



Jul 2013

AIA PAM – Conservative Fund

Investment Objective

The Fund seeks to provide returns through income* that is consistent with capital conservation**.

**Income will be reinvested in additional units in the Fund*

*** The Fund is neither capital guaranteed nor capital protected.*

Investment Strategy

The Fund will also invest at least 80% of its NAV in local fixed income instruments and money market instruments, of which a minimum of 20% of the Fund's NAV will be invested in money market instruments. The remainder of the Fund's NAV will be invested in equities offering a dividend yield above the market average.

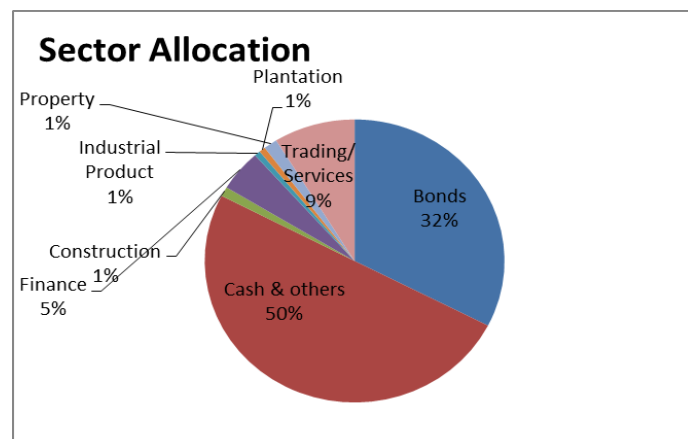
The Fund will only invest locally.

Fund Details

Fund Size (31 Jul 2013)	: RM 9.17 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	: 20% FTSE Bursa Malaysia Top 100 Index + 20% Maybank Berhad overnight rate + 60% Quant Shop MGS All Bond Index

Top Holdings

1.	CIMB Bank Berhad 15/09/22	8.24%
2.	Gamuda Berhad 21/03/18	8.24%
3.	First Resources Ltd 05/06/20	8.18%
4.	Sarawak Power Generation Bhd 23/06/21	7.66%
5.	Malayan Banking Berhad	1.26%



Risk

Investment risk involves the uncertainties relating to Malaysia'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

Offer Price at Inception	: RM 1.0000
Unit NAV (31 Jul 2013)	: RM 0.9999
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (31 Jul 2013)	: 0.9875

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 31 Jul 2013

Manager's Comments Market Review

The MGS market remained weak in July amid external developments and Fitch's revision of its rating outlook on Malaysia to negative from stable due to diminished prospects for budgetary reform after the ruling party's weak election showing in May. While recent statements from the US Fed had accommodative tones, MGS yields continued to rise on the back of both onshore and offshore selling. BNM's data on foreign holdings of MGS in June showed a decline to 46.75% from 48.02% the previous month. The 3, 5, 10 and 20 year benchmark MGS yields rose 12 bps, 12 bps, 19 bps and 21 bps respectively to 3.49%, 3.59%, 4.13% and 4.14% respectively.

During the month, the local FBMKLCI fell 0.05% to end at 1,773 after hitting new high of 1,810 in the month, underperforming MSCI Asia Ex Japan index which rose 3.9% m-o-m in Ringgit terms. The local equity market took a tumble after Fitch Ratings downgraded Malaysia's sovereign credit rating outlook from 'stable' to 'negative'. However, Malaysia's foreign and local currency issuer default ratings were reaffirmed at 'A' and short-term foreign currency issuer default rating at 'F1'.

On corporate front, Ranhill Energy withdrew its IPO application as its oil and gas division was suspended by Petronas due to poor quality work at Malacca regasification. Genting Malaysia proposed to spend RM3bn in refurbishment including adding 1,300 hotel rooms, redeveloping its outdoor theme park in a JV with Twentieth Century Fox Theme Park. Felda Global Ventures terminated its JV agreement with Bunge to crush soybeans and canola seeds while purchasing Pontain which owns 16,000 ha in Sabah for RM1.2bn.

Market Outlook

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On equity, we maintain our overweight call on equities as we expect Malaysia market will remain relatively resilient on the back of domestic liquidity, positive corporate earnings momentum as economic growth picks up, and more attractive risk-return profile vis-à-vis cash or bond.