



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

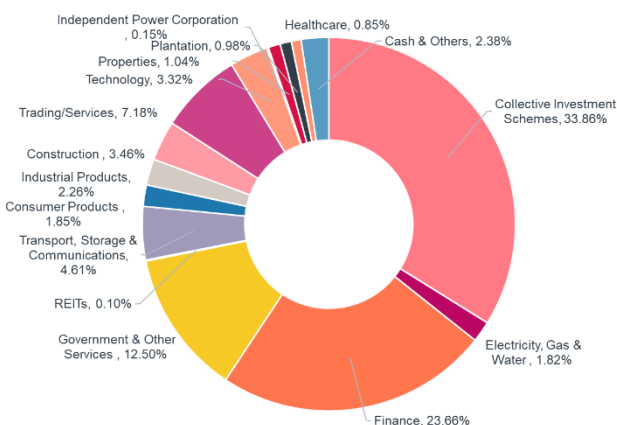
Unit NAV (30 August 2024) : RM 1.4087
Fund Size (30 August 2024) : RM 197.7 million
Fund Currency : Ringgit Malaysia
Fund Launch : May 16, 2013
Fund Inception : June 05, 2013
Fund Management Charge : up to 1.50% p.a

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	10.74%
2.	FIDELITY FUNDS-GLOBAL FOCUS FUND	10.37%
3.	SCHRODER ISF SUSTAINABLE ASIAN EQUITY	5.12%
4.	FIDELITY FUNDS-ASIA PACIFIC OPPORTUNITIES FUND	4.60%
5.	MALAYAN BANKING BHD	3.23%

Sector Allocation



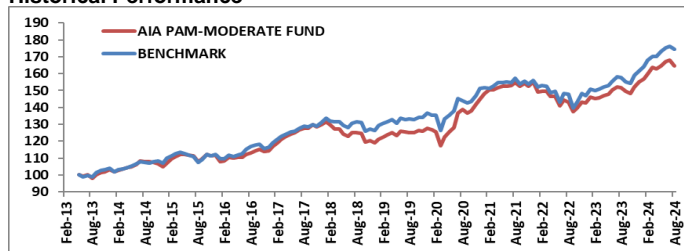
Risk

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	-2.01%	8.62%	31.59%	52.93%	64.76%
Benchmark	-1.07%	10.61%	31.15%	62.25%	74.45%
Excess	-0.94%	-1.99%	0.44%	-9.32%	-9.69%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 30 August 2024
^ Cumulative returns. The performance is calculated on NAV-to-NAV basis. Past performance is not an indicative of future performance.

Market Review

The Malaysian Government Securities ("MGS") market traded mixed in August 2024 as short end bond yields moved lower while longer dated bond yields increased. It was a volatile start to the month for global financial markets as weak labour market data in the United States ("US") prompted a repricing in rate cut expectations and led to a sharp selloff in risk assets and consequently, a strong rally for fixed income markets. This led to a strong first week for the domestic bond market as the 10-year MGS benchmark yield hit a low of 3.68%. However, as risk-aversion in global financial markets dissipated and US Treasury yields normalised, MGS yields gradually moved up throughout the month to eventually close higher compared to closing levels in July 2024.

A sharp sell-off was seen across global equity market at the beginning of August, which was attributed to i) The BoJ's decision to increase its policy rate by 25 basis points that led to an abrupt unwinding of carry trade positions; ii) a weak US jobs data print; and iii) rising tensions in the middle east. However, the market rebounded at the end of August as investors began to price in more aggressive policy easing by the Federal Reserve. Asia ex-Japan and emerging market equities outperformed most of their western developed market counterparts, delivering returns of 2% and 1.8% respectively, as expectations for Fed rate cuts weighed on the dollar (DXY Index), which dropped 2.3% over the month.

The FTSE Bursa Malaysia KLCI ("Index") rose 3.27% Month-on-Month ("MoM") to close at 1678.80 pts in August 2024. The Index outperformed the MSCI Asia ex Japan Index, which declined by 4.30% MoM in Malaysian Ringgit ('MYR') terms over the same period. Foreign investors were net buyers for the second straight month in August, with a net buy of MYR2.55 billion, raising Year-to-date ("YTD") net buy to MYR3.1 billion.

Market Outlook

Recent US economic data releases are suggestive of a moderation in inflation and a softening in the labour market. This has prompted Fed Chair Powell to signal that the first cut could come in September 2024. The weaker data and dovish Fed guidance has led the market to price in 100bps of rate cuts in 2024. However, despite the bullish moves and favourable monetary policy outlook, we maintain our view that market volatility would persist as the Fed and the market would remain reactive to data releases and developments in key geopolitical events, central banks' monetary policy decisions and the upcoming US presidential elections. 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 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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