



## 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

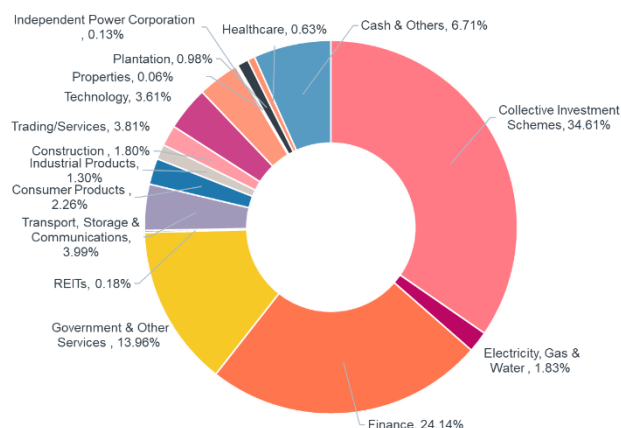
Unit NAV (29 December 2023) : RM 1.3246  
 Fund Size (29 December 2023) : RM 194.5 million  
 Fund Currency : Ringgit Malaysia  
 Fund Launch : May 16, 2013  
 Fund Inception : June 05, 2013  
 Fund Management Charge : up to 1.50% p.a

Investment Manager : AIA Pension and Asset Management Sdn. Bhd.  
 Basis of Unit Valuation : Net Asset Value (NAV)  
 Frequency of Unit Valuation : Daily  
 Benchmark : 25% 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	10.02%
2.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	10.02%
3.	FIDELITY FUNDS-GLOBAL FOCUS FUND	9.79%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	4.78%
5.	MALAYAN BANKING BHD	2.71%

### Sector Allocation



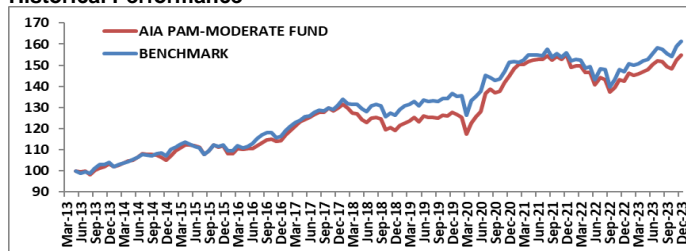
### Risk

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	1.76%	8.64%	30.18%	50.03%	54.92%
Index	1.54%	9.86%	27.72%	55.57%	61.50%
Excess	0.22%	-1.22%	2.46%	-5.54%	-6.58%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 29 December 2023  
 ^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

### Market Review

The Malaysian Government Securities (“MGS”) yield curve bull flattened in December following a strong rally in US Treasuries (“UST”) after the US Federal Open Market Committee (“FOMC”) kept the federal funds target range unchanged at 5.25% to 5.50%. US Federal Reserve (“Fed”) chairman Jerome Powell’s speech leaned towards a dovish tilt and discussion has started on the appropriate timing for rate cut. On the currency front, Malaysian ringgit (“MYR”) strengthened against the United States dollar (“USD”) by 1.47% to end the year at 4.5940, as compared to 4.6625 in November.

Developed and Asia Pacific markets advanced in December 2023 with S&P500 Index and MSCI Europe grew by 4.42% and 3.64%, respectively and MSCI AC Asia Pacific ex Japan Index increased by 3.35% in USD terms. Investors were growing confident in possible “soft landing” where US economy to avoid a recession, given labour data remained strong. US Consumer Price Index (“CPI”) accelerated for the second consecutive month, registered at 3.4% in December 2023 and +0.3% from November, mainly driven by the rising shelter costs.

The FBMKLCI (“Index”) rose 0.13% Month-on-Month (“MoM”) to close at 1,454.66 pts in December 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 1.73% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.3 billion in December 2023 while local institutions stayed net sellers with net sell flow of MYR56.2 million.

### Market Outlook

The recent US economic data releases are suggestive of a softening in economic activities and moderation in inflation. As such, the aggressive hiking cycle could be in its final phase. Domestically, Bank Negara Malaysia (“BNM”) may keep its Overnight Policy Rate (“OPR”) unchanged in the coming meetings as it observes domestic inflation trend. We expect a brighter outlook in Malaysia given the lower political risk premium amidst a more stable unity government coupled with stronger corporate earnings upside arising from the implementation of the government’s pump priming initiatives as well as launching of mega energy renewal and infrastructure projects. We are cautiously optimistic on the equity and fixed income market in the near term. Downside risks to the market could stem from a hard landing US recession, worsening geopolitical tension, and weak China economy.



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