



May 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.

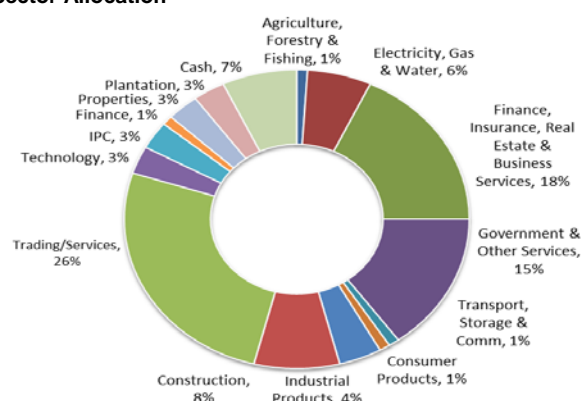
Fund Details

Fund Size (31 May 2015)	: RM 34.82 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 27/08/20	11.03%
2.	Sabah Credit Corp 05/05/22	5.47%
3.	Tenaga Nasional Berhad	5.03%
4.	Sarawak Energy Berhad 04/07/24	5.02%
5.	Northport Malaysia Berhad 19/12/24	4.73%

Sector Allocation



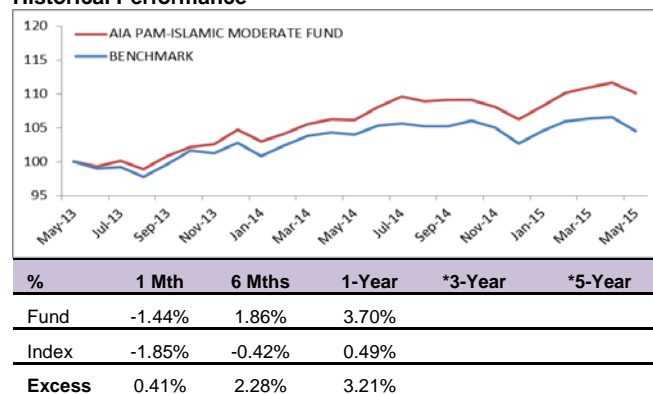
Risk

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 31 May 2015.

Market Review

In the month of May 2015, Government Investment Issue (GII) yields drifted higher across the curve. The GII yield curve flattened with the short to belly of the curve taking most of the brunt of the sell-off. The sell-off in GII was driven by weak market sentiment on the back of volatile yield movements in global bond space and also the fall of Ringgit against USD. Besides, the lingering news on potential Fitch's downgrade on Malaysia's sovereign rating has continued to weigh on the local bond market. On the corporate side, yields did not move in tandem with the trend seen in GII market. Instead, corporate bond were traded in a range-bound pattern. In the primary market, Malaysia Building Society Bhd, Aman Sukuk Bhd, Sabah Credit Corporation, amongst others tapped the bond market.

During the month, FBM Syariah Index declined 3.80% to end the month at 12,576, underperforming MSCI Asia ex-Japan, which fell only 0.60% in MYR term. This is largely driven by weaker MYR, which fell 2.9% m-o-m against USD and weak corporate results across the board as well as political concerns brought by the negative publicity on 1MDB. On the corporate front, IHH Healthcare and Sime Darby's medical venture made offers for a Malaysian hospital owned by Health Management International Ltd for RM892.5mil. Sunway Bhd is buying 17 acres land worth RM286mil, which is situated in the Sungei Way Free Trade Zone. TNB is in discussion with 1MDB over acquiring the biggest equity in the 2000MW coal-fired power plant, known as Project 3B.

Market Outlook

For fixed income, in the absence of fresh driver at the local front, we will likely to see range bound trading conditions in the GII market with a downside bias due to the volatile Ringgit.

For local equity, in the short run, the sentiment on local equities is expected to be positive given oil prices recovery above US\$55/barrel, easing monetary conditions in China and rate hike being delayed in the US. In addition, there is a slight positive development in 1MDB following cash injection of US\$1.0bil by International Petroleum and Aabar and the Government's move to restructure the company soon.