



September 2023

## MONTHLY FUND PERFORMANCE UPDATE A-DANA INCOME

### Investment Objective

The Fund seeks to provide a safe and steady stream of income returns through investments in Islamic income securities (Sukuk), Islamic money market instruments and Shariah-approved Real Estate Investment Trusts (REITs) listed on Bursa Malaysia. The secondary goal of the Fund is to provide medium to long term capital appreciation whilst preserving the capital invested.

**Notice:** Please refer to the Fund Fact Sheet for more information about the Fund.

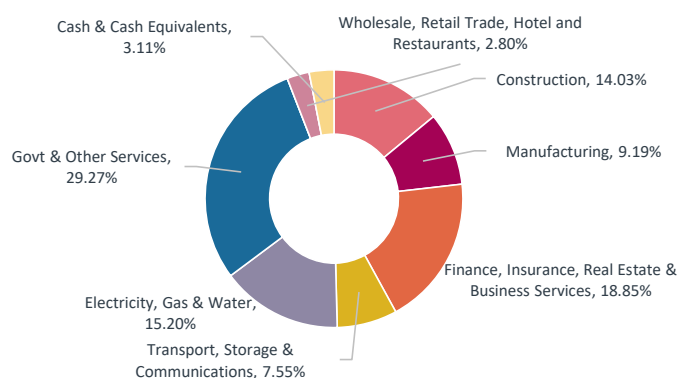
### Fund Details

Unit NAV (30 Sep 2023)	: RM 0.88532
Fund Size (30 Sep 2023)	: RM 196.679 million
Fund Currency	: Ringgit Malaysia
Fund Inception	: 1 March 2011
Offer Price at Inception	: RM0.50
Fund Management Charge	: 0.50% p.a.
Investment Manager	: AIA Bhd.
Takaful Operator	: AIA PUBLIC Takaful Bhd.
Basis of Unit Valuation	: Net Asset Value
Frequency of Unit Valuation	: Daily

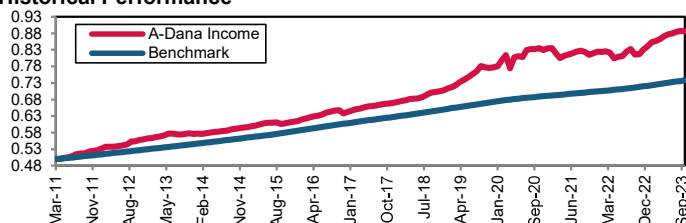
### Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	22.03%
2	TNB POWER GENERATION SDN BHD	8.57%
3	JOHOR CORP	6.43%
4	YINSON HOLDINGS BHD	5.08%
5	SOUTHERN POWER GENERATION SDN BHD	4.85%

### Sector Allocation



### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund <sup>A</sup>	-0.23%	2.68%	8.53%	6.42%	25.93%	77.06%
Benchmark <sup>*</sup>	0.24%	1.53%	3.01%	7.31%	14.20%	47.57%
Excess	-0.47%	1.15%	5.51%	-0.88%	11.73%	29.50%

<sup>A</sup> Calculation of past performance is based on NAV-to-NAV. This is strictly the performance of the investment fund, and not the returns earned on the actual premiums/contributions paid of the investment-linked product.

<sup>\*</sup> 12-month Maybank General Investment Account (Islamic) Tier 1 Rate (Source: Maybank)

**Notice:** Past performance of the Fund is not an indication of its future performance.

### Market Review

Government Investment Issues ("GII") yield curve shifted higher tracking global rates movement in September 2023. Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 3.00% at the September Monetary Policy Committee ("MPC") meeting. However, sentiment deteriorated throughout the month, as the Federal Reserve Open Market Committee ("FOMC")'s September 2023 meeting leaned towards a soft-landing narrative with higher for longer rates on the back of strong growth and jobs data. Concerns on a possible US government shutdown led to sharp rises in US Treasury ("UST") yields as well. As a result, emerging market government bonds saw selling pressure following the macro backdrop and the strength of the US dollar ("USD"). On the currency front, Malaysian ringgit ("MYR") weakened against the USD by 1.22% to end the month at 4.6953. GII levels as of end-September 2023 were: 3Y at 3.57% (+11 bps), 5Y at 3.79% (+16 bps), 7Y at 3.88% (+9 bp), 10Y at 4.00% (+12 bps), 15Y at 4.12% (+13 bp), 20Y at 4.32% (+9 bps) and 30Y at 4.47% (+11 bps).

