



Sep 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.

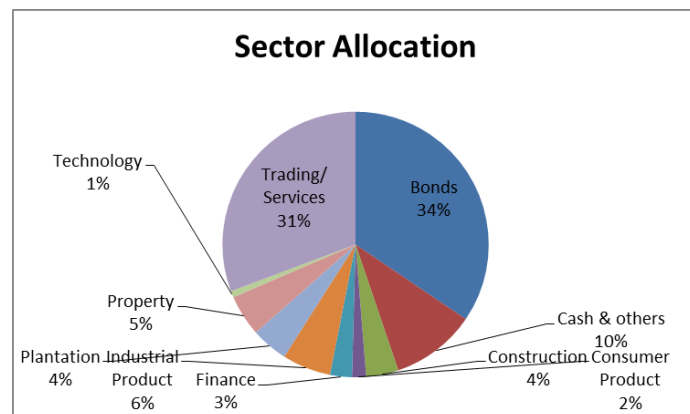
The Fund will only invest locally.

Fund Details

Fund Size (30 Sep 2013)	: RM 5.52 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.	First Resources Ltd 05/06/20	8.07%
2.	CIMB Bank Berhad 15/09/22	7.97%
3.	Gamuda Berhad 21/03/18	7.95%
4.	Sarawak Power Generation Bhd 23/06/21	7.57%
5.	Tenaga Nasional Berhad	4.68%



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 (30 Sep 2013)	: RM 1.0086

Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Sep 2013)	: 0.9961

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 30 Sep 2013

Manager's Comments Market Review

GII generally closed firmer after the US Fed unexpectedly held off from scaling back its quantitative easing programme which has provided temporary relief to emerging markets as pressures of capital outflows alleviated. Bank Negara left the OPR unchanged at 3% at its September 5 meeting. The Central Bank has been concerned over the reversal of capital and the downside global risks but believed that local economy would continue to grow driven by domestic consumption. In the primary market, the new RM3.5 bn 7.5-year GII managed to garner a decent bid-to-cover ratio of 1.75 times. In corporate sukuk space, couple of issuers came to market this month including; Putrajaya Holdings Sdn Bhd and Malaysia Airport Holdings Bhd.

On equity front, the FBMS Index rose 2.64% to end at 12,365 but underperformed MSCI Asia Ex Japan index which rose 3.80% m-o-m in Ringgit terms. Global equity sentiment turned positive following the US Fed's deferral of QE tapering. Locally, the government raise fuel price by 11% for diesel and RON95, reducing its fuel subsidy in an attempt to meet its budget deficit target of 4% for 2013 and 3.5% for 2014. However, PM is committed in rolling-out MRT 1, 2 & 3 as planned. PM Najib and DPM Muhyiddin have also retained president and deputy president uncontested reducing political uncertainties. On the corporate front, Axiata's subsidiary PT XL acquired Axis Telekom for RM2.78bn, to get access to 1.8GHz and 2.1GHz spectrums to allow XL to add 4G-LTE services and coverage. IJM managed to dispose its 40% stake in Kuantan Port to China GuangXi Beibu for RM334.4m. Eco World Development, which is linked to SP Setia CEO Tan Sri Liew Kee Sin, made an RM230.7m offer for a 65% stake in Focal Aims.

Market Outlook

For fixed income, we believe short duration strategy remains to be preferred amidst heightened uncertainties and rising inflation prospects due to subsidies rationalization

In view of delay in QE tapering, we believe market will trend higher. We remain optimistic on equities in the long run, backed by Malaysian government effort to address macroeconomic issues as well as stabilization of the regional market. We remain focus on growth related sectors in oil & gas, property and construction.