



Feb 2016

## 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 equities 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

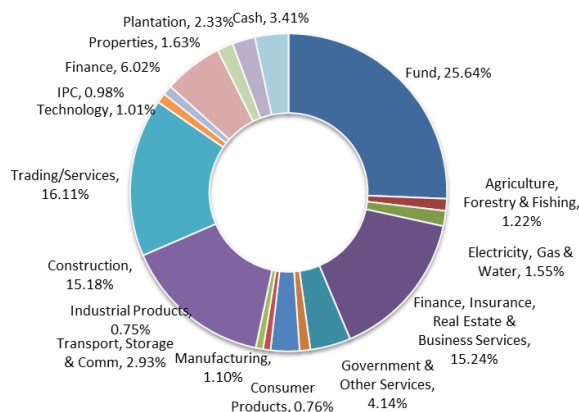
Unit NAV (29 Feb 2016)	: RM 1.0858
Fund Size (29 Feb 2016)	: RM 26.84 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: 1.50% p.a
Investment Manager	: AIA Pension and Asset Management Sdn. Bhd.

Basis of Unit Valuation	: Net Asset Value (NAV)
Frequency of Unit Valuation	: Daily
Benchmark	: 30% FTSE Bursa Malaysia Top 100 Index + 30% MSCI AC Asia ex Japan Index + 40% Quant Shop MGS All Bond Index

### Top Five Holding

1.	iShares MSCI Asia ex-Japan ETF	15.55%
2.	Investec GS Asian Equity	10.09%
3.	Jimah East Power Sdn Bhd 04/12/25	6.11%
4.	Berjaya Land Berhad 15/12/17	5.61%
5.	EKVE Sdn Bhd 29/01/29	2.73%

### Sector Allocation



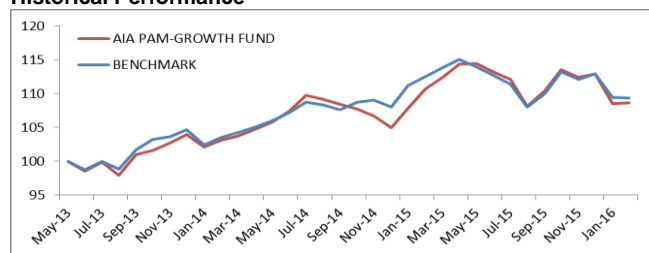
### Risk

Investment risk involves the uncertainties relating to the country'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



%	1 Mth	6 Mths	1-Year	*3-Year	*5-Year
Fund	0.09%	0.41%	-1.91%		
Index	-0.13%	1.20%	-2.81%		
Excess	0.22%	-0.79%	0.91%		

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 29 Feb 2016.

### Market Review

Malaysian government bonds pared gains from the strong rally in January. The MGS curve bear flattened as the short to belly of the curve saw selling pressures from a mix of local and offshore flows. Corporate bond primary issuance was active with a total of RM9.9bil issuances during the month.

During the month, FBM100 Index fell marginally by 0.64% to end the month at 11,208 points, underperforming MSCI Asia ex-Japan, which increased by 0.15% in MYR term. The local market inched lower in line with the weakening Ringgit against USD by 1.3% despite stronger crude oil prices in the month. GDP growth data was released at 4.5% in 4Q2015, beating the market expectation and making the full year 2015 to 5.0%. The GDP growth was mainly driven by private sector and conducive labour market condition as well as expanded private investment. The GDP growth is forecasted to remain strong at 4.0%~4.5% for 2016.

On foreign front, MSCI Asia ex Japan equities delivered marginally negative -1% returns in February. Chinese equities ended the month down on continuing worries over the slowdown in its economy. However, the downbeat sentiment was partially offset by a 50 basis point cut of the reserve requirement ratio by the People's Bank of China (PBoC), at the end of the month, suggesting the central bank is prepared to ease policy in order to maintain growth. Meanwhile in ASEAN, Thailand and Indonesia both finished up on encouraging economic data with the latter benefitting from an interest rate cut and progress on infrastructure spending plans.

### Market Outlook

For fixed income, with the improved foreign sentiment on domestic markets, we increasingly see resilience of MYR against the volatility of crude oil price. Slower global economic outlook, including Malaysia, will be supportive of the local bond market. We view that the risk of capital outflows owing to the concentration of foreign holdings in MGS is minimal.

For local equity, in the short run, we expect market to trade within a tight range from here. The market is expected to be supported by RM20bil ValueCap fund to be deployed in stages as well as the monetary easing policy undertaken by both BOJ and ECB to stimulate economy. In addition, investors' sentiment turned slightly positive as first US Fed rate hike of 25bps was concluded in December and further rate hike will likely be on gradual basis. However, the market upside could be capped by given the less attractive valuation, still-lingering political issues and external headwinds arising from the China's economy slowdown. For foreign equity, 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.