Feb 2015

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.

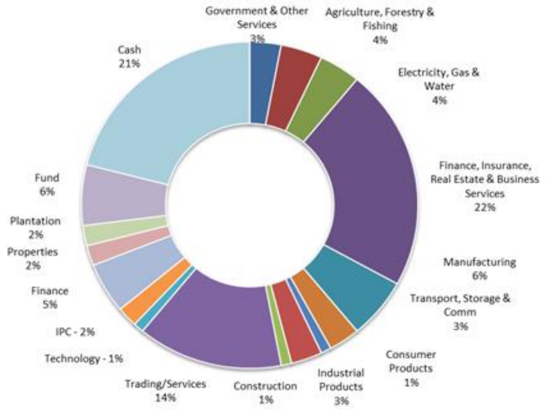
Fund Details

Fund Size (28 Feb 2015)	: RM 10.94 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	10.64%
2.	Investec GS Asian Equity	9.98%
3.	Tan Chong Motor 24/11/21	6.45%
4.	Northport Malaysia Bhd 19/12/24	4.23%
5.	Golden Assets International 03/08/18	4.21%

Sector Allocation



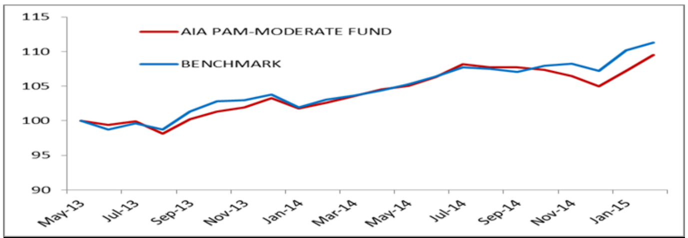
Risk

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	2.14%	1.64%	6.70%		
Index	1.01%	3.53%	8.07%		
Excess	1.14%	-1.89%	-1.37%		

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 28 Feb 2015

Market Review

The Malaysian Government Securities (MGS) curve bearish steepened due to buying in the front end and selling in the long end. The shorter end posted gains as players priced in the speculation of rate cut by Bank Negara Malaysia (BNM) in March, while the sell-off of the long end could be due to the relatively larger supply of long dated bonds in the coming month. BNM's Monetary Policy Committee left the Overnight Policy Rate (OPR) unchanged at 3.25% for the meeting on 5 March, considering Malaysia's growth to remain steady and inflation contained. Recently released BNM annual report mentioned GDP growth is expected to range 4.5%-5.5% in 2015 (2014: +6.0%) and headline inflation forecast to average 2%-3% in 2015 (2014:+3.2%). Also, fiscal policy in 2015 will be directed towards strengthening the government's fiscal position in light of low global oil prices. Foreign holdings in MGS in January remained resilient at 43.8%, declined slightly from 44.1% in December.

During the month, FBM100 Index rose 2.1% to end the month at 12,233 points outperforming MSCI Asia ex-Japan which rose 1.2%. The Ringgit initially rebounded by appreciating 2.5% but closed largely unchanged at RM3.61/US$, possibly on the back of 1MDB solvency concerns. Energy stocks including petrochemicals outperformed on oil price rebound. Telecommunication sector and utilities sector underperformed as risk aversion fell while Tenaga was hit by an unexpected tariff reduction of 5.8%.

On the corporate front, 1) Petronas has named Wan Zulkiflee as its new president and CEO effective Apr 1. Separately, Petronas expects to cut capex by 10% to 15% in 2015/16, while opex will be cut by 30% this year. 2) MISC and Petronas have agreed to build new LNG carriers worth RM4b, to be delivered from 2016 onwards. 3) P Chem has teamed up with BASF SE to build a new production plant with a total capacity of 30,000 tonnes p.a. 4) IJM Corp has secured RM1.19b contract from Kuantan Port to construct a new deepwater terminal.

MSCI Asia ex-Japan index was up 1.2% in MYR term as low crude oil continues to drive expansion in developed nations.

Market Outlook

For fixed income, low inflation, risks of global growth disappointment and higher levels of liquidity following the ECB and Japan's Quantitative Easing programs seem to be the dominant themes in the fixed income market. Nevertheless, the weak Ringgit and the focus on the nation's fiscal position are clouding the outlook somewhat. Hence, the fund will maintain its neutral duration positioning

For equity, 2015 is expected to be a challenging year for the equity market. However, we do not foresee significant downside to the market as we continue to see high domestic liquidity as a result of captive GLC-linked funds, low interest rates, resilient domestic consumption aided by lower and the government's commitment to fiscal reform. We continue to focus in the sectors that are beneficiary to the rollout of infrastructure project and low crude oil prices and with resilient earnings growth.

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.