



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.

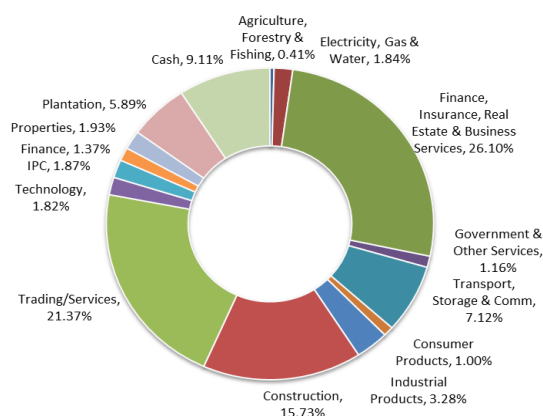
Fund Details

| | |
|-----------------------------|---|
| Unit NAV (31 Jul 2016) | : RM 1.1222 |
| Fund Size (31 Jul 2016) | : RM 107.28 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 | 7.22% |
| 2. | EKVE Sdn Bhd 29/01/26 | 5.00% |
| 3. | Malaysia Airports Hldg Bhd Perp | 4.98% |
| 4. | Malakoff Power Bhd 17/12/19 | 4.75% |
| 5. | Tenaga Nasional Berhad | 4.61% |

Sector Allocation



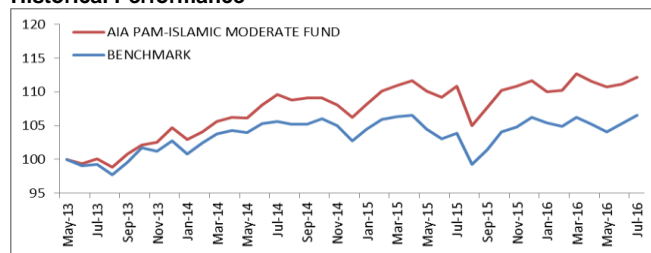
Risk

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



| % | 1 Mth | 6 Mths | 1-Year | *3-Year | *5-Year |
|--------|--------|--------|--------|---------|---------|
| Fund | 0.87% | 1.92% | 1.17% | 3.85% | |
| Index | 1.12% | 1.03% | 2.53% | 2.39% | |
| Excess | -0.25% | 0.89% | -1.36% | 1.46% | |

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 31 Jul 2016.

Market Review

The Government Investment Issues (GII) yield curve bull-steepened during the month, driven by a surprise Overnight Policy Rate (OPR) cut by Bank Negara Malaysia (BNM). The central bank slashed the OPR by 25 basis points to 3.00% at the Monetary Policy Committee meeting, citing concern about uncertainties in global environment could weigh on Malaysia's prospect. BNM governor Datuk Muhammad Ibrahim stated the monetary easing is a pre-emptive action to ensure that the economy continues to remain on a steady growth path.

As for equity, the FBM Shariah Index was up by 0.8% to end the month at 12,199 points, underperforming the MSCI Asia ex-Japan index, which rose by 6.0% in MYR terms. The unexpected interest rate cut by BNM gave a boost to the market. Property and dividend-yielding stocks staged a rally while banking stocks, which are perceived to be losers in a declining interest rate environment, reacted negatively.

Market Outlook

For fixed income, potential US interest rate hike and volatile commodity prices continue to weigh on the local sukuk market. However, it is somewhat supported by prolonged weak global economy and monetary easing in Japan and Europe.

For local equity, in the short run, we expect markets to be volatile as the global economic outlook is still uncertain. With the continued loose monetary policy measures in developed markets, emerging markets could benefit as a result. Hence, we could see a reversal of capital flows back to emerging markets to seek better returns.