



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

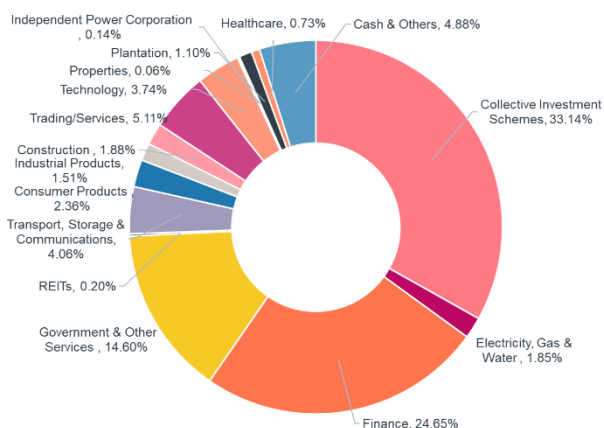
Unit NAV (31 October 2023)	: RM 1.2676
Fund Size (31 October 2023)	: RM 184.9 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a

Investment Manager	: AIA Pension and Asset Management Sdn. Bhd.
Basis of Unit Valuation	: Net Asset Value (NAV)
Frequency of Unit Valuation	: Daily
Benchmark	: 25% FBM 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	9.72%
2.	FIDELITY FUNDS-GLOBAL FOCUS FUND	9.42%
3.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	9.28%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	4.73%
5.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	3.40%

Sector Allocation



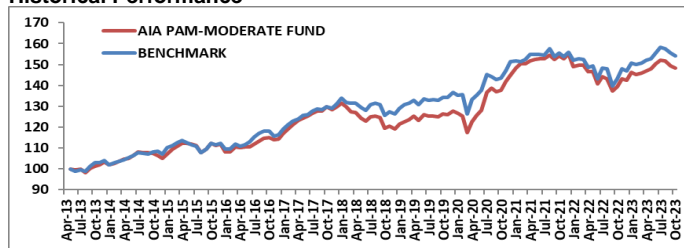
Risk

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	-0.74%	6.31%	24.06%	46.32%	48.25%
Index	-0.69%	7.76%	22.65%	49.99%	54.26%
Excess	-0.05%	-1.45%	1.41%	-3.67%	-6.01%

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

Market Review

The Malaysian Government Securities (“MGS”) yield curve shifted higher during the month in tandem with the surge in US treasury (“UST”) yields following strong labour market data releases in the US which continued to support the “higher for longer” rates narrative. Locally, sentiment was also weighed down by concerns on potentially higher government bond supply in 4Q23. However, the bond sell-off was partially cushioned by rising geopolitical risks in the Middle East which sparked a flight to safe-haven assets as well as the emergence of more dovish narrative from US Federal Reserve (“Fed”) officials indicating that the higher UST yields could reduce the need for further rate hikes.

Malaysia’s headline inflation edged lower to 1.8% YoY in October 2023 (September 2023: +1.9% YoY), primarily due to a continued moderation in the prices for Food & Non-Alcoholic beverages. Core inflation eased slightly to 2.4% YoY (September 2023: +2.5% YoY). Malaysia’s industrial production for September 2023 dropped marginally 0.5% YoY (August 2023: -0.3% YoY). The decline was attributable to the drop in the mining sector’s oil and gas activities.

Developed and Asia Pacific markets corrected in October 2023 with S&P500 Index and MSCI Europe fell by 2.20% and 3.65%, respectively and MSCI AC Asia Pacific ex Japan Index declined by 3.87% in USD terms. The losses came amid rapid rise in Treasury yields, with the concern on US Fed “higher for longer” interest rate policy stance. US Consumer Price Index (“CPI”) fell from 3.7% in September to 3.2% in October on the back of decline in energy prices.

The FBMKLCI (“Index”) rallied 1.26% Month-on-Month (“MoM”) to close at 1,442.12 pts on 31 October 2023. The Index outperformed the MSCI Asia Ex Japan Index, which fell 2.47% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors turned net sellers of Malaysian equities amounting to MYR2.2 billion in October 2023 while local institutions turned net buyers with net buy value of MYR2.3 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. Domestically, BNM has kept the OPR unchanged at its recent Monetary Policy Committee (“MPC”) meetings. 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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