



May 2014

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 May 2014)	: RM 10.07 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

Historical Performance

Offer Price at Inception	: RM 1.0000
Unit NAV (31 May 2014)	: RM 1.0575

Benchmark (05 Jun 2013)	: 1.0000
Benchmark (31 May 2014)	: 1.0601

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31 May 2014

Manager's Comments Market Review

The MGS yield curve flattened this month as Bank Negara's hawkish tone at its Monetary Policy Committee meeting and the stronger than expected GDP print drove up yields at the short end. Although the central bank maintained the Overnight Policy Rate at 3.00%, it ended its statement by saying that 'the degree of monetary accommodation may need to be adjusted' as it saw signs of financial imbalances building up. The market read this as precursor to higher rates in the near term or at a bigger quantum than initially thought. The 3,5 and 7-year benchmark yields rose 7bps, 16 bps and 2 bps respectively to end the month at 3.45%, 3.72% and 3.94%. The 10-year however, fell 5 bps to 4.03%. As May drew to a close, the market was relatively quiet due to the absence of fresh cues. There were three auctions in May. The RM2 bil re-opening of the 20 year MGS recorded a robust bid to cover of 2.883x at an average yield of 4.639% while the RM4 bil new issue of the 3 Year GII garnered a bid to cover of 2.47x at an average yield of 3.678%. Finally, the RM3 bil re-opening of the 10 year MGS attracted a bid to cover of 2.363x at an average yield of 4.021%. Trading volume in corporate bonds was lower compared to April as the primary pipeline looked busy. Credit spreads were largely unchanged. This month, RHB Islamic Bank and Etiqa Takaful issued.

On equity front, FBM100 Index was flat, underperforming MSCI ex-Japan which moved up by 3.7% during the month. On the local news flow, Prasarana Negara has completed the feasibility study on the third LRT line covering 36km at an estimated value of RM9bil, Genting Bhd has unveiled plans for a RM13bil multi phased opening of Resorts World Las Vegas and IJM Corp proposed to acquire the 36km Silk Highway for RM398mil. Separately, SapuraKencana Petroleum bagged contracts worth RM1bil across different divisions and Perisai Petroleum secured RM520mil 3 year jack up drilling rig contracts from Petronas.

The MSCI Asia ex Japan Index rose 2.2% in MYR terms in May, driven mainly by India and China. After falling in the past few months, China market rebounded as the Government started implementing targeted policies. In India, Modi's landslide victory gave investors' confidence that India's economy will finally be revived.

Market Outlook

For fixed income, our duration strategy will remain underweight amidst negative market sentiment. In terms of asset allocation, we prefer short to medium-term corporate bonds.

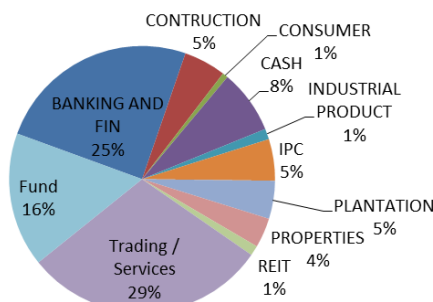
Amid the geopolitical uncertainty and quantitative easing tapering, investment team remains optimistic on Malaysia equities in the long run back government effort to address macroeconomic issues, sustainable economy growth from export recovery and moderate domestic consumption as well as recovery in CPO prices. We will focus on stocks that are beneficiary to economic recovery at reasonable valuations.

We maintain our preference of North Asia over ASEAN in the longer term as recovery in US and Europe will benefit exporters in North Asia.

Top Five Holdings

1.	DB X-Trackers MSCI Asia X-Japan	16.32 %
2.	Golden Assets International 03/08/18	4.33%
3.	First Resources Ltd 05/06/20	3.28%
4.	CIMB Bank Berhad 15/09/22	3.26%
5.	Gamuda Berhad 21/03/18	3.23%

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.