



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.

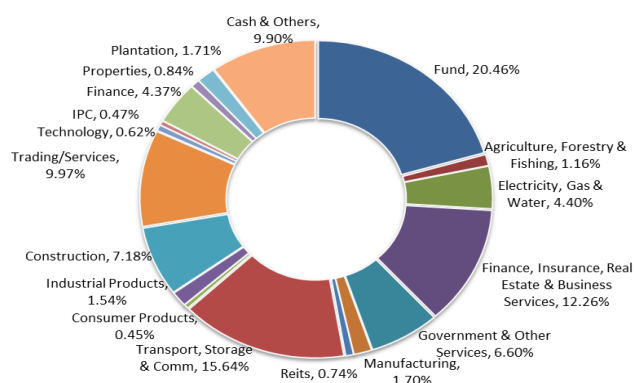
Fund Details

| | |
|-----------------------------|---|
| Unit NAV (31 Dec 2016) | : RM 1.1016 |
| Fund Size (31 Dec 2016) | : RM 39.19 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 | 11.71% |
| 2. | Investec Global Strategy Asian Equity | 8.76% |
| 3. | Celcom Networks Sdn Bhd 28/10/2026 | 6.38% |
| 4. | Sabah Development Bank 16/08/2019 | 5.07% |
| 5. | Westport Malaysia Sdn Bhd 03/04/23 | 4.68% |

Sector Allocation



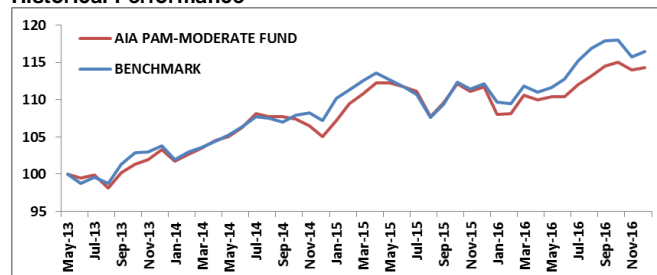
Risk

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 | 0.19% | 3.54% | 2.28% | 3.43% | - |
| Index | 0.58% | 3.26% | 3.80% | 3.90% | - |
| Excess | -0.39% | 0.28% | -1.52% | -0.47% | - |

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 Dec 2016. ^ Annualised return

Market Review

For fixed income, having suffered steep losses post-US presidential election in November, the Malaysian government bond market gained traction in December as investors were seen picking up dips amidst thin liquidity. Market sentiment somewhat improved, partly aided by OPEC and non-OPEC countries reaching a deal to cut oil production. Foreign ownership in MGS eased to 48.4% in November (October: 51.9%), alongside large outflows from emerging markets. As for the ringgit, after the sharp 6.5% depreciation in November, the currency was more stable in December partly due to new FX measures introduced by Bank Negara.

For equity, the Malaysian market ended the month of December in positive territory driven by year-end window-dressing activities. The FBM100 Index was up by 0.9%, outperforming MSCI Asia ex Japan, which was down by 1.9% in MYR terms. Nevertheless, the FBM100 Index fell by 2.5% for the full year, marking the third consecutive year of decline. With OPEC and non-OPEC countries reaching a deal to cut oil production, Brent crude price was up by more than 10% in the month. This drove the performance of the oil and gas sector with bellwethers like SapuraKencana rebounding strongly off its lows.

On the foreign front, MSCI Asia ex Japan dropped by 1.9% in MYR terms dragged by the underperformance of China and Hong Kong. China saw tightening of liquidity on concerns that a depreciating Renminbi will trigger outflows during the resetting of the foreign exchange purchase quota in 2017. Indian equities remained stable with the central bank keeping rates unchanged, in effect buying time to gauge the impact of the government's demonetisation drive as well as the US interest rate hike.

Market Outlook

For fixed income, in the near term, uncertainties surrounding US president-elect Donald Trump's policies, particularly trade protectionism may lead to volatility in the ringgit and the domestic bond market. Nonetheless, domestic liquidity should help support the local bond market.

For equity, the market will be watching closely the inauguration address of Donald Trump when he comes into office on 20 January 2017. In his election campaign, he has proposed to implement policies to boost the US economy and protectionist measures on trade. The President-elect has so far been making a lot of noises about car manufacturers importing Mexican-made cars to the US, and threatening to impose border tax. Given the uncertainties on the President-elect's policies, we will be vigilant and adjust our strategy accordingly once there is better clarity.

Replacement Disclosure Document dated 9 December 2016 of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Replacement 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 Replacement Disclosure Document and PHS. Please read and understand the contents of the Replacement 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 Replacement Disclosure Document. In the event of discrepancy between the fact sheet and the Replacement Disclosure Document, the information in the Replacement Disclosure Document shall prevail.