



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

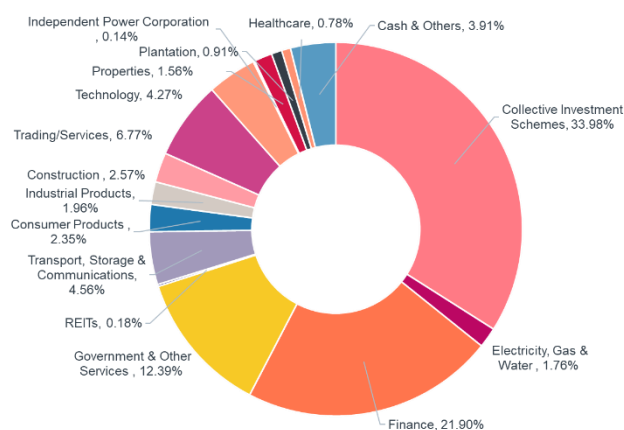
Unit NAV (31 May 2024)	: RM 1.4090
Fund Size (31 May 2024)	: RM 202.5 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: June 05, 2013
Fund Management Charge	: up to 1.50% p.a

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.	SCHRODER ISF GLOBAL SUSTAINABLE GROWTH	10.70%
2.	FIDELITY FUNDS-GLOBAL FOCUS FUND	10.26%
3.	FIDELITY FUNDS-ASIA PACIFIC OPPORTUNITIES FUND	7.94%
4.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	5.09%
5.	MALAYAN BANKING BHD	2.90%

Sector Allocation



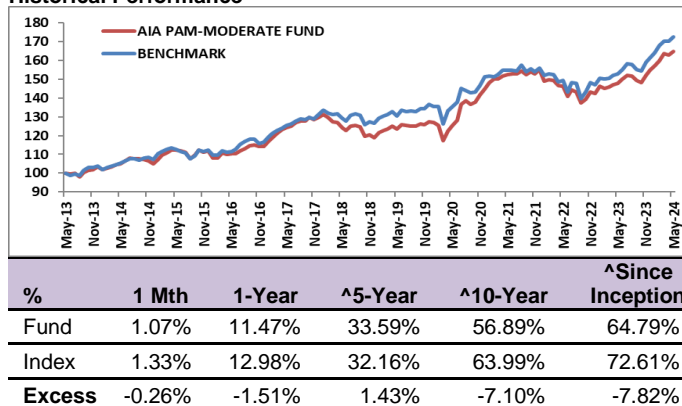
Risk

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 31 May 2024
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

Market Review

The Malaysian Government Securities (“MGS”) yield curve shifted lower in May 2024, tracking a recovery in the United States (“US”) Treasuries market amidst the Federal Reserve’s (“Fed”) decision to keep the Fed Funds rate on hold and a series of softer economic data releases where both Consumer Price Index and Personal Consumer Expenditure data for Apr 2024 came in below expectations. On the domestic front, Bank Negara Malaysia’s (“BNM”) decision to keep the Overnight Policy Rate unchanged at its Monetary Policy Committee (“MPC”) meeting on 9 May 2024 which although widely expected, supported sentiment during the month. The Malaysian Government Securities MGS market also benefited from robust domestic demand from local investors with a healthy appetite for duration as evidenced by the high bid-to-cover (“BTC”) ratio observed at the long-end government security auctions.

Foreign funds net bought MYR5.5billion in May 2024, with cumulative flows turned positive at MYR1.5billion Year-to-date (“YTD”). Regionally, the local markets of Indonesia and Thailand also saw net inflows.

Global market closed with a positive note in May 2024 with both the S&P500 index and MSCI Europe index rose by 4.96% and 3.42% respectively, mainly contributed by the continued optimism over Artificial Intelligence (AI) related stocks. Asian market rose in May 2024 as well with MSCI Asia Ex-Japan grew by 1.29% in United States Dollar terms, mainly contributed by Taiwanese and China market.

The FBMKLCI (“Index”) rose 1.31% Month-on-Month (“MoM”) to close at 1,596.68pts in May 2024. The Index outperformed the MSCI Asia ex Japan Index, which fell 0.06% MoM in Malaysian Ringgit (“MYR”) terms over the same period. Foreign investors turned net buyers of Malaysian equities amounting to MYR1.5 billion while local institutions became net sellers of MYR978 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 are of the opinion that the US Federal Reserve (“Fed”) will likely proceed carefully to avoid any premature rate cuts which could fuel inflation 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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