AIA PUBLIC TAKAFUL

AIA PUBLIC Takaful Bhd. 201101007816 (935955-M)

December 2023

MONTHLY FUND PERFORMANCE UPDATE
A-DANA STRATEGIC DYNAMIC

Investment Objective

The Fund seeks long-term total return (combination of capital growth and income) through a portfolio of Shariah-compliant investments across global markets and asset classes. The Fund adopts a dynamic and flexible asset allocation to mitigate downside risk. The Fund will aim to achieve a target net return of 6% per annum over the long term.

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

Fund Details

Unit NAV (31 Dec 2023)	:	RM 1.13455
Fund Size (31 Dec 2023)	:	RM 23.848 million
Fund Currency	:	Ringgit Malaysia
Fund Inception	:	15 June 2022
Offer Price at Inception	:	RM1.00
Fund Management Charge	:	1.50% p.a.
Takaful Operator	:	AIA PUBLIC Takaful Bhd.
Fund Type	:	Feeder Fund
Basis of Unit Valuation	:	Net Asset Value
Frequency of Unit Valuation	:	Daily

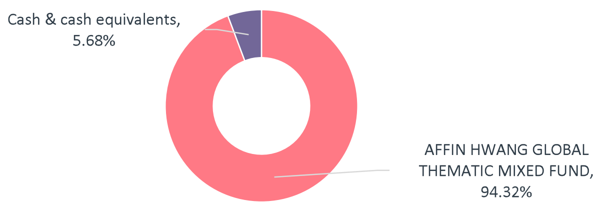
Underlying Fund Details

Name	:	Affin Hwang AIIMAN Global Thematic Mixed Asset Fund
Type	:	Mixed Assets (Shariah)
Investment Manager	:	Affin Hwang Asset Management Berhad

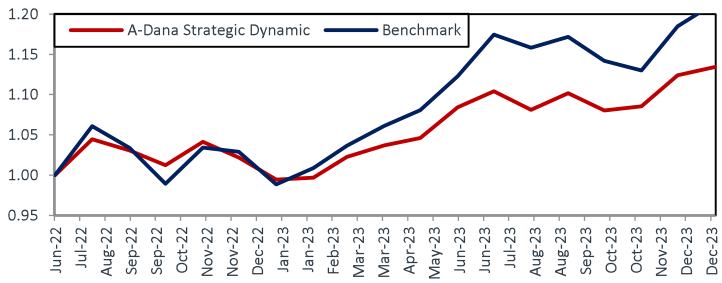
Top Holdings

1.	Affin Hwang Global Thematic Mixed Fund Islamic Global Equity Index Fund	94.32%
2.	Shariah compliant money market instruments and/or Cash	5.68%

Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund~	0.94%	2.75%	14.06%	N/A	N/A	13.46%
Benchmark*	2.49%	3.37%	22.84%	N/A	N/A	21.42%
Excess	-1.55%	-0.62%	-8.79%	N/A	N/A	-7.97%

~ *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.*

* *65.0% Dow Jones Islamic Market World Total Return Index + 35.0% Dow Jones Sukuk Index (Source: Bloomberg)*

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

Market Review

Global equities gained in the final quarter of the year as financial conditions improved. This was largely driven by consensus expectations of central banks moving away from tighter monetary policies in 2024 with continued evidence of disinflation occurring across developed markets. The MSCI AC World Index rose +11.0% while the DJIM World Index rebounded +11.4%. US equities also returned positively in Q4 with the S&P 500 advancing +11.7%. The prevailing soft-landing narrative supported by moderating economic activity and receding inflation saw the US Federal Reserve ("Fed") soften their previously hawkish tone around future monetary policy. This sent treasury yields sharply lower, providing a favourable backdrop for the broad-based rally in equities to continue. MSCI Europe increased +11.3% over the quarter, supported by falling yields as investors grew increasingly skeptical over the longevity of the current hawkish monetary policy adopted by the European Central Bank ("ECB"). Amid softening inflation, projected weaker economic growth and slowing manufacturing numbers, the ECB also left interest rates unchanged.

