

May 2016

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

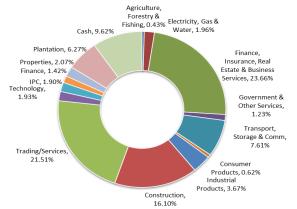
Unit NAV (31 May 2016)	: RM 1.1087
Fund Size (31 May 2016)	: RM 99.50 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: 1.50% p.a
Investment Manager	: AIA Pension and Asset Management Sdn. Bhd.
Basis of Unit Valuation	: Net Asset 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	7.70%
2.	EKVE Sdn Bhd 29/01/26	5.31%
3.	Malakoff Power Bhd 17/12/19	5.09%
4.	BGSM Mgt Sdn Bhd 27/12/23	4.39%
5.	Tenaga Nasional Berhad	4.21%

Sector Allocation

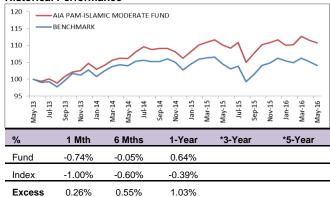


Risk

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 May 2016.

Market Review

In May, Malaysian government sukuk yields rose as market players turned cautious amid volatile Ringgit movement against the greenback. At the Monetary Policy Committee (MPC) meeting on 19 May, Bank Negara Malaysia has opted to keep Statutory Reserve Rate (SRR) and Overnight Policy Rate (OPR) unchanged at 3.50% and 3.25% respectively. In the primary market, UEM Sunrise (MYR500mil) and Cagamas (MYR375mil) were the issuers who tapped the corporate sukuk market, amongst others.

During the month, FBM Shariah Index declined by 2.35% to end the month at 11,923 points, underperforming MSCI Asia ex-Japan, which increased by 3.28% in MYR term. The further consolidation in local market was mainly driven by the reduction of Malaysia weightage from 4.0% to 3.6% in MSCI Asia Ex-Japan Index. Foreign selling accumulated to RM4.3 billion during the month. MYR weakened by 5.7% to USD/MYR 4.13 level on the possibility that US interest rates may be raised in June or July FOMC meeting. Brent oil prices rose to US\$49/barrel backed by the shrinking US crude inventory and production but did not help the local market and Ringgit.

Market Outlook

For fixed income, while the expectation of imminent Fed rate hike may weigh on the sukuk market due to the concern of possible outflows of foreign funds, we view that the risk is mitigated by the stickiness of the foreign holding in GII, as well as the slower economic outlook which may boost demand for local sukuk. In the near term, we remain cautious on volatility of GII movements due to fluctuation in Ringgit and oil prices.

For local equity, in the short run, we expect market to be volatile driven by foreign outflows and the disappointing corporate results.

Disclosure Document dated 16 May 2013, Supplemental Disclosure Document dated 11 October 2013, Second Supplemental Disclosure Document dated 8 January 2014, Third Supplemental Disclosure Document dated 14 February 2014, Fourth Supplemental Disclosure Document dated 16 June 2014, Fifth Supplemental Disclosure Document dated 4 July 2014, Sixth Disclosure Document dated 8 August 2014, Sixth Disclosure Document dated 10 November 2014, Eighth Supplemental Disclosure Document dated 4 July 2014, Sixth Disclosure Document dated 7 August 2015, and Eleventh Supplemental Disclosure Document dated 10 November 2014, Eighth Supplemental Disclosure Document dated 4 May 2015, Ninth Supplemental Disclosure Document, atted 7 August 2015 and Eleventh Supplemental Disclosure Document dated 14 September 2015 (collectively known as "Disclosure Document") of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Disclosure Document and Product Highlights Sheet (known as "PHS") are available from our office and all authorised agents/distributors of AIA Pension and Asset Management Sdn Bhd and you have the right to request for the Disclosure Document and PHS. Please read and understand the Contents of the Disclosure Document and PHS. Please read and understand the Disclosure Document. In the event of discrepancy between the fact sheet and the Disclosure Document, the information in the Disclosure Document shall prevail.