



July 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.

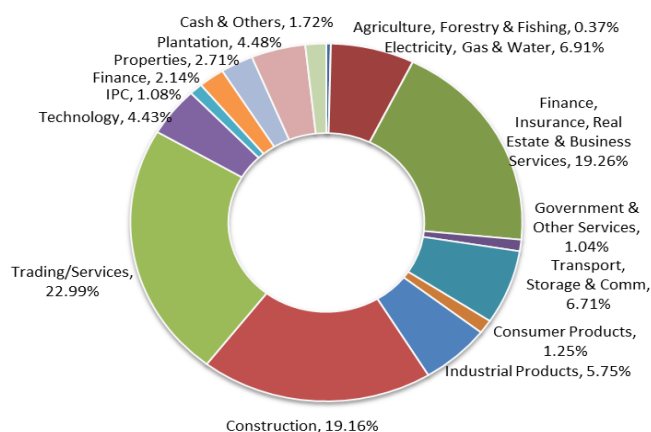
Fund Details

Unit NAV (31 July 2017)	: RM 1.1725
Fund Size (31 July 2017)	: RM 117.30 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	6.61%
2.	EKVE Sdn Bhd 29/01/26	4.47%
3.	Tenaga Nasional Bhd	4.34%
4.	Malakoff Power Bhd 17/12/19	4.32%
5.	BGSM Management Bhd 27/12/23	3.73%

Sector Allocation



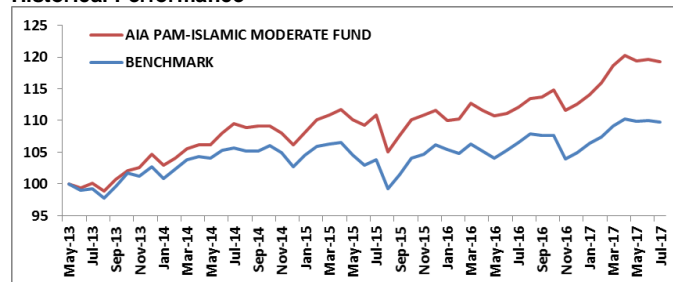
Risk

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		-0.32%	4.52%	6.35%	2.87%	-
Index		-0.23%	3.14%	3.09%	1.30%	-
Excess		-0.09%	1.38%	3.26%	1.57%	-

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

Market Review

Malaysian government bond yields increased in July due to cautious market sentiment towards potential removal of monetary policy accommodation by the European Central Bank. For June, foreign holdings of Malaysian government bonds recorded a net outflow of RM0.8bn compared to a net inflow of RM9.0bn in May. This translated into a decline of foreign holdings from 27.5% in May to 27.2% in June. On the macro front, Bank Negara left interest rate unchanged with little hint of monetary policy tightening in the near future. Meanwhile, Malaysia's exports growth slowed significantly to 10.0% YoY in June from May's 32.5% YoY. Falling commodity prices and lower export volume contributed to the moderation.

For equity, the Malaysian market fell in July with the FBM Emas Shariah Index down by 0.8% due to lack of fresh leads to drive the market. Foreign net inflows eased for the second month, coming in at RM0.4bn which was broadly similar to level in June versus the cumulative net inflow of about RM11bn for 7M2017. Oil price rebounded by 10.0% during the month to close above US\$52 per barrel possibly on expectation that crude producers could rein in output to cut oversupply. In terms of sector performance, the banking sector succumbed to profit-taking after the strong rally since the beginning of the year while telcos also underperformed led by Digi due to its weak second quarter results. Consumer discretionary was the notable outperformer led by Genting Malaysia on expectation of stronger tourist arrivals.

Market Outlook

For fixed income, the sizeable upcoming government bond maturities in 2H17 amounting to about RM24.8bn and the heavy supply of long-duration government bonds could assert steepening pressure on the yield curve. Nevertheless, domestic fundamentals remain intact while domestic liquidity is expected to be supportive of the local bond market.

For equity, markets started to become jittery following the escalating tension between the US and North Korea over the latter's nuclear programme. In addition to geopolitical risk, sentiment in the Malaysian market is likely to be influenced by global fund flows, interest rate direction of the US and the upcoming second quarter results season. We will be vigilant and adjust our strategy accordingly, and continue to focus on stocks which are undervalued with strong balance sheet, cash flow and growth potential.

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.