



## 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.

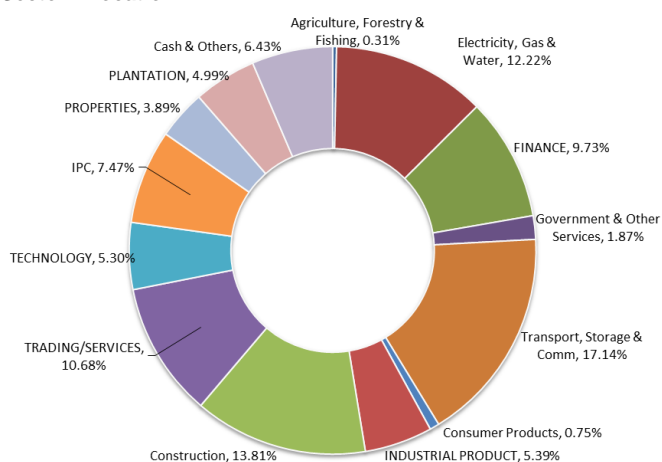
### Fund Details

Unit NAV (31 Dec 2017)	: RM 1.1950
Fund Size (31 Dec 2017)	: RM 117.75 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	6.52%
2.	Tenaga Nasional Bhd	4.54%
3.	EKVE Sdn Bhd 29/01/26	4.44%
4.	Malakoff Power Bhd 17/12/19	4.30%
5.	BGSM Management Bhd 27/12/23	3.73%

### Sector Allocation



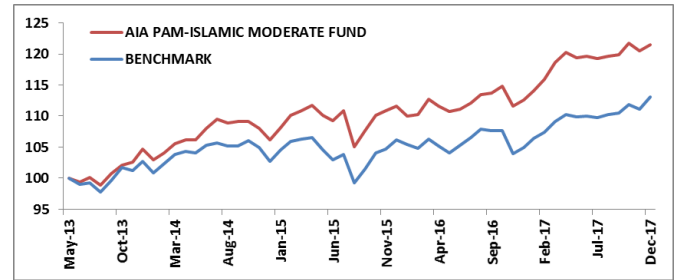
### Risk

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	0.90%	1.58%	7.97%	4.59%	-
Index	1.73%	2.76%	7.71%	3.26%	-
<b>Excess</b>	<b>-0.83%</b>	<b>-1.18%</b>	<b>0.26%</b>	<b>1.33%</b>	<b>-</b>

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

### Market Review

The Malaysian equity market surged in December with the FBM Emas Shariah Index increased by 3.0%. Net foreign equity inflows of RM988.3mn was recorded in the month of December after four months of consecutive of net foreign equity outflow. This brings the total foreign equity inflows of MYR 11.1bn in 2017 against net foreign outflow of MYR 2.9bn in 2016. This brings the total foreign equity inflows of MYR 11.1bn in 2017 against net foreign outflow of MYR 2.9bn in 2016. Malaysian government bond yields mostly declined towards the end of the year as MYR appreciated against the USD. The rally in MYR brought a slew of foreign inflows to both equity and fixed income market. The new 15Y Government Investment Issue of RM 2 billion garnered a moderate bid-to-cover ratio of 1.78x with an average yield of 4.724%.

On the corporate front, key development included the long awaited decision of electricity tariff rate. The Malaysian government has approved for the electricity tariff in the current tariff schedule for Peninsular Malaysia to be maintained for the period from 1 January 2018 until 31 December 2020. With this decision, the customers in Peninsular Malaysia will not experience any change in their electricity bill for the period from 1 January to 30 June 2018 if the electricity consumption is maintained at the same level.

### Market Outlook

For fixed income, the expectation of more rate hikes by the Fed and also a potential rate hike by BNM in 2018 may put some selling pressure on local bonds. However, the upward pressure is being mitigated by better economic outlook for Malaysia and optimism on commodity prices, which could attract inflows to the local bond market. As such, we are of the opinion that local bonds should be well supported.

Despite the rally in equity markets this year, the fundamental backdrop for equity markets, especially those in Asia, remain bright with strong macroeconomic data, higher commodity prices and earnings growth projected next year. At the same time, liquidity condition will remain fairly easy as the major central banks will likely embark on gradual tightening of monetary policy given the lack of inflation pick-up. The US tax reform bill that has been passed by US Congress is expected to improve corporate spending and profitability, which would sustain the momentum in global trade recovery.

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.