



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 (31 January 2023)	: RM 1.2791
Fund Size (31 January 2023)	: RM 183.1 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)

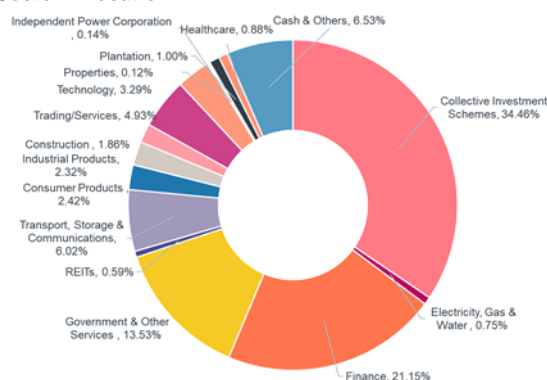
Frequency of Unit Valuation : Daily

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	11.27%
2.	SCHRODER GLOB SUST GRTH-CA	10.05%
3.	FIDELITY FDS-GL FOCUS-IAUSD	8.01%
4.	SCHRODER IN ASIA P XJP E-CAC	5.13%
5.	MGS 2/2020 2.632% 15.04.2031	1.95%

Sector Allocation



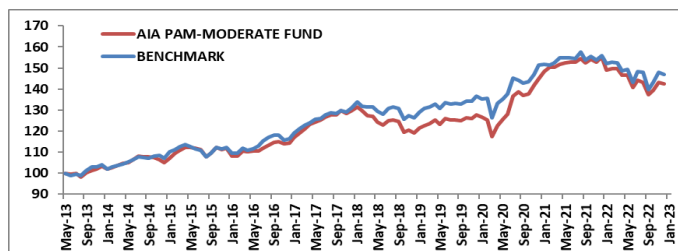
Risk

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	2.54%	-1.91%	15.34%	11.35%	46.22%
Index	2.52%	-0.81%	11.30%	12.69%	50.70%
Excess	0.02%	-1.10%	4.04%	-1.34%	-4.48%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 31 January 2023

^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Malaysian Government Securities ("MGS") rallied in January 2023, with yields shifting lower across the curve. The US Federal Reserve ("Fed") raised rates by a narrower 25 bps following its Federal Open Market Committee ("FOMC") meeting during the month. While the 25 bps rate hike was widely expected, investors took a dovish cue from the remarks by Fed Chair Jerome Powell as he made references to the start of the disinflationary process. On the local front, local investment sentiment was also supported by Bank Negara Malaysia's ("BNM") move to maintain its overnight policy rate ("OPR") at 2.75%, against consensus expectations of another 25 bps rate increase. BNM indicated that the pause was to allow it to assess the cumulative impact of previous OPR hikes. BNM views that both headline and core inflation will moderate this year but will remain elevated, while growth should moderate amid a slower global economy.

Developed markets rallied in January 2023 with S&P500 Index and MSCI Europe increased by 6.2% and 8.7% respectively. US Consumer Price Index ("CPI") registered at 6.4%YOY in January 2023 (December 2022: 6.5% YOY) with the rising shelter, gas and fuel prices. US Fed FOMC minutes signalled that interest rate will be higher for longer amid ongoing inflation concerns while markets continue to reposition on higher rate hikes expectation amid the strong data released. The MSCI AC Asia Pacific ex Japan Index surged 8.6% in USD terms in January 2023, supported by a rebound in investor sentiment towards Chinese equities. Taiwan, Korea and China were the best performing region while India and Indonesia were among the worst performers.

The FBMKLCI fell by 0.67% Month-on-Month ("MoM") to close at 1,485.50 pts on 31 January 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 4.68% MoM in Malaysia Ringgit ("MYR") terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.35 billion in January 2023, which local institutions stayed net buyers with MYR0.75 billion. Sector wise, Energy (+6.1%), Consumer Products & Services (+1.9%), and Industrial Products & Services (+0.8%) were the key performers while Plantation (-5.8%), Health Care (-4.8%) and Transportation & Logistics (-2.5%) were the key detractors.

Market Outlook

Recent inflation readings and economic data from the US have shown signs of moderation, particularly for goods inflation. Core services inflation remain relatively elevated while labour market conditions are still strong. The continued strength of the labour market is a key indicator for when core services inflation would peak. Nevertheless, Fed Chair Jerome Powell has continued to reiterate the need for further tightening and highlighted the risks to prematurely loosening policy. Going into 2023, we expect rates volatility to linger due to differing expectations and uncertainties on the extent and timing of the remaining policy moves. Domestically, with the positive outlook on domestic growth and still elevated core inflation for 2023, BNM could continue its normalization cycle, unless demand-driven data suggests otherwise.



Disclaimer

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