Fixed income foreign flows recorded its first monthly outflow in August 2023 at MYR5 billion (July 2023: +MYR11.3 billion). Foreign holdings in Malaysian Government Securities ("MGS") and GII fell to 23.4% in August 2023 (July 2023: 24.2%).

There were 2 government securities auctions during the month: 3Y GII 9/26 reopening auction with a tender size of MYR4.5 billion drew a bid-to-cover ("BTC") ratio of 2.167x at an average yield of 3.539% and 5Y GII 7/28 reopening auction with a tender size of MYR5.0 billion drew a BTC ratio of 1.954x at an average yield of 3.808%.

On the economic data front, Malaysia's foreign reserves declined further by USD1.0 billion to USD111.5 billion as of 15 September 2023 (30 August 2023: USD112.5 billion). The reserves are sufficient to finance 5.2 months of retained imports and 1.0x of short-term external debt. Malaysia's exports further declined by 18.6% Year-on-Year ("YoY") in August 2023 (July 2023: -13.0% YoY). The deceleration was mainly driven by Electrical & Electronic Products, Palm Oil Products and Chemical & Chemical Products. Meanwhile, imports also declined 21.2% YoY (July 2023: -16.1% YoY), on the back of a lower imports of consumption and intermediate goods, partially offset by the increased in imports of capital goods. As a result, trade balance narrowed slightly to MYR17.3 billion (July 2023: MYR17.4 billion). Separately, Malaysia's headline inflation was unchanged at 2.0% YoY in August 2023 (July 2023: +2.0% YoY). The stable inflation rate was partly attributable to favourable base effects as well as the continuation of government subsidies. Overall prices for Food, Restaurants and Hotels recorded a slower increase, which helped to counter-balance the stronger price growth in Health, Transport, Education and Utilities. Core inflation decelerated for a 9th straight month to 2.5% YoY (July 2023: +2.8% YoY). On Malaysia's industrial production index, it rebounded to 0.7% YoY in July 2023 (June 2023: -2.2% YoY). The electricity and mining indices led the growth by 1.5% YoY and 4.2% YoY respectively, partially offset by the manufacturing sector at -0.2% YoY.

On the primary corporate space, notable issuances included MYR500 million OSK Rated Bond Sdn Bhd IMTN, MYR500 million Press Metal Aluminium Holdings Berhad IMTN and MYR350 million UEM Sunrise Berhad IMTN. In terms of rating revisions, September 2023 was a busy month. The rating of Tranche 3 Structured Covered Sukuk issued under MBSB Bank Berhad's MYR2.295 billion Structured Covered Sukuk Murabahah Programme was upgraded to AAA from AA1. The outlook on the AA2 rating of Konsortium ProHAWK Sdn Bhd's MYR900 million IMTN Programme was revised from negative to stable. Cenergi SEA Berhad's corporate credit ratings and the issue ratings of its MYR1.5 billion Senior Sukuk/Subordinated Perpetual Sukuk Programme were upgraded. The rating of UEM Group Berhad's MYR2.2 billion IMTN Programme, issued through funding vehicle United Growth Berhad, was upgraded from AA2/Stable to AA1/Stable. Lastly, the rating on Celcom Networks Sdn Bhd's Sukuk Murabahah programme of MYR5.0 billion was upgraded to AAA<sub>is</sub> from AA<sub>is</sub>.

### Market Outlook

Although recent inflation readings and economic data from the US have shown signs of moderation, the Fed continues to reiterate the need to maintain tighter monetary policy amidst robust labour market data. Despite this, it is apparent that we are at the tail-end of the rate normalisation cycle, with potentially one final hike by the Fed in 2023. Domestically, BNM has kept the OPR unchanged at its recent Monetary Policy Committee ("MPC") meeting. Against the backdrop of moderating inflation expectations as well as growth outlook in 2H23, the possibility of further OPR hikes for the rest of the year may be remote at this juncture, barring the uncertain timing of subsidy rationalization. For the remainder of 2023, we expect rates volatility to linger due to uncertainties surrounding economic data and central banks' future monetary policy moves as market conditions evolve.