



Jan 2014

## AIA PAM – Moderate Fund

### Investment Objective

The Fund seeks to provide returns through a combination of income\* and capital growth.

*\*Income will be reinvested in additional units in the Fund*

### Investment Strategy

The Fund will invest in equities that are trading below their fair value and equities offering a dividend yield above the market average. The Fund will invest in local and foreign markets.

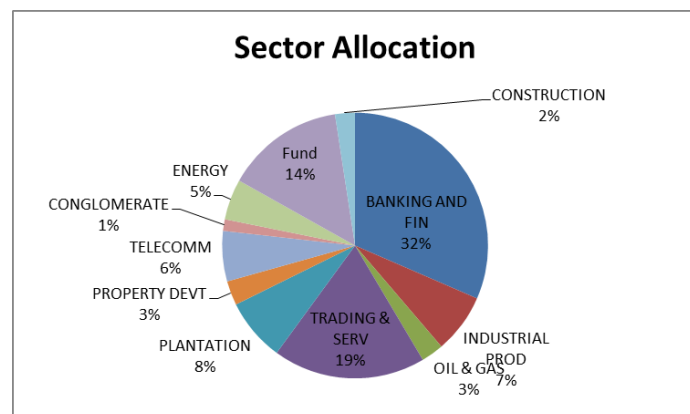
The Fund will also invest at least 40% of its NAV in local fixed income instruments with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC.

### Fund Details

Fund Size (30 Jan 2014)	: RM 9.03 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: 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	: 30% FTSE Bursa Malaysia Top 100 Index + 30% MSCI AC Asia ex Japan Index + 40% Quant Shop MGS All Bond Index

### Top Holdings

1.	DB X-Trackers MSCI Asia X-Japan	14.28 %
2.	Golden Assets International 03/08/18	6.85 %
3.	CIMB Bank Berhad 15/09/22	5.06%
4.	Gamuda Berhad 21/03/18	5.02%
5.	First Resources Ltd 05/06/20	5.00%



### Risk

Investment risk involves the uncertainties relating to Malaysia'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

Offer Price at Inception	: RM 1.0000
Unit NAV (30 Jan 2014)	: RM 1.0182

Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Jan 2014)	: 1.0191

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 30 Jan 2014

### Manager's Comments Market Review

The MGS market was weaker this month on the back of supply concerns and the Ringgit coming under pressure as emerging markets came under the spot light. The US Fed announced further cuts to QE as expected, bringing monthly bond purchases to US\$65 bil a month. The curve steepened in anticipation of higher inflation and higher rates to counter this. The 3 year benchmark MGS yields fell 9 bps to 3.26%, the 5 year was unchanged at 3.68% while the 10 year benchmark MGS rose 12bps to end the month at 4.23%. During the month, there was a new 10-year MGS auction. Demand was decent with a bid-to-cover of 1.81x at an average yield of 4.181%. This was followed by the re-opening of the 5-year GII, which was also well-covered, at 1.96x at an average yield of 3.953%. In the corporate bond market, market players turned their attention to new issues such as TNB Western Energy Berhad's sukuk and Malayan Banking Berhad's subordinated debt. Overall, yields were about 10 to 18 bps higher and credit spreads were wider as corporate bond yields began adjusting to the higher MGS yields.

On equity front, FBMKLCI Index closed 3.37% lower due to continued foreign selling and profit taking activities. Selling pressure was also seen globally with MSCI Asia ex-Japan Index declined 5.1% and S&P was down by 3.6% in Jan. Sentiment was weak as investors remained concerned over emerging markets growth and the Fed's decision to reduce bond purchase by US\$10bn beginning in February. Locally, major news include EPF unit Kwasa Land S/B completed a pre-qualification exercise that has attracted 152 developers for the proposed 2,330 acre Kwasa Damansara Township. BNM introduce Prime Financing Rate (PFR) to replace base lending rate (BLR) as reference for retail loans and announcement of new NAP where car price target to reduce by 20-30% by end 2018. Separately Affin Holdings has granted approval from BNM to acquire HwangDBS at RM1.36bil or 1.3x P/BV and CIMB raised RM3.55bn via the 500mil new share placement representing 6.08% of its total issued share cap.

In Asia, Indonesia reported inflation for 2013 at 8.38% yoy while trade balance for November recorded a wider surplus of US\$0.78bn, which was well above market expectations of US\$0.07bn. Foreign reserves also improved to US\$99.4bn from US\$97.0bn the month before. With economic numbers improving and potentially a very much favoured president emerging in the coming election, investors cheered which saw its market bucking the trend in January

### Market Outlook

For fixed income, our duration strategy will remain underweight amidst negative market sentiment. In terms of asset allocation, we prefer short to medium-term corporate bonds.

For equity, we remain optimistic on equities in the long run given the expectations of a synchronized global growth coupled with Malaysia government effort to address macroeconomic issues. We remain focus on growth related sectors in oil & gas, property, construction and transportation. We continue to prefer North Asia vs ASEAN as recovery in the US and Europe will benefit exporters in North Asia.

Disclosure Document dated 16 May 2013 Supplemental Disclosure Document dated 11 October 2013, Second Supplemental Disclosure Document dated 8 January 2014 and Third Supplemental Disclosure Document dated 14 February 2014 (collectively known as "Disclosure Document") of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Disclosure Document are available from our office and all authorised agents/distributors of AIA Pension and Asset Management Sdn Bhd. Please read and understand the contents of the Disclosure Document. 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.