Sep 2013

AIA PAM – Growth Fund

Investment Objective
The Fund seeks to provide returns through capital growth.

Investment Strategy

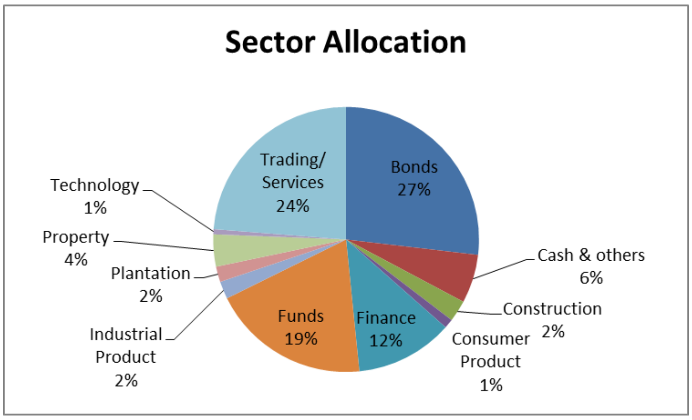
The Fund will invest in local and foreign equities with a bias towards equity with potential for growth. The fund will also invest at least 30% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.

Fund Details

Fund Size (30 Sep 2013)	: RM 7.86 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	19.28%
2.	Golden Assets International 03/08/18	5.60%
3.	First Resources Ltd 05/06/20	4.28%
4.	CIMB Bank Berhad 15/09/22	4.22%
5.	Gamuda Berhad 21/03/18	4.22%



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 (30 Sep 2013)	: RM 1.0099
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Sep 2013)	: 1.0168

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 30 Sep 2013

Manager’s Comments
Market Review

MGS closed firmer after the US Fed unexpectedly held off from scaling back its quantitative easing programme which has provided temporary relief to emerging markets as pressures of capital outflows alleviated. Locally, Bank Negara left the OPR unchanged at 3% at its September 5 meeting. In the primary market, there were three govvie auctions in the month of September. The RM 3.5 bn 5-year MGS was moderately bid with a weak bid-to-cover ratio of 1.57 times while the new RM3.5 bn 7.5-year GII managed to garner a decent bid-to-cover ratio of 1.75 times. Lastly, the reception for the maiden RM 2.5 bn 30-year MGS auction was strong with bid to cover ratio of 2.44 times. In corporate bond space, trading volumes increased by 8% month-on-month and investors’ interest remained in the high-quality papers, as the “AAA” and “AA” segments garnered 45% and 39% trading shares respectively. In the primary market, couple of issuers came to market this month including; Putrajaya Holdings Sdn Bhd and Malaysia Airport Holdings Bhd.

On equity front, the FBMKLCI Index rose 2.37% to end at 1,768 but underperformed MSCI Asia Ex Japan index which rose 3.80% m-o-m in Ringgit terms. Global equity sentiment turned positive following the US Fed’s deferral of QE tapering. Locally, the government raise fuel price by 11% for diesel and RON95, reducing its fuel subsidy in an attempt to meet its budget deficit target of 4% for 2013 and 3.5% for 2014. However, PM is committed in rolling-out MRT 1, 2 & 3 as planned. PM Najib and DPM Muhyiddin have also retained president and deputy president uncontested reducing political uncertainties. On the corporate front, Berjaya Sports Toto (BST) proposed a revised offer for sale of 190m STM Trust, with lower expected special dividend of RM0.12-0.15/ share to BST shareholders. However, BST shareholders will be entitled to the distribution in specie of STM Trust units based on ratio of 2.1 for 1 B Toto shares held. British Tobacco raised RM1.50 per 20-stick pack following 14% increase in tobacco excise.

The MSCI Asia ex Japan Index was up 5.2% in September driven by Thailand, Hong Kong and China. The markets were up sharply at the beginning of the month after QE scaled-back was delayed. However in 2H Sep, the impasse over U.S. spending bill which triggered a partial Government shutdown, caused the markets to pullback.

On the macro front, India and Indonesia raised interest rates by 25 basis points during the month to defend the currencies. Elsewhere, exports continued to beat expectations in China and Korea. In Thailand, Malaysia and India, exports are also seeing stabilization.

Market Outlook
For fixed income, we believe short duration strategy remains to be preferred amidst heightened uncertainties and rising inflation prospects due to subsidies rationalization.

For equity, we believe market will trend higher in view of delay in QE tapering. We remain optimistic on equities in the long run, backed by Malaysian government effort to address macroeconomic issues as well as stabilization of the regional market. We remain focus on growth related sectors in oil & gas, property and construction.