



Nov 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.

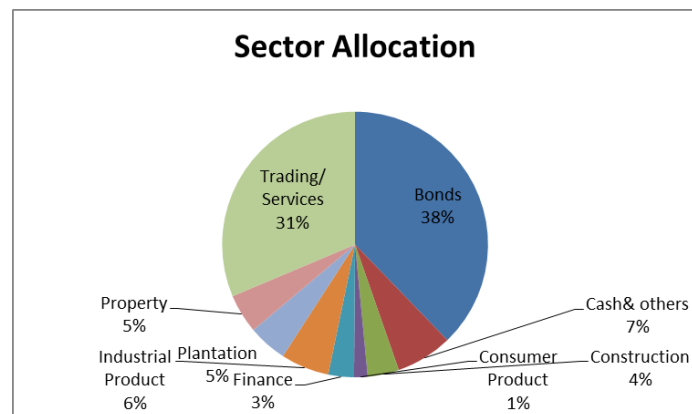
The Fund will only invest locally.

### Fund Details

Fund Size (30 Nov 2013)	: RM 5.74million
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	7.68%
2.	CIMB Bank Berhad 15/09/22	7.62%
3.	Sarawak Power Generation Bhd 23/06/21	7.57%
4.	Gamuda Berhad 21/03/18	7.50%
5.	Tenaga Nasional Berhad	4.89%



### 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 Nov 2013)	: RM 1.0267

Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Nov 2013)	: 1.0119

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

### Manager's Comments Market Review

Malaysian Government Investment Issues closed weaker in November on the back of higher inflation expectations after the recent subsidy rationalization (and more expected in the future), fears of QE tapering resurfacing from the release of the FOMC meeting minutes and some positive economic data releases. The yield curve bear steepened. In its Monetary Policy meeting during the month, Bank Negara kept the overnight policy rate unchanged at 3.00%, citing uncertainties to the balance of risks between growth and inflation. Bank Negara mentioned that domestic demand could be moderated by public sector consolidation and that inflation remains low. There was a RM4 billion 10-year new GII auction this month, which attracted a decent bid-to-cover of 1.676x. The average yield, however, was higher than expected at 4.444%. Also, Syarikat Prasarana Negara issued government-guaranteed sukuk in November.

On equity front, the FTSE Syariah Index remained almost unchanged to close at 12,734, underperforming MSCI Asia Ex Japan index which surged 2.24% m-o-m in Ringgit terms. During the month, Ringgit depreciated 2.2% despite Moody reaffirming Malaysia's government bond and issuer ratings at A3 while raising outlook from stable to positive. Malaysia recorded GDP growth of 5% y-o-y in 3Q13, mainly driven by domestic demand and modest export recovery. On the corporate front, Petronas has begun its gas production at the Berantai field and oil production at the Balai cluster. At the same time, Petronas awarded 13 contracts for 5-year offshore hook-up, commissioning and topside major maintenance contract worth RM10bn to six contractors. Dialog and Concord Energy signed a MoU to conduct a feasibility study for proposed crude oil and petroleum product storage terminal in Pengerang.

### Market Outlook

In the near term for fixed income, we believe that market sentiment will likely be affected by the continued speculation about the US QE tapering timeline. While in the longer term; we believe the yield curve will steepen with rising inflation expectation as more subsidy rationalization measures are expected to be announced.

For equity, we remain optimistic on equities in the long run, backed by Malaysian government effort to address fiscal deficit as well as accelerating global economic growth. We remain focused 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.