



March 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.

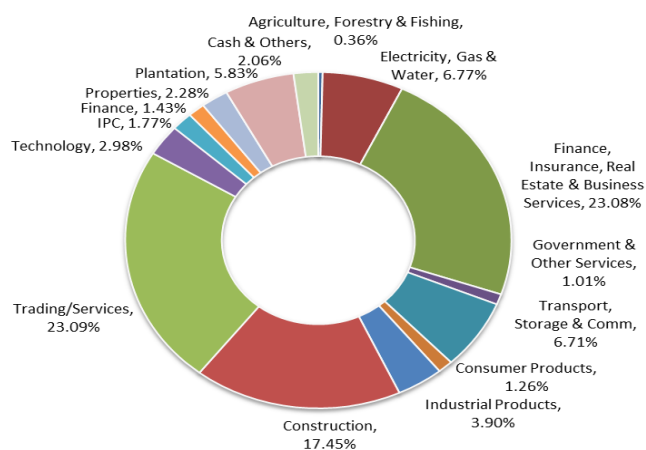
### Fund Details

Unit NAV (31 Mar 2017)	: RM 1.1663
Fund Size (31 Mar 2017)	: RM 119.53 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	6.47%
2.	Tenaga Nasional Bhd	4.49%
3.	EKVE Sdn Bhd 29/01/26	4.40%
4.	Malaysia Airports Hldg Bhd Perpetual	4.38%
5.	Malakoff Power Bhd 17/12/19	4.25%

### Sector Allocation



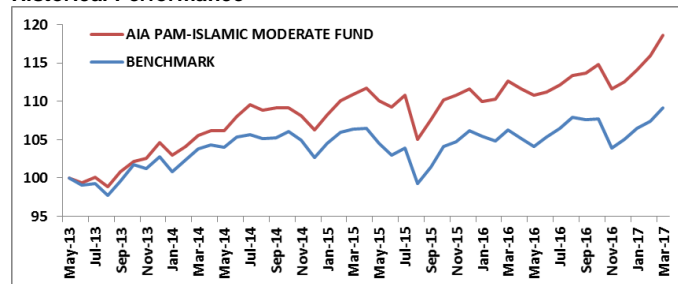
### Risk

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	2.34%	4.37%	5.29%	3.96%	-
Index	1.64%	1.43%	2.75%	1.71%	-
Excess	0.71%	2.94%	2.54%	2.25%	-

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

### Market Review

Malaysian government bonds strengthened at the beginning of the month post Bank Negara and US Federal Reserve interest-setting committee meetings but gains were eventually reversed towards month-end amid inflationary concerns. Bank Negara kept interest rate unchanged at 3.0% at its Monetary Policy Committee meeting in March and highlighted the continued improvement in global economy and the recovery in global trade. Foreign holdings in Malaysian government bonds registered a fourth consecutive month of decline, from 31.0% in January 2017 to 29.8% in February 2017. Foreign outflow was larger in February which increased to RM7.56bn from RM3.09bn in the prior month.

For equity, the Malaysian market continued its rally in March with the FBM Emas Shariah index up by 3.4%, outperforming regional markets as the MSCI Asia ex Japan index was up by 2.8% in MYR terms. Foreign buying was one of the key drivers with net inflow of RM4.3bn during the month. This was likely due to expectation of an improving economy and the view that ringgit was undervalued. The month was dominated by news about our Prime Minister Datuk Seri Najib Tun Razak and Alibaba Group's founder Jack Ma launching the Digital Free Trade Zone. Logistics and e-commerce-related stocks rose strongly as they were perceived to be beneficiaries of this initiative. Banks also outperformed due to the risk of deterioration in asset quality dissipating.

### Market Outlook

For fixed income, bond yield could move higher on the back of better domestic economic prospects with the recent turnaround in both domestic and external demand as well as rising headline inflation. On the external front, while the US Federal Reserve appears on track to meet its three hikes target in 2017, the failure of President Trump to repeal the Affordable Care Act raises doubt about his ability to push through other measures such as tax reforms and increase in fiscal spending. This could spark risk-off sentiment and benefit the Ringgit bond market indirectly.

For equity, the meeting between the US and Chinese Presidents concluded in a friendly manner, hence reducing the risk of a trade war between the two countries. Nevertheless, with Syria and North Korea geopolitical risks emerging, global markets could turn cautious after a strong start to the year. On the domestic front, news flow on infrastructure construction, investments from China and restructuring of government-linked companies could continue to provide support to the market.

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.