



October 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.

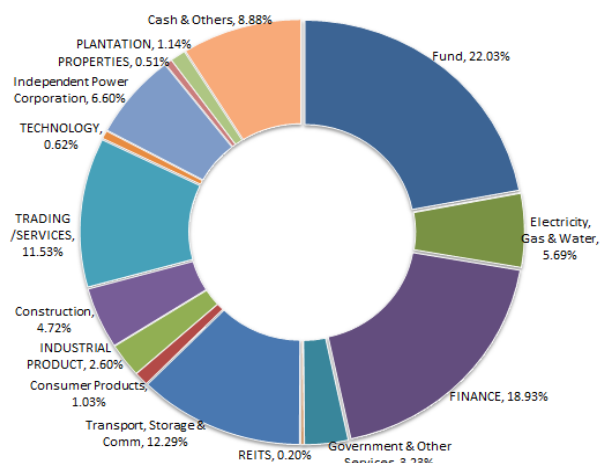
Fund Details

Unit NAV (31 Oct 2018)	: RM 1.1153
Fund Size (31 Oct 2018)	: RM 77.64 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	13.23%
2.	iShares MSCI Asia ex-Japan ETF	8.80%
3.	Public Islamic Bank Bhd 03/08/2022	7.24%
4.	Genting Capital Bhd 08/06/2022	4.21%
5.	Celcom Networks Sdn Bhd 28/10/2026	3.33%

Sector Allocation



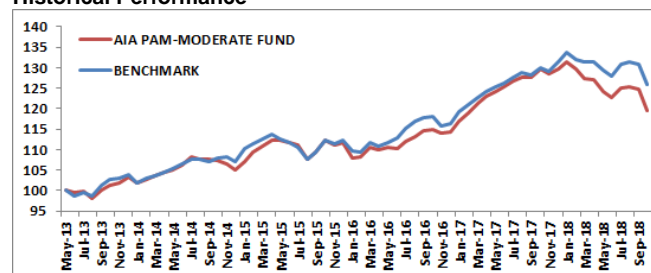
Risk

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	-4.12%	-6.00%	-7.79%	2.14%	3.36%
Index	-3.90%	-4.35%	-3.15%	3.84%	4.11%
Excess	-0.22%	-1.65%	-4.64%	-1.70%	-0.75%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 Oct 2018. ^ Annualised return

Market Review

Malaysian Government Securities ("MGS") continued to weaken in Oct 2018 against the backdrop of global risk-off mode and softer domestic sentiment. Investor sentiment was dampened following the hawkish tone by US Federal Reserve ("Fed") and the Prime Minister's announcement of 3.0% fiscal deficit target by 2020 at the 11th Malaysia Plan Mid-Term Review. Foreign funds continued to be net sellers of MGS and GII with foreign holdings declined to 24.1% (Aug 2018: 24.7%), in line with global risk-off sentiments and in part due to lumpy MGS maturity amounting to MYR11.9 billion. On the economic data front, Malaysia's foreign reserves declined by USD0.2 billion to USD102.8 billion as of 15 Oct 2018, sufficient to sustain 7.3 months of retained imports and 0.9x short-term external debt.

October was a difficult month which saw the FBM100 Index falling 5.8% MoM, in line with regional weakness on the back of global growth concerns. Locally, the much anticipated "Malaysia: A New Dawn" conference and the release of the mid-term review of the 11th Malaysia Plan offered no reprieve. After net buying in September, foreigners turned net sellers with a net outflow of MYR1.4 billion, bringing YTD net foreign selling to MYR9.9 billion. On the corporate front, key news included the government's decision to proceed with the LRT3 and MRT Line 2 at reduced costs. The MSCI Asia ex Japan Index saw one of the sharpest sell-off in October, dropping by 9.9% MoM in MYR terms, as a number of factors dented global investor confidence. A spike in the US government bond yields, resurgent US dollar strength and escalating trade tensions combined with some soft economic data from China fuelled investor risk aversion.

Market Outlook

In the near term, uncertainties surrounding domestic government policies, trade disputes between major economies and global monetary policy tightening remain. We believe the local bond market should be well supported on the back of solid domestic fundamentals and ample onshore liquidity.

The Malaysian equity market will likely remain volatile in the near term given the concerns over the ongoing trade tension between US and China and its implications on global growth. Locally, investors are watching out for Pakatan Harapan's policy execution and fiscal management. However, the new ruling coalition's promise of better governance, transparency and accountability should bode well for the domestic business environment and local equity market over the long term.