



November 2018

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.

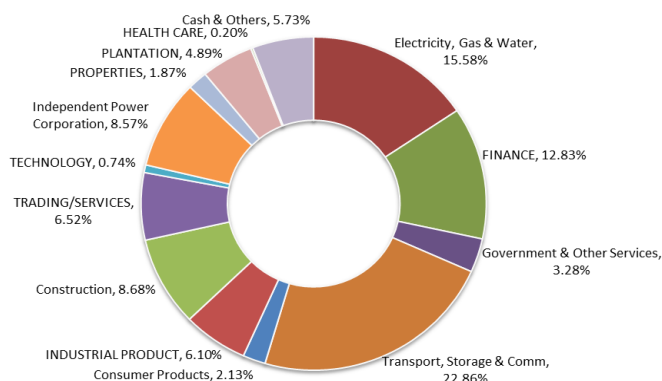
Fund Details

Unit NAV (30 Nov 2018)	: RM 1.0455
Fund Size (30 Nov 2018)	: RM 103.76 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	7.43%
2.	Tenaga Nasional Bhd	5.91%
3.	Public Islamic Bank Bhd 03/08/2022	5.27%
4.	EKVE Sdn Bhd 29/01/26	5.02%
5.	Malakoff Power Bhd 17/12/19	4.86%

Sector Allocation



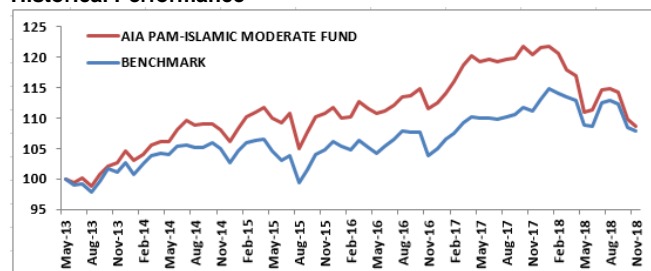
Risk

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	-0.98%	-2.07%	-9.74%	-0.64%	1.17%
Index	-0.39%	-0.86%	-2.90%	1.01%	1.30%
Excess	-0.59%	-1.21%	-6.84%	-1.65%	-0.13%

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

Market Review

Government Investment Issue ("GII") closed mixed in Nov 2018 with some selling pressure seen on the front end of the benchmark curve on profit taking by investors, while strong buying interest was seen on the 10Y GII partly due to index rebalancing flows. Market generally traded in thin liquidity during the month on the back of subdued crude oil prices and continued budget deficit concerns. USDMYR remained unchanged during the month at MYR4.1842.

November was another difficult month for the FBMS Index as it fell 1.2% MoM, partly due to a disappointing 3Q18 result season and the ongoing foreign selling. This brought YTD losses to 12.6%. Sector-wise, Property was a clear gainer while Plantation and Technology were laggards. Foreigners remained net sellers in the market with a net outflow of MYR0.7 billion, bringing YTD net foreign selling to MYR10.6 billion. Average trading value was MYR2.1 billion, relatively unchanged from last month. The key events during the month were the announcement of Budget 2019 and the US mid-term election where the Democrats took control of the House of Representatives. On the corporate front, key news included Moody's downgrade of Petronas' domestic issuer and foreign currency senior unsecured ratings outlook from stable to negative and the inking of a termination and settlement agreement between MRCB and the government in relation to the Eastern Dispersal Link Expressway.

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.