



Apr 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.

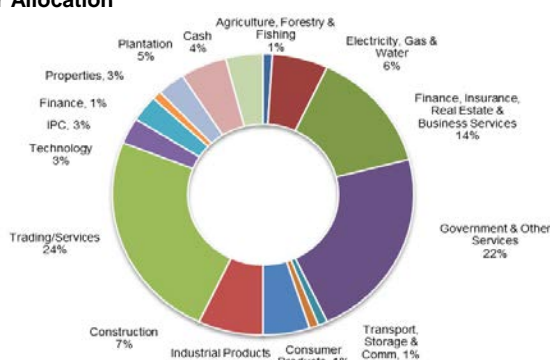
Fund Details

Fund Size (30 Apr 2015)	: RM 31.48 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 Five Holding

1.	MGII 15/07/22	11.22%
2.	MGII 27/08/20	9.78%
3.	Sarawak Energy Berhad	5.09%
4.	Tenaga Nasional Berhad	4.81%
5.	Northport Malaysia Berhad 19/12/24	4.78%

Sector Allocation



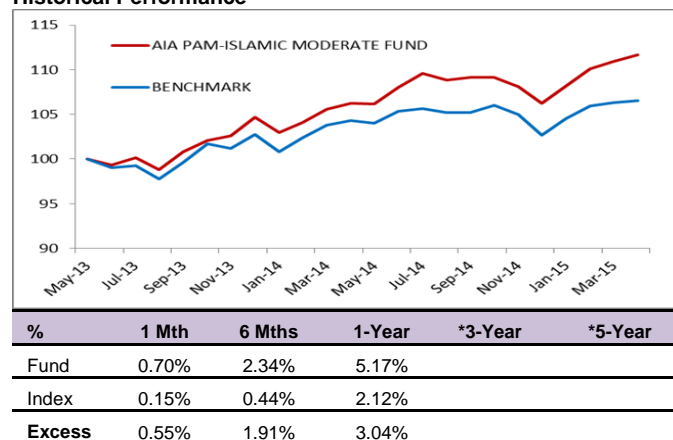
Risk

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



Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 30 Apr 2015.

Market Review

On fixed income, Yields on Government Investment Issues ("GII") fell in April on buying interest, benefitting from the inclusion of GII into the Barclays Global Aggregate Index. The recovery in oil prices (Brent Crude rose above \$65 per barrel) and the appreciation in the MYR during the month helped sentiment. Spread between GII and its conventional counterpart narrowed by about 7bps. The benchmark 3-year, 5-year, 7-year and 10-year GII yields fell by 7 bps, 2 bps, 6 bps and 8 bps respectively to end the month at 3.42%, 3.68%, 3.84% and 3.98% respectively. On the corporate side, yields were 3 to 8 bps lower compared to the previous month. Spreads for securities in the short to middle tenors narrowed but were wider in the longer tenors. In the primary market, Danainfra Nasional, Danga Capital, Putrajaya and Bank Islam issued

During the month, FBM Syariah Index declined 0.37% to end the month at 13,074, underperforming MSCI Asia ex-Japan which rose 3.30% in MYR term. This is despite crude oil prices have continued to rise by 19% m-o-m while MYR has appreciated 3.5% m-o-m. The underperformance was mainly led by telcos due to GST confusion coupled with poor 1Q15 results. On 1 April 2015, the government has implemented 6% of Goods and Services Tax. On the corporate front, IJM will inject a 32.76 acres land for RM402.8m or RM282 psf into Aura Hebat Sdn Bhd, which is 50:50 joint-ventures with Perennial Real Estate from Singapore. The JV will develop The Light integrated waterfront project which is worth of RM3bn. Malakoff IPO is expected to raise RM2.74bn. Sunway Bhd has also received approval from Bursa to list its construction arm Sunway Construction on the Main Market.

Market Outlook

On fixed income, benign inflation, risks of global growth disappointment and higher levels of liquidity following the ECB and Japan's Quantitative Easing programmes seem to be the dominant themes in the fixed income market. Nevertheless, volatile 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, in the short run, the sentiment on local equities is expected to be positive given rising oil prices, easing monetary conditions in China, lower interest rates expectations in the US and foreign buyers have turned net buyers in local equities for the first time in many months.