



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.

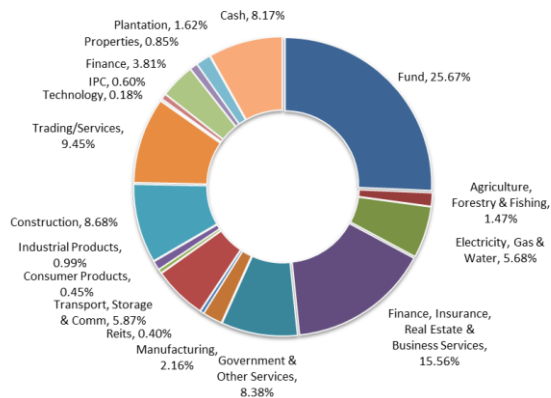
Fund Details

Unit NAV (30 Sep 2016)	: RM 1.1042
Fund Size (30 Sep 2016)	: RM 31.33 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	14.58%
2.	Investec GS Asian Equity	11.04%
3.	Sabah Development Bank 16/08/2019	6.41%
4.	Northport Malaysia Berhad 19/12/24	4.71%
5.	Sarawak Energy Bhd 25/04/31	4.27%

Sector Allocation



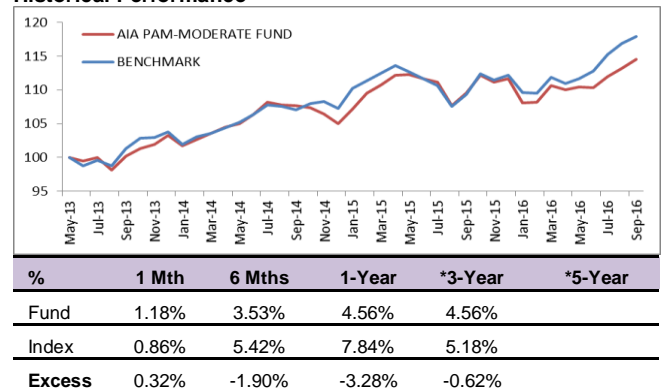
Risk

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



Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 30 Sep 2016.

Market Review

For fixed income, the Malaysian Government Securities (“MGS”) yield curve bull-flattened as the front end of the curve was supported by offshore players. Bank Negara Malaysia maintained Overnight Policy Rate at 3.00% at the September Monetary Policy Committee meeting and reaffirmed economy growth to expand within expectations in 2016. Foreign inflows to local government bonds continued with foreign investors holding 51.5% of the MGS and 11.6% of Government Investment Issue (“GI”) in August 2016. Notable corporate bond primary issues during the month were Lembaga Pembiayaan Perumahan Sektor Awam (MYR3.4 billion), Cagamas (MYR470 million) and GovCo Holdings Bhd. (MYR350 million).

For equity, during the month, the FBM100 Index was down by 1.0% to end the month at 11,387 points, underperforming MSCI Asia ex-Japan, which rose by 2.6% in MYR terms. September was another volatile month for the Malaysian market. The local bourse started the month well on the back of stability returning to regional and US markets, but gave up all the gains as investors fret over US interest rate hike. The market rebounded following the unchanged US interest rate decision and recovery of oil prices, but ended the month in negative territory due to the concerns over the health of Deutsche Bank, Germany's largest bank.

On the foreign front, Asia ex Japan rose was up driven by strong fund flows and improved corporate earnings. Hong Kong stocks outperformed as Macau's gaming revenue and the country's property developers recovered. The Taiwan market recorded positive return as the central bank kept policy rates unchanged. Thailand underperformed the region due to political uncertainty at the start of the month, while stretched valuations in Asean remained a headwind for the region.

Market Outlook

For fixed income, the local government bond market is likely to remain volatile with the expected US interest rate hike. Meanwhile, slowing global economy as well as quantitative easing measures in Europe and Japan are supportive of the local fixed income market.

For equity, global markets are likely to remain volatile over the next few months as all eyes will be on the next US Federal Reserve meeting on 1-2 November and the US presidential election a week later. In addition, news about Brexit, movement in oil price and USD are expected to continue to dominate the headlines. On the local front, investors will be looking at the tabling of the Budget on 21 October to see whether there will be any new measures from the government to stimulate the economy.