



Nov 2013

## AIA PAM – Growth Fund

### Investment Objective

The Fund seeks to provide returns through capital growth.

### Investment Strategy

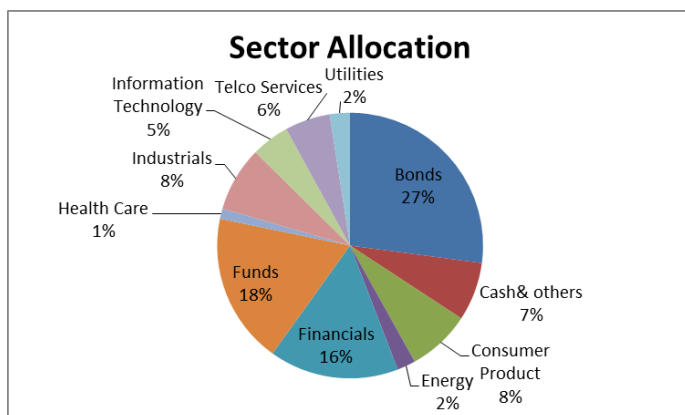
The Fund will invest in local and foreign equities with a bias towards equity with potential for growth. The Fund will also invest at least 30% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.

### Fund Details

Fund Size (30 Nov 2013)	: RM 8.31 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	18.21%
2.	Golden Assets International 03/08/18	5.75%
3.	First Resources Ltd 05/06/20	4.01%
4.	CIMB Bank Berhad 15/09/22	3.98%
5.	Gamuda Berhad 21/03/18	3.96%



### 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 Nov 2013)	: RM 1.0267
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Nov 2013)	: 1.0364

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

### Manager's Comments

#### Market Review

MGS yields climbed in November on the back of higher inflation expectations after the recent subsidy rationalization (and more expected in the future), fears of QE tapering resurfacing from the release of the FOMC meeting minutes and some positive economic data releases. The yield curve bear steepened. The 3, 5, 10 and 20 year benchmark MGS yields rose 6 bps, 22 bps, 44 bps and 48 bps respectively to 3.15%, 3.60%, 4.06% and 4.45% respectively. In its Monetary Policy meeting during the month, Bank Negara kept the overnight policy rate unchanged at 3.00%, citing uncertainties to the balance of risks between growth and inflation. Bank Negara mentioned that domestic demand could be moderated by public sector consolidation and that inflation remains low. The trading volume in private debt securities was relatively lower and more buying interest was seen in papers with shorter duration. Issuers that came into the primary market in November were Cagamas Berhad, Syarikat Prasarana Negara Berhad and Sabah Development Bank.

On equity front, the FBMKLCI Index rose 0.32% m-o-m to close at 1,813, underperforming MSCI Asia Ex Japan index which surged 2.24% m-o-m in Ringgit terms. During the month, Ringgit depreciated 2.2% despite Moody reaffirming Malaysia's government bond and issuer ratings at A3 while raising outlook from stable to positive. Malaysia recorded GDP growth of 5% y-o-y in 3Q13, slightly higher than the consensus of 4.8%. This was mainly driven by domestic demand and modest export recovery. On the corporate front, IJM Corp reduced its proposed stake in Indian highway concessionaire, Vijayawada Tollway from 99.97% to 89.8%. Petronas has begun its gas production at the Berantai field and oil production at the Balai cluster. At the same time, Petronas awarded 13 contracts for 5-year offshore hook-up, commissioning and topside major maintenance contract worth RM10bn to six contractors. Dialog and Concord Energy signed a MoU to conduct a feasibility study for proposed crude oil and petroleum product storage terminal in Pengerang.

The MSCI Asia ex Japan Index was relatively unchanged in Nov, up by only 0.1%. Strong performances were seen in China and Hong Kong markets which appreciated 3.7% and 2.9% while the Hong Kong 'H' share market was up by a strong 7.7%. The reform measures announced by China in November were widely seen as positive for China in the long run.

### Market Outlook

In the near term for fixed income, we believe that market sentiment will likely be affected by the continued speculation about the US QE tapering timeline. While in the longer term; we believe the yield curve will steepen with rising inflation expectation as more subsidy rationalization measures are expected to be announced.

For equity, we remain optimistic on equities in the long run, backed by Malaysian government effort to address fiscal deficit as well as accelerating global economic growth. We remain focused on growth related sectors in oil & gas, property and construction. For foreign equity, we continue to prefer North Asia vs. ASEAN for the longer term as valuation of North Asian markets are still inexpensive.