



Apr 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.

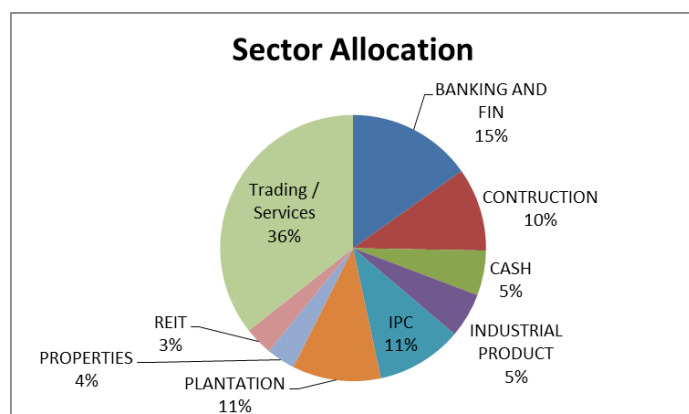
The Fund will only invest locally.

### Fund Details

Fund Size (30 Apr 2014)	: RM 6.80 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	6.39%
2.	CIMB Berhad 15/09/22	6.37%
3.	Gamuda Berhad 21/03/18	6.32%
4.	Sarawak Power Generation Bhd 23/06/21	6.26%
5.	Tenaga Nasional Berhad	5.16%



### 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 Apr 2014)	: RM 1.0629

Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Apr 2014)	: 1.0428

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

### Manager's Comments

#### Market Review

Islamic Government Securities ended the month lower as buying interest returned. The 3-year GII was unchanged at 3.43% while the 5, 7 and 10-year GII fell by 2bps, 3 bps and 3 bps respectively to 3.84%, 4.09% and 4.24% respectively. Auction results in April were strong. The new RM1.6 bil 7.5-year SPK was met with a bid to cover of 3.399x and an average yield of 4.345%. Another RM1 bil of the issue was privately placed. The RM1.5 bil re-opening of the 15-year GII saw robust demand, attracting a bid to cover of 2.773x and an average yield of 4.547%. Trading volume in corporate sukuk was slightly lower compared to March and most trades came from the AA-rated segment. Yields were generally lower. In the primary market, IJM Corp and Maybank Islamic issued.

On equity front, FBM Syariah Index inched up by 0.52% to close at 13,215. Petronas has approved the investment decision for Pengerang Integrated Complex at an estimated cost of US\$16bn while associated facilities will involve an investment of about US\$11bn. Dialog's Pengerang phase 1 is expected to be completed by end 2014 while Phase 2 plan is to be finalized by July 2014. Malaysia and Singapore governments reiterated that the proposed high speed rail link will be completed by 2020. MMC, Salcon and ARZB has secured Langat 2 water treatment plant phase 1 project worth RM993.8m.

#### 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.

Amid the geopolitical uncertainty and quantitative easing tapering, investment team remains optimistic on Malaysia equities in the long run back government effort to address macroeconomic issues, sustainable economy growth from export recovery and moderate domestic consumption as well as recovery in CPO prices. We will focus on stocks that are beneficiary to economic recovery at reasonable valuations.