



February 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.

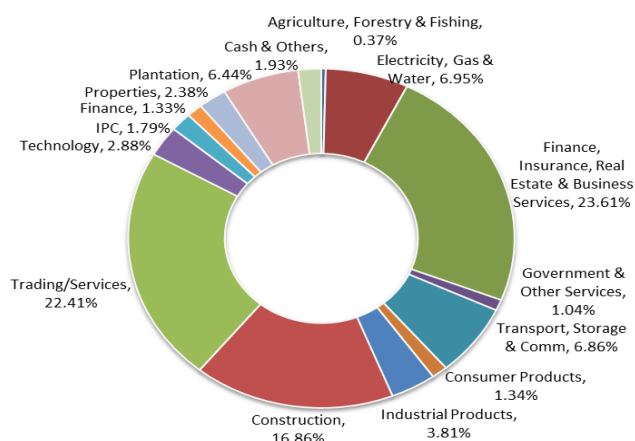
### Fund Details

Unit NAV (28 Feb 2017)	: RM 1.1396
Fund Size (28 Feb 2017)	: RM 116.89 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	6.60%
2.	Tenaga Nasional Bhd	4.54%
3.	EKVE Sdn Bhd 29/01/26	4.51%
4.	Malaysia Airports Hldg Bhd Perpetual	4.48%
5.	Malakoff Power Bhd 17/12/19	4.34%

### Sector Allocation



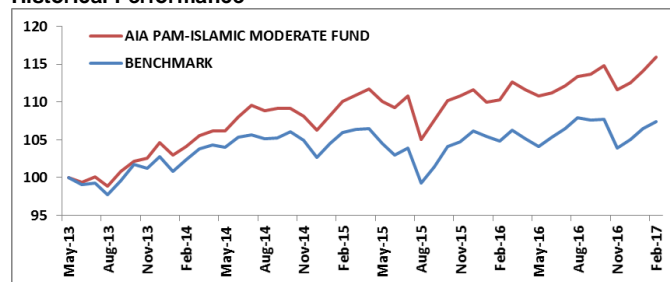
### Risk

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	1.59%	2.21%	5.11%	3.65%	-
Index	0.92%	-0.43%	2.46%	1.61%	-
<b>Excess</b>	<b>0.67%</b>	<b>2.65%</b>	<b>2.65%</b>	<b>2.04%</b>	<b>-</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 28 Feb 2017. ^ Annualised return

### Market Review

For fixed income, Malaysian government bonds closed mixed with net buying interest in the mid-to-longer tenure bonds in February. Yield curve flattened supported by firmer US Treasuries early in the month as investors recalibrated their outlook for growth and inflation amid lack of information on Donald Trump's fiscal and tax plans and mixed signals on the direction of US Federal Reserve. Foreign holdings in Malaysian government bonds registered a third consecutive month of decline, from 32.1% in December 2016 to 31.0% in January 2017. However, foreign selling pressure eased to RM3.1bn in January, compared to the larger outflow of RM6.0bn registered in the prior month.

For equity, the rally in global and Malaysian equity markets continued in February with the FBM Emas Shariah Index up by 1.3% during the month. Nevertheless, the domestic market again underperformed regional markets as MSCI Asia ex Japan was up by 3.6% in MYR terms. Investors shrugged off concerns about President Donald Trump's protectionist policies and focused instead on his stimulus measures and the prospect of stronger US economic growth. Meanwhile, corporate earnings appeared to show signs of recovery in the fourth quarter reporting season with fewer companies reporting lower than expected results. Sectors which did well included plantation on the back of higher CPO price and technology which benefited from a weaker ringgit. On the other hand, oil and gas companies continued to disappoint as the recovery in oil price has not translated into stronger work orders yet.

### Market Outlook

For fixed income, the expectation of interest rate hike at the upcoming US Federal Reserve meeting and the lumpy Malaysian government bond maturities of RM10.5bn in March could push yield higher in the near term. Nonetheless, real money flows together with domestic liquidity is expected to provide support to the domestic bond market in the medium to longer term.

For equity, the expectation of higher interest rate in the US could continue to boost sentiment in global equity markets as it is a sign that policymakers believe US economic growth is becoming stronger and more sustainable. The Malaysian market is also expected to be well supported with economic fundamentals remaining intact backed by a stronger external environment, higher commodity prices relative to last year and implementation of infrastructure projects.

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.