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.

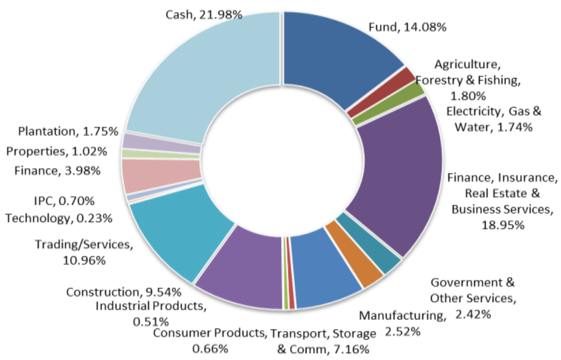
Fund Details

Unit NAV (31 Jul 2016)	: RM 1.0800
Fund Size (31 Jul 2016)	: RM 25.62 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	7.78%
2.	Investec GS Asian Equity	6.28%
3.	Northport Malaysia Berhad 19/12/24	5.72%
4.	Jimah East Power Sdn Bhd 04/06/21	3.59%
5.	Jimah East Power Sdn Bhd 04/12/25	3.29%

Sector Allocation



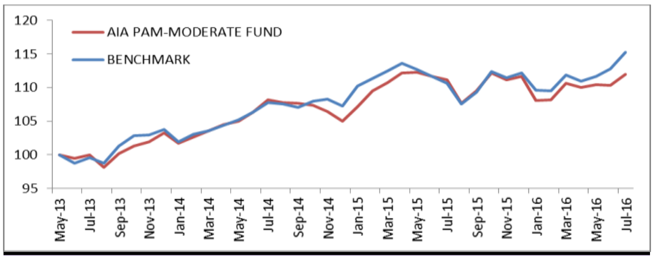
Risk

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	1.51%	3.67%	0.80%	3.88%	
Index	2.21%	5.15%	4.15%	4.98%	
Excess	-0.70%	-1.48%	-3.35%	-1.10%	

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

Market Review

The Malaysia Government Securities (MGS) yield curve bull-steepened during the month, driven by a surprise Overnight Policy Rate (OPR) cut by Bank Negara Malaysia (BNM). The central bank slashed the OPR by 25 basis points to 3.00% at the Monetary Policy Committee meeting, citing concern about uncertainties in global environment could weigh on Malaysia's prospect. BNM governor Datuk Muhammad Ibrahim stated the monetary easing is a pre-emptive action to ensure that the economy continues to remain on a steady growth path. Foreign ownership in MGS reached a new high at 49.8% in June 2016 from 48.7% in May 2016 as foreign investors hunt for yields.

As for equity, the FBM100 Index was up by 0.4% to end the month at 11,284 points, underperforming the MSCI Asia ex-Japan index, which rose by 6.0% in MYR terms. The unexpected interest rate cut by BNM gave a boost to the market. Property and dividend-yielding stocks staged a rally while banking stocks, which are perceived to be losers in a declining interest rate environment, reacted negatively.

On the foreign front, the Brexit vote caused central banks globally to commit to maintaining loose monetary policy, while a likely delay in the raising of US interest rates by the Fed also boosted share prices in the region. Chinese equities finished the month up as the world's second-largest economy saw GDP expand by 6.7% year-on-year in the second quarter – a slightly better-than-expected number. In ASEAN, most indices advanced following the strong foreign fund flows. Meanwhile Indian equities also advanced on expectations of more policy easing by the Reserve Bank of India and on hopes that a much-needed goods and services tax bill will be passed.

Market Outlook

For fixed income, potential US interest rate hike and volatile commodity prices continue to weigh on local bond market. However, it is somewhat supported by prolonged weak global economy and monetary easing in Japan and Europe.

For equity, in the short run, we expect markets to be volatile as the global economic outlook is still uncertain. With the continued loose monetary policy measures in developed markets, emerging markets could benefit as a result. Hence, we could see a reversal of capital flows back to emerging markets to seek better returns.