



October 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.

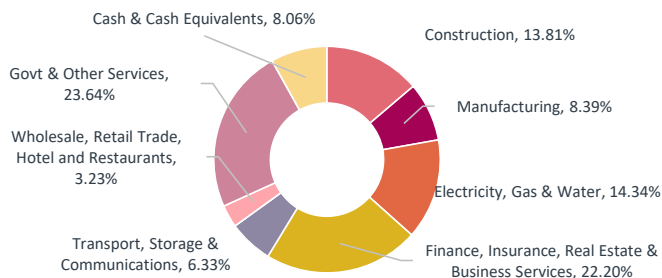
Fund Details

Unit NAV (31 Oct 2023)	: RM 0.93479
Fund Size (31 Oct 2023)	: RM 293.634 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

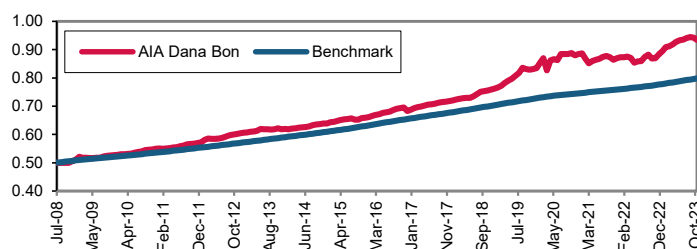
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	17.68%
2	TNB POWER GENERATION SDN BHD	7.01%
3	YINSON HOLDINGS BHD	6.80%
4	JOHOR CORP	5.97%
5	SARAWAK PETCHEM SDN BHD	4.78%

Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund [^]	-0.85%	0.77%	7.44%	5.31%	23.68%	86.96%
Benchmark [*]	0.25%	1.54%	3.03%	7.40%	14.14%	59.65%
Excess	-1.10%	-0.77%	4.41%	-2.09%	9.54%	27.30%

[^] 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

The Government Investment Issues ("GII") yield curve shifted higher during the month in tandem with the surge in US treasury ("UST") yields following strong labour market data releases in the US which continued to support the "higher for longer" rates narrative. Locally, sentiment was also weighed down by concerns on potentially higher government sukuk supply in 4Q23. However, the sukuk market sell-off was partially cushioned by rising geopolitical risks in the Middle East which sparked a flight to safe haven assets as well as the emergence of more dovish narrative from US Federal Reserve ("Fed") officials indicating that the higher UST yields could reduce the need for further rate hikes. On the currency front, Malaysian ringgit ("MYR") weakened against the US dollar ("USD") by 1.45% to end the month at 4.7632. GII levels as of end-October 2023 were: 3Y at 3.68% (+11 bps), 5Y at 3.85% (+6 bp), 7Y at 4.06% (+19 bp), 10Y at 4.08% (+9 bp), 15Y at 4.23% (+11 bp), 20Y at 4.42% (+10 bps) and 30Y at 4.63% (+16 bps).

Fixed income foreign flows recorded the second consecutive month of outflow in September 2023 at MYR4.4 billion (August 2023: -MYR5.0 billion). Foreign holdings in Malaysian Government Securities ("MGS") and GII fell to 23.1% in September 2023 (August 2023: 23.4%).

There was one government security auction during the month: 10Y GII 8/33 reopening auction with a tender size of MYR5.5 billion drew a bid-to-cover ("BTC") ratio of 2.733x at an average yield of 4.093%.

On the economic data front, Malaysia's foreign reserves declined further by USD1.2 billion to USD108.9 billion as of 13 October 2023 (29 September 2023: USD110.1 billion). The reserves are sufficient to finance 5.1 months of retained imports and 1.0x of short-term external debt. Malaysia's exports continued to contract 13.7% Year-on-Year ("YoY") in September 2023 (August 2023: -18.6% YoY), driven by a dip across the Mining, Agriculture and Manufacturing sectors. Meanwhile, imports also declined 11.1% YoY (August 2023: -21.2% YoY) on the back of lower imports of consumption, intermediate and capital goods. Trade balance widened to MYR24.5 billion (August 2023: MYR17.3 billion). Separately, Malaysia's headline inflation edged lower to 1.9% YoY in September 2023 (August 2023: +2.0% YoY) primarily due to a continued moderation in the prices for Food & Non-Alcoholic beverages, Transport, Health, Recreation Services & Culture, Education and Restaurants & Hotels. Core inflation was unchanged at 2.5% YoY (August 2023: +2.5% YoY). Malaysia's industrial production for August 2023 dipped 0.3% YoY (July 2023: +0.7% YoY). The decline was attributable to the drop in the manufacturing sector, which offset the growth in the mining and electricity sectors. Malaysia's Gross Domestic Product ("GDP") in 3Q23 grew by 3.3% YoY according to advanced projections by the Department of Statistics Malaysia ("DOSM"). Separately, Malaysia's budget for 2024 was tabled during the month. The budget targets a fiscal deficit of 4.3% of GDP for 2024 (2023: 5.0%), a GDP growth target of 4.0%-5.0%, and an inflation rate of between 2.1% to 3.6%. A targeted approach to subsidies was also announced and will be implemented in phases, starting with chicken, eggs, electricity and diesel. Among the other measures announced to broaden Malaysia's revenue base included an increase in the sales and service tax ("SST") from the current 6% to 8%, a capital gains tax on unlisted shares at a rate of 10% as well as a luxury goods tax of 5% to 10%.

On the primary corporate sukuk space, notable issuances included MYR3.47 billion Cagamas IMTN, MYR1.0 billion Affin Islamic Bank IMTN, MYR1.0 billion Imtiaz Sukuk II Berhad IMTN and MYR1.0 billion Pengurusan Air Selangor IMTN. In terms of rating revisions, the rating of Country Garden Real Estate Sdn Bhd's IMTN programme has been downgraded to B3 from BBB3 previously. The outlook on the rating remains negative. The outlook on the AA2 rating of AEON Co (M) Bhd's Islamic Commercial Papers/IMTN has also been revised to positive from stable.

Market Outlook

Although recent inflation readings and economic data from the US have shown signs of moderation, the US 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, Bank Negara Malaysia ("BNM") has kept the Overnight Policy Rate ("OPR") unchanged at its recent Monetary Policy Committee ("MPC") meeting. 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.