



## 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.

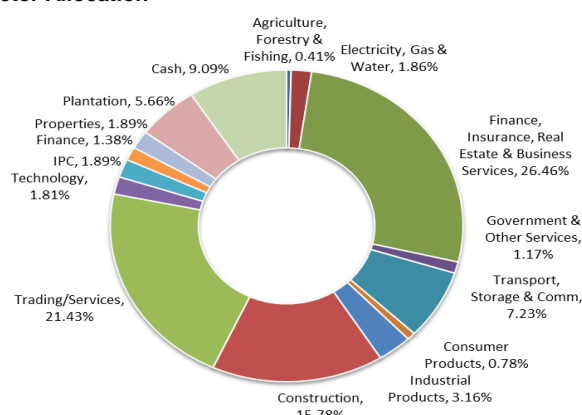
### Fund Details

Unit NAV (30 Jun 2016)	: RM 1.1125
Fund Size (30 Jun 2016)	: RM 105.14 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	7.32%
2.	EKVE Sdn Bhd 29/01/26	5.06%
3.	Malaysia Airports Hldg Bhd Perp	5.03%
4.	Malakoff Power Bhd 17/12/19	4.83%
5.	Tenaga Nasional Berhad	4.49%

### Sector Allocation



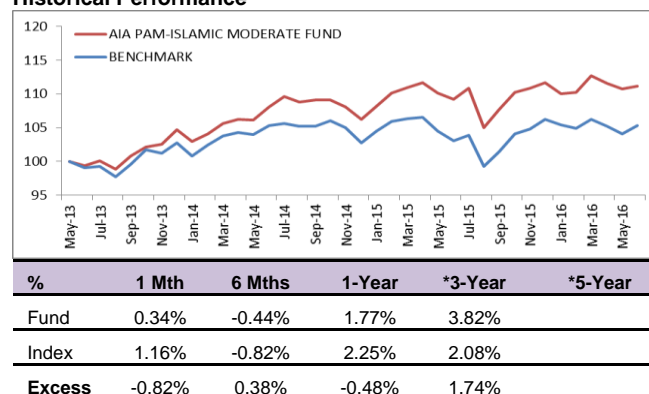
### Risk

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 30 Jun 2016.

### Market Review

Malaysian government bonds started the month slow with some mild profit taking activities as investors were sidelined ahead of the US Fed FOMC meeting and the Brexit Referendum. As the Brexit results was a surprise to the market, local bond market saw a knee-jerk selloff amid risk off sentiment. However, the selloff was short-lived as investors started investing into risk-free assets as risky assets suffered. Government Investment Issue ("GII") rallied post-Brexit, attracting both domestic and offshore interests. MYR strengthened against the USD by 2.4% month-on-month to close at MYR4.0288. Corporate sukuk primary issuance saw more than MYR5bil issuances during the month.

During the month, FBM Shariah Index improved by 1.51% to end 1H2016 at 12,103 points, outperforming MSCI Asia ex-Japan, which declined by 1.05% in MYR terms. Despite the negative shock of the Brexit vote, the Malaysian market was supported by local institutional investors as foreigners continued to be net-sellers. In terms of policy response, Bank of England has hinted that it will be preparing for monetary policy easing in the next few months to support growth. The Fed could also give its rate hike a pause while the European Central Bank (ECB) is expected to continue with its ultra-loose monetary policy.

### Market Outlook

For fixed income, global uncertainties and tepid economic outlook are generally concerning and Malaysia is not ruled out. Domestic consumption remains the pillar of local economic growth but prolonged weak global growth may hurt the external sector and in turn domestic growth. Overall, we think this is supportive of the local sukuk market.

For local equity, in the short run, we expect markets to be volatile as risk aversion dominates following the Brexit vote. However, emerging markets could benefit from continued loose monetary policy measures in developed markets. Hence, we could see a reversal of capital flows back to emerging markets to seek better returns.