AIA Pension and Asset Management Sdn. Bhd. 201201027147 (1011637-P)

September 2023

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.

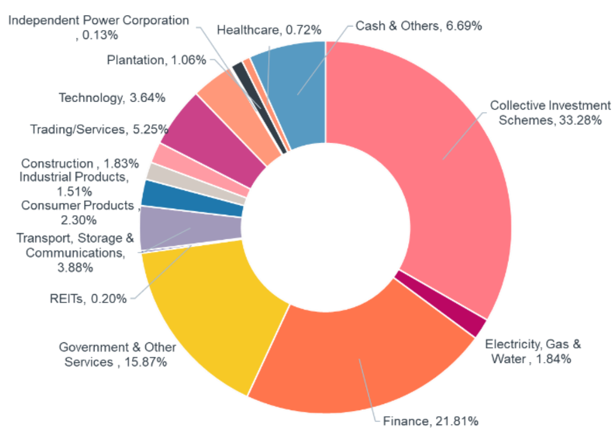
Fund Details

Unit NAV (30 September 2023)	: RM 1.2770
Fund Size (30 September 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	9.82%
2.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	9.35%
3.	FIDELITY FUNDS-GLOBAL FOCUS FUND	9.34%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	4.76%
5.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	3.37%

Sector Allocation



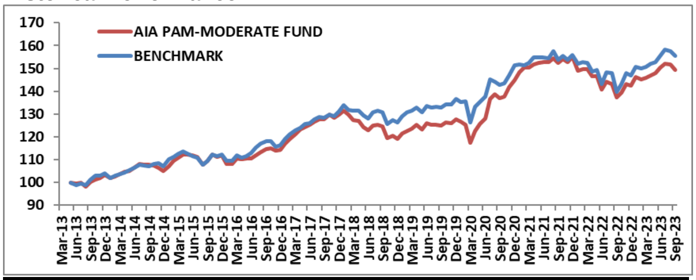
Risk

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	^5-Year	^10-Year	^Since Inception
Fund	-1.53%	8.76%	19.83%	49.07%	49.35%
Index	-1.50%	11.16%	18.69%	53.29%	55.34%
Excess	-0.03%	-2.40%	1.14%	-4.22%	-5.99%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 September 2023

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

Market Review

Malaysian Government Securities ("MGS") yield curve shifted higher tracking global rates movement in September 2023. Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 3.00% at the September Monetary Policy Committee ("MPC") meeting. However, sentiment deteriorated throughout the month, as the Federal Reserve Open Market Committee ("FOMC") Sept meeting in September leaned towards a soft-landing narrative with higher for longer rates on the back of strong growth and jobs data. Concerns on a possible US government shutdown led to sharp rises in US Treasury ("UST") yields as well. As a result, emerging market government bonds saw selling pressure following the macro backdrop and the strength of the US dollar ("USD").

Developed markets grew in September 2023 S&P500 with MSCI Europe and MSCI Japan increased by 3.2%, 2.0% and 1.3% respectively MTD in local currency terms. Better inflation and GDP growth data kept developed markets equities buoyant. US Consumer Price Index ("CPI") increased 0.4% in September and 3.7% YoY, above the respective forecasts of 0.3% and 3.6%, mainly contributed by shelter cost.

The FBMKLCI ("Index") corrected 0.29% Month-on-Month ("MoM") to close at 1,424.17 pts on 29 September 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 1.69% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.67 billion in September 2023 while local institutions turned net sellers with net sale value of MYR0.58 billion.

Market Outlook

Although recent inflation readings and economic data from the US have shown signs of moderation, the US Federal Reserve ("Fed") continues to reiterate the need to maintain tighter monetary policy amidst robust labour market data. Despite this, it is apparent that we are at the tail-end of the rate normalisation cycle, with potentially one final hike by the Fed in 2023. Domestically, BNM has kept the 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. Moving forward, we expect rate volatility to remain due to uncertainties surrounding economic data and central banks' future monetary policy moves as market conditions evolve. We are cautiously optimistic on the equity and fixed income market in the near term.

Disclaimer

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