# 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.

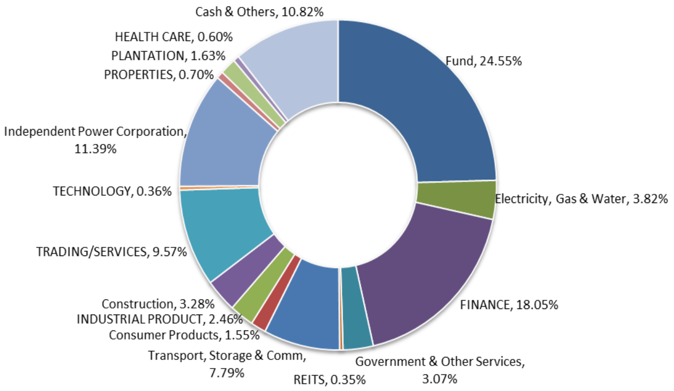
## Fund Details

| | |
|---|---|
| Unit NAV (31 Jan 2019) | : RM 1.1510 |
| Fund Size (31 Jan 2019) | : RM 179.49 million |
| Fund Currency | : Ringgit Malaysia |
| Fund Launch | : May 16, 2013 |
| Fund Inception | : Jun 05, 2013 |
| Fund Management Charge | : up to 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. | Investec Global Strategy Asian Equity | 13.21% |
| 2. | iShares MSCI Asia ex-Japan ETF | 11.35% |
| 3. | Public Islamic Bank Bhd 03/08/22 | 5.66% |
| 4. | YTL Power International Bhd 24/03/23 | 3.89% |
| 5. | Genting Capital Bhd 08/06/22 | 3.43% |

## Sector Allocation



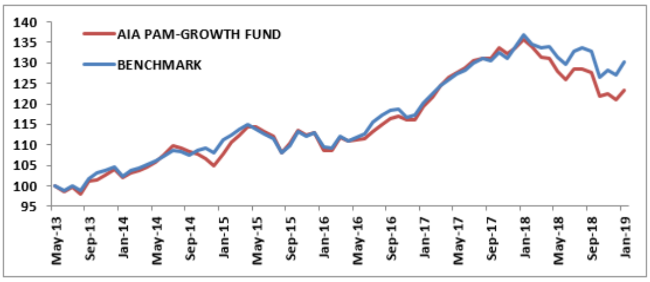

## Risk

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 | 2.08% | -3.88% | -9.18% | 4.39% | 3.87% |
| Index | 2.47% | -2.00% | -4.86% | 5.96% | 4.93% |
| Excess | -0.40% | -1.88% | -4.31% | -1.57% | -1.06% |

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 Jan 2019. ^ Annualised return

## Market Review

Malaysian Government Securities ("MGS") continued to strengthen in Jan 2019, on the back of risk-on mode as investor sentiment improved following the dovish tone by US Federal Reserve ("Fed") as well as stronger MYR on higher global oil prices. MYR strengthened by 0.9% against the greenback to close the month at MYR4.0953.

The FBM100 Index posted a monthly gain of 0.89%, bucking the trend in the regional markets. Regional market started on a strong footing on the back of the US Federal Reserve's ("Fed") more dovish stand and positive signals from the US-China trade talks. In line with regional flows, foreigners turned net buyers in the local market with a net inflow of MYR1 billion during the month. On the corporate front, key news included FGV Holdings' identification of MYR350 million worth of non-core assets for disposal and the cancellation of Muhibbah Engineering's MYR584.8 million contracts with the Bintulu Port Authority to build a supply base wharf at the port in Sarawak.

Meanwhile, on the Asian equities front, China emerged as the best performing market in the region on the back of easing trade tensions and further stimulus measures from the central government. However, India was the worst performer in January as investor sentiment deteriorated due to concerns over corporate earnings and corporate governance issues.

## Market Outlook

In the near term, trade disputes between major economies remain a concern. Higher local government bond supply may exert some pressure on yields but a more dovish tone from major central banks considering slower global growth and prolonged trade tension would benefit the bond market. Locally, bond market should be well supported on the back of solid domestic fundamentals and ample onshore liquidity.

The equity market on the other hand, will likely be range bound in the near term until there is further clarity on the progress of the US-China trade war given its implications on global growth. Investors will also be watching out for the upcoming 4Q18 results of major corporates due to be released in February. We expect the local market to deliver mid-single digit returns for 2019, driven by still positive earnings growth and further certainty over the government's policy direction over time. We will remain vigilant to the constantly evolving market conditions and will adjust our strategy accordingly. Key risks include the fluctuating oil price, further escalation in the US-China trade war and its implications on economic growth, and the execution of government policies.