Aug 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.

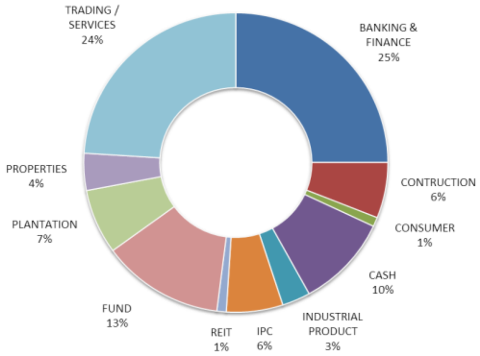
Fund Details

Fund Size (31 Aug 2014)	: RM 10.46 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	: 25% FTSE Bursa Malaysia Top 100 Index + 25% MSCI AC Asia ex Japan Index + 50% Quant Shop MGS All Bond Index

Top Holdings

1.	DB X-Trackers MSCI Asia X-Japan	12.41%
2.	Golden Assets International 03/08/18	5.96%
3.	CIMB Bank Berhad 15/09/22	4.46%
4.	Gamuda Berhad 21/03/18	4.43%
5.	First Resources Ltd 05/06/20	4.40%

Sector Allocation



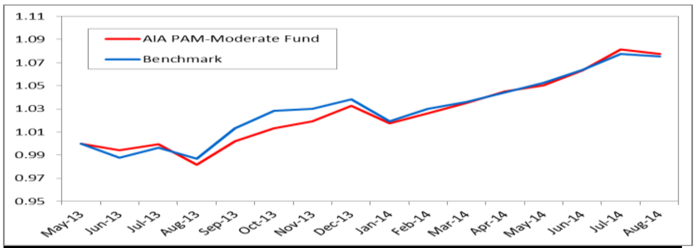
Risk

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



%	1 Mth	6 Mths	1-Year	*3-Year	*5-Year
Fund	-0.38%	4.98%	9.75%		
Index	-0.21%	4.37%	8.92%		
Excess	-0.17%	0.61%	0.83%		

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

Market Review

On fixed income, The Malaysian Government Securities (MGS) yield curve bear flattened in August after several consecutive months of bull-flattening run. The increase in bond yields was possibly driven by rate hike expectation in September, in view of financial imbalances and better-than-expected print of 1H 2014 real GDP growth. The benchmark 3-year, 5-year, and 10-year MGS rose 2 bps each to 3.50%, 3.68% and 3.91% respectively, while the 7-year benchmark rose 4 bps to end the month at 3.81%. Foreign holdings of MGS in July edged higher to RM154 billion or 48.4% (June: 46.7%) of outstanding.

There were two auctions in August. The re-opening of 7-year MGS printed a lower bid-to-cover ratio of 2.0 times with average yield of 3.80. The 10-year SPK re-opening auction received strong bid-to-cover ratio of 5.585 times at average yield of 4.268%, largely due to the small RM1 billion available for tender.

On equity front, In August, FBM100 index ended at 12,582 (-0.5% m-o-m), outperforming MSCI APxJ by 0.5% in local currency. Local market was affected by weak 2Q14 financial results where significant number of companies reporting below expectations and Petronas' plans to cut back on 2015 capex. In addition, Indonesia regulatory risk for foreign ownership of plantation land bank and lower CPO prices had over shadowed the positive headline of strong 2Q GDP of 6.4%.

On the corporate front, Malaysia Airline has received offer by Khazanah Nasional to be taken private with Khazanah set to invest RM 6b in the company. Kulim announced that it intends to sell its entire controlling stake of 48.97% in NBPOL to Sime Darby. Separately Gamuda plans to acquire entire stake in Salak Land Development Sdn Bhd for RM 784.3m cash as it hopes to own the 619 hectare of land located next to Elite Highway. WCT holdings has secured a RM 314.9m road project for Petronas's Rapid Project.

The MSCI Asia ex Japan Index down 0.8% in MYR terms in August. The best-performing countries for the month were Thailand (up 5.5%), Taiwan (up 3.9%), and the Philippines (up 2.8%). Geopolitical risk has receded following Ukraine and Russian agreement to end the conflict

Market Outlook

Cautious trading will prevail in the run up to the next MPC meeting on 18 September amidst divided opinion on the rate decision. That said, trading sentiment will continue to be driven by volatile offshore flows as US Treasury continue edging lower on expectation that European Central Bank may embark on Quantitative Easing (QE). With upward movement in MGS yields coupled with already-tight credit spreads, more corporate bond offers will be seen.

Despite the disappointing 2Q results and Petronas planned to cut down on 2015 Capex, market should see stability after permanent ceasefire between Russia and Ukraine was announced. We remain focus on stocks that beneficiary to economic recovery at reasonable valuation.

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.

Disclosure Document dated 16 May 2013, Supplemental Disclosure Document dated 11 October 2013, Second Supplemental Disclosure Document dated 8 January 2014, Third Supplemental Disclosure Document dated 14 February 2014, Fourth Supplemental Disclosure Document dated 16 June 2014, Fifth Supplemental Disclosure Document dated 4 July 2014 and Sixth Disclosure Document dated 8 August 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 and Product Highlights Sheet (known as "PHS") 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 Documents and PHS. Please read and understand the contents of the Disclosure Document and PHS 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.