



## 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.

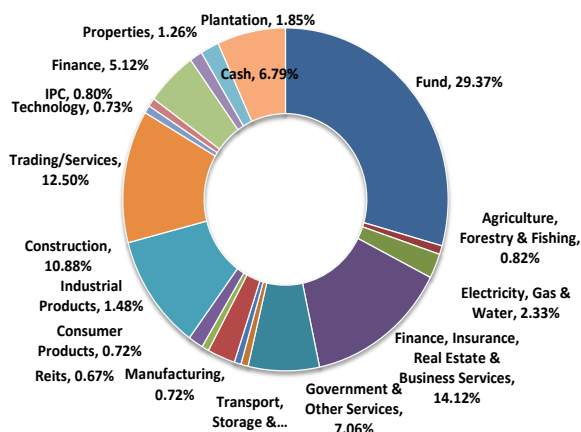
### Fund Details

Unit NAV (31 Oct 2016)	: RM 1.1276
Fund Size (31 Oct 2016)	: RM 40.15 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	15.19%
2.	Investec Global Strategy Asian Equity	14.13%
3.	Sabah Development Bank 16/08/2019	4.25%
4.	Jimah East Power Sdn Bhd 04/12/25	4.23%
5.	Berjaya Land Berhad 15/12/17	3.76%

### Sector Allocation



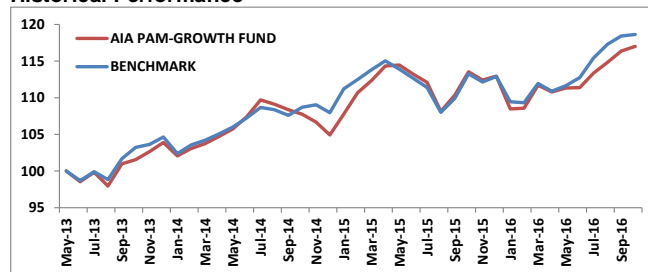
### Risk

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	0.53%	5.62%	3.06%	4.84%	-
Index	0.17%	6.99%	4.74%	4.74%	-
<b>Excess</b>	<b>0.37%</b>	<b>-1.37%</b>	<b>-1.69%</b>	<b>0.09%</b>	<b>-</b>

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

^ Annualised return

### Market Review

For fixed income, the Malaysian Government Securities (“MGS”) yield curve was lifted on the back of selling pressure from investors due to unfavourable sentiment towards MYR. MYR weakened by 1.3% month-on-month to MYR4.19 against USD as of end-October 2016, owing to falling crude oil prices. Foreign holding in MGS declined to 51.3% in September from 51.5% in August mainly due to lumpy MGS maturities, as well as the imminent US interest rate hike expectation. Notable corporate bond primary issues during the month were Danainfra Nasional Berhad (MYR4.5 billion), Cagamas Berhad (MYR930 million), and UMW Holdings Berhad (MYR700 million).

For equity, October was a recovery month for the Malaysian market, with the FBIM100 Index up by 0.9% to end the month at 11,490 points, outperforming MSCI Asia ex-Japan, which increased by 0.1% in MYR terms. The market was driven by the strong performance of selective big cap stocks in the banking and plantation sectors as well as a mild pre-Budget run-up. The 2017 Budget focused on fiscal consolidation and private consumption, particularly for the bottom 40% of households. The government will also be introducing a research scheme to conduct research on 300 small- and medium-cap stocks, and government-linked investment companies will be allocating up to RM3bn into a special fund to invest in such stocks with potential.

On the foreign front, MSCI Asia ex Japan declined by 1.5% in USD terms due to profit taking. MSCI China dropped by 2.0% following the slower southbound flows via Shanghai – Hong Kong Connect (October net inflows of RMB8billion vs RMB59billion in September) and the intensive tightening measures in the property sector dragged performance further. Singapore was the worst performing market, dropping by 4.1% in USD terms. Singapore real GDP growth surprised on the downside in the third quarter, with the economy contracting by deeper-than-expected 4.1% quarter-on-quarter against consensus forecast of flat growth.

### Market Outlook

For fixed income, the local government bond market is expected to remain volatile with policy uncertainty under the incoming US President Donald Trump, US interest rate hike expectation, as well as concerns over the policy action by Japan and Europe.

For equity, we expect market volatility to persist given uncertainties over global economic growth and policy directions under the incoming US President Donald Trump. News about US interest rate hike, Brexit and the movement in oil price and USD will also continue to dominate headlines. On the local front, apart from global events, the market will be watching the third quarter results season closely to see whether there will be a turnaround in corporate earnings.