



September 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, South East Asia, Latin America and Africa.

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

### Fund Details

Unit NAV (30 Sep 2023)	: RM 1.37616
Fund Size (30 Sep 2023)	: RM 774.153 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

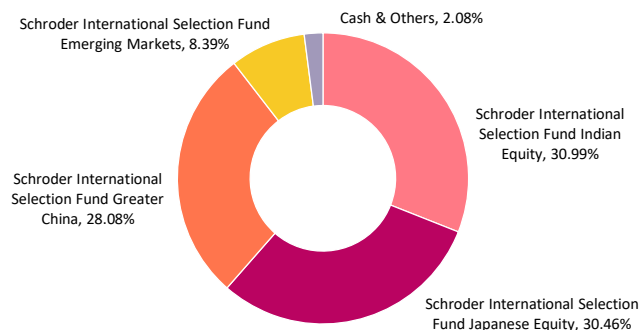
### Underlying Fund Details

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

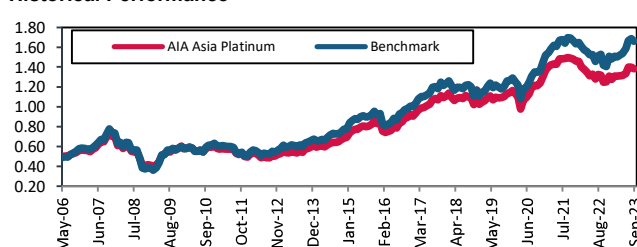
### Top Fund Holdings

1	Schroder International Selection Fund Indian Equity	30.99%
2	Schroder International Selection Fund Japanese Equity	30.46%
3	Schroder International Selection Fund Greater China	28.08%
4	Schroder International Selection Fund Emerging Markets	8.39%

### Fund Allocation



### Historical Performance



### Historical Performance (cont'd)

Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund~	-0.46%	4.77%	10.28%	13.48%	25.65%	175.23%
Benchmark*	-0.17%	9.16%	16.92%	23.37%	37.98%	232.22%
Excess	-0.29%	-4.39%	-6.64%	-9.89%	-12.33%	-56.98%

~ 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

Chinese stocks fell in September 2023, although they outperformed emerging and developed markets in aggregate, over the quarter. Concerns about the economy and the country's property sector caused the market to decline. Hong Kong and Taiwan equities performed poorly, and significantly underperformed China.

The Japanese equity market experienced sideways movement in September 2023, with the TOPIX Total Return index only increasing by 0.5% in local terms. The TOPIX Price return, excluding dividends, actually decreased by -0.4%, but the total return was boosted by dividend payouts. The Nikkei 225 declined for three consecutive months. The weakening of the Japanese yen ("JPY") has somewhat stabilized.

The MSCI India gained 1.7% in the month and outperformed the regional market, with small and mid-cap equities outperforming the large cap segment of the market. Utilities and communication were amongst the key outperformers, while energy and materials lagged. Foreign investor flows reversed their buying trend in September 2023 and recorded net outflows.

Emerging market (EM) equities fell in September 2023, although by less than developed markets. Against a backdrop of deteriorating risk-off sentiment, the US dollar ("USD") strengthened and US bond yields rose, and the combination weighed on EM.

Greece, Poland and Thailand posted the biggest losses, with currency weakness amplifying the falls. In Poland, political uncertainty ahead of October 2023's parliamentary elections prompted an unexpected interest rate cut that was poorly received.

Mexico and Korea fell and underperformed the index. Taiwan registered a negative return, led lower by poor performance in the information technology sector. China only marginally underperformed as macroeconomic data released during the month was more positive than expected. India rose as the economic outlook remained relatively robust and inflation eased in August 2023. The UAE, Turkey, and to a lesser degree Brazil, gained too.

### Market Outlook

The Underlying Manager shares many of the market's concerns about the structural headwinds China faces – the financial viability of the property sector, weak consumer confidence, ongoing US-China tensions and local-government debt issues. However, the Underlying Manager believes there is room for the authorities to surprise positively with well-coordinated policy support for the economy. Additionally, better-managed businesses with stronger franchises can still deliver growth, despite a slower Gross Domestic Product ("GDP") backdrop. The macroeconomic risks in China seem to be well priced in as share prices are not far off levels seen last year in the depths of the Covid restrictions when the outlook was far more uncertain. Given this mismatch in valuations against fundamentals and current low expectations, the Underlying Manager continues to see attractive opportunities on a bottom-up basis.

