



Jan 2014

## 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.

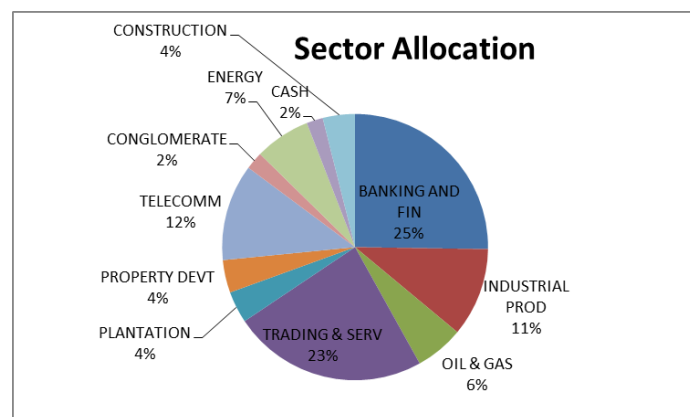
The Fund will only invest locally.

### Fund Details

Fund Size (30 Jan 2014)	: RM 6.02 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	6.99%
2.	Gamuda Berhad 21/03/18	6.94%
3.	First Resources Ltd 05/06/20	6.91%
4.	Sarawak Power Generation Bhd 23/06/21	6.73%
5.	Tenaga Nasional Berhad	5.45%



### 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 Jan 2014)	: RM 1.0307
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Jan 2014)	: 1.008

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 30 Jan 2014

### Manager's Comments Market Review

This month, the Ringgit was under pressure as emerging markets came under the spot light while the US Fed announced further cuts to QE as expected, bringing monthly bond purchases to US\$65 bil a month. Nevertheless, more buying interest in the GII market helped keep rates unchanged to lower. The 3 and 10 years GII yields fell 6 bps and 8 bps respectively to end the January at 3.38% and 4.32% respectively. During the month, there was a re-opening of the 5-year GII, which was well-covered, at 1.96x at an average yield of 3.953%. In the corporate sukuk market, market players turned their attention to new issues such as TNB Western Energy Berhad's sukuk. Overall, yields were about 10 to 18 bps higher and credit spreads were wider as corporate yields began their adjustment.

On equity front, FTSE Syariah Index dropped 3.43% m-o-m to close at 12,604.0, lower due to continued foreign selling and profit taking activities. Selling pressure was also seen globally with MSCI Asia ex-Japan Index declined 5.1% and S&P was down by 3.6% in Jan. Sentiment was weak as investors remained concerned over emerging markets growth and the Fed's decision to reduce bond purchase by US10bn beginning in February. Locally, major news include EPF unit Kwasa Land S/B completed a pre-qualification exercise that has attracted 152 developers for the proposed 2,330 acre Kwasa Damansara township and announcement of new NAP where car price target to reduce by 20-30% by end 2018.

### Market Outlook

For fixed income, our duration strategy will remain underweight amidst negative market sentiment. In terms of asset allocation, we prefer short to medium-term corporate sukuk.

For equity, we remain optimistic on equities in the long run given the expectations of a synchronized global growth coupled with Malaysia government effort to address macroeconomic issues. We remain focus on growth related sectors in oil & gas, property, construction and transportation.

Disclosure Document dated 16 May 2013, Supplemental Disclosure Document dated 11 October 2013, Second Supplemental Disclosure Document dated 8 January 2014 and Third Supplemental Disclosure Document dated 14 February 2014 (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.