



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.

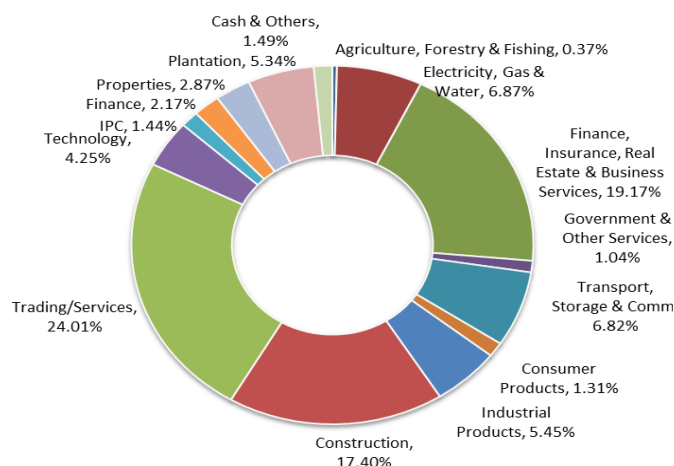
Fund Details

Unit NAV (31 May 2017)	: RM 1.1734
Fund Size (31 May 2017)	: RM 118.07 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: up to 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	6.58%
2.	EKVE Sdn Bhd 29/01/26	4.44%
3.	Malakoff Power Bhd 17/12/19	4.30%
4.	Tenaga Nasional Bhd	4.15%
5.	BGSM Management Bhd 27/12/23	3.70%

Sector Allocation



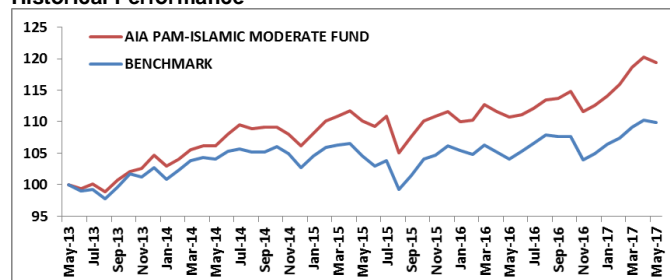
Risk

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	-0.71%	6.94%	7.73%	3.98%	-
Index	-0.28%	5.79%	5.58%	1.86%	-
Excess	-0.43%	1.15%	2.14%	2.12%	-

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

Market Review

Malaysian government bond yields mostly declined in May as net foreign buying continued for another month. For April, foreign holdings of Malaysian government bonds recorded an increase of RM6.0bn compared to the RM23.6bn plunge in holdings in March. This translated into an increase of foreign holdings from 25.8% in March to 26.5% in April. On the economic front, Malaysia's economy grew by 5.6% YoY in 1Q 2017 compared to the 4.5% registered in 4Q 2016. This was the fastest pace in two years and was lifted by an export recovery and stronger private consumption and investment. Meanwhile, Bank Negara maintained interest rate at 3.0% in May. The central bank noted that global economy continued to improve and growth momentum in Malaysia is expected to sustain for the rest of the year. Nevertheless, it cautioned against risks such as rise of protectionism, geopolitical developments and commodity volatilities.

For equity, the Malaysian market traded sideways in May with the FBM Emas Shariah Index down by 1.3%, underperforming MSCI Asia ex Japan index, which was up by 2.9% in MYR terms. Sentiment in the market was impacted by the surprise termination of the Bandar Malaysia land sale agreement. The solid GDP growth in 1Q 2017 and agreements worth more than RM30bn signed between Malaysian and Chinese companies at the Belt and Road Forum in China failed to lift market sentiment. Ringgit continued to strengthen during the month (up by 1.2%) and foreign net buying also remained strong with net foreign inflow of RM2.1bn. Banks continued to outperform driven by the global deflation trade while oil and gas stocks underperformed on the back of the weakness in oil price despite OPEC and non-OPEC countries agreeing to extend the cut in oil production.

Market Outlook

For fixed income, the pace of US interest rate hike is expected to impact both the Malaysian ringgit and local bond yields. Uncertainties over policy choices under President Trump, most notably regarding his tax plan, and geopolitical risks will likely contribute to market volatilities over the short term. Nonetheless, domestic liquidity is expected to be supportive of the local bond market.

For equity, investors will likely focus on the direction of the US market and interest rate, oil price, as well as geopolitical issues such as the diplomatic feud between certain key Arab countries and Qatar. With the recent sell-off of technology stocks in the US, investors could also start to look at valuations of sectors and companies which have done well year-to-date, and relook at those which have underperformed on a relative basis.

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.