



AIA PENSION AND ASSET MANAGEMENT SDN BHD

Be on the lookout for geopolitical uncertainty, rising rates, slowing growth and election uncertainty



Nor Daliya Mohd Daud, Director, AIA Pension and Asset Management Sdn Bhd

Award Category	Winning Fund
Private Retirement Scheme - Growth	AIA PAM - Growth Fund

smartinvestor: Congratulations! Can you tell us more about your winning fund in the FSMOne Recommended Unit Trust Awards 2022/2023?

Nor Daliya Mohd Daud: We are honoured to receive this recognition for our AIA PAM Growth Fund. This Fund, which was launched on 16 May 2013, invests in equities with a bias towards equities with potential for growth. The Fund will invest in local and foreign markets as it seeks to provide long-term risk-adjusted return to its members by integrating rigorous fundamental research with disciplined risk management.

We incorporate Environmental, Social and Governance (ESG) considerations into the investment decision-making process as we believe ESG principles underpin proactive risk management.

Since its inception, the AIA PAM-Growth Fund has recorded a cumulative return of 57.2% as at end March 2022.

SI: What are the challenges that you have faced in the past 12 months?

ND: In addition to COVID-related lockdowns within Malaysia and in other major markets which restricted movements and impacted market sentiments over the past year or so, other more recent challenges include Russia’s invasion of Ukraine, soaring commodity prices and supply chain disruptions. Underperformance in Chinese stocks had also caused equities to decline and bond yields to rise while accelerated monetary policy and quantitative tightening by the US Federal Reserve and Bank Negara Malaysia (BNM) is now a major concern.

Notwithstanding the evolving market conditions, we will remain vigilant and adjust our investment strategies accordingly when the need arises. Asset allocation decision

remains the key driver when determining the range of portfolio outcomes amid volatile markets. We may adopt a temporary defensive strategy during adverse market conditions by increasing exposure to lower risk assets.

SI: What are the market trends that an investor should look out for in the near future?

ND: Geopolitical uncertainty. Market volatility is likely to persist in the near term given no signs of the war ending in the Russia – Ukraine conflict. The longer the war drags on, the longer sanctions will be in place with negative implications on commodity supplies and further increased inflation risks.

Rising rates. Bond yields are rising as the market has been repricing due to the number of rate hikes by the US Federal Reserve that should occur in the foreseeable future. The US Federal Reserve and other central banks are moving to normalize monetary policy to tackle inflation. Domestically, Bank Negara Malaysia’s policy measures should remain accommodative in the near term and the supply of sovereign bonds should be well-absorbed by the market. Overall, the domestic financial system liquidity remains ample, which shall remain supportive of the bond market.

Slowing growth. After a strong economic rebound in 2021, a slowdown in the global economy is expected this year amid less favourable market conditions with rising inflation, China COVID-19 lockdowns and geopolitical concerns.

Election uncertainty. There are news that the 15th Malaysian General Election will be held this year. The uncertainty in the general election outcome could trigger volatility in the market. Investors would want to see decisive policy decisions to combat inflation and a slowing economy. 