



Jul 2013

AIA PAM – Growth Fund

Investment Objective

The Fund seeks to provide returns through capital growth.

Investment Strategy

The Fund will invest in local and foreign equities with a bias towards equity with potential for growth. The fund will also invest at least 30% of its NAV in local fixed income instruments with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC.

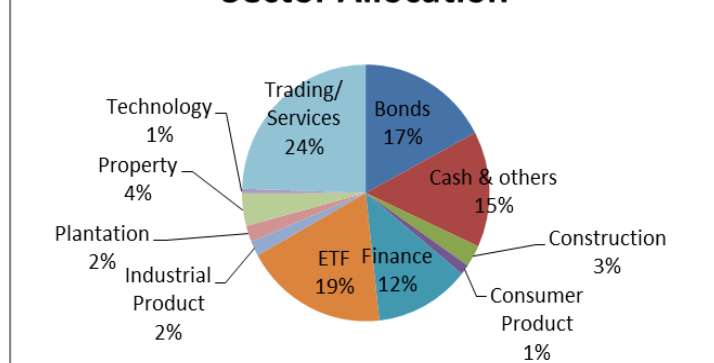
Fund Details

Fund Size (31 Jul 2013)	: RM 7.66 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: 1.50% p.a
Investment Manager	: AIA Pension and Asset Management Sdn Bhd
Basis of Unit Valuation	: Net Asset Value (NAV)
Frequency of Unit Valuation	: Daily
Benchmark	: 35% FTSE Bursa Malaysia Top 100 Index + 35% MSCI AC Asia ex Japan Index + 30% Quant Shop MGS All Bond Index

Top Five Holdings

1.	DB X-Trackers MSCI Asia X-Japan	18.66%
2.	CIMB Bank Berhad 15/09/22	4.40%
3.	Gamuda Berhad 21/03/18	4.39%
4.	First Resources Ltd 05/06/20	4.37%
5.	Sarawak Power Generation Bhd 23/06/21	4.09%

Sector Allocation



Risk

Investment risk involves the uncertainties relating to Malaysia's economic situation, political condition and also price volatility of stocks held as a result of company specific risk.

Risk Management

The Investment Manager employs structured investment process to minimize market risk. Investment guidelines also prescribe limits in terms of single user limit and strict and frequent stock evaluation to minimize company specific risk.

Historical Performance

Offer Price at Inception	: RM 1.0000
Unit NAV (31 Jul 2013)	: RM 0.9982
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (31 Jul 2013)	: 1.0006

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31 Jul 2013

Manager's Comments

Market Review

The MGS market remained weak in July amid external developments and Fitch's revision of its rating outlook on Malaysia to negative from stable due to diminished prospects for budgetary reform after the ruling party's weak election showing in May. While recent statements from the US Fed had accommodative tones, MGS yields continued to rise on the back of both onshore and offshore selling. BNM's data on foreign holdings of MGS in June showed a decline to 46.75% from 48.02% the previous month. The 3, 5, 10 and 20 year benchmark MGS yields rose 12 bps, 12 bps, 19 bps and 21 bps respectively to 3.49%, 3.59%, 4.13% and 4.14% respectively.

During the month, the local FBMKLCI fell 0.05% to end at 1,773 after hitting new high of 1,810 in the month. The local equity market took a tumble after Fitch Ratings downgraded Malaysia's sovereign credit rating outlook from 'stable' to 'negative'. However, Malaysia's foreign and local currency issuer default ratings were reaffirmed at 'A' and short-term foreign currency issuer default rating at 'F1'.

The MSCI Asia ex Japan index rose 3.9% (in MYR) in Jul to close at 517. The markets which bucked the trend were Indonesia, Thailand and India, declining 4.4%, 1.1% and 0.2% respectively. Bernanke's latest speech backing sustained stimulus and the Chinese Government's commitment to a 7.5% GDP growth for this year, provided reprieve to the stock market.

Market Outlook

We have an underweight duration positioning given the uncertainties arising from direction of the Fed's QE programme and prefer short term corporate bonds and MGS as well as cash.

On equity, we maintain our overweight call on equities as we expect Malaysia market will remain relatively resilient on the back of domestic liquidity, positive corporate earnings momentum as economic growth picks up, and more attractive risk-return profile vis-à-vis cash or bond.

We continue to prefer North Asia vs Asean markets as US recovery gathers momentum. We believe exporters in North Asia will be the main beneficiaries of a stronger US economy. China with low market expectations may also be close to its bottom as valuations turn compelling despite expectations of further restructuring and economic consolidation.