



Aug 2023

## MONTHLY FUND PERFORMANCE UPDATE AIA DANA BON

### Investment Objective

The primary goal of this Fund is to provide a steady stream of income returns through investments in Islamic fixed income securities and Islamic money market instruments. 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.

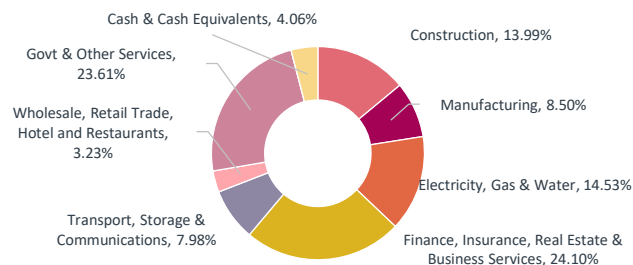
### Fund Details

|                             |                      |
|-----------------------------|----------------------|
| Unit NAV (31 Aug 2023)      | : RM 0.94455         |
| Fund Size (31 Aug 2023)     | : RM 295.367 million |
| Fund Currency               | : Ringgit Malaysia   |
| Fund Inception              | : 22 July 2008       |
| Offer Price at Inception    | : RM0.50             |
| Fund Management Charge      | : 0.50% p.a.         |
| Investment Manager          | : AIA Bhd.           |
| Basis of Unit Valuation     | : Net Asset Value    |
| Frequency of Unit Valuation | : Daily              |

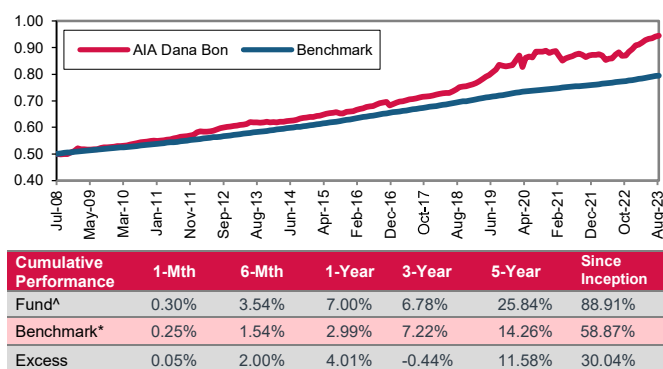
### Top Holdings

|   |                                |        |
|---|--------------------------------|--------|
| 1 | MALAYSIA GOVERNMENT SECURITIES | 17.04% |
| 2 | TNB POWER GENERATION SDN BHD   | 7.23%  |
| 3 | YINSON HOLDINGS BHD            | 6.77%  |
| 4 | JOHOR CORP                     | 6.57%  |
| 5 | DANAINFRA NASIONAL BHD         | 5.20%  |

### Sector Allocation



### Historical Performance



<sup>^</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.

\* 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") traded mixed in August 2023. Short-end yields moved lower amidst optimism that Bank Negara Malaysia ("BNM") will keep the Overnight Policy Rate ("OPR") on hold for the rest of 2023. On the long end of the curve, yields moved higher, weighed by weakness in US Treasuries ("UST") and pressured by increased primary supply of long-dated bonds during the month. The earlier part of the month saw some decent demand by local investors, especially after the conclusion of the state elections, as yields moved 2 to 3 bps lower across the curve. However, sentiment deteriorated in the final 2 weeks of the month, as UST Treasury yields soared to 15-year highs. The UST Treasury market was burdened by large primary supply and investors also began to price in the potential for more hikes by the US Federal Reserve ("Fed") after data releases indicated that the services sector and labour market remains robust. There was also caution among global investors leading up to the annual Jackson Hole symposium at the end of August 2023 where Fed Chairman, Jerome Powell and other global central bank leaders were scheduled to speak. On the currency front, Malaysian Ringgit ("MYR") weakened against the US Dollar ("USD") by 2.92% to close at 4.6385. GII levels as of end-August 2023 were: 3Y at 3.47% (-3 bps), 5Y at 3.62% (-3bps), 7Y at 3.79% (-1 bp), 10Y at 3.87% (unchanged), 15Y at 4.01% (+2 bp), 20Y at 4.22% (+4 bps) and 30Y at 4.35% (+7 bps).

