



May 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

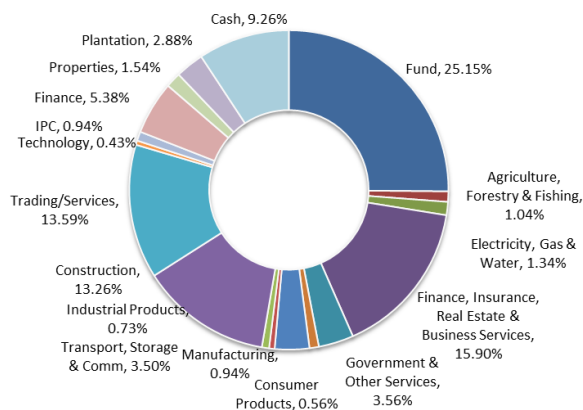
Unit NAV (31 May 2016)	: RM 1.0728
Fund Size (31 May 2016)	: RM 31.30 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: 1.50% p.a
Investment Manager	: AIA Pension and Asset Management Sdn. Bhd.

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	15.16%
2.	Investec GS Asian Equity	9.97%
3.	Jimah East Power Sdn Bhd 04/12/25	5.34%
4.	Berjaya Land Berhad 15/12/17	4.81%
5.	Northport Malaysia Berhad 19/12/24	4.47%

### Sector Allocation



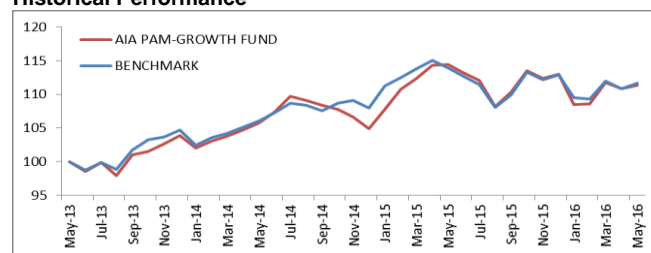
### Risk

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	0.49%	-0.96%	-2.74%		
Index	0.69%	-0.44%	-1.98%		
Excess	-0.21%	-0.52%	-0.76%		

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 31 May 2016.

### Market Review

In May, Malaysian government bond yields rose as market players turned cautious amid volatile Ringgit movement against the greenback. At the Monetary Policy Committee (MPC) meeting on 19 May, Bank Negara Malaysia has opted to keep Statutory Reserve Rate (SRR) and Overnight Policy Rate (OPR) unchanged at 3.50% and 3.25% respectively. Foreign ownership in MGS hit an all-time high of 49.1% in April (March: 48.7%). In the primary market, CIMB Group (MYR1bil) and UEM Sunrise (MYR500mil) were among the issuers that tapped the bond market.

During the month, FBM100 Index declined by 2.20% to end the month at 11,085 points, underperforming MSCI Asia ex-Japan, which increased by 3.28% in MYR term. The further consolidation in local market was mainly driven by the reduction of Malaysia weightage from 4.0% to 3.6% in MSCI Asia Ex-Japan Index. Foreign selling accumulated to RM4.3 billion during the month. MYR weakened by 5.7% to USD/MYR 4.13 level on the possibility that US interest rates may be raised in June or July FOMC meeting. Brent oil prices rose to US\$49/barrel backed by the shrinking US crude inventory and production but did not help the local market and Ringgit.

On foreign front, MSCI Asia ex Japan equities dropped by 1.6% (in USD term) due to fear of Fed rate hike in June and softer economic data from China. In China, April industrial production growth slowed to 0.2% MoM, exports were relatively steady up +0.5% MoM while retail sales growth eased to 10.1% YoY the lowest level over the last 12 months. Philippines equities rallied 5% in the month following the peaceful elections. The market welcomed President Duterte's clear mandate as well as his prompt release of an eight-point economic agenda, which suggested broad continuity of current economic policies.

### Market Outlook

For fixed income, while the expectation of imminent Fed rate hike may weigh on the local government bond market due to the concern of possible outflows of foreign funds, we view that the risk is mitigated by the stickiness of the foreign holding in MGS as well as the slower economic outlook which may boost demand for local bond. In the near term, we remain cautious on volatility of MGS movements due to fluctuation in Ringgit and oil prices.

For local equity, in the short run, we expect market to be volatile driven by foreign outflows and the disappointing corporate results. 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 and valuations are still attractive.