



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.

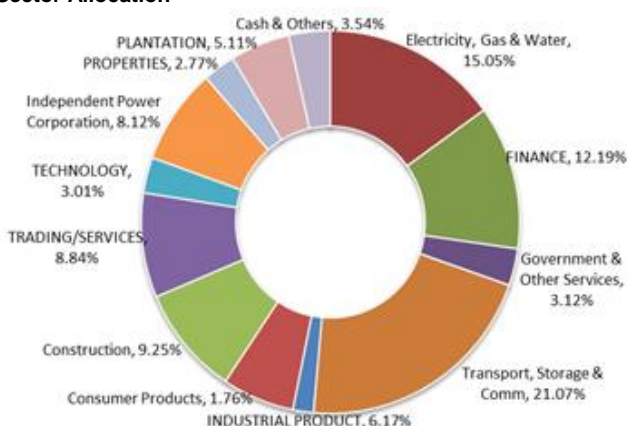
Fund Details

Unit NAV (30 Sept 2018)	: RM 1.0990
Fund Size (30 Sept 2018)	: RM 109.52 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	7.04%
2.	Tenaga Nasional Bhd	6.29%
3.	Public Islamic Bank Bhd 03/08/2022	5.00%
4.	EKVE Sdn Bhd 29/01/26	4.76%
5.	Malakoff Power Bhd 17/12/19	4.61%

Sector Allocation



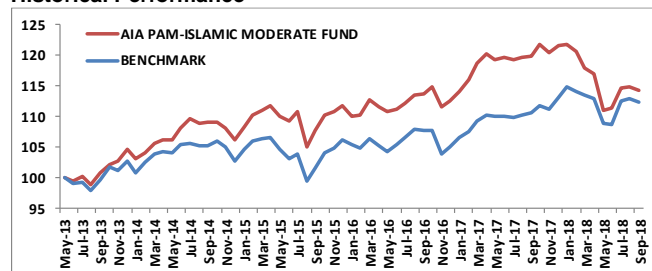
Risk

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	-0.53%	-3.11%	-4.70%	2.01%	2.54%
Index	-0.41%	-0.97%	1.71%	3.48%	2.45%
Excess	-0.12%	-2.13%	-6.41%	-1.46%	0.10%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 30 Sept 2018. ^ Annualised return

Market Review

Government Investment Issue ("GII") saw heavy sell-off across the curve with yield rising by 1 to 5 bps on the back of global risk-off sentiments and turmoil in emerging markets ("EM") in Sept 2018. On a side note, Ringgit weakened slightly by 0.7% against the greenback to close the month at 4.1383. Foreign funds continued to be net sellers of MGS and GII with outflows of MYR2.4 billion in Aug 2018. Foreign holdings in MGS and GII stood at 24.7% (July 2018: 24.8%), in line with global risk-off sentiments and investors' aversion to EM assets. On the economic data front, Bank Negara Malaysia kept the Overnight Policy Rate unchanged at 3.25% for the fourth consecutive meeting, on the back of low inflation and tempered economic growth expectations for the year.

The FBMS Index fell 1.0% MoM in September on concerns over the US-China trade tensions. This brought YTD return to -4.7%. In terms of sectors, Construction and Property were among the key laggards. However, foreigners turned net buyers during the month with a net inflow of MYR66 million after four consecutive months of net selling. Foreign participation improved and accounted for 31% of the average daily trading participation in September, compared to 24% in August. Cumulative foreign net selling YTD amounted to MYR8.5 billion. On the corporate front, key news included the increase in Petronas' dividend payments to the government to MYR24 billion from the earlier guidance of MYR19 billion and Sapura Energy's proposed disposal of a 50% stake in its unit Sapura Upstream.

Market Outlook

In the near term, uncertainties surrounding domestic government policies, trade disputes between major economies and global monetary policy tightening remain. That being said, we believe the local sukuk market should be well supported on the back of solid domestic fundamentals and ample onshore liquidity.

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 watching out for Pakatan Harapan's policy execution and fiscal management. However, the new ruling coalition's promise of better governance, transparency and accountability should bode well for the domestic business environment and local equity market over the long term.