



Aug 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 (30 Aug 2013)	: RM 9.18 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.	Golden Assets International 03/08/18	14.46 %
2.	CIMB Bank Berhad 15/09/22	8.24%
3.	Gamuda Berhad 21/03/18	8.24%
4.	First Resources Ltd 05/06/20	8.18%
5.	Sarawak Power Generation Bhd 23/06/21	7.67%

Historical Performance

Offer Price at Inception	: RM 1.0000
Unit NAV (30 Aug 2013)	: RM 0.9946
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Aug 2013)	: 0.9817

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 30 Aug 2013

Manager's Comments Market Review

The MGS curve steepened in the month of August. The 3, 5 and 10-year benchmark MGS yields fell 5 bps, 2 bps and 11 bps to 3.44%, 3.65% and 4.02% respectively. On the back of the weak inaugural 20-year GII auction at the end of the month, which garnered a bid-to-cover of 1.63x at an average yield of 4.582%, the 20-year benchmark MGS rose 31 bps m-o-m to 4.45%. The weak Ringgit and concerns over QE tapering continued to weigh on the market. BNM's data on foreign holdings of MGS in July showed a decline to 43% from 47% the previous month.

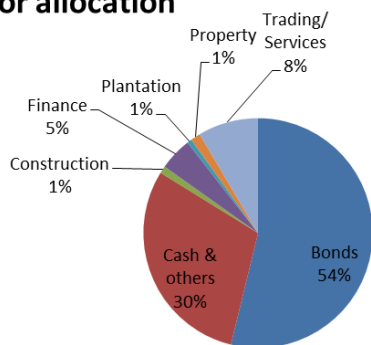
In August, the local FBMKLCI fell 2.54% to end at 1,728, underperforming MSCI Asia Ex Japan index which was marginally flat at -0.28% m-o-m in Ringgit terms. This was due to 1) steep fall in regional stock markets and currencies led by Indonesia, India and Thailand; 2) concern over high levels of foreign bond ownership unwinding; 3) dwindling current account surplus and its implications on the fiscal position; as well as 4) lower than expected Malaysia's 2Q13 GDP. The recent concluded 2QCY13 earnings season remained mixed with more misses than positive surprises, but the earnings revision ratio managed to creep up slightly from 0.42x in 1QCY13 to 0.46x in 2QCY13. Plantations and aviation sectors were disappointed from poor-than-expected CPO prices and low yield respectively. Thus the overall market EPS growth for 2013 has been trimmed to about 5-7% from 8-9% in early 2013. FY14 EPS growth is estimated at 8-10%.

Market Outlook

For Fixed Income, we have an underweight duration positioning given the uncertainties arising from direction of the Fed's QE programme and prefer short term corporate bonds and MGS as well as cash.

For equity, we have reduced our equities exposure to slight underweight in the short run as market is expected to remain volatile from renewed fear of Federal Reserve tapering and new geopolitical twist in Syria. However, we remain optimistic on equities in the long run, backed by Malaysian government effort to address macroeconomic issues as well as stabilization of the regional market. We remain focus on growth related sectors in oil & gas, property and construction.

Sector allocation



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.

Disclosure Document dated 16 May 2013 of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Disclosure Document are available from our office and all authorised agents/distributors of AIA Pension and Asset Management Sdn Bhd. Please read and understand the contents of the Disclosure Document. 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.