



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

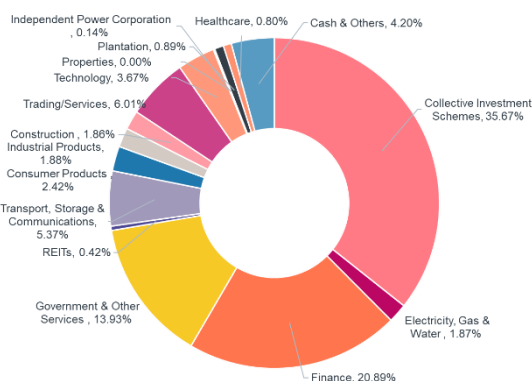
Unit NAV (31 March 2023)	: RM 1.2750
Fund Size (31 March 2023)	: RM 180.5 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a.

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 FUNDS-ASIA PACIFIC OPPORTUNITIES FUND	11.44%
2.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	10.70%
3.	FIDELITY FUNDS-GLOBAL FOCUS FUND	8.43%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	5.10%
5.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	4.09%

Sector Allocation



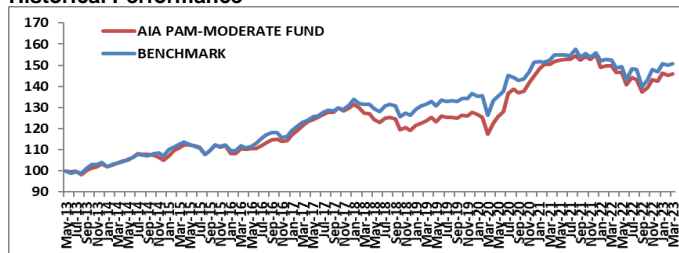
Risk

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	0.32%	-2.52%	24.24%	14.50%	45.76%
Index	0.36%	-1.12%	19.31%	14.68%	50.63%
Excess	-0.04%	-1.40%	4.92%	-0.18%	-4.88%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 March 2023
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Malaysian Government Securities ("MGS") generally strengthened in March 2023, with yields shifting lower in a bull-steepening move. Bank Negara Malaysia ("BNM") kept the overnight policy rate ("OPR") on hold during the March Monetary Policy Committee ("MPC") meeting. Fear of contagion to the global banking sector spurred safe-haven demand for government bonds. Concerns on the banking sector's ability to absorb tighter financial conditions also led to a dovish repricing in expectations for the US Federal Reserve's ("Fed") monetary policy path, which spurred further rally for global bonds. Fed raised the Federal Funds Rate by 25 bps to 5.00% at March US Federal Open Market Committee ("FOMC") meeting. While the Fed reaffirmed the need to manage inflation, the acknowledgement of the recent stress in the banking system was welcomed by the market and supported demand for US Treasuries.

Developed and Asia Pacific markets improved in March 2023 with S&P500 Index and MSCI Europe increased by 3.51% and 2.50%, respectively and MSCI AC Asia Pacific ex Japan Index grew by 2.81% in USD terms. US Consumer Price Index ("CPI") registered at 6.0% Year-on-Year ("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 CPI reading in check. US Fed FOMC minutes signalled that interest rate will be high for a longer time amid ongoing inflation concerns while markets continue to reposition on higher rate hikes expectation amid the strong data released.

The FBMKLCI ("Index") fell 2.2% Month-on-Month ("MoM") to close at 1,422.59 pts on 31 March 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 3.3% MoM in Malaysia Ringgit ("MYR") terms over the same period. Foreign equity outflow accelerated to MYR1.35bn in March 2023 (February 2023: -MYR0.2bn), due to contagion fears from the US banking crisis.

Market Outlook

Recent inflation readings and economic data from the US have shown signs of moderation, particularly for goods inflation. Core services inflation remains 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. Recent stresses in the US banking sector have called into question the ability of financial institutions to absorb further tightening in the current financial conditions, which could encourage the Fed to pause sooner than indicated. For 2023, we expect rates volatility to linger as the monetary policy outlook develops amidst differing expectations and uncertainties on the path of inflation. Domestically, with the positive outlook on domestic growth and moderate inflation forecast for 2023, BNM's policy measures should remain accommodative in the near term and the supply of sovereign bonds should be well absorbed by the market. We are cautiously optimistic on the equity market in the near term.



Disclaimer

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