



Jun 2023

## MONTHLY FUND PERFORMANCE UPDATE AIA ASIA PLATINUM FUND

### Investment Objective

By investing in equity and equity-related securities of companies in three regional markets i.e. Greater China, India and Japan, this Fund is aimed at providing long-term capital growth. From time to time, this Fund may invest in global Emerging Markets' securities in times of adverse investment climate in any of these three regional markets. The investment in global Emerging Markets will be allocated across markets which include but are not limited to Central & Eastern Europe, Southeast Asia, Latin America and Africa.

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

### Fund Details

Unit NAV (30 Jun 2023)	: RM 1.39889
Fund Size (30 Jun 2023)	: RM 770.622 million
Fund Currency	: Ringgit Malaysia
Fund Inception	: 29 May 2006
Offer Price at Inception	: RM 0.50
Fund Management Charge	: 1.50% p.a.
Investment Manager	: AIA Bhd.
Fund Type	: Fund-of-Funds
Basis of Unit Valuation	: Net Asset Value
Frequency of Unit Valuation	: Daily

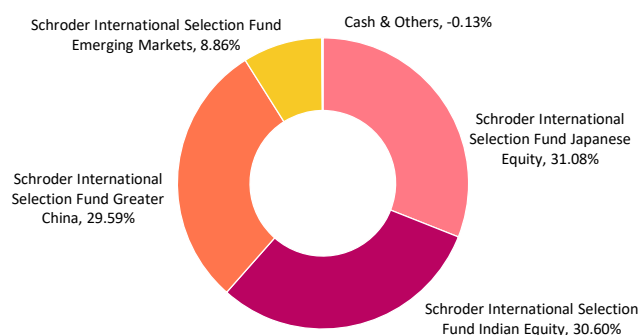
### Underlying Fund Details

Name	: Schroder International Selection Fund Indian Equity Schroder International Selection Fund Japanese Equity Schroder International Selection Fund Greater China Schroder International Selection Fund Emerging Markets
Investment Manager	: Schroder International

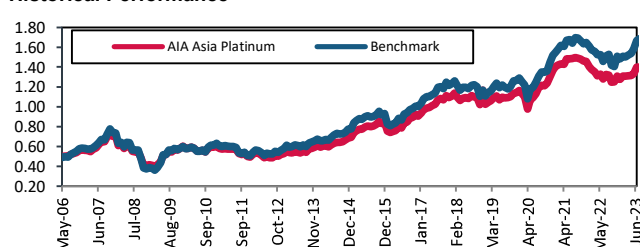
### Top Fund Holdings

1	Schroder International Selection Fund Japanese Equity	31.08%
2	Schroder International Selection Fund Indian Equity	30.60%
3	Schroder International Selection Fund Greater China	29.59%
4	Schroder International Selection Fund Emerging Markets	8.86%

### Fund Allocation



### Historical Performance



### Historical Performance (cont'd)

Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund~	4.74%	9.54%	9.17%	23.65%	29.03%	179.78%
Benchmark*	5.11%	12.41%	14.31%	33.95%	41.09%	233.83%
Excess	-0.37%	-2.87%	-5.14%	-10.30%	-12.06%	-54.05%

~ 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.

\* 30% MSCI AC Golden Dragon DTR Net + 30% MSCI India DTR Net + 30% Tokyo Stock Exchange First Section TR Index + 10% MSCI Emerging Market DTR Net (Source: Bloomberg)

