



Feb 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.

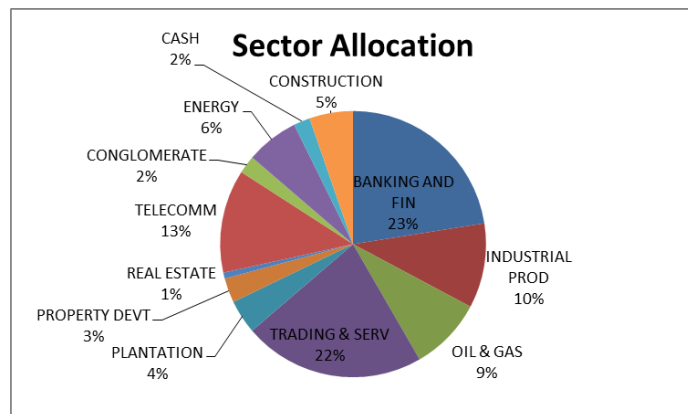
The Fund will only invest locally.

Fund Details

Fund Size (30 Jan 2014)	: RM 6.57 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	6.73%
2.	Gamuda Berhad 21/03/18	6.65%
3.	First Resources Ltd 05/06/20	6.59%
4.	Sarawak Power Generation Bhd 23/06/21	6.46%
5.	Tenaga Nasional Berhad	5.40%



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 (28 Feb 2014)	: RM 1.0418
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (28 Feb 2014)	: 1.0240

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 28 Feb 2014

Manager's Comments Market Review

There was more fixed income buying interest seen in February. The 3-year GII was unchanged at 3.38% while the 5-year fell 6 bps to 3.89% and the 10-year fell 2 bps to 4.30%. The new RM2 bil 10-year SPK received a modest bid to cover of 1.765x at an average yield of 4.731%. There was another RM2 bil of SPK that was privately placed. The 7-year GII was reopened, attracting a strong bid to cover of 2.522x and an average yield of 4.113%. Corporate sukuk yields were generally higher in February. In the primary market, Amlslamic Bank issued a subordinated sukuk.

On equity front, The FTSE Syariah Index surged 2.31% m-o-m to close at 12,895. Among the key drivers for the local market was the recovery in CPO spot prices to RM2,768/ tonne, surged 10% m-o-m on the back of concerns about soybean oil supply disruption in South America. In 4Q13, Malaysian economy expanded by 5.1%. However, domestic demand showed weaknesses due to subsidy rationalization in Sep 13. The Federal and Selangor state governments have signed a MoU on the restructuring of the state's water supply. On the corporate updates, Gamuda has announced that it will acquire Amcorp Properties 20% stake in Kesas for RM280m, giving it 50% control in the highway concession. SapuraKencana has completed the US\$895.9m acquisition of NewField International Holdings Inc' Malaysia O&G assets. Kulim has acquired 40,645 of plantation land in Central Kalimantan for RM141.87m. UMW Oil & Gas signed a vessel construction agreement with Keppel FELS worth RM723.26m which is expected to be delivered by end Sep 2015.

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.