



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.

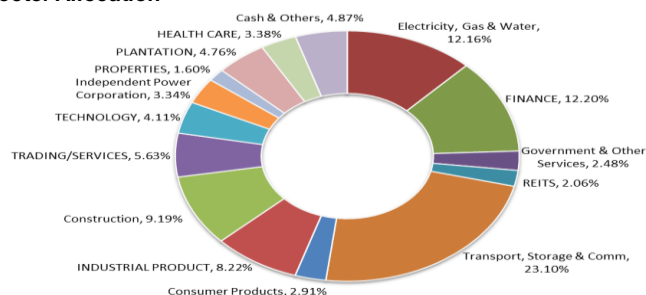
Fund Details

Unit NAV (29 May 2020)	: RM 1.1540
Fund Size (29 May 2020)	: RM 115.96 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	6.88%
2.	Public Islamic Bank Bhd 03/08/2022	4.86%
3.	EKVE Sdn Bhd 29/01/26	4.75%
4.	BINGMK 5.6 12/27/23	3.91%
5.	Tenaga Nasional Bhd	3.68%

Sector Allocation



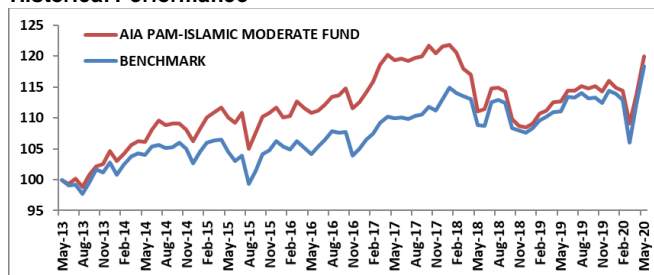
Risk

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	5.47%	4.96%	6.57%	0.18%	1.74%
Index	5.35%	5.33%	6.52%	2.49%	2.52%
Excess	0.12%	-0.38%	0.05%	-2.31%	-0.78%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 29 May 2020. ^ Annualised return

Market Review

Government Investment Issue closed mixed in May 2020 with some selling pressure seen on the long end of the curve on the back of profit taking activities by investors. Meanwhile, some sporadic buying flows were seen on the short end to the belly of the curve as the curve steepened, following the stronger than expected 1Q20 GDP growth of 0.7% YoY in relative to consensus expectations of -1.0% YoY. MYR weakened by 1.0% against the greenback to close the month at MYR4.3465.

The FBMS improved by 10.4% MoM in May, outperforming regional Asia markets on news of the gradual reopening of the various economies in phases. The local Index outperformed the MSCI Asia Ex Japan Index which fell by 0.2% in MYR terms over the same period. Foreigners were net sellers of the local market with a net outflow of RM3.0 bn in May 2020, bringing total foreign outflow to RM13.4 bn YTD.

Market Outlook

While Covid-19 pandemic will continue to linger until a credible vaccine is found, global central banks will remain largely accommodative in the monetary policy space while fiscal policy will remain expansionary in support of growth. Given the pre-emptive monetary and financial measures taken to support the domestic economy thus far, we think that further OPR easing is less likely at this juncture, unless 2Q20 GDP disappoints or that the country is hit by a second wave of Covid-19 which warrants lockdown measures. Coupled with the suppressed oil prices and re-escalation of US China tensions, we expect interest rate volatility will remain for the time being. That said, local sukuk market shall continue to be supported by ample onshore liquidity.

On the equity front, while the reopening of economies globally and the monetary easing measures taken by Bank Negara Malaysia are positive to the equity market, we remain cautious amid concerns over the risk of a sudden spike in new infections due to the relaxation of movement restrictions. If the situation worsens, the strategy would inevitably turn defensive due to potential downgrades in macro fundamentals and corporate earnings. We continue to look for buying opportunities in companies with good fundamentals and solid balance sheet to weather through this crisis.

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, Seventh Supplemental Replacement Disclosure Document Dated 24 August 2019 and Eighth Supplemental Replacement Disclosure Document dated 14 February 2020 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.