



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

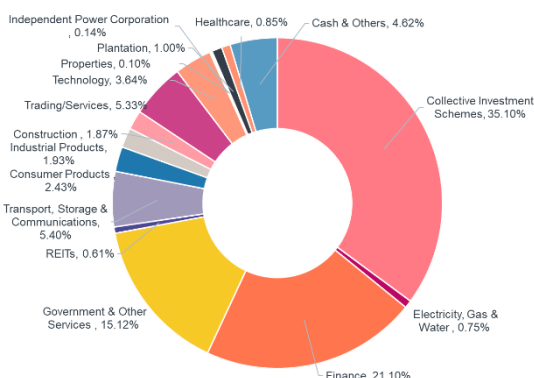
Unit NAV (28 February 2023)	: RM 1.2709
Fund Size (28 February 2023)	: RM 180.6 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a

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 FUNDS-ASIA PACIFIC OPPORTUNITIES FUND	11.26%
2.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	10.46%
3.	FIDELITY FUNDS-GLOBAL FOCUS FUND	8.27%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	5.11%
5.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	4.08%

Sector Allocation



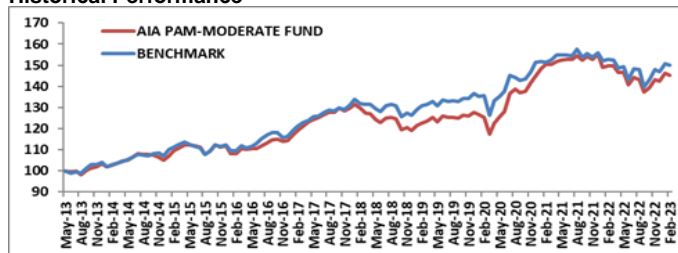
Risk

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	-0.64%	-2.88%	15.94%	12.06%	45.29%
Index	-0.41%	-1.83%	10.83%	13.74%	50.09%
Excess	-0.23%	-1.04%	5.11%	-1.68%	-4.80%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 28 February 2023
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Malaysian Government Securities (“MGS”) weakened in February 2023, with yields shifting higher across the curve in a bear-flattening move after selling off towards the end of the month. The US Federal Reserve (“Fed”) raised rates by a narrower 25 bps following its Federal Open Market Committee (“FOMC”) meeting. 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. Global bonds rallied in response. However, the positive sentiment was short-lived, as economic data released in the US during the month indicated that inflation and economic activities were stronger than expected. This led to an upward repricing in investor expectations for terminal Fed Funds Rate which saw US Treasury yields spike. This damaged sentiment in the local bond market, prompting MGS yields to move higher gradually throughout the month. Despite the rise in yields, Malaysian bonds still performed relatively better compared to US Treasuries as robust onshore demand supported the market.

Developed and Asia Pacific markets corrected in February 2023 with S&P500 Index and MSCI Europe fell by 2.61% and 0.6% respectively and MSCI AC Asia Pacific ex Japan Index declined by 6.75% in USD terms. US Consumer Price Index (“CPI”) registered at 6.0%YOY in February 2023 (January 2023: 6.4% YOY) with the rising shelter and food prices, while the decrease in energy cost kept the headline consumer price index (“CPI”) reading in check. 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 FBMKLCI declined 2.1% Month-on-Month (“MoM”) to close at 1,454.19 pts on 28 February 2023. The Index underperformed the MSCI Asia Ex Japan Index, which fell 2.0% MoM in Malaysia Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR0.1 billion in February 2023 while local institutions turned net sellers with MYR0.6 billion.

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 moderate inflation forecast for 2023, BNM is expected to conclude its monetary policy tightening cycle in 1H2023.



Disclaimer

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