



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.

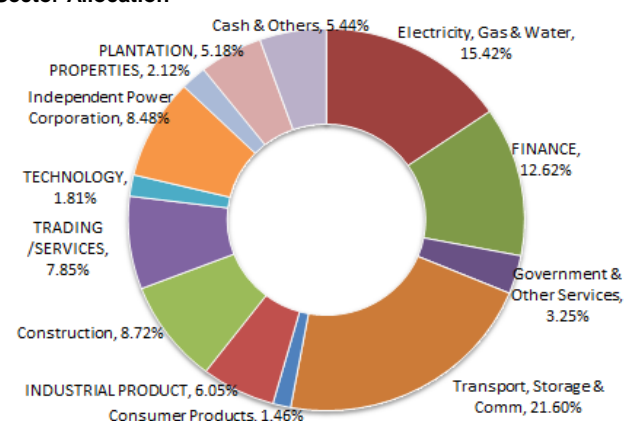
Fund Details

Unit NAV (31 Oct 2018)	: RM 1.0559
Fund Size (31 Oct 2018)	: RM 104.86 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	7.34%
2.	Tenaga Nasional Bhd	6.25%
3.	Public Islamic Bank Bhd 03/08/2022	5.22%
4.	EKVE Sdn Bhd 29/01/26	4.96%
5.	Malakoff Power Bhd 17/12/19	4.81%

Sector Allocation



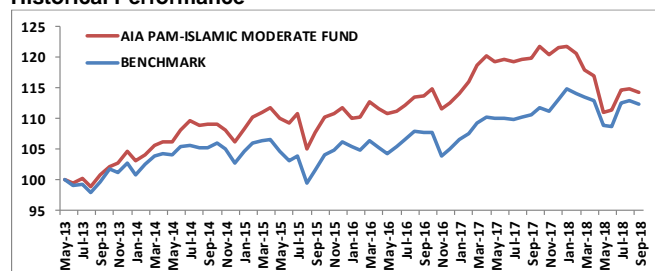
Risk

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	-3.91%	-6.13%	-9.78%	-0.12%	1.46%
Index	-3.59%	-4.09%	-3.09%	1.35%	1.28%
Excess	-0.32%	-2.04%	-6.69%	-1.46%	0.18%

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

Market Review

Government Investment Issue ("GII") continued to weaken in Oct 2018 against the backdrop of global risk-off mode and softer domestic sentiment. Investor sentiment was dampened following the hawkish tone by US Federal Reserve ("Fed") and the Prime Minister's announcement of 3.0% fiscal deficit target by 2020 at the 11th Malaysia Plan Mid-Term Review. Foreign funds continued to be net sellers of MGS and GII with outflows of MYR3.0 billion in Sept 2018. Foreign holdings in MGS and GII declined to 24.1% (Aug 2018: 24.7%), in line with global risk-off sentiments and in part due to MGS maturity amounting to MYR11.9 billion. On the economic data front, Malaysia's foreign reserves declined by USD0.2 billion to USD102.8 billion as of 15 Oct 2018, sufficient to sustain 7.3 months of retained imports and 0.9x short-term external debt.

October was a difficult month which saw the FBMS Index falling 7.2% MoM, in line with regional weakness on the back of global growth concerns. Locally, the much anticipated "Malaysia: A New Dawn" conference and the release of the mid-term review of the 11th Malaysia Plan offered no reprieve. In terms of sectors, Technology and Construction were among the key laggards while REITS held up relatively well as investors turned defensive. After net buying in September, foreigners turned net sellers with a net outflow of MYR1.4 billion, bringing YTD net foreign selling to MYR9.9 billion. On the corporate front, key news included the government's decision to proceed with the LRT3 and MRT Line 2 at reduced costs.

Market Outlook

In the near term, uncertainties surrounding domestic government policies, trade disputes between major economies and global monetary policy tightening remain. 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.