



## 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.

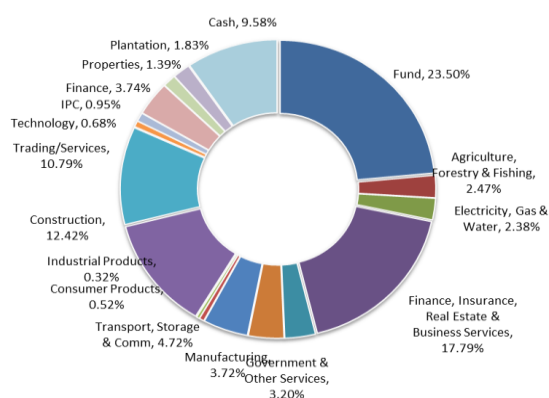
### Fund Details

Unit NAV (31 Dec 2015)	: RM 1.1179
Fund Size (31 Dec 2015)	: RM 18.53 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 Five Holding

1.	iShares MSCI Asia ex-Japan ETF	12.45%
2.	Investec GS Asian Equity	11.06%
3.	Jimah East Power Sdn Bhd 04/06/21	4.88%
4.	Jimah East Power Sdn Bhd 04/12/25	4.35%
5.	Tan Chong Motor 24/11/21	3.73%

### Sector Allocation



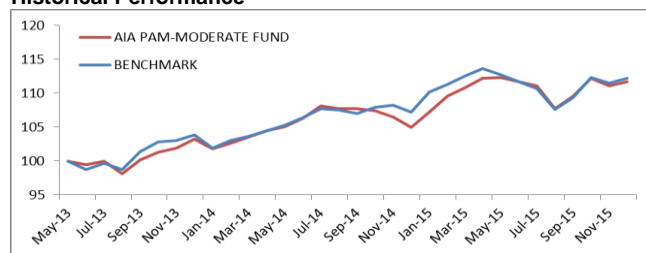
### Risk

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	0.55%	0.01%	6.40%		
Index	0.65%	0.45%	4.63%		
Excess	-0.10%	-0.44%	1.76%		

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 31 Dec 2015.

### Market Review

MYR marginally weakened against the USD by 0.8% in December as crude oil price broke below the USD40/barrel mark on supply glut concern. MGS yield curve bull-steepened during the month as yields at the shorter end of the curve decreased on better bidding interest from both local and offshore investors. The long-end of the curve incurred some losses following the announcement of 2016 government bond auction calendar, which showed more supply on the long maturity bonds. Corporate bond primary issuance was active with a total of RM23.3bil issuances during the month.

During the month, FBM100 Index rose 1.40% to end the month at 11,471 points, outperforming MSCI Asia ex-Japan, which inched only 0.50% higher in MYR term. Market was traded lower in the mid of month following the weakening crude oil prices as well as most investors stayed sidelines before FOMC meeting. Post rate hike announcement, market started to rebound on the back of window dressing activities towards end of the month. Ringgit depreciated by 0.8%, mainly driven by weakening Brent oil prices which fell from US\$45/barrel to US\$37/barrel after the decision made by OPEC to maintain their oil production output in early of December 2015.

On global front, MSCI Asia ex Japan dropped by 0.7% outperformed its global peers. Among the positive measurements announced by PBOC during the month include promoting direct equity/debt financing for companies to further improve efficiency of financial service sector and setting up a strategic board in Shanghai Stock Exchange to promote Shenzhen-Hong Kong connect.

### Market Outlook

For fixed income, the trend of the crude oil price in December reinstated our view that the global oil supply/demand dynamics would continue to drive MYR volatility and weigh on the Malaysian bond market to a certain extent. In anticipation of further monetary policy tightening by the US FOMC in 2016, we may see repatriation of funds to the US. Nonetheless, we believe the MYR bond market will still be supported by local investors given the modest macroeconomic outlook.

For local equity, in the short run, we expect market to trade within a tight range from here. The market is expected to be supported by RM20bil ValueCap fund to be deployed in stages as well as the monetary easing policy undertaken by both BOJ and ECB to stimulate economy. In addition, investors' sentiment turned slightly positive as first US Fed rate hike of 25bps was concluded in December and further rate hike will likely be on gradual basis. Sale of 1MDB's power assets and Bandar Malaysia to China enterprises is also expected to restore investors' confidence and give support to Ringgit. However, the market upside could be capped by given the less attractive valuation, still-lingering political issues and external headwinds arising from the China's economy slowdown. For foreign equity, 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.