



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 (30 Jun 2016)	: RM 1.0733
Fund Size (30 Jun 2016)	: RM 31.88 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)

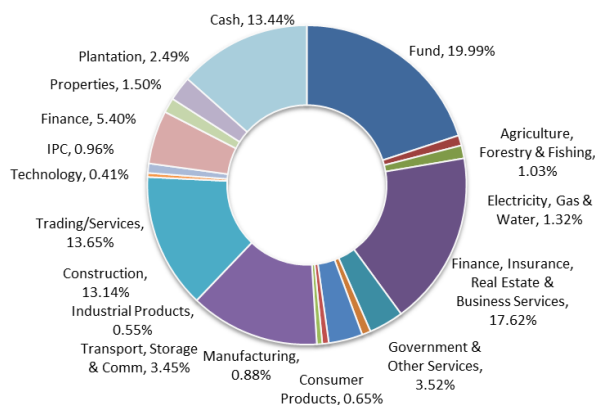
Frequency of Unit Valuation : Daily

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	10.10%
2.	Investec GS Asian Equity	9.87%
3.	Jimah East Power Sdn Bhd 04/12/25	5.26%
4.	Berjaya Land Berhad 15/12/17	4.73%
5.	Northport Malaysia Berhad 19/12/24	4.40%

Sector Allocation



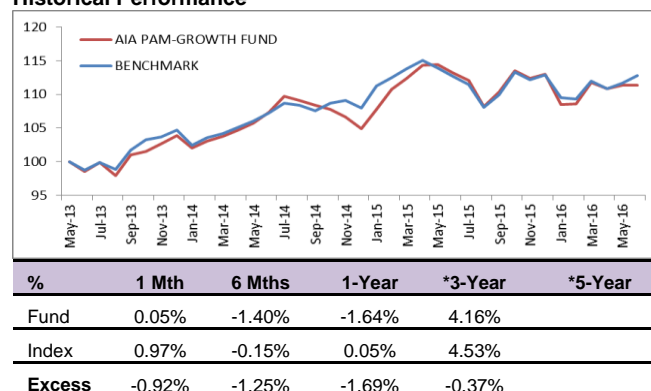
Risk

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



Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 30 Jun 2016.

Market Review

Malaysian government bonds started the month slow with some mild profit taking activities as investors were sidelined ahead of the US Fed FOMC meeting and the Brexit Referendum. As the Brexit results was a surprise to the market, local bond market saw a knee-jerk selloff amid risk off sentiment. However, the selloff was short-lived as investors started investing into risk-free assets as risky assets suffered. Malaysia government bonds rallied post-Brexit, attracting both domestic and offshore interests. MYR strengthened against the USD by 2.4% month-on-month to close at MYR4.0288. Corporate bond primary issuance saw more than MYR5bil issuances during the month.

During the month, FBM100 Index improved by 1.38% to end 1H2016 at 11,238 points, outperforming MSCI Asia ex-Japan, which declined by 1.05% in MYR terms. Despite the negative shock of the Brexit vote, the Malaysian market was supported by local institutional investors as foreigners continued to be net-sellers. In terms of policy response, Bank of England has hinted that it will be preparing for monetary policy easing in the next few months to support growth. The Fed could also give its rate hike a pause while the European Central Bank (ECB) is expected to continue with its ultra-loose monetary policy.

On foreign front, MSCI Asia ex Japan equities rose 1.9% in June in USD term, bringing the YTD returns to 0.7% in USD term. China ended flat +0.4% in CNY term underperformed the MSCI Asia ex Japan Index dragged primarily by retailing sector as investors' concerns about economic slowdown persisted. China's A-shares were not included in the MSCI benchmark indexes, citing continued investors' concerns about quota allocation, capital mobility, trading suspension and the non-competitive clauses. Indonesia was the best performer in Asia ex Japan, rising 3.7% in IDR term as the central bank cut rates for the fourth time in 2016 with inflation dropping to six-year lows in May, while the government passed the tax Amnesty Bill is expected to draw billions of funds from wealthy Indonesia aboard.

Market Outlook

For fixed income, global uncertainties and tepid economic outlook are generally concerning and Malaysia is not ruled out. Domestic consumption remains the pillar of local economic growth but prolonged weak global growth may hurt the external sector and in turn domestic growth. Overall, we think this is supportive of the local bond market.

For local equity, in the short run, we expect markets to be volatile as risk aversion dominates following the Brexit vote. However, emerging markets could benefit from continued loose monetary policy measures in developed markets. Hence, we could see a reversal of capital flows back to emerging markets to seek better returns. 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.