



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.

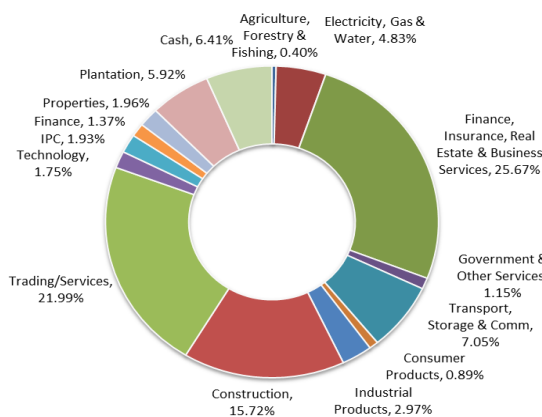
Fund Details

Unit NAV (31 Aug 2016)	: RM 1.1349
Fund Size (31 Aug 2016)	: RM 108.59 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	7.17%
2.	EKVE Sdn Bhd 29/01/26	4.93%
3.	Malaysia Airports Hldg Bhd Perp	4.91%
4.	Tenaga Nasional Berhad	4.79%
5.	Malakoff Power Bhd 17/12/19	4.70%

Sector Allocation



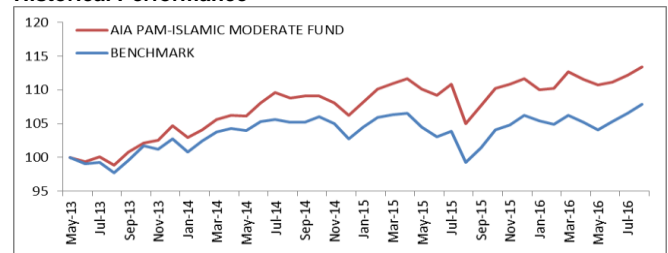
Risk

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	1.13%	2.84%	7.97%	4.69%	
Index	1.31%	2.91%	8.65%	3.34%	
Excess	-0.18%	-0.07%	-0.68%	1.35%	

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

Market Review

The Malaysia Government Investment Issue (GII) rallied across the curve buoyed by offshore buying on the inclusion of the 7-year and 10-year GII papers in JP Morgan Emerging Market Bond Index beginning 31 October 2016. Foreign holding in GII surged higher in July to 10.6% in July 2016, from 9.5% a month ago. Sizeable corporate primary issues during the month were Lebuhraya DUKE Fasa 3 (RM3.6 billion) and Sarawak Hidro (RM5.5 billion), amongst others.

During the month, FBM Shariah Index was up by 1.9% to end the month at 12,431 points, underperforming MSCI Asia ex-Japan, which rose by 4.1% in MYR terms. The local bourse performed strongly in the first half of the month, supported by robust foreign buying interest, recovery in oil price as Brent went to a high of US\$51/barrel, and a stronger ringgit as it fell below RM4.00 to the dollar. However, the market gave up some of its gains towards the end of the month, in line with the reversal of oil price and ringgit during the period. For the month, foreign investors' interest in Malaysian markets was strong with net buying of about RM1.6 billion.

Market Outlook

For fixed income, slowing global economy and monetary easing in Japan and Europe is supportive of local fixed income assets. Nonetheless, potential monetary policy tightening by the US Federal Reserve in the second half of 2016 and volatile oil prices may weigh on local sukuk market.

For local equity, all eyes will be on the US Federal Reserve when it meets on September 20-21 to set the direction of interest rate. Although jobs data for the past few months have been robust, the latest August data came in below expectations. While there will be concerns on fund flows to emerging markets if interest rate starts to increase, the signalling of confidence in US economic growth by the Fed, and the continued loose monetary policy by central banks in Europe and Japan should still provide support to the markets.