



## 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.

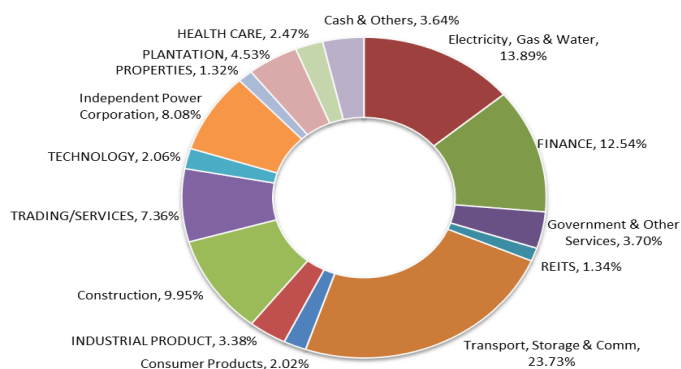
### Fund Details

Unit NAV (31 October 2019)	: RM 1.1078
Fund Size(31 October 2019)	: RM 110.01 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	7.16%
2.	Public Islamic Bank Bhd 03/08/2022	5.09%
3.	EKVE Sdn Bhd 29/01/26	4.89%
4.	Malakoff Power Bhd 17/12/19	4.56%
5.	Tenaga Nasional Bhd	4.22%

### Sector Allocation



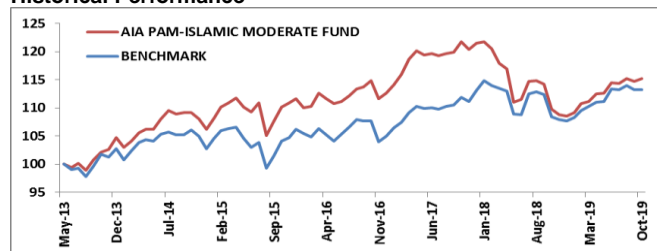
### Risk

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	0.41%	2.38%	4.92%	0.12%	1.09%
Index	0.09%	2.05%	4.52%	1.70%	1.33%
Excess	0.32%	0.33%	0.39%	-1.58%	-0.24%

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

### Market Review

Government Investment Issue continued to weaken in Oct 2019 against the backdrop of global risk-off mode and softer domestic sentiment. Heavy sell-off was seen across the curve with yields rising by 8 to 30 bps, following the positive developments in the US-China trade negotiations and optimism on Brexit deal. Meanwhile, domestic sentiment was dampened by fading expectations of Bank Negara Malaysia's ("BNM") easing stance. MYR strengthened by 0.23% against the greenback to close the month at MYR4.1782. GII levels as of end-Oct 2019 were: 3Y at 3.20% (+8 bps), 5Y at 3.31% (+9 bps), 7Y at 3.36% (-1 bps), 10Y at 3.47% (+8 bps), 15Y at 3.81% (+17 bps), 20Y at 3.94% (+23 bps) and 30Y at 4.15% (+30 bps).

The FBMS registered a 0.52% MoM gain to close at 11,829.38 pts in October, tracking U.S. stocks which advanced to a fresh record high after the Federal Reserve cut interest rates and signalled it was unlikely to move in either direction in the near-term as inflation remains under control. The local Index underperformed the MSCI Asia Ex-Japan Index, which rose 4.24% in MYR terms over the same period. Foreigners were net sellers of the local market with a net outflow of USD116 million during the month. October saw the announcement of the Malaysia Budget 2020. The government expects GDP growth of 4.8% for 2019 and raised its fiscal deficit target for 2020 to 3.2%, with a commitment to reduce it to 2.8% over the medium term. The mildly expansionary budget is aimed at pre-empting risks emanating from the global economic slowdown.

### Market Outlook

In its recent Monetary Policy Committee meeting, BNM maintained the Overnight Policy Rate at 3.00% and reiterated on domestic demand being the driver to growth, supported by stable labour market and wage growth. While global geopolitical events will continue to dominate headlines, a more data-dependent monetary policy approach for major central banks is expected to drive profit rate volatility. The sukuk market shall be further supported by ample liquidity in the financial system.

On the equity front, trade tension remains high with US President Donald Trump unwilling to back down from his tough stance on the trade talks with China. However, we are comforted that global central banks have turned more dovish and the Chinese government will be ready to implement more stimulus if needed to avoid a hard landing for its economy. Domestically, Malaysia remains under-owned by foreigners and has underperformed its regional peers on a year-to-date basis. Domestically, Malaysia remains under-owned by foreigners and has underperformed its regional peers on a year-to-date basis. We see potential support from the revival of infrastructure projects and potential relocation of activities to Malaysia as a result of the ongoing US-China trade spat.

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, Sixth Supplemental Replacement Disclosure Document dated 15 April 2019 and Seventh Supplemental Replacement Disclosure Document Dated 24 August 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.