



February 2018

## 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.

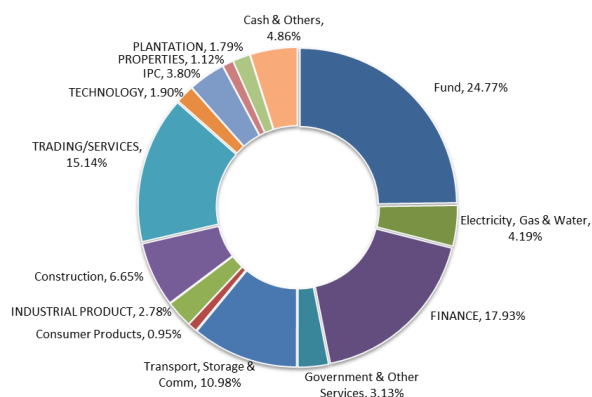
### Fund Details

Unit NAV (28 Feb 2018)	: RM 1.2100
Fund Size (28 Feb 2018)	: RM 80.03 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: up to 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.	Investec Global Strategy Asian Equity	14.99%
2.	iShares MSCI Asia ex-Japan ETF	9.78%
3.	Public Islamic Bank Bhd 03/08/2022	7.02%
4.	Genting Capital Bhd 08/06/2022	4.08%
5.	Celcom Networks Sdn Bhd 28/10/2026	3.18%

### Sector Allocation



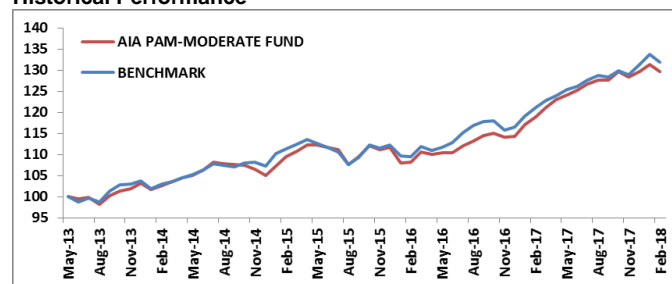
### Risk

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	-1.27%	1.56%	8.99%	5.79%	-
Index	-1.32%	2.48%	8.99%	5.83%	-
<b>Excess</b>	<b>0.05%</b>	<b>-0.92%</b>	<b>0.00%</b>	<b>-0.04%</b>	<b>-</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 28 February 2018. ^ Annualised return

### Market Review

The FBMKLCI started the month on a weak footing as the index tracked the sell-down in global markets earlier in the month on 5 February 2018. The Malaysian equity market recorded losses in February with the broader FB100 Index fell by -1.1% while the large cap FBMKLCI Index fell by 0.66%. Foreign funds bought around RM3.4 bil net in January but turned net sellers in the first week of February with around RM2.0 bil worth of shares sold net. However, market recovered steadily, in line with the rebound in global indices. Foreign funds turned net buyers in mid-February, reducing the selling for the month to RM1.1 bil. On the other hand, MSCI Asia ex Japan Index fell by 4.5% in MYR terms underperformed local equities.

The best performer for the period was the Consumer Index. The biggest mover was Nestle (+13.06%), Carlsberg (+15.93%) and Heineken (+10.47%). Nestle was the biggest mover, after it reported a stellar 4Q17 results. The Construction Index was the worst performer for the period where it fell -5.93%. The biggest laggards were IJM (11.97%), Gamuda (-3.12%) and SunCon (-6.25%).

Malaysian Government Securities (MGS) 10Y was the biggest loser with selling off +9 bps, while MGS 30Y yield dropped the most among benchmark government bonds by 5bps. Foreign holdings in MGS and Government Investment Issue (GII) moderated to 28.7% (January 18: 29.3%). The MGS levels as of end-February 18 were: 3Y at 3.40% (-bps), 5Y at 3.63% (-1 bps), 7Y at 3.94% (+1 bps), 10Y at 4.04% (+9 bps), 15Y at 4.46% (+5 bps), 20Y at 4.60% (-3 bps) and 30Y at 4.81% (-5 bps).

### Market Outlook

For fixed income, while fear of a more hawkish Fed could send yields higher, a looming 'trade war' could trigger risk aversion which would benefit bond markets. Over the longer term however, we believe that local bond market should be well supported on the back of solid domestic fundamentals and onshore liquidity.

Worries on more than three interest rate hike in the US weigh on the market sentiment of late. Nevertheless, earnings delivery by corporates have been exceeding expectations. On the local front, investors remain cautiously optimistic on equities as the general elections draw closer.

Replacement Disclosure Document dated 9 December 2016 and First Supplemental Replacement Disclosure Document dated 26 January 2018 of the AIA Private Retirement Scheme have been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Replacement Disclosure Document and Product Highlights Sheet (collectively known as "Disclosure Document") 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. Please read and understand the contents of the Disclosure Document 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.