



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.

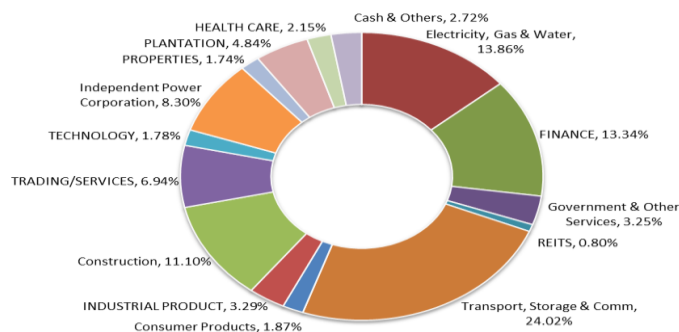
Fund Details

Unit NAV (31 May 2019)	: RM 1.0829
Fund Size (31 May 2019)	: RM 107.13 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	7.31%
2.	Public Islamic Bank Bhd 03/08/2022	5.18%
3.	EKVE Sdn Bhd 29/01/26	4.97%
4.	Malakoff Power Bhd 17/12/19	4.71%
5.	Tenaga Nasional Bhd	4.42%

Sector Allocation



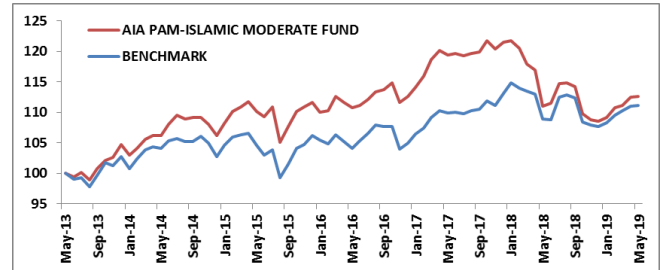
Risk

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	0.07%	3.58%	1.43%	0.55%	1.19%
Index	0.11%	2.94%	2.05%	2.19%	1.33%
Excess	-0.04%	0.63%	-0.62%	-1.65%	-0.14%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 May 2019. ^ Annualised return

Market Review

Government Investment Issue were well bided in May 2019 as both onshore and offshore investors piled on their buying interest as global rates continued on a downward trend. Bank Negara Malaysia made a positive announcement to enhance market liquidity and accessibility, which includes expansion of the dynamic hedging program and Malaysian ringgit liquidity beyond local trading hours. Consequently, market was lifted with strong demand seen mainly on the belly to the long end of the curve. MYR weakened by 1.3% against the greenback to close the month at MYR4.1900.

The FBMS Index slipped 0.35% mom in May on concerns over US-China trade tensions. Foreigners were again net sellers of the local market with a net outflow of MYR2.0 billion during the month, bringing year-to-date net outflow to MYR4.9 billion. The Healthcare Index gained 0.2% during the month, buoyed by glove counters that rose on weakening MYR. On the corporate front, key news included the surprise merger announcement of Axiata and Telenor where they are in discussions regarding a potential non-cash merger of their Asia operations under a new entity in which they will own a 43.5%/56.5% stake. YTL Corp's subsidiary, YTL Cement made an offer to acquire LafargeHolcim Ltd's 51% stake in Lafarge Malaysia for MYR1.6 billion cash.

Market Outlook

Global central banks remain dovish and as trade tension further escalates, fixed income assets remain appealing relative to risk assets. On potential offshore outflows of domestic government sukuk due to headlines surrounding index exclusion, ample onshore liquidity shall remain supportive of the local sukuk market, albeit a knee-jerk market reaction is not ruled out in the worst-case scenario of an exclusion.

Locally, we see any market weakness due to the trade war uncertainty as an opportunity to accumulate fundamentally solid companies with good earnings visibility. Despite the current volatility, we expect the equity market to gradually recover over the long run, underpinned by Malaysia's strong macroeconomic fundamentals. We expect the local market to deliver positive returns for 2019, driven by higher corporate earnings growth and further certainty over the government's policy direction over time. We will remain vigilant to the constantly evolving market conditions and will adjust our strategy accordingly.

Replacement Disclosure Document dated 9 December 2016, First Supplemental Replacement Disclosure Document dated 26 January 2018, Second Supplemental Replacement Disclosure Document dated 11 May 2018, Third Supplemental Replacement Disclosure Document dated 30 July 2018, Fourth Supplemental Replacement Disclosure Document dated 19 October 2018, Fifth Supplemental Replacement Disclosure Document dated 18 January 2019 and Sixth Supplemental Replacement Disclosure Document dated 15 April 2019 of the AIA Private Retirement Scheme have been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Replacement Disclosure Document, Supplemental Replacement Disclosure Documents and Product Highlights Sheet (collectively known as "Disclosure Document") 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 Disclosure Document. Please read and understand the contents of the Disclosure Document 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 Disclosure Document. In the event of discrepancy between the fact sheet and the Disclosure Document, the information in the Disclosure Document shall prevail.