



September 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 R2+ by RAM or equivalent rating by MARC.

The Fund will only invest locally.

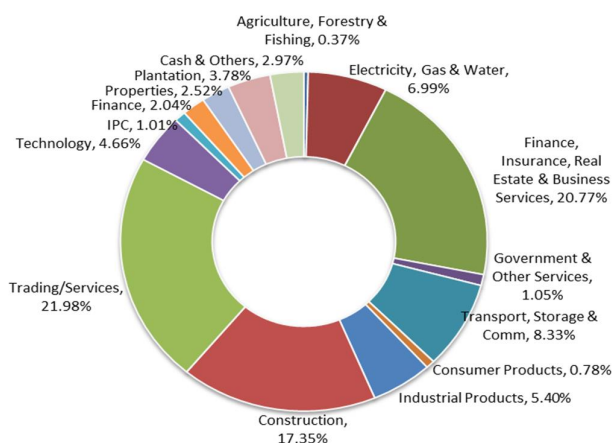
### Fund Details

Unit NAV (30 Sep 2017)	: RM 1.1789
Fund Size (30 Sep 2017)	: RM 116.17 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	6.67%
2.	EKVE Sdn Bhd 29/01/26	4.55%
3.	Malakoff Power Bhd 17/12/19	4.36%
4.	Tenaga Nasional Bhd	4.32%
5.	BGSM Management Bhd 27/12/23	3.78%

### Sector Allocation



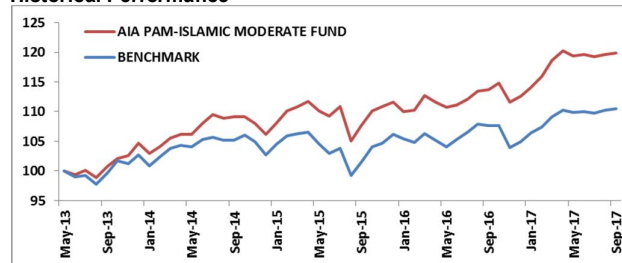
### Risk

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	0.21%	1.08%	5.49%	3.20%	-
Index	0.23%	1.21%	2.66%	1.65%	-
Excess	-0.01%	-0.13%	2.83%	1.54%	-

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 30 September 2017. ^ Annualised return

### Market Review

Malaysian government bond yield curve steepened on the longer-end in September, tracking losses in the global bond market due to renewed anticipation of US tightening monetary policy. Nonetheless, the sell-off was capped by concerns over geopolitical tension between US and North Korea. Foreigners turned net buyers of Malaysian government bonds during the month with MYRM9.6 billion of inflows on a brightened ringgit outlook. This translated into an increase in foreign holdings from 26.4% in August to 27.8% in September. Meanwhile, Bank Negara kept the Overnight Policy Rate unchanged at 3.0%. It expected stronger Malaysian economic growth in 2017 but cautioned against policy developments in major economies and geopolitical risks.

September was a positive month for FBM Emas Shariah Index which was up by 0.4%. Market sentiment was driven by a combination of factors, ranging from North Korea, commodity prices to US Federal Reserve's more hawkish tone. The month saw net foreign outflow of MYR0.8 billion to the Malaysian market, a reversal from the net inflow in the previous months. Oil price was up by about 10% buoyed by geopolitics and production cuts. This drove the performance of oil and gas-related stocks and the FBM Emas Shariah Index. Meanwhile technology stocks fell partly due to profit-taking from concerns over the sales of iPhone 8 which came in below expectation.

### Market Outlook

For fixed income, the market will remain data-and events-dependent in the short-term, with particular focus on the 2018 Budget. The market is expected to be well-supported, especially if the Budget continues to focus on improving sovereign balance sheet to strike a balanced budget by 2020.

For equity, market sentiment will likely be influenced by US Federal Reserve's direction on interest rate as well as the unwinding of its quantitative easing programme. Although there could be intermittent flare up of the North Korea issue, investors have so far ignored the short-term volatility caused by such geopolitical tensions. In addition, the market will also be watching the 2018 Budget closely for potential goodies+since it will be the last Budget before the 14th general election.

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 RDS+) 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.