Foreign net inflows continued for the 7th successive month in July 2023, accelerating to MYR11.3 billion (June 2023: +MYR5.2 billion). Foreign holdings in Malaysia Government Securities ("MGS") and GII inched up to 24.2% in July 2023 (June 2023: 23.4%).

There were two government securities auctions during the month: 30Y GII 5/52 auction with a tender size of MYR3.0 billion and an additional private placement of MYR2.0 billion drew a bid-to-cover ("BTC") ratio of 2.557x at an average yield of 4.362% and 20Y GII 9/43 auction with a tender size of MYR3.0 billion and an additional private placement of MYR2.0 billion drew a BTC ratio of 1.992x at an average yield of 4.285%.

Malaysia's 2Q2023 GDP growth decelerated to +2.9% Year-on-Year ("YoY") (1Q2023: +5.6% YoY), driven by high base effects and weakness in the mining sector and lower agricultural production. Malaysia's industrial production index declined 2.2% YoY in June 2023 (May 2023: +4.7% YoY) as export-oriented sectors recorded declines amidst weaker external demand. Malaysia's unemployment rate declined to 3.4% in June 2023 (May 2023: 3.5%). BNM's foreign reserves decreased to USD112.2 billion as of 15 August 2023 (31 July 2023: USD112.9 billion), sufficient to finance 5.21 months of imports of goods and services and is 1.0x of short-term external debt. Malaysia's exports declined by 13.1% YoY in July 23 (June 2023: -14.1% YoY) on lower exports of manufactured goods such as petroleum products, palm oil-based manufactured products, chemicals & chemicals product, as well as lower exports of agricultural and mining goods. Imports decelerated by 15.9% YoY (June 2023: -18.9% YoY) due to the fall in imports of intermediate goods, consumption goods and capital goods. The trade surplus narrowed to MYR17.09 billion (June 2023: +MYR25.8 billion). Malaysia's headline CPI for July 2023 decelerated further to 2.0% YoY (June 2023: 2.4% YoY). Deceleration was driven by the slower increases in restaurants and hotels, food and non-alcoholic beverages and health and education components.

On the primary corporate space, notable issuances included MYR1.4 billion YTL Power IMTN, MYR1.07 billion Cagamas IMTN and MYR550 million Eco World Capital Bhd IMTN. There was one rating revision in August 2023. RAM downgraded the rating on Country Garden Real Estate Berhad's IMTN programme to BBB3IS from AA3IS, reflecting the same rating action taken in respect of the parent company, China-based developer, Country Garden Holdings Company Limited's missed payment of coupons on its USD bonds. There were also a number of issuers put on rating watch in August 2023. RAM put Kuala Lumpur Kepong Berhad and Batu Kawan Berhad on negative rating watch due to the recent announcement of the strategic collaboration agreement between Kuala Lumpur Kepong Berhad with Boustead Holdings Berhad and Lembaga Tabung Angkatan Tentera. RAM also put Telekosang Hydro One Sendirian Berhad on negative rating watch due to the concerns over the Issuer's deteriorating liquidity position and potential breaches in meeting selected covenants. MARC Ratings put ANIH Berhad on negative rating watch to reflect the uncertainties that arose from the new supplemental concession agreement between ANIH and the government, including potential for an event of default being called due to ANIH not obtaining prior consent from sukuk holders to sign the agreement.

### 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.

This document is for informational use only. Investments are subject to investment risks including the possible loss of the principal amount invested. The value of the units may fall as well as rise. Past performance of the fund is not an indication of its future performance. This is not a pure investment product such as unit trust and please evaluate the options carefully and satisfy that the Investment-Linked Insurance / Takaful plan chosen meets your risk appetite. Please refer to the Fund Fact Sheet for more information about the fund.