Japan equities closed higher with the Topix up +8.2% despite significant Yen volatility. Shares were buoyed by anticipation that the Bank of Japan (BoJ) would maintain its highly accommodative interest rate policy until there is evidence of sustainable wage and price growth. MSCI Asia Pacific ex-Japan traded up +7.8% as hopes that US interest rates may have peaked led to renewed investor appetite for risk assets across the region. All markets ended the quarter in positive territory apart from China. MSCI China fell -4.2% due to concerns over weaker economic growth and potential regulatory risk. Taiwan, South Korea, and India were the strongest markets over the quarter. Overall, Emerging Markets ("EM") equities also increased +7.9%, although this was a little behind their developed market counterparts. Despite the pressure early in the quarter due to rising bond yields and conflicts in the Middle East, signs of a soft landing for the US economy and increased expectations for interest rate cuts in 2024 drove risk sentiment and EM equities higher.

Within fixed income, both high yield and investment grade corporate bond markets staged impressive rallies, with a change in direction for monetary policy being the major driver of positive bond market performance. While the US Federal Reserve ("Fed") held interest rates steady throughout the quarter, the committee signaled a clearly dovish turn in December 2023, which reinvigorated the market rally. With growing expectations for rate cuts, 10-year government bond yields fell across the board. The US 10-year Treasury fell from 4.57% at the end of Q3 to 3.88% at the end of Q4. Sukuks were up +4.2% over the quarter.

Commodities declined -5.9% with price gains for precious metals and industrial metals failing to offset weaker prices for agriculture, energy, and livestock. Energy was the worst performing component due to concerns over the fragility of The Organization of the Petroleum Exporting Countries ("OPEC+") production agreements and the rising crude production from non-OPEC+ nations including the US. Gold saw robust gains of +11.6% as investors flocked to the safe haven asset amidst expectations of future rate cuts and rising geopolitical uncertainty. Within currencies, the US dollar ("USD") weakened -4.6% (as measured by the DXY index) while the Malaysian ringgit ("MYR") appreciated +2.2% against the greenback over the quarter.

Market Outlook

2023 turned out to be a much better year than expected. No doubt there were wobbles along the way such as the stress in the US banking sector around the first quarter. However, investor sentiment improved through the year as a peak in interest rates was coming into view. In December 2023, the US Federal Reserve ("Fed") emphatically agreed by declaring victory on inflation, flagging no more rate hikes and cuts of 75 basis points ("bps") in 2024. Forecasting inflation falling towards 2% by the end of 2024, Fed Chairman Jerome Powell indicated a switch in the policy focus from higher inflation to potentially weaker growth.

After the strong rally in markets into year end, valuations look a bit stretched across asset classes. The underlying manager's base case is still for a soft landing in the US but this is now very much reflected in the level of equities, credit spreads and the extent of rate cuts priced into the bond market. The Underlying manager need the pack of cards to be reshuffled to provide fresh opportunities. Consequently, the underlying manager have downgraded our view on equities and bonds from positive to neutral.

Looking at the front end of the US yield curve, market participants are still itching to price a Fed pivot. The underlying manager's Economics Team forecasts three rate cuts this year starting in June 2024, which is more hawkish than market consensus, given the backdrop of high levels of employment. Although inflation continues to move in the right direction and wage growth has peaked, it feels premature for the Fed to start cutting in March 2024. For now, the underlying manager is comfortable with the current position in fixed income. The underlying manager's allocations now have a shorter maturity profile than previous months, meaning they are less sensitive to potential increases in yields.

The underlying manager continue to see signs of a manufacturing recovery and are positioned for this via long positions in Korea and Taiwan equities. In Europe, the underlying manager is negative at the start of Q4 predicated on high inflation and the decline in manufacturing. The underlying manager has since upgraded their view on the region and trimmed our underweight as the economic data has started to surprise to the upside. Furthermore, cheap valuations resulting from excessive pessimism mean Europe is less likely to underperform other markets.

In commodities, they are neutral as growth slows. While the underlying manager still believe that commodities can act as a valuable hedge against shocks, they have performed far better than expected in today's high interest rate environment and look vulnerable at current levels. Lastly, in currencies, the underlying manager has upgraded their view on the US Dollar ("USD") to cover the risk of the Fed delaying the first rate cut and hence, disappoint the market's excessive rate cut expectations.

In conclusion, rates are reaching a plateau and we expect growth to soften in the next few months. The strong move in markets in recent weeks leaves us neutral as we start 2024. The underlying manager remain cognisant of restrictive monetary policies, slowing growth and geopolitical tensions. However, despite all these, as a long-term, disciplined investor, backed by a tried and tested investment process, the underlying manager is optimistic that such short-term headwinds can be a source of opportunities due to the mispricing they generate.