



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.

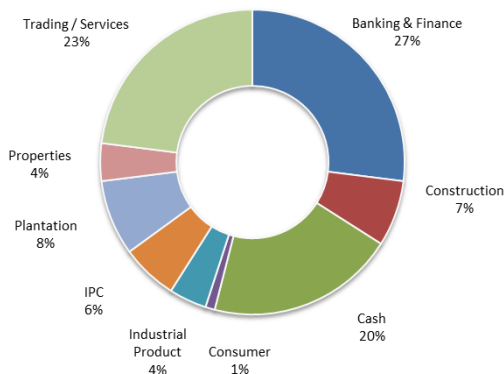
Fund Details

Fund Size (31 Dec 2014)	: RM 11.60 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	: 50% FTSE Bursa Malaysia EMAS Shariah Index + 50% Quant Shop GII All Index

Top Holdings

1.	MGII 22/05/24	8.85%
2.	MAHB 26/12/49	8.68%
3.	Sabah Credit Corp 08/10/19	7.02%
4.	Tenaga Nasional Berhad	4.57%
5.	Sabah Credit Corp 23/07/21	4.50%

Sector Allocation



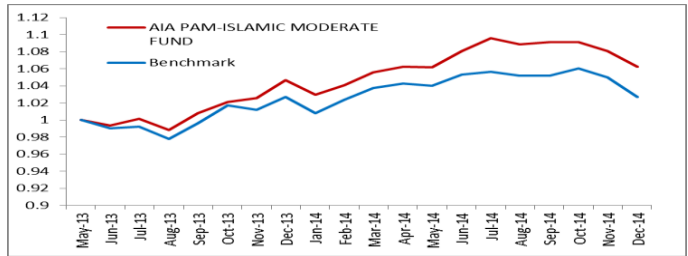
Risk

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	-1.71%	-1.68%	1.50		
Index	-2.15%	-2.49%	-0.01%		
Excess	0.44%	0.81%	1.51%		

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

Market Review

On fixed income, The month of December was a turbulent month for Government Investment Issue (GII). Sukuk yields spiked up substantially across the curve amid falling oil prices and weakening Ringgit. The benchmark 3-year, 5-year, 7-year and 10 year rose by 5 bps, 9 bps, 11 bps and 9 bps respectively to end the month at 3.71%, 3.91%, 4.10% and 4.21% respectively.

During the month, For equity, it was another volatile month for the Malaysia market as FBM Shariah (FBMS) Index plummeted to a new 52-week low of 11,815 before rebounding on the back of window dressing activities. Investors sentiment were dampened by the declining crude price (-19.5% m-o-m) and weaker Ringgit (-3.4% m-o-m). For the month FBMS Index declined by 4.1% m-o-m. On the corporate front, IJM has secured RM435.3m in contracts to undertake a mixed development project at Bukit Jelutong, Selangor. Dialog has entered into a shareholders agreement with PRPC Utilities and Facilities Sdn Bhd and Vopak Terminal Pengerang BV to undertake the Pengerang Terminal Phase 2 Project at an approximately total project cost of RM6.3bn. Malaysia government has extended the export tax exemption on CPO to end-February 2015 to boost CPO exports and reduce inventories.

Market Outlook

For fixed income, Volatile oil price and Ringgit will continue to weigh on Malaysian sukuk market. Market players will likely to track the current account balances for sign of twin deficits. Barring another round of plunge in oil price, we think that current GII yields appeared topish. Besides, credit spread will set to widen as corporate sukuk yield have moved up in a lesser extent than the GII during the recent sell off.

For equity, market is expected to remain volatile as the outlook for emerging markets in 2015 will be generally capped by softer export boost due to uneven global growth and falling commodity prices as well as domestic growth-constraints issues. After the sell down in early part of December, Malaysia's valuation is no longer stretched and trading at the lower end of historical PER premium vs. peers. We continue to focus on stocks that are beneficiary to strong US\$ and/or low raw material cost, resilient earnings growth and high yield with defensible earnings.