



Oct 2014

AIA PAM – Islamic Moderate Fund

Investment Objective

The Fund seeks to provide returns through a combination of income* and capital growth.

**Income will be reinvested in additional units in the Fund*

Investment Strategy

The Fund will invest in equities that are trading below their fair value and equities offering a dividend yield above the market average. The Fund will invest in local and foreign markets.

The Fund will also invest at least 40% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.

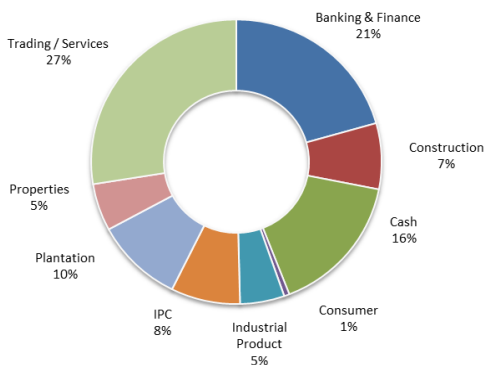
Fund Details

Fund Size (31 Oct 2014)	: RM 9.81 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.	Sabah Credit Corp 08/10/19	8.22%
2.	Sabah Credit Corp 23/07/21	5.25%
3.	Tenaga Nasional Berhad	4.78%
4.	First Resources Ltd 05/06/20	4.48%
5.	CIMB Berhad 15/09/22	4.43%

Sector Allocation



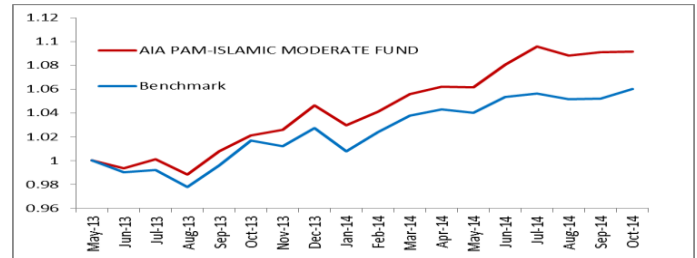
Risk

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



%	1 Mth	6 Mths	1-Year	*3-Year	*5-Year
Fund	0.03%	2.76%	6.88%		
Index	0.78%	1.68%	4.27%		
Excess	-0.76%	1.08%	2.61%		

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31 Oct 2014

Market Review

On fixed income, the Government Investment Issue (GII) yield curve continued its bullish flattening with buying interests seen in the 10-year benchmark. The bond rally was driven by US treasuries which hit historical low when International Monetary Fund cut its global outlook for 2015 amid a dovish Fed meeting minutes. Month on month, the benchmark 3-year, 5-year and 7-year GII closed at 3.67%, 3.80% and 4.00% respectively while the 10-year GII declined 2 bps to 4.12%. There were two auctions in October. The reopening of 3-year GII garnered a strong bid-to-cover ratio of 2.12 times at an average yield of 3.667% while the reopening of 7-year SPK garnered a strong bid-to-cover ratio of 2.85 times at an average yield of 4.129.

During the month, FBM Shariah Index ended at 13346(+1.2 %m-o-m), underperforming MSCI Asia Pacific ex Japan Index by 1.5%. October was a very volatile month, with concerns about a whole host of issues weighing down on global markets including the weakening economies of Europe and Japan, the conflict in Iraq and Ukraine as well as the Ebola health scare. Wall Street led global markets into a sharp fall and also dragged markets up when it rebounded.

On the economic, Budget 2015 assumes GDP growth of 5-6%, with total federal government expenditure rising to RM 273.9B. Besides that, The Malaysian government has raised the price of subsidized RON95 petrol and diesel by 20sen per liter to RM2.30/liter and RM2.20/liter respectively. On corporate front, Gamuda (GAM MK) has secured the PDP role for the M\$25B MRT Line 2 in a JV together with MMC Corp linking Sungai Buloh to Serdang and Putrajaya. WCT (WCTHG MK) has secured a RM 652MM project from Boustead Ikano to construct the Ikano building at Jalan Cochrane.

Market Outlook

For fixed income, trading sentiment will continue to be driven by volatile offshore flows as US Treasury continue edging lower on expectation that European Central Bank may embark on Quantitative Easing (QE).

In view of renewed global growth fears and lower crude oil prices, KLCI should see limited upside from here. We remain focus on stocks that beneficiary as the economic growth gaining momentum at reasonable valuations.