



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

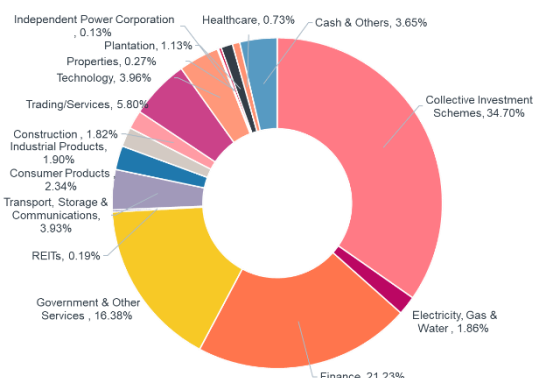
Unit NAV (31 July 2023)	: RM 1.3289
Fund Size (31 July 2023)	: RM 188.5 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a

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	10.40%
2.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	9.69%
3.	FIDELITY FUNDS-GLOBAL FOCUS FUND	9.64%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	4.97%
5.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	3.42%

Sector Allocation



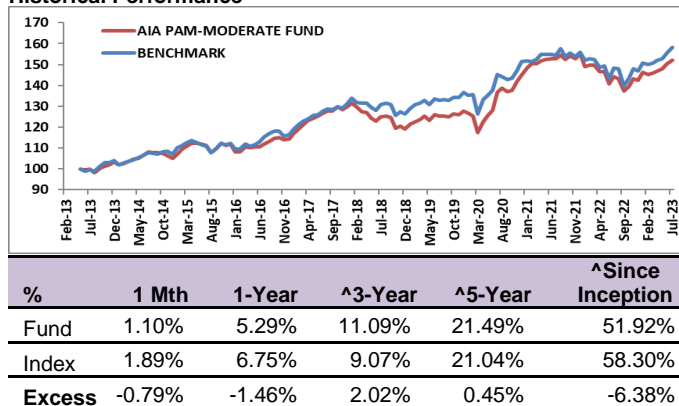
Risk

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



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

Market Review

Malaysian Government Securities ("MGS") traded mixed last month. Short-end yields came under pressure at the start of the month on expectations of tighter market liquidity and as market participants de-risked ahead of Bank Negara Malaysia ("BNM")'s Monetary Policy Committee ("MPC") decision. Subsequently, local government bonds rallied and reversed some of their losses after the release of weaker-than-expected US Consumer Price Index ("CPI") data for June, with the rally led by a good mix of buying flows from both onshore and offshore participants across the curve. Towards month-end, trading interests turned relatively subdued ahead of the key rate decision by the US Federal Open Market Committee ("FOMC") meeting, which eventually saw the US Federal Reserve ("Fed") hiked the federal funds rate by 25 bps following a pause in the May FOMC meeting.

Developed and Asia Pacific markets performed well in July 2023, with S&P500 Index and MSCI Europe increased by 3.11% and 3.08% Month-on-Month ("MoM") respectively, while MSCI AC Asia Pacific ex Japan Index grew by 5.82% MoM in USD terms. US Consumer Price Index ("CPI") rose 3.2% Year-on-Year ("YoY") in July 2023 (June 2023: 3.0% YoY), against consensus of 3.3% YoY, driven by shelter costs.

The FBMKLCI ("Index") posted a remarkable 6.0% MoM gain and closed at 1,459.43 pts on 31 July 2023. This market rally is driven by foreign buying, improved market sentiments following the launch of the Madani Economic Framework and National Energy Transition Roadmap, and the strengthening of the Ringgit. The Index outperformed the MSCI Asia Ex Japan Index, which rose 2.1% MoM in Malaysia Ringgit ("MYR") terms over the same period. In July, foreign investors returned as net buyers of MYR1.4 billion, while local institutions emerged as the largest net sellers with a net sell value of MYR748 million.

Market Outlook

We are cautiously optimistic on the equity and fixed income market in the near term. We are of the view that we have already seen the peak of Fed's hawkishness and equities valuation has been partially adjusted downwards accordingly. Recent inflation readings and economic data from the US have shown signs of moderation. Domestically, BNM has kept the overnight policy rate ("OPR") unchanged at its recent 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. We expect a better outlook given the lower political risk premium with a relatively more stable unity government coupled with corporate earnings recovery post expiry of one-off prosperity tax.



Disclaimer

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