In Taiwan, the market has delivered strong returns recently on optimism about the technology cycle bottoming out and enthusiasm over the AI theme. Despite the Underlying Manager's constructive view on the Taiwanese semiconductor sector in the medium-to-long term, the Underlying Manager believes the market may have overdelivered and could consolidate as valuations are highly elevated.

After a stagnant period in the market during the summer, investors are cautiously assessing the potential of Japanese companies. The revision index remains positive, and the Underlying Manager expects solid earnings progress towards the year-end and next year. Japanese yen ("JPY") weakness certainly provides support, and the Underlying Manager anticipates growth in domestic demand from both consumption and corporate spending.

In the short term, however, resilient inflation may slow down consumption as wage growth remains sluggish. Real-term wage growth remains negative, and consumer sentiment has weakened, as indicated by the recent economy watcher survey. On the other hand, inbound tourism continues to grow, and the number of visitors to Japan has recovered to 85.6% of pre-Covid levels in August 2023. Chinese tourists, however, have not recovered significantly, suggesting there is still greater potential in this area. The current market valuation remains fair or modestly cheaper, with a Price-to-Earnings ("P/E") ratio below 14x. The market tends to be somewhat fragile due to external risks from the US or China. However, in the event of further market correction in Japan, the Underlying Manager is expecting higher upside given the structural shifts that are actually taking place, namely corporate governance and inflation.

Excess rains in India pushed up food prices and remained at elevated levels of 6.8% in August 2023, compared to 4.8% in June 2023. However, core inflation (excluding food and energy) stayed steady at above 5%. The Reserve Bank of India (RBI) kept the repo rate at 6.5% in its August 2023 policy meeting in this environment of gradually recovering consumption and steady core inflation. India's current account deficit (CAD) expanded to 1.1% of GDP in the quarter to 30 June 2023 from 0.2% in the previous quarter on slowing exports of goods and services. With recent strength in oil prices, CAD is likely to widen in the near term. However, overall, the balance of payments for the year is likely to remain in surplus on the back of strong capital flows thus far.

Portfolio positioning remains in favour of domestic oriented companies with the fund maintaining its largest overweight position in the financial sector. The other overweight sectors for the fund are in the areas of domestic investment, defence, utilities, select autos and healthcare related sectors. The fund continues to maintain an underweight position in global cyclical sectors such as commodities and information technology services given the weak global economic outlook.

Consensus expectation are for 13%-15% earnings growth for Fiscal Year ("FY") 24 (March 2024) as well as FY 25, which appears reasonable. After recent gains, the Nifty Index is trading at a price/book ("P/B") ratio of 3.2x and a P/E multiple of 21x based on FY24. This is higher than the historic averages. After strong inflows for the past six months, September 2023 saw a foreign investor outflow of USD 2.2 billion. Flows into domestic funds remain strong, especially in the small and mid-cap strategies, as reflected by the strong performance of these stocks this year. The Underlying Manager will be using periods of market weakness for entry opportunities in select areas of the domestic economy.

Sentiment towards Emerging Market ("EM") has dimmed in the past month, but there are various positive drivers as the Underlying Manager moves towards 2024. Firstly, there is a question as to whether pessimism towards China is overdue. The Underlying Manager expects growth to remain muted, but the authorities have policy flexibility to provide necessary support.

Furthermore, early stage monetary policy easing is underway in Brazil and Chile, with other Latin American central banks expected to follow as disinflation comes through. From a risk perspective, the Underlying Manager is cognisant that a US soft landing is increasingly consensus, raising downside risks in markets. Chinese policy remains uncertain, while geopolitical tensions with the US continue to be elevated. Inflation risks are another area to monitor.

While sentiment is broadly negative, valuations are cheap on a range of metrics, with the exception of India, and on certain measures, South Korea. EM yields and currencies are in general at broadly attractive levels.



### 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)