



## 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

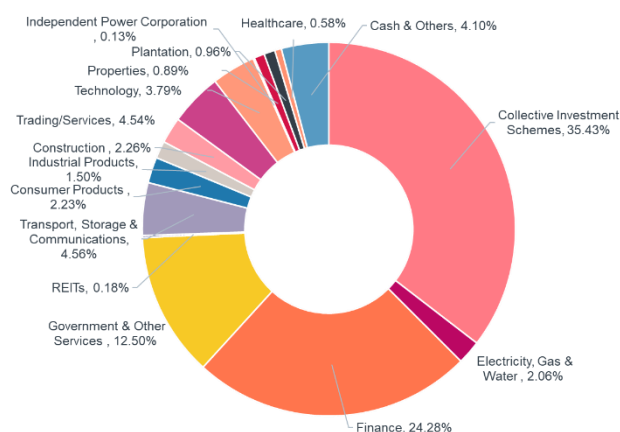
Unit NAV (29 February 2024)	: RM 1.3679
Fund Size (29 February 2024)	: RM 199.2 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a

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.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	10.47%
2.	FIDELITY FUNDS-GLOBAL FOCUS FUND	10.34%
3.	FIDELITY FUNDS-ASIA PACIFIC OPPORTUNITIES FUND	9.73%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	4.90%
5.	MALAYAN BANKING BHD	2.83%

### Sector Allocation



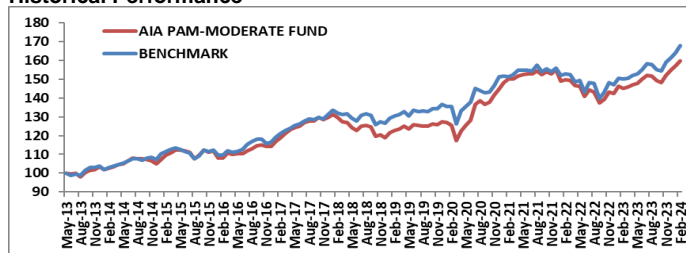
### Risk

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	1.95%	10.12%	30.56%	55.89%	59.98%
Index	2.41%	11.97%	28.67%	63.14%	68.05%
Excess	-0.46%	-1.85%	1.89%	-7.25%	-8.07%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 29 February 2024  
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

### Market Review

The Malaysian Government Securities (“MGS”) yield curve bear flattened in February 2024, tracking the weakness in US Treasuries (“UST”) after inflation data releases in the US suggested that the Federal Reserve (“Fed”) would keep the Federal Funds rate on hold for longer than initially anticipated. Despite the weaker sentiment, stable demand from domestic investors capped the rise in MGS yields, especially for longer dated securities. There was also heightened concern on the currency front as a surge in US dollar (“USD”) strength drove the Malaysian ringgit (“MYR”) to hit an intraday low of 4.80 against the USD during the month. However, swift communication by Bank Negara Malaysia (“BNM”) to address investor concerns and to reiterate the constructive fundamentals supporting the currency drove a meaningful recovery in the MYR towards the end of the month. As such, on a monthly basis, MYR was only marginally weaker against the USD, with USDMYR increasing by 0.21% to 4.7428.

Malaysia’s 4Q23 Gross Domestic Product (“GDP”) registered at +3.0% Year-on-Year (“YoY”) (3Q23: +3.3% YoY) with continued recovery in economic activity and labour market conditions moderated by a decline in manufacturing output amidst weaker external demand. For FY2023, GDP growth was recorded at +3.7% YoY (2022: +8.7% YoY). Malaysia’s headline inflation was unchanged at 1.5% YoY in January 2024 (December 2023: +1.5% YoY). Cooling food and beverage prices were the main contributors to the unchanged Consumer Price Index (“CPI”) print.

Global market closed with a positive note in February 2024 with S&P500 Index and MSCI Europe grew by 5.17% and 1.79% respectively as economic data released still indicated towards a strong economy. Technology companies have been the main contributor of Wall Street rally recent months, fuelled by optimism over the growth prospects related to AI. Asian market also ended positively with MSCI Asia Ex-Japan rose by 5.5% MoM in USD terms.

The FBMKLCI (“Index”) rose 2.54% Month-on-Month (“MoM”) to close at 1,551.44 pts in February 2024, underperformed the MSCI Asia ex Japan Index. Foreign investors stayed net buyers of Malaysian equities amounting to MYR1.3 billion while local institutions reversed their trend, becoming net sellers of MYR964 million during the month.

### Market Outlook

All eyes will be on the Fed’s potential pivot to interest rate cuts amid sign of a slower economic growth and easing inflation. Although inflation continues to moderate, recent US economic data releases are suggestive of a resilient US economy and labour market. As such, we think the US Federal Reserve (“Fed”) will likely proceed carefully to avoid any premature rate cuts which could fuel reflation risks. Domestically, BNM may keep its OPR unchanged in the coming meetings as it observes the domestic inflation trend. These factors are supportive of the domestic sukuk market while the market observes developments on global central banks’ monetary policy decisions, geopolitical risks, and the US presidential elections. We are cautiously optimistic on the equity and fixed income market in the near term.



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