



## 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.

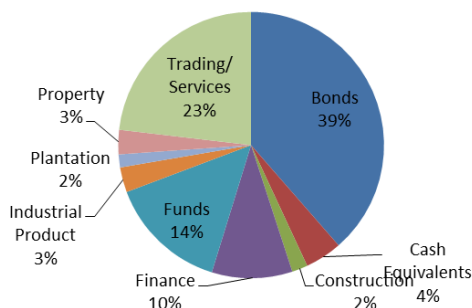
### Fund Details

Fund Size (31 Mar 2014)	: RM 9.27 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	14.07 %
2.	Golden Assets International 03/08/18	6.71 %
3.	CIMB Bank Berhad 15/09/22	4.93%
4.	First Resources Ltd 05/06/20	4.93%
5.	Gamuda Berhad 21/03/18	4.88%

### Sector Allocation



### 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 (31 Mar 2014)	: RM 1.0360

Benchmark (05 Jun 2013)	: 1.0000
Benchmark (31 Mar 2014)	: 1.0421

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31 Mar 2014

### Manager's Comments

#### Market Review

Malaysian Government Securities were weaker this month. The 10 year benchmark and the newly issued 3 year MGS and 7 year GII attracted trading interest. The yield curve flattened during the month as short-tenored MGS rose. This came as Bank Negara in its 2013 Annual Report said it expected inflation to average 3.0-4.0% in 2014-15 against 2.1% in 2013 and on expectations that rates in the US could rise as soon as March/April 2015 following statements made by the Fed Chair. The new 3 and 7 year benchmark MGS closed the month at 3.40% and 4.02% respectively. The 5-year benchmark MGS added 4 bps to 3.61% while the 10-year was unchanged at 4.11%. There were a few auctions during the month. The new 3 year MGS received good demand, with a bid to cover of 2.177x at an average yield of 3.394%. The reopening of the 10 year GII was also well received, with a bid to cover of 2.511x at an average yield of 4.236%. Finally, the new 7 year recorded a bid to cover of 2.269x at an average yield of 4.048%. Corporate bond spreads at the longer end widened in March. Trading volume was largely unchanged from the previous month.

On equity front, March had been slightly volatile as market sentiment was affected by Russian-Ukraine crisis, economic data pointed to slowdown in China and the missing flight MH370. The broader market performed better than FBMKLCI with FBMEMAS registered a 1% gain compared to 0.7% gain in FBMKLCI. Major local news include: 1) Malaysia Development Authority (Mida) projected that investment in RAPID in Pengerang, Johor, could top US\$50bn by 2020, 150% more than the initial target of US\$20bn. 2) BNM will implement the new base lending rate framework on 2 January 2015. 3) Federal government has approved the MRT Line 2 and is now waiting for official announcement to begin work. 4) Medini, Johor will continue to enjoy special tax holidays and other incentives packages currently reserved for investments for another 10 years. 5) TM is proposing to inject RM350m in cash into P1 for a 57% stake; subscribe to RM210m exchangeable bond and invest 60% in RM1.65bn convertible bonds to fund P1's LTE rollout over the next 5 years.

The MSCI Asia ex Japan Index rose another 0.9% in March after rebounding more than 3% in February. Despite the bounce, the market was still down 1.81% in MYR term YTD after a sharp 5.1% decline in January led by the Chinese stock market. On the flip side, India and ASEAN markets, with the exception of Malaysia, led gains YTD after massive selloff in 2H13.

### 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. Despite the geopolitical uncertainty and quantitative easing tapering, investment team remains optimistic on Malaysia equities in the long run back government effort to address macroeconomic issues, sustainable economy growth from export recovery and moderate domestic consumption as well as recovery in CPO prices. We will focus on stocks that are beneficiary to economic recovery at reasonable valuations. We maintain our preference of North Asia over ASEAN in the longer term as recovery in US and Europe will benefit exporters in North Asia