



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.

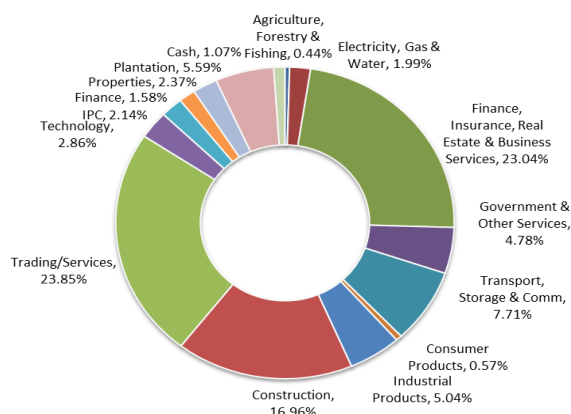
Fund Details

Unit NAV (31 Mar 2016)	: RM 1.1275
Fund Size (31 Mar 2016)	: RM 97.59 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.	Northport Malaysia Berhad 19/12/24	7.82%
2.	EKVE Sdn Bhd 29/01/26	5.40%
3.	Malakoff Power Bhd 17/12/19	5.17%
4.	Tenaga Nasional Berhad	4.74%
5.	BGSM Mgt Sdn Bhd 27/12/23	4.44%

Sector Allocation



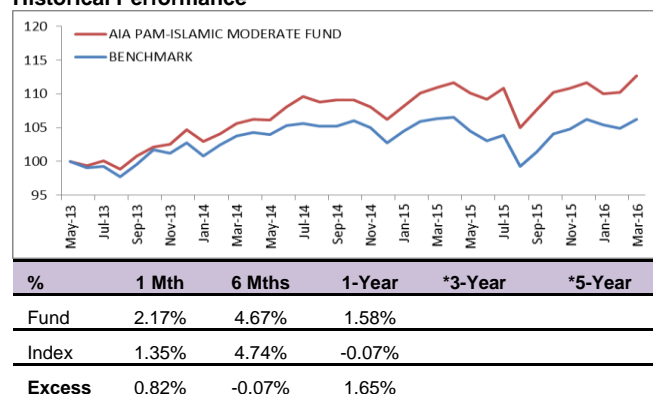
Risk

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 Mar 2016.

Market Review

Malaysia Government Investment Issue ("GII") rallied across the curve in March 2016, riding on stronger Ringgit and firmer US treasuries. As of end-March, Ringgit strengthened against the USD by 7.2% to 3.8995 supported by higher oil price. Foreign holding in GII stood at 5.4% in February, increased from 5.2% in January. In the primary market, BGSM Management (MYR300mil), Malaysia Airline Berhad (MYR1.5bil) and Sime Darby Berhad (MYR2.2bil) were the issuers who tapped the sukuk market, amongst others. In terms of credit rating actions, the outlook for Alam Maritim was revised to negative from stable to reflect its weakening business outlook.

During the month, FBM Shariah Index rebounded by 2.03% to end the month at 12,498 points, underperforming MSCI Asia ex-Japan, which increased by 2.54% in MYR term. The strong rally of local market was supported by foreign funds flowing back into Emerging Market, including Malaysia. Bursa Malaysia saw foreigner net buying of RM6.1bil in March 2016, which accumulated year-to-date net buying of RM5.5bil after offsetting the foreigner net selling in early of the year. This had resulted in strong Ringgit which broke the MYR3.90/USD level for the first time in 8 months. In addition, rising Brent oil prices up to USD40/barrel also contributed to Ringgit strength.

Market Outlook

For fixed income, a rebound in oil prices in recent week, if sustainable, will boost confidence on Malaysian economy that may drive further inflows of foreign funds into Malaysian sukuk market. Despite recent strong data out from United States, we expect the pace of Fed hike will be gradual and the loose monetary stance adopted by regional countries will be supportive of Malaysian sukuk.

For local equity, in the short run, we expect market to start gaining momentum on recovery mode backed by continued strengthening of crude oil prices, Ringgit and crude palm oil prices. Sale of 1MDB's power assets and Bandar Malaysia to China enterprises is also expected to restore investors' confidence and give further support to Ringgit.