



Oct 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.

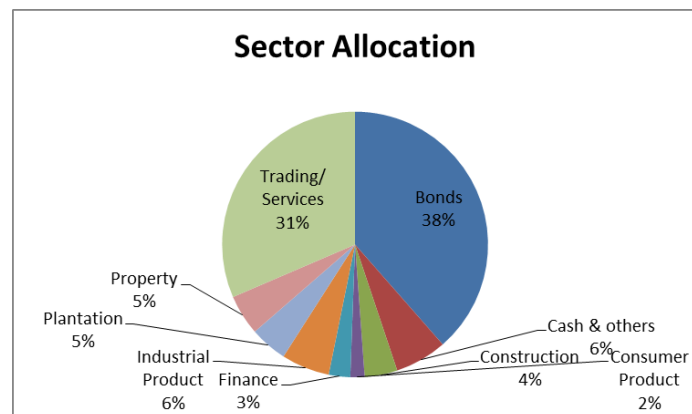
The Fund will only invest locally.

Fund Details

Fund Size (31 Oct 2013)	: RM 5.66 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	7.84%
2.	CIMB Bank Berhad 15/09/22	7.73%
3.	Sarawak Power Generation Bhd 23/06/21	7.71%
4.	Gamuda Berhad 21/03/18	7.70%
5.	Tenaga Nasional Berhad	4.76%



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 Oct 2013)	: RM 1.0219
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (31 Oct 2013)	: 1.0169

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

FBMS Index rose 3.05% to end at 12,742 outperformed MSCI Asia Ex Japan index which rose 1.19% m-o-m in Ringgit terms. Global equity experienced a volatile trading month due to the debt ceiling drama as well as mixed economic data from the US. Back home, our market was dominated by the UMNO General Assembly and Budget 2014. The UMNO General Assembly was concluded on 19 Oct with unchanged positions while Budget 2014 targeted further fiscal consolidation and move to curb property speculation with higher RPKG (30%), abolishment of DIBS caused property sector index to drop by 2.4%. Other highlights include implementation of 6% GST by 1 April 2015 coinciding with lower personal income tax (lower by 1-3%) and corporate tax rate (lower by 1%) as well as abolishment of sugar subsidy of RM0.34/kg effective 26 Oct. With the budget implementation Fiscal deficit is expected to narrow to 3.5% in 2014 from 4% in 2013 and GDP growth is expected to raise to 5.0-5.5% in 2014.

On corporate front, M&A activities are plenty with news of SapuraKencana acquired Malaysia O&G assets of Newfield Exploration for RM2.7bil, IOI Corp paid RM396.6mil for a 39.6% stake in Unico-Desa and Felda Global acquired the remaining 51% stake in Felda Holdings for RM2.2bil and RM1.2bil was offer for Pontian United Plantation

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.

Disclosure Document dated 16 May 2013 and Supplemental Disclosure Document dated 11 October 2013 (collectively known as "Disclosure Document") of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Disclosure Document are available from our office and all authorised agents/distributors of AIA Pension and Asset Management Sdn Bhd. Please read and understand the contents of the Disclosure Document. Units are issued upon our receipt and satisfactory processing of a duly completed application form referred to in and accompanying the Disclosure Document. In the event of discrepancy between the fact sheet and the Disclosure Document, the information in the Disclosure Document shall prevail.