Jan 2015

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 equivalent rating by MARC. The Fund will only invest locally.

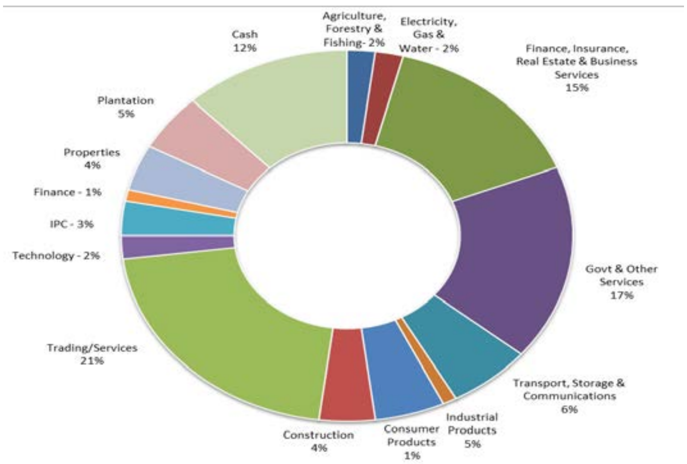
Fund Details

Fund Size (31 Jan 2015)	: RM 17.68 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



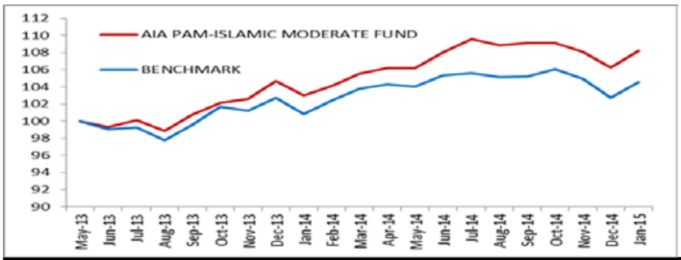
Risk

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	1.84%	-1.26%	5.05		
Index	1.77%	-1.04%	3.7%		
Excess	0.07%	-0.22%	1.51%		

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31Jan 2015

Market Review

On fixed income, Government Investment Issues ("GII") ended the month mixed. The 3-year GII rose 5 bps to 3.76% while the 5-year, 7-year and 10-year fell by 1bp, 11bps and 10bps respectively to close at 3.90%, 3.99% and 4.11% respectively. The weaker Ringgit and low crude oil prices did not deter buying interest in the 7 and 10-year GII as inflation expectations around the world fell. Moody's and Standard and Poor's affirmed their sovereign ratings on Malaysia after the revised budget was announced. Bank Negara Malaysia, in its meeting this month, maintained the Overnight Policy Rate (OPR) at 3.25%, noting that downside risk to the global economic outlook has increased while inflation is expected to be lower than earlier anticipated. On the corporate side, spreads were wider on the back of lower government yields. In a quiet month for primary issuance, Danga Capital issued RM1.5 bil of sukuk. The obligor for the sukuk is Khazanah Nasional.

During the month, FBM Syariah Index rebounded strongly 2.76% to end the month at 12,852. However, USD:MYR depreciated 3.7% to RM3.63:US$1 after crude oil price hitting a low of US$48.7/ barrel before recovering to US$53/ barrel towards month end. The government released 2015 revised budget. Due to falling crude oil prices, 2015 fiscal budget deficit target has been revised from 3% to 3.2% while official GDP forecast has also been lowered to 4.5-5.5% from previously 5.0-6.0%. On the corporate front, Yinson Holdings has been awarded a contract for the chartering, operation and maintenance of a FPSEO facility by ENI Ghana E&P for a firm period of 15 years with 5 yearly extensions, worth up to RM9.16bn. IJM Corp received unanimous approval from its shareholder for the proposed privatization of IJM Land. Besides, IJM Corp secured a contract worth RM538.5m to complete the superstructure works for Puteri Cove Residences in Johor. Sime Darby's proposed takeover of NBPOL has been approved by the European Commission.

Market Outlook

On fixed income, low inflation, risks of global growth disappointment and higher levels of liquidity following the ECB and Japan's Quantitative Easing programs seem to be the dominant themes in the fixed income market. Nevertheless, the weak Ringgit and the focus on the nation's fiscal position are clouding the outlook somewhat. Hence, the fund will maintain its neutral duration positioning.

For equity, 2015 is expected to be a challenging year for the equity market. However, we do not foresee significant downside to the market as we continue to see high domestic liquidity as a result of captive GLC-linked funds, low interest rates, resilient domestic consumption aided by lower and the government's commitment to fiscal reform. We continue to focus in the sectors that are beneficiary to the rollout of infrastructure. project and low crude oil prices and with resilient earnings growth.