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

### Market Review

China was notably weak over Q2 2023. Concerns over China's anemic economic recovery was a key factor behind the weakness. The Hong Kong market followed Chinese equities downwards, while Taiwan produced a positive return, driven by the technology sector. The strong momentum for Japanese shares accelerated in June 2023 and the Tokyo Stock Price Index ("TOPIX") Total Return index rose further by 7.5% in local terms. The Japanese yen ("JPY") weakness also continued, and it hit the levels of JPY188 and JPY144 against the British pound ("GBP") and the US dollar ("USD") respectively, which pulled down foreign currency denominated returns from the Japanese equity market. The market hit the highest level in 33 years with the Nikkei reaching to JPY33,700. That has partly been driven by continuous buying from foreign investors since April 2023. In addition, the gains have come amid ongoing expectations of corporate governance reforms and structural shifts in the Japanese macro economy. The JPY weakness and strength in the US market further supported a risk-on mode in the Japanese equity market. MSCI India delivered 4.7% return for June 2023 buoyed by the strong inflows from foreign investors and continued flows from domestic investors. The foreign investors have bought USD9.2 billion worth of Indian equities this calendar year after outflows of USD16.5 billion in 2022. All sectors delivered positive returns with domestic oriented sectors like healthcare, real estate and industrials leading the pack. Emerging market ("EM") equities posted a positive return in June 2023, but underperformed developed world markets ("DM"). Brazil was the strongest performer as inflation continued to fall, raising expectations that the central bank will soon cut rates. Stronger-than-forecast Gross Domestic Product ("GDP") data for Q1 2023 also boosted sentiment. Poland posted double-digit returns (in USD terms) in June 2023, as did Colombia and Peru. Greece rallied as the results of the second round of the general election confirmed the New Democracy party's victory. South Africa, Mexico and India were also ahead of the index. Turkey suffered the biggest decline, as the central bank raised interest rates to 15% from 8.5% while Taiwan and South Korea both underperformed.

### Market Outlook

Activity in China continues to normalise after multiple policy pivots, in particular the exit from the 'zero-COVID' policy and more support for housing. Furthermore, policymakers continued to reiterate their pro-business stance, with the aim of restoring confidence in the private sector. Despite these positive developments, the China market has consolidated recently as investors have taken profits and waited for earnings to justify any further re-rating. However, the recovery trajectory may take longer than expected. In addition, markets are still heavily influenced by geopolitical tensions. It is still very early days in the post-COVID recovery cycle, and the Underlying Manager remains optimistic that consumption, and hence corporate profitability, can continue to improve as business picks up. Market valuations have now pulled back to slightly below longer-term average levels. To see a renewed rally from here, a sustained pick-up in Chinese consumer demand and a broadening out of the recovery is imperative. In Taiwan, while there is a chance of the technology cycle recovering this year, the Underlying Manager is conscious that market expectations are too optimistic, and valuations are running ahead of fundamentals. The Underlying Manager remains cautious on the industry outlook and will only consider raising its allocation in technology should the Underlying Manager see clearer signs of a recovery.

In India, given the potential risk of global economic slowdown, portfolio positioning remains in favour of domestic oriented companies with the Underlying Fund maintaining its largest overweight position in the Financial sector. The Underlying Fund continues to maintain an underweight position in global cyclical sectors like Commodities and IT services. The other overweight sectors for the Underlying Fund are in the areas of domestic investment, defence, utilities and healthcare related sectors. Indian companies in the Nifty index reported 11% earnings growth in the financial year ("FY") ending March 2023 which was largely in line with expectations. Consensus expects 14% earnings growth for FY2024 (ending as of March 2024) which appears reasonable. Nifty Index after recent gains is trading at price-to-book ("P/B") ratio of 3.1x and a price to earnings ("P/E") ratio multiple of 20x based on FY2024, higher than the historic averages. Foreign liquidity is rotating back into India supported by long term structural growth outlook for investment and consumption growth. The Underlying Manager will be using periods of market weakness for entry opportunities in select areas of domestic economy.

Japan's macro outlook has been supported by positive outcomes of various economic measures including wage growth, business sentiment, and capex projections. While risk of US and global recession remains, domestic demands are expected to boost the Japanese economy. Inbound tourism is also on the track of recovery and consumptions by tourists are sharply picking up. This all provides solid base for earnings growth of domestic oriented companies.

Aggregate EM valuations are reasonably attractive at current levels. On a forward P/E basis, EM equities are slightly above the historical median since 1995, while they are close to the historical median on a P/B basis, and notably cheap on a dividend-yield basis. EM yields and currencies in general are broadly at attractive levels. The extent of a US slowdown remains a key source of uncertainty. Geopolitics is an ongoing risk, especially with the US-China tensions and the conflict in Ukraine.



**Lipper Leader Fund for:**

1. Preservation

Lipper uses a ranking system of 1 to 5. A ranking of 5 means the fund is in the top 20% of funds in that category while a ranking of 1 means the fund is in the bottom 20%. Source: [www.lipperleaders.com](http://www.lipperleaders.com)