



Jul 2015

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.

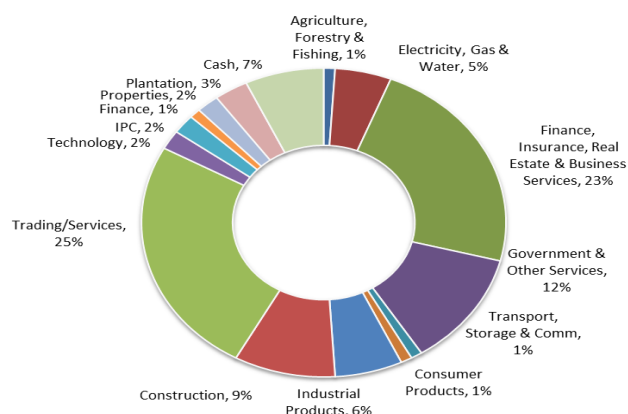
Fund Details

Unit NAV (31 Jul 2015)	: RM 1.1092
Fund Size (31 Jul 2015)	: RM 41.69 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	8.17%
2.	Northport Malaysia Berhad 19/12/24	5.94%
3.	Aquasar Capital Sdn Bhd 18/07/23	5.88%
4.	Tenaga Nasional Berhad	4.55%
5.	Sabah Credit Corp 05/05/22	4.08%

Sector Allocation



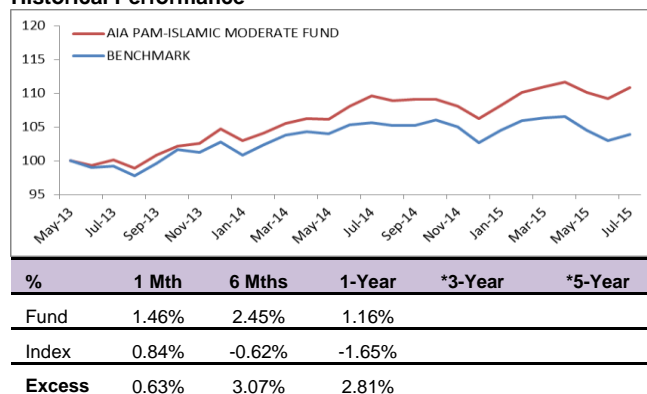
Risk

Investment risk involves the uncertainties relating to the country'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 Jul 2015.

Market Review

Government Investment Issues ("GII") yields moved higher amid persistent weakness in Ringgit and political fallout following the cabinet reshuffling. Besides, market players were also concerned with the depleting foreign reserve at USD100.5bn as of July 15, which is the lowest in almost 5 years. Meanwhile, Bank Negara Malaysia announced the resumption of bill issuance on August 6 after eight months of no issuance, which will in turn mopping up liquidity ahead of huge government bond maturities in the coming months. In the corporate space, despite weaker GII, corporate credits were well supported on the back of limited primary issuance. Putrajaya Holding Berhad and Sunway Treasury Sukuk, amongst other, had tapped the market.

During the month, FBM Syariah Index increased 1.35% to end the month at 12,374, outperforming MSCI Asia ex-Japan, which fell 4.71% in MYR term. July was a tough month with high volatility driven by macro concerns on politics such as 1MDB issue and cabinet reshuffling, weaker Ringgit fell below psychological level of 3.80 MYR/USD as well as weaker crude oil prices fell below US\$55 per barrel. However, there were some window dressing activities on the last day of July to support the market. On the corporate front, Integrax's dissenting shareholders have filed new legal action against TNB in relation to the utility giant's takeover of Lumut Port operator. TNB has submitted an indicative non-bidding proposal to buy 13 power assets of Edra Global Energy Bhd from 1MDB. SapuraKencana Petroleum has clinched a contract from Oil and Natural Gas Corporation Ltd for Mumbai High South Redevelopment Phase III Project on a turnkey basis worth US\$273mil. MMC Corp is buying KWAP's 9.08% stake in NCB Holdings for RM186.5mil cash.

Market Outlook

For fixed income, weak Ringgit is expected to continue weighing on local sukuk market.

For local equity, in the short run, we expect equity market to be volatile with a slight downward bias given correction in the Chinese equities market, weak corporate earnings, soft Ringgit, low crude oil prices and loss of investors' confidence in the country. Nonetheless, Malaysia remains on track with its high GDP growth of 4.5%~5.0% and budget deficit target of 3.2% for 2015 given weak Ringgit.