



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

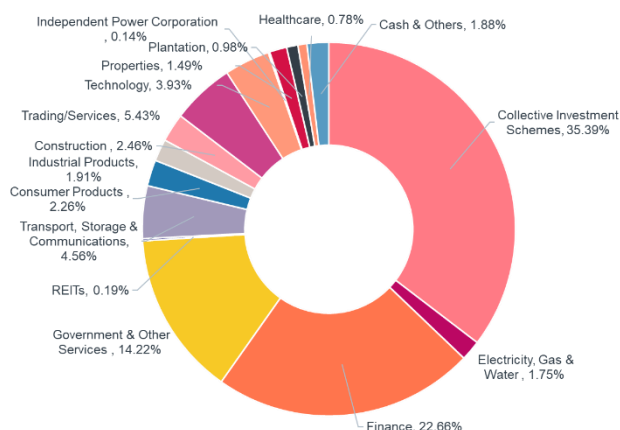
Unit NAV (30 April 2024) : RM 1.3941
Fund Size (30 April 2024) : RM 201.1 million
Fund Currency : Ringgit Malaysia
Fund Launch : May 16, 2013
Fund Inception : June 05, 2013
Fund Management Charge : up to 1.50% p.a

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	10.66%
2.	FIDELITY FUNDS-GLOBAL FOCUS FUND	10.37%
3.	FIDELITY FUNDS-ASIA PACIFIC OPPORTUNITIES FUND	9.29%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	5.07%
5.	MGS 3/2018 4.642% 07.11.2033	3.40%

Sector Allocation



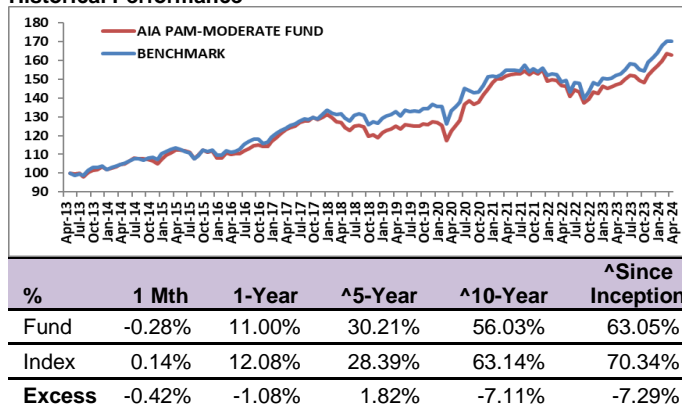
Risk

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



Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 30 April 2024
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

Malaysian Government Securities (“MGS”) yield curve shifted higher in April 2024 against the backdrop of elevated global rates following a series of stronger-than-expected United States economics data. The closely monitored US non-farm payroll and personal consumption expenditure (“PCE”) data for March 2024 beat expectations, fuelling fears of a possible interest rate hike in the US or a ‘higher-for-longer’ narrative. Bank Indonesia’s move to raise interest rates by 25 bps during its monetary policy meeting further exacerbated the already weak regional trading sentiment. Malaysian Ringgit (“MYR”) weakened against the United States Dollar (“USD”) by 1.0% at MYR4.7725 in April 2024.

Global market corrected in April 2024, with S&P500 Index and MSCI Europe fell by 4.16% and 1.45% respectively, mainly due to renewing concerns about the impact of rising pressure from inflation and the potential for a prolonged restrictive monetary policy. Latest US Consumer Price Index (“CPI”) report showed a surge in price pressures from 3.2% Year-of-Year (“YoY”) in February 2024 to 3.5% YoY in March 2024, surpassing forecast of a 3.4% YoY increase. Conversely, Asian market closed with a positive note with MSCI AC Asia Ex-Japan grew by 1.14% in USD terms, mainly contributed by China and Hong Kong market with MSCI China Index and Hang Seng Index rose by 6.61% and 7.46% in USD terms.

The FBMKLCI (“Index”) rose 2.60% Month-on-Month (“MoM”) to close at 1,575.97 pts in April 2024. The Index outperformed the MSCI Asia ex Japan Index, which rose 2.11% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to MYR1.4 billion while local institutions became net buyers of MYR2.5 billion during the month. Sector wise, Utilities (+7.3%), Healthcare (+6.4%) and Industrial Production (+5.3%) were the key performers, while Finance (-0.3%), Construction (-0.3%) were the key detractors.

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 are of the opinion that the US Federal Reserve (“Fed”) will likely proceed carefully to avoid any premature rate cuts which could fuel reflation risks. Domestically, Bank Negara Malaysia may keep its Overnight Policy Rate unchanged in the coming meetings as it observes the domestic inflation trend. These factors are supportive of the domestic bond 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.



Disclaimer

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