



January 2017

## 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.

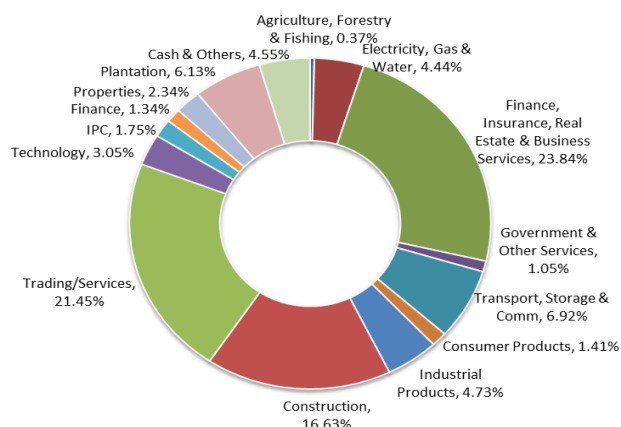
### Fund Details

Unit NAV (31 Jan 2017)	: RM 1.1218
Fund Size (31 Jan 2017)	: RM 115.53 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	6.66%
2.	EKVE Sdn Bhd 29/01/26	4.55%
3.	Tenaga Nasional Bhd	4.54%
4.	Malaysia Airports Hldg Bhd Perpetual	4.52%
5.	Malakoff Power Bhd 17/12/19	4.39%

### Sector Allocation



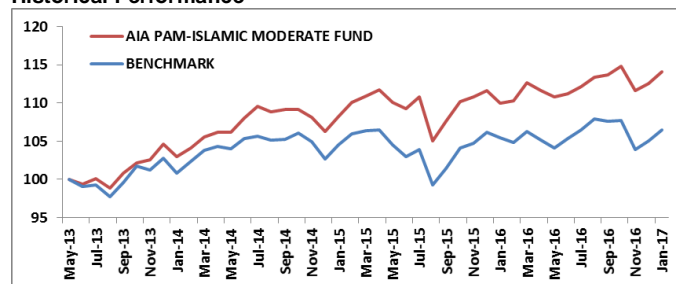
### Risk

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	1.36%	1.75%	3.70%	3.47%	-
Index	1.39%	-0.05%	0.98%	1.83%	-
<b>Excess</b>	<b>-0.03%</b>	<b>1.80%</b>	<b>2.73%</b>	<b>1.64%</b>	<b>-</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 Jan 2017. ^ Annualised return

### Market Review

For fixed income, Malaysian government sukuk extended gains, amid net buying interest in January. Sentiment improved as some foreign investors returned and tapped on Malaysian government sukuk, aided by the recovery in Ringgit and stabilising crude oil prices. Foreign holdings in overall Malaysian government bonds registered a second consecutive month of decline, from 33.2% in November to 32.1% in December 2016. However, foreign selling pressure eased to RM6.04 billion in December, compared to the larger outflow of RM18.8 billion registered in the prior month. Meanwhile, Bank Negara kept interest rate unchanged at 3.00% in January, and believes that the Malaysian economy remains on track to expand as projected.

For equity, the Malaysian market started 2017 on a positive note with the FBM Emas Shariah Index up by 1.8% in January. Nevertheless, the market underperformed MSCI Asia ex Japan, which was up by 4.8% in MYR terms. Asian markets appeared to have shrugged off concerns about President Donald Trump's protectionist policies and staged a strong start to the year. The local market saw some major news about M&A activities, with the announcement by Sime Darby Bhd to list its plantation and property businesses, and UMW Holdings Bhd restructuring its oil and gas business. Foreign interest also returned to the local market with net buying seen in January partly taking advantage of the weak ringgit and expectation that it will strengthen.

### Market Outlook

For fixed income, sentiment in the Ringgit sukuk market has improved alongside with the Ringgit strength, with strong buying interest seen from both domestic and foreign investors in late January. The real money flows together with domestic liquidity may provide further support to the market in the near term.

For equity, following the inauguration of President Donald Trump, he has signaled his protectionist intent on trade and imposed restriction on immigration. Nevertheless, the market has shrugged these off and focused instead on the expectation of stronger US economic growth. Given that Malaysia's economic fundamentals are expected to remain intact supported by steady global growth, rising commodity prices and the implementation of infrastructure projects, the domestic market could continue to be well supported.

Replacement Disclosure Document dated 9 December 2016 of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Replacement 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 Replacement Disclosure Document and PHS. Please read and understand the contents of the Replacement Disclosure Document and PHS before making any investment decision. Units are issued upon our receipt and satisfactory processing of a duly completed application form referred to in and accompanying the Replacement Disclosure Document. In the event of discrepancy between the fact sheet and the Replacement Disclosure Document, the information in the Replacement Disclosure Document shall prevail.