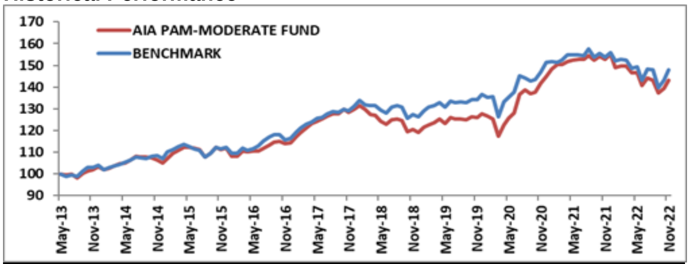
Sector Allocation



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, country risk and currency 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	^3-Year	^5-Year	^Since Inception
Fund	2.73%	-6.17%	13.87%	11.51%	43.26%
Index	3.47%	-3.77%	10.40%	14.86%	48.11%
Excess	-0.74%	-2.40%	3.46%	-3.35%	-4.85%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 November 2022
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Malaysian Government Securities (“MGS”) yield curve steepened in November 2022, with the longer end of the curve seeing steeper declines, amid remarks by various US Federal Reserve (“Fed”) officials that the central bank could soon moderate the pace of interest rate increases. This raised expectations of a downshift in the quantum of the Fed’s rate hike in the December Federal Open Market Committee (“FOMC”) meeting to 50 bps as compared to 75 bps previously. During the month, Bank Negara Malaysia (“BNM”) had decided to raise the Overnight Policy Rate (“OPR”) by 25 bps for the fourth consecutive time to 2.75% at the November’s Monetary Policy Committee(“MPC”) meeting. Malaysia recorded a solid 3Q22 GDP growth of 14.2% YoY (2Q22: +8.9%), attributed to robust domestic demand and lower base effect arising from the negative growth in 3Q21..

The S&P 500 Index rose 5.38% Month-on-Month (“MoM”) in November, a gain for the third consecutive month. It started sourly after the Fed hiked its key policy rate by 75bps and issued hawkish comments on the way forward. This changed when softer-than-expected inflation data sparked a mid-month rally on the expectation that the US Fed will slow its aggressive rate-hike pace.

The FBMKLCI (“Index”) rallied by 1.95% MoM to close at 1,488.80 pts on 30 November 2022. The Index underperformed the MSCI Asia Ex Japan Index, which rallied 11.57%, MoM, in Malaysia Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities, amounting to MYR0.3 billion in November 2022, while local institutions stayed net buyers with MYR0.1 billion.

Market Outlook

Major central banks have reiterated their hawkish tone amid global recessionary concerns. Persistently high inflation has pressured central banks to move forward with the tightening path despite material downgrades to growth forecasts. This reflects the broadened effects of supply chain disruptions, sanctions and energy shocks to a broad-based core inflation strength. With positive outlook on domestic growth and elevated core inflation for 2023, BNM would most likely continue its normalization cycle on a gradual basis, unless demand-driven data suggests otherwise.

Generally, global equities will remain volatile as investors continue to assess the US inflationary outlook and the risk of overtightening by the Fed. Domestically, supporting the local market is (1) the recovery in corporate earnings from the reopening of the economy, 2) the absence of the 2022 prosperity tax, and (3) potentially lower risk premium due to better political stability from the formation of a unity government. We look for opportunities to rebuild our position on any weaknesses. Downside risks to the market could stem from the Fed’s over-tightening of rates, deterioration in global energy disruption, prolonged ‘zero-COVID’ policy in China, US hard landing and cautious policy reforms introduced following the formation of unity government in Malaysia.

Disclaimer

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