Jul 2013

AIA PAM – Islamic Moderate Fund

Investment Objective

The Fund seeks to provide returns through a combination of income* and capital growth from a portfolio that is consistent with Shariah principles.

**Income will be reinvested in additional units in the Fund*

Investment Strategy

The Fund will invest in a Shariah-compliant portfolio comprising equities with potential for growth and equities that are trading below their fair value.

The Fund will also invest at least 40% of its NAV in Sukuk and Islamic money market instruments with a minimum credit rating of “BBB3” or “P2” by RAM or an equivalent rating by MARC.

The Fund will only invest locally.

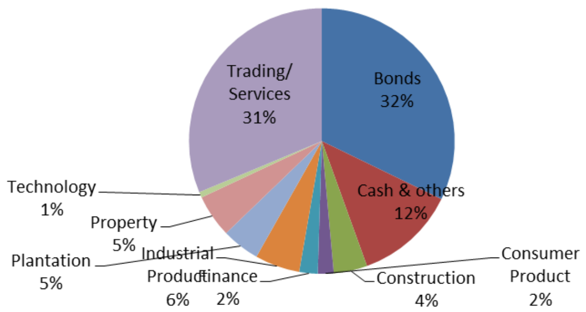
Fund Details

Fund Size (31 Jul 2013)	: RM 5.45 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	: 60% FTSE Bursa Malaysia EMAS Shariah Index + 40% Quant Shop GII All Index

Top Holdings

1.	CIMB Bank Berhad 15/09/22	8.22%
2.	Gamuda Berhad 21/03/18	8.20%
3.	First Resources Ltd 05/06/20	8.15%
4.	Sarawak Power Generation Bhd 23/06/21	7.63%
5.	Tenaga Nasional Berhad	4.69%

Sector Allocation



Risk

Investment risk involves the uncertainties relating to Malaysia’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

Offer Price at Inception	: RM 1.0000
Unit NAV (31 Jul 2013)	: RM 1.0021
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (31 Jul 2013)	: 0.9942

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31 Jul 2013

Manager’s Comments

Market Review

The GII market was weak in July amid external developments and Fitch’s revision of its rating outlook on Malaysia to negative from stable. Sentiment remained weak in the Malaysian market despite more accommodative statements from the US Fed. The 5-year, 7-year and 10-year benchmark GII yields rose by 19 bps, 8 bps and 11 bps to 3.75%, 3.81% and 3.90% respectively. The new RM4 bil 3-year GII auction during the month garnered strong demand with the highest bid-to-cover that we’ve seen this year of 2.92x, at an average yield of 3.389%. This was the first GII issued under the Murabahah concept.

During the month, the FTSE Bursa Malaysia EMAS Shariah index rose 0.64% to end at 12373.68 after hitting new high of 12617.6 in the month, underperforming MSCI Asia Ex Japan index which rose 3.9% m-o-m in Ringgit terms. The local equity market took a tumble after Fitch Ratings downgraded Malaysia’s sovereign credit rating outlook from ‘stable’ to ‘negative’. However, Malaysia’s foreign and local currency issuer default ratings were reaffirmed at ‘A’ and short-term foreign currency issuer default rating at ‘F1’.

On corporate front, Ranhill Energy withdrew its IPO application as its oil and gas division was suspended by Petronas due to poor quality work at Malacca regasification. Felda Global Ventures terminated its JV agreement with Bunge to crush soybeans and canola seeds while purchasing Pontain which owns 16,000 ha in Sabah for RM1.2bn.

Market Outlook

We have an underweight duration positioning given the uncertainties arising from direction of the Fed’s QE programme and prefer short term Sukuk and government securities as well as cash.

On equity, we maintain our overweight call on equities as we expect Malaysia market will remain relatively resilient on the back of domestic liquidity, positive corporate earnings momentum as economic growth picks up, and more attractive risk-return profile vis-à-vis cash or bond.