



## AIA PAM – Conservative Fund

### Investment Objective

The Fund seeks to provide returns through income\* that is consistent with capital preservation\*\*.

\*Income will be reinvested in additional Units in the Fund

\*\* The Fund is neither capital guaranteed, nor capital protected

### Investment Strategy

The Fund will invest at least 70% of its NAV in fixed income instruments and money market instruments, of which a minimum of 10% of the Fund's NAV will be invested in money market instruments. The remainder of the Fund's NAV will be invested in equities and collective investment schemes, of which a maximum of 20% of the Fund's NAV in collective investment schemes. The Fund will invest in local and foreign markets.

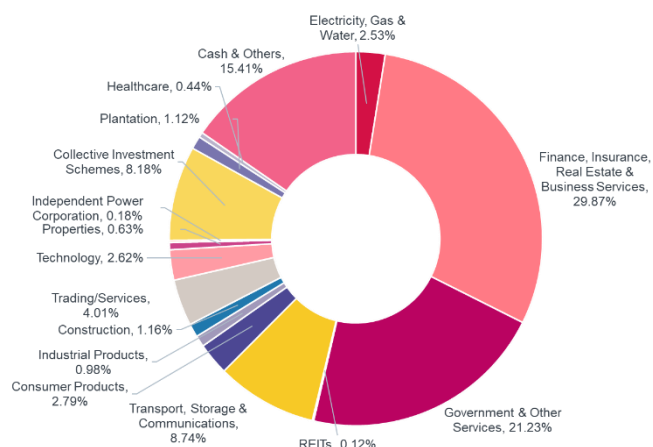
### Fund Details

Unit NAV (31 January 2024)	: RM 1.2360
Fund Size (31 January 2024)	: RM 71.6 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	: 20% FBMT 100 Index + 10% Maybank Berhad overnight rate + 60% Quant Shop MGS All Bond Index + 10% Bloomberg Barclays Global Aggregate Corporate TR Index Unhedged USD.

### Top Five Holding

1.	FIDELITY FUNDS-GLOBAL CORP BOND FUND	8.18%
2.	SUSTAINABILITY GII 3/2022 4.662% 31.3.2038	4.51%
3.	MGS 1/2023 4.457% 31.03.2053	3.64%
4.	CCB IMTN 3.920% 28.03.2025	3.47%
5.	GII MURABAH 2/2022 5.357% 15.05.2052	3.28%

### Sector Allocation



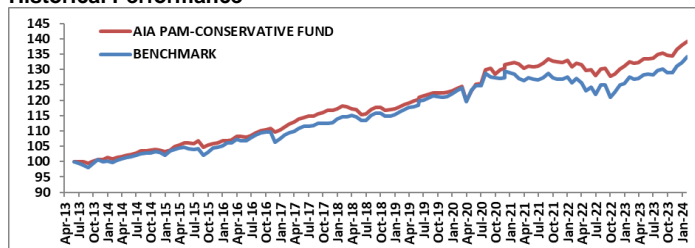
### Risk

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	0.95%	4.97%	18.18%	38.01%	39.24%
Index	1.31%	5.22%	15.48%	34.53%	34.14%
Excess	-0.36%	-0.25%	2.70%	3.48%	5.10%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 31 January 2024.

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

### Market Review

The local bond market started the year on a weaker footing in tandem with weaker US treasuries ("UST") as market participants reassessed assumptions of an early US Federal Funds Rate cut amid the slew of economics and labour market data releases. However, local market eventually gained ground on the back of strong onshore buying interests as funds put cash to work. Longer end of the curves were supported by investor's demand for duration.

Foreign funds maintained net sellers for local bonds in January 2024 with MYR5.1 billion outflows (December: -MYR2.1billion), mainly driven by short-term debts where T-bills (-RM2.5 billion) accounted for nearly half of the outflow.

Malaysia's headline CPI for December 2023 grew 1.5% YoY (Nov: 1.5% YoY), bringing full-year inflation to 2.5% YoY (2022: 3.3% YoY). Core inflation eased to 1.9% in December 2023 (November: 2.0% YoY). Meanwhile, Bank Negara Malaysia (BNM) held its first monetary policy committee meeting for the year where the overnight policy rate ("OPR") was kept unchanged at 3.0%. In its monetary policy statement, BNM stated that overall growth in 2023 was within expectations and that it expects economic growth to improve in 2024.

The FBMKLCI ("Index") rose 4.01% Month-on-Month ("MoM") to close at 1,512.98 pts in January 2024. The Index outperformed the MSCI Asia Ex Japan Index, which corrected 2.61% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR679 million while local institutions turned net buyers of MYR112 million during the month.

### Market Outlook

Moving into 2024, 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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