



## 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.

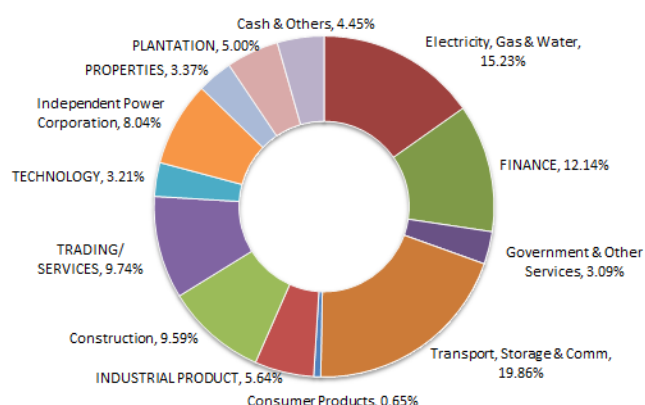
### Fund Details

Unit NAV (31 July 2018)	: RM 1.1031
Fund Size (31 July 2018)	: RM 110.48 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	6.93%
2.	Tenaga Nasional Bhd	6.39%
3.	Public Islamic Bank Bhd 03/08/2022	4.95%
4.	EKVE Sdn Bhd 29/01/26	4.69%
5.	Malakoff Power Bhd 17/12/19	4.56%

### Sector Allocation



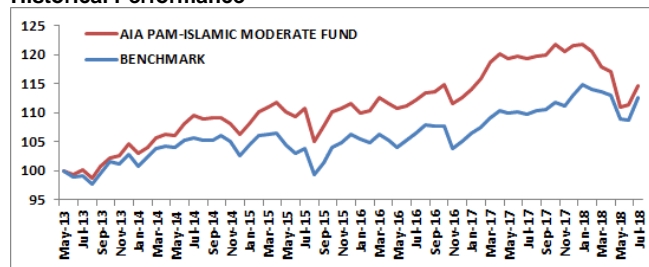
### Risk

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	2.92%	-5.82%	-3.81%	1.15%	2.75%
Index	3.48%	-2.06%	2.48%	2.70%	2.54%
<b>Excess</b>	<b>-0.56%</b>	<b>-3.76%</b>	<b>-6.30%</b>	<b>-1.55%</b>	<b>0.21%</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 July 2018. ^ Annualised return

### Market Review

Government Investment Issue ("GII") strengthened with yield curve shifting 5 to 16 bps lower in July 2018, on the back of improved sentiment for emerging market government bonds coupled with neutral to dovish policy statements by US Federal Reserve ("Fed") and Bank of Japan ("BoJ"). On a side note, USDMYR weakened slightly by 0.7% against the greenback to close the month at MYR4.0652. Foreign holdings in Malaysian Government Securities ("MGS") and GII declined to 24.7% (May 2018: 25.9%), where foreign funds remained net sellers with MYR6.7 billion outflows in June, albeit narrower compared to MYR12.9 billion in May. BNM kept the Overnight Policy Rate ("OPR") at 3.25%, unchanged for the third consecutive meeting this year. Despite the potential downside risk from the on-going global trade tension, the Bank expects domestic growth to be on a steady growth path.

The FBMS Index advanced 5.9% MoM in July despite global macro headwinds from the ongoing trade tension and local political uncertainties. Most sectors closed higher except for REITs, with the top performers being Construction and Technology. Telecommunication stocks recovered during the month, led by Telekom Malaysia, possibly on optimism that the impact from the 25% reduction in broadband prices by end-2018 may be more muted than expected. Foreigners net sold MYR1.7 billion during the month, bringing cumulative foreign net selling to MYR8.5 billion. On the corporate front, key news included the appointment of Tan Sri Dr Zeti Akhtar Aziz as Sime Darby Property's new chairman, the Penang government's consideration to request a MYR1 billion soft loan from the federal government to expedite the Penang Transport Master Plan, MRT Corp's plan to review and reduce the construction cost for MRT 2, and Top Glove's lawsuit against Adventa Capital.

### Market Outlook

The Malaysian equity market will likely remain volatile in the near term given the concerns over the ongoing trade tension between US and China and its implications on global growth. Locally, investors are also watching out for the possibility of more changes in the GLC companies, Pakatan Harapan's policy execution, as well as its fiscal management. However, the new ruling coalition's promise of better governance, transparency and accountability, if executed well, should bode well for the domestic business environment and local equity market over the long term. On the local sukuk front, we believe the market should be well supported on the back of solid domestic fundamentals and ample onshore liquidity.