



## MONTHLY FUND PERFORMANCE UPDATE PB INCOME PLUS 2 FUND

### Investment Objective

The Fund seeks growth of capital and income through investment in a diversified portfolio of stocks, bonds and cash by investing in ringgit denominated government and corporate bonds and Malaysian equities.

This Fund will pay a fixed payout of 5 cents per unit per annum for first five (5) years of which 2.5 cents will be distributed semi-annually. However, in the event the income received from the underlying fund is insufficient to support the fixed payout, we have the discretion to liquidate a portion of the Fund's investment fund in order to meet the fixed payout requirement. Any payout will cause the Net Asset Value (NAV) to be adjusted accordingly and thus unit price will decrease.

In any event, if the NAV of the Fund drops to RM0.70 or lower where it is no longer capable of supporting further payouts, the fixed payout will cease. However, the fixed payout will resume when the NAV increases above RM0.70.

After five (5) years, the payout will be made annually if the Fund's NAV price is above RM1.00. The amount of payout declared, if any, may vary from year to year. The NAV will be adjusted accordingly upon each payout.

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

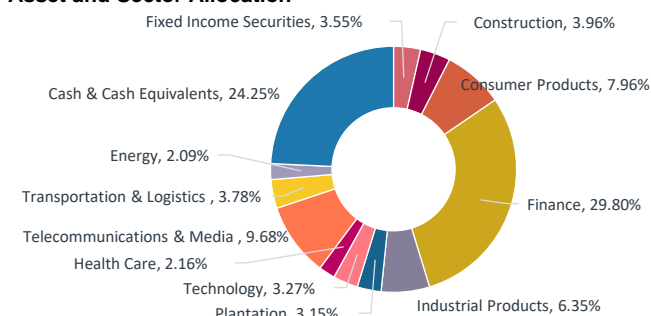
### Fund Details

Unit NAV (29 Jul 2022)	: RM 0.88280
Fund Size (29 Jul 2022)	: RM 28.045 million
Fund Currency	: Ringgit Malaysia
Fund Inception	: 20 October 2014
Offer Price at Inception	: RM0.95
Fund Management Charge	: 1.20% p.a
Investment Manager	: AIA Bhd.
Basis of Unit Valuation	: Net Asset Value
Frequency of Unit Valuation	: Daily

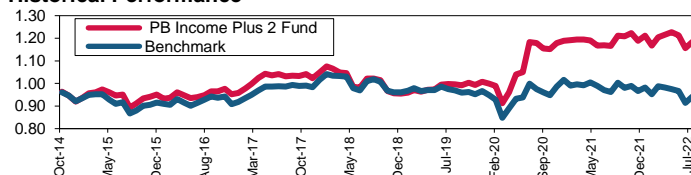
### Top Holdings

1	PUBLIC BANK BHD	8.46%
2	MALAYAN BANKING BHD	7.64%
3	RHB BANK BHD	3.64%
4	CIMB GROUP HOLDINGS BHD	3.60%
5	CIMB THAI BANK PCL	3.55%

### Asset and Sector Allocation



### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund <sup>a</sup>	2.25%	1.33%	1.43%	18.61%	14.67%	24.49%
Benchmark <sup>*</sup>	2.92%	-1.24%	-2.14%	-3.53%	-4.55%	-0.95%
Excess	-0.67%	2.57%	3.57%	22.14%	19.23%	25.44%

<sup>a</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.

<sup>\*</sup> 70% FBM 100 (Source: Bursa Malaysia) +30% MGS All Index (Source: RAM QuantShop @ www.quantshop.com)

Note: The total fund returns are inclusive of the payout, if applicable.

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

### Market Review

The FBMKLCI ("Index") rose 3.32% Month-on-Month ("MoM") to close at 1,492.23 pts on 29 July 2022. The Index outperformed the MSCI Asia Ex Japan Index, which fell by 0.65% MoM in Malaysia Ringgit ("MYR") terms over the same period. Foreign investors turned net buyers during the month while retailers and local institutional investors were net sellers. During the month, the key performers of the Index were Maxis Bhd (+11.2%), Sime Darby Bhd (+9.9%), Inari Amertron Bhd (+8.3%), Telekom Malaysia Bhd (+8.2%) and Mr DIY (+7.3%), while key detractors were Hartalega (-10.5%), Top Glove (-7.2%) and Petronas Chemical (-1.3%). All sectors ended higher, led by Technology (+8.3%), Telecommunications (+5.3%) and Consumer Products & Services (+4.5%), except Health Care (-4.0%). Major news during the month included Bank Negara Malaysia ("BNM") announcing the 25bps hike in the Overnight Policy Rate ("OPR") on 6 July 2022, Gamuda had been awarded the MYR2 billion Sg Rasau Water Supply Scheme contract, and the resolution to the temporary freeze in foreign workers from Indonesia at the end of July.

