



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

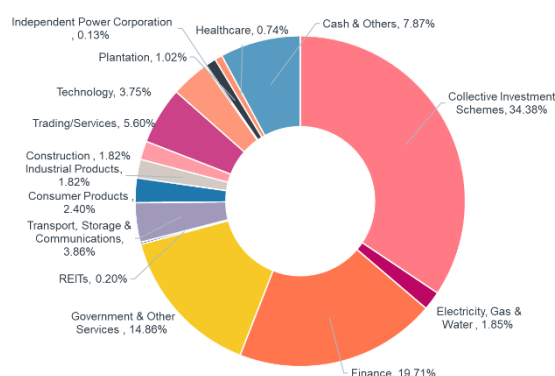
Unit NAV (30 June 2023)	: RM 1.3144
Fund Size (30 June 2023)	: RM 187.5 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a

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	10.21%
2.	FIDELITY FUNDS-GLOBAL FOCUS FUND	9.76%
3.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	9.57%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	4.85%
5.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	3.45%

Sector Allocation



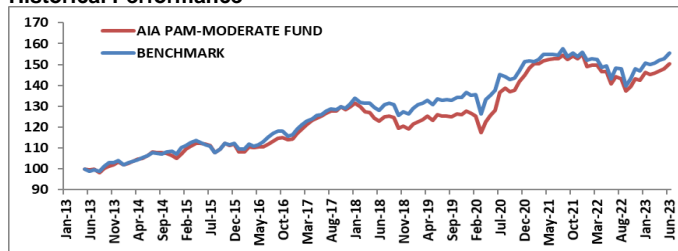
Risk

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	1.64%	6.65%	17.31%	22.33%	50.26%
Index	1.69%	8.52%	12.79%	21.45%	55.36%
Excess	-0.05%	-1.87%	4.52%	0.88%	-5.10%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 June 2023
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Malaysian Government Securities (“MGS”) weakened across the curve in a bear flattening manner as local sentiment was largely driven by higher global rates following the unexpected rate hikes by the Reserve Bank of Australia and Bank of Canada earlier in the month, which raised concerns that central banks may not be done with their fight against inflation. Trading stayed cautious leading into a few other key rate decisions by the US Federal Open Market Committee (“FOMC”), the European Central Bank (“ECB”) and Bank of Japan (“BoJ”) mid-month. While the FOMC ultimately held Fed Funds rate unchanged in its June’s meeting, hawkish guidance from Fed Chair Jerome Powell for potentially another two more hikes this year offered no reprieve. Month-end and quarter-end buying flows across MGS benchmark securities provided a lift to the local bond market towards the end of the month, but this was insufficient to reverse the earlier losses.

Global market rebounded in June as the month started with a smoother-than-expected resolution to the US debt ceiling. Rally in technology stocks and optimism surrounding Artificial Intelligence (AI) drove equities higher. S&P500 Index and MSCI Europe increased by 6.47% and 2.25% respectively MTD in local currency terms. MSCI AC Asia Pacific ex Japan Index increased by 2.17% in USD terms in June 2023. Taiwan ROC and Korea were among the best performing markets while China and Hong Kong PRC lagged.

The FBMKLCI (“Index”) fell by 0.8% Month-on-Month (“MoM”) to close at 1,376.68 pts on 30 June 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 investors stayed net sellers of Malaysian equities amounting to MYR1.3 billion in June 2023 while local institutions remained net buyers with MYR0.63 billion.

Market Outlook

Recent inflation readings and economic data from the US have shown signs of moderation. Although the US Federal Reserve (“Fed”) continues to reiterate the need to maintain tighter monetary policy amidst robust labour market data, stresses in the US banking sector have called into question the ability of financial institutions to absorb further tightening in financial conditions. Domestically, BNM has kept the overnight policy rate (“OPR”) unchanged at its recent monetary policy committee (“MPC”) meeting. Against the backdrop of moderating inflation expectations as well as growth outlook in 2H23, the possibility of further OPR hikes for the rest of the year may be remote at this juncture, barring the uncertain timing of subsidy rationalization. For 2023, we expect rates volatility to linger due to uncertainties surrounding central banks’ future monetary policy moves on the back of differing and changing views as market conditions evolve. We are cautiously optimistic on the equity market in the near term.



Disclaimer

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