



Jan 2016

## 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.

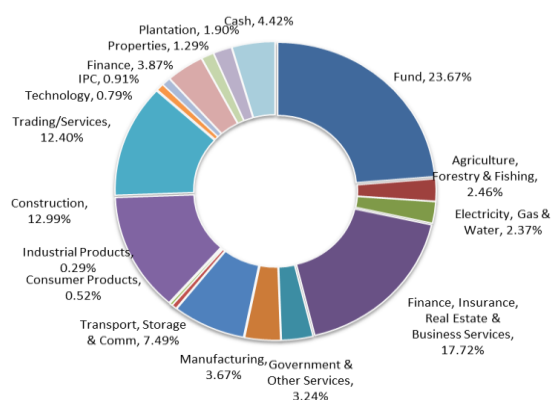
### Fund Details

Unit NAV (31 Jan 2016)	: RM 1.0813
Fund Size (31 Jan 2016)	: RM 18.67 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	13.99%
2.	Investec GS Asian Equity	9.78%
3.	Jimah East Power Sdn Bhd 04/06/21	4.87%
4.	Jimah East Power Sdn Bhd 04/12/25	4.36%
5.	Tan Chong Motor 24/11/21	3.69%

### Sector Allocation



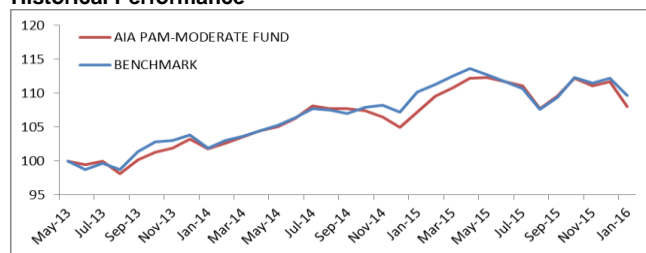
### Risk

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		-3.27%	-2.76%	0.79%		
Index		-2.29%	-0.95%	-0.53%		
Excess		-0.99%	-1.81%	1.33%		

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 31 Jan 2016.

### Market Review

Malaysian government bond market enjoyed a good rally in January following the Prime Minister's presentation of the revised Budget 2016, guiding a lower GDP growth whilst maintaining the fiscal deficit at 3.1%. Weaker regional economic data and central bank policy actions, including the introduction of negative interest rates by Bank of Japan and 50bps statutory reserve rate cut by BNM sent dovish signals on the macroeconomic outlook. Corporate bond primary issuance was rather muted during the month with total issuance of RM2.1bil.

During the month, FBM100 Index fell 1.7% to end the month at 11,280 points, outperforming MSCI Asia ex-Japan, which declined by 11.0% in MYR term. The local market fell sharply earlier in the month, in line with the sharp selloff in the global market driven by further weakening crude oil prices and economic slowdown. The recovery in the latter of the month was helped by the revised Budget 2016 as well as the rebound in crude oil prices and a stronger Ringgit. Ringgit appreciated 3.5% to reach MYR4.15/USD while Brent oil prices dropped from US\$37/barrel to the low US\$28/barrel before ending at US\$35/barrel.

On global front, MSCI Asia ex Japan dropped by 11.0% in MYR term underperformed its global peers. Sentiments are weak due to concern on further RMB devaluation and China slowdown. During the month, China equities were limit down (7%) on the first trading day partly due to the introduction of market-stabilizing circuit breakers that accelerated selling, as investors feared that if they did not sell quickly, they would be prevented by the circuit breakers. Fear is also rising that PBOC might lose control over the RMB exchange due to significant capital outflow of \$160 billion in December month. During the month China Equities dropped by 23%-27%. However, Thailand and Malaysia were the best-performing markets in the region.

### Market Outlook

For fixed income, with the improved foreign sentiment on domestic markets, we increasingly see resilience of MYR against the volatility of crude oil price. Slower global economic outlook, including Malaysia, will be supportive of the local bond market. We view that the risk of capital outflows owing to the concentration of foreign holdings in MGS is minimal.

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. 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.

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, Sixth Disclosure Document dated 8 August 2014, Seventh Supplemental Disclosure Document dated 10 November 2014, Eighth Supplemental Disclosure Document dated 6 March 2015, Ninth Supplemental Disclosure Document dated 6 July 2015, Tenth Supplemental Disclosure Document dated 7 August 2015 and Eleventh Supplemental Disclosure Document dated 14 September 2015 (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 Document 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.