Malaysian Government Securities ("MGS") yield curve bull flattened during the month as markets are beginning to price in the probability of a global recession amid stubbornly high inflationary pressures coupled with slower global growth momentum. On a measured and gradual manner, BNM introduced another 25bps hike in the OPR to bring OPR to 2.25% from 2.00% at the Monetary Policy Committee ("MPC") meeting. Meanwhile, the US Federal Reserve ("Fed") continued to hike another 75bps at the July Federal Open Market Committee ("FOMC") meeting. On the currency front, the MYR weakened by 1.11% against the US dollar ("USD") to end the month at MYR4.4523. MGS levels as of end-July 2022 were: 3Y at 3.49% (-1 bps), 5Y at 3.69% (-27 bps), 7Y at 3.84% (-37 bps), 10Y at 3.89% (-37 bps), 15Y at 4.22% (-41 bps), 20Y at 4.40% (-25 bps) and 30Y at 4.56% (-39 bps).

There were three government securities auctions during the month: 10Y Government Investment Issue ("GII") 10/32 reopening auction with a tender size of MYR3.5 billion and private placement of MYR2.5 billion recorded a bid-to-cover ("BTC") ratio of 3.105x at an average yield of 4.117%, 20Y MGS 10/42 reopening auction with a tender size of MYR2.5 billion and private placement of MYR2.5 billion recorded a BTC of 2.656x at an average yield of 4.598% and 7Y GII 7/29 reopening auction with a tender size of MYR4.5 billion recorded a BTC ratio of 2.403x at an average yield of 3.917%.

Foreign funds turned net sellers with MYR4.1 billion outflows in June 2022 (May 2022: MYR0.5 billion) amid global risk-off sentiment and continued USD strength. Overall, foreign holdings in MGS and GII eased further to 23.9% (May 2022: 24.7%).

On the economic data front, Malaysia's foreign reserves fell to USD107 billion as of 15 July 2022 (30 June 2022: USD109 billion). The reserves are sufficient to sustain 5.7 months of retained imports and 1.1x of short-term external debt. Malaysia's exports grew 38.8% Year-on-Year ("YoY") in June 2022 (May 2022: 30.4% YoY). The growth was mainly driven by electrical & electronic products, petroleum products and machinery, appliances & parts product. Meanwhile, imports grew 49.3% YoY (May 2022: 37.3% YoY), on the back of an increase in consumption, intermediate and capital goods. As a result, trade balance widened to MYR21.9 billion (May 2022: MYR12.7 billion). Separately, Malaysia's headline inflation continued to accelerate at 3.4% YoY in June 2022 (May 2022: 2.8% YoY). The increase in prices was led by food & non-alcoholic beverages, transport, and restaurants & hotels. Core Consumer Price Index ("CPI") rose for the ninth consecutive month at 3.0% YoY in June 2022 (May 2022: 2.4% YoY), affirming continued recovery in domestic demand. Meanwhile, Malaysia's industrial production index moderated to 4.1% YoY in May 2022 (April 2022: 4.6% YoY). Both the manufacturing and electricity indices increased, partially offset by a decline in the mining sector.

On the primary corporate bond space, notable issuances included MYR4.0 billion Sarawak Petchem Sdn Bhd IMTN, MYR1.4 billion Cagamas Bhd MTN, MYR900 million Pengurusan Air Selangor Sdn Bhd IMTN, MYR500 million Public Islamic Bank Bhd IMTN, MYR500 million Affin Bank Bhd MTN, amongst others.

There was one credit rating upgrade in July 2022. The ratings of Tranche 2 Structured Covered Sukuk issued under MBSB Bank Berhad's MYR2.295 billion Structured Covered Sukuk Murabahah Programme was upgraded to AAA from AA1. The ratings outlook is stable.

### Market Outlook

Most global central banks have started to hike policy rates with clear commitments to rein in inflationary expectations, leading to an environment of rising interest rates which continue to pressure the valuation for stocks and cap its upside in the near term. Ongoing geopolitical tension between Russia and Ukraine remains unabated with the European Union ("EU") now committing to restrict energy imports from Russia while sourcing for alternative supplies elsewhere with clear implications for global energy markets and supply chain. In addition, the recent Pelosi visit to Taiwan has resulted in the escalation of US / China tension. Globally, we see economic headwinds from recessionary fears in the US to a lack of stimulus momentum in China. Given China's commitment to its "zero-COVID" strategy and the growing domestic property crisis, China will unlikely achieve its Gross Domestic Product ("GDP") growth target. At the corporate earnings level, we expect some earnings revision in the near term to account for slowing topline and margin pressure. In the near term, we are of the view that equities remain volatile as investors continue to assess the US inflationary outlook and the risk of Fed overtightening. On the other hand, we are of the view that the recent retracement in equities has priced in some of the macro concerns. Domestically, the local market is supported by (1) recovery in corporate earnings from the reopening of the economy, and (2) Malaysia as a net commodity exporter is expected to benefit from high commodity price. We look for opportunities to build position on any weakness. Downside risks to the market could stem from Fed's over tightening of rates, deterioration and protracted global energy disruption, stagflation and new COVID-19 variants.

For Fixed Income, major central banks have inevitably reiterated its hawkish tone amid global recessionary concerns. Persistently high inflation pressures central banks to move forward with the tightening path despite material downgrades to growth forecast, reflecting the effects of sanctions and energy shocks. Domestically, BNM's policy measures should remain accommodative in the near term and the supply of sovereign bonds should be well absorbed by the market. Overall, the domestic financial system liquidity remains ample, which shall remain supportive of the bond market.



### Lipper Leader Fund for:

1. Total Return
2. Consistent Return

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