

## 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.

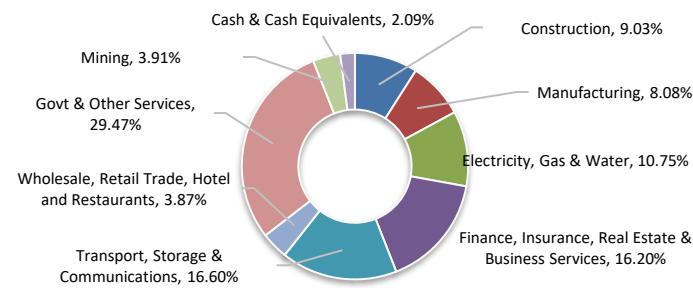
### Fund Details

Unit NAV (31 Jan 2021)	: RM 0.88700
Fund Size (31 Jan 2021)	: RM 258.392 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

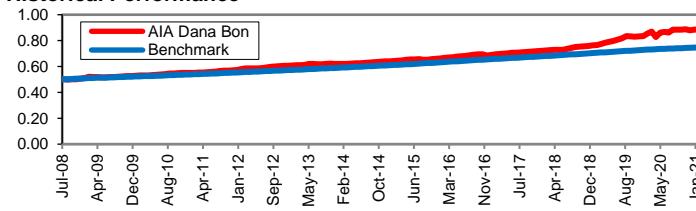
### Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	29.47%
2	PENANG PORT SDN BHD	5.89%
3	UMW HOLDINGS BHD	4.37%
4	DIALOG GROUP BHD	3.91%
5	EDRA SOLAR SDN BHD	3.87%

### Sector Allocation



### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund <sup>^</sup>	0.23%	0.28%	3.89%	22.58%	33.18%	77.40%
Index*	0.17%	0.99%	2.29%	9.71%	17.72%	49.39%
Excess	0.06%	-0.71%	1.60%	12.87%	15.46%	28.01%

<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 Issue ("GII") yield curve steepened during the month following Bank Negara Malaysia's ("BNM") decision to maintain the Overnight Policy Rate ("OPR") at 1.75% in the January Monetary Policy Committee meeting. The Movement Control Order ("MCO") and travel ban in several states in the country were reintroduced in order to stem the rise of record high daily COVID-19 cases. As such, the government announced an additional MYR15 billion worth of economic stimulus package ("PERMAI") to safeguard the welfare of the people and support business continuity. Furthermore, the King has consented declaring a state of emergency until 1st of August 2021 to curb the spread of COVID-19, or until the pandemic is brought under control in Malaysia, which effectively suspended Parliament with no elections to be held. Malaysian ringgit ("MYR") weakened by 0.49% against the greenback to end the month at MYR4.0400. GII levels as of end-January 2021 were: 3Y at 1.87% (-4 bps), 5Y at 2.20% (-5 bps), 7Y at 2.48% (-1 bps), 10Y at 2.74% (-4 bps), 15Y at 3.43% (+11 bps), 20Y at 3.60% (+5 bps) and 30Y at 4.06% (+14 bps).

There was one government security auction during the month. The new issue 15Y GII 7/36 auction with a tender size of MYR3 billion and private placement of MYR1.5 billion drew a robust BTC ratio of 2.917x at an average yield of 3.447%.

Foreign inflows into MYR debt securities ended the year strongly at MYR3.6 billion in December 2020 and a total inflow for 2020 amounted to MYR18.3 billion as emerging market risk-on sentiment on vaccine optimism continue to bode well for the Malaysian bond market. Foreign holdings in Malaysian Government Securities ("MGS") and GII increased marginally to 24.9% (November 2020: 24.6%).

On the economic data front, Malaysia's foreign reserves rose by USD0.2 billion to USD107.8 billion as of 15 January 2021 (30 December 2020: USD107.6 billion). The reserves are sufficient to sustain 8.7 months of retained imports and 1.2x of short-term external debt. Malaysia's exports expanded by a robust 10.8% Year-on-Year ("YoY") in December 2020 (November 2020: 4.3% YoY), mainly driven by stronger growth in Electrical & Electronics products, rubber products as well as palm oil and palm oil-based products. Meanwhile, imports rebounded to a growth of 1.6% YoY (November 2020: -9.0% YoY), on the back of an increase in consumption goods, partially offset by a decline in capital and intermediate goods. Consequently, trade balance widened to MYR20.7 billion (November 2020: MYR16.8 billion). Malaysia's Consumer Price Index ("CPI") continued to weaken by 1.4% YoY in December 2020 (November 2020: -1.7% YoY), on the back of a contraction in transport (-8.4% YoY), housing and utilities (-3.3% YoY), as well as clothing and footwear (-0.4% YoY) indices. For the full year 2020, Malaysia's CPI contracted 1.2% YoY. Separately, Malaysia's industrial production contracted 2.2% YoY in November 2020 (October 2020: -0.5%). The contraction was mainly due to a decline in mining (-15.4% YoY) and electricity (-2.5% YoY) indices, partially offset by an increase in manufacturing (+2.0% YoY) index.

On the primary corporate sukuk space, Danga Capital Berhad issued a MYR2.0 billion IMTN sukuk during the month.

Credit conditions remained stable throughout the month of January with no downgrade in credit ratings. Saudi-based Dar Al-Arkan Real Estate Development Company's long-term and short-term corporate credit ratings were reaffirmed at A3 and P2 respectively. Concurrently, the outlook on the long-term rating has been revised to stable from positive. The revised outlook is largely attributable to a weaker than expected financial performance and debt coverage amid the economic and property market slumps in Saudi Arabia, triggered by the COVID-19 pandemic and plunging oil prices.

### Market Outlook

With the vaccine rollouts, we expect an expansive reopening of the global economies towards 2H2021, which should lead to a recovery and a reflationary theme. However, accommodative monetary and fiscal policy support are expected to remain for a large part of 2021 until there are signs of sustained recovery momentum and demand-pull inflation. Potentially higher funding via supply of government sukuk for the stimulus measures would keep the yield curve steep. That said, a weaker US dollar ("USD") outlook and risk-on mode could drive higher participation by foreign investors into emerging markets, including the local sukuk market. Besides, ample liquidity in the domestic financial system remains supportive of the domestic sukuk 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