



Sep 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.

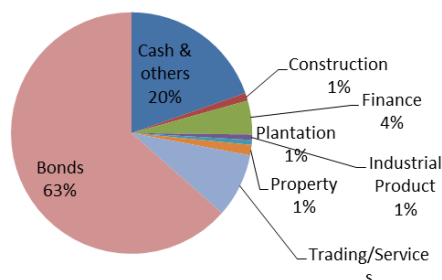
Fund Details

Fund Size (30 Sep 2013)	: RM 9.37 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	14.21%
2.	Public Bank Berhad 25/09/23	11.21%
3.	First Resources Ltd 05/06/20	8.04%
4.	CIMB Bank Berhad 15/09/22	7.94%
5.	Gamuda Berhad 21/03/18	7.93%

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.

Historical Performance

Offer Price at Inception	: RM 1.0000
Unit NAV (30 Sep 2013)	: RM 1.0023
Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Sep 2013)	: 0.9947

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

Manager's Comments Market Review

MGS closed firmer after the US Fed unexpectedly held off from scaling back its quantitative easing programme which has provided temporary relief to emerging markets as pressures of capital outflows alleviated. Locally, Bank Negara left the OPR unchanged at 3% at its September 5 meeting. In the primary market, there were three govvie auctions in the month of September. The RM 3.5 bn 5-year MGS was moderately bid with a weak bid-to-cover ratio of 1.57 times while the new RM3.5 bn 7.5-year GII managed to garner a decent bid-to-cover ratio of 1.75 times. Lastly, the reception for the maiden RM 2.5 bn 30-year MGS auction was strong with bid to cover ratio of 2.44 times. In corporate bond space, trading volumes increased by 8% month-on-month and investors' interest remained in the high-quality papers, as the "AAA" and "AA" segments garnered 45% and 39% trading shares respectively. In the primary market, couple of issuers came to market this month including: Putrajaya Holdings Sdn Bhd and Malaysia Airport Holdings Bhd.

On equity front, the FBMKLCI Index rose 2.37% to end at 1,768 but underperformed MSCI Asia Ex Japan index which rose 3.80% m-o-m in Ringgit terms. Global equity sentiment turned positive following the US Fed's deferral of QE tapering. Locally, the government raise fuel price by 11% for diesel and RON95, reducing its fuel subsidy in an attempt to meet its budget deficit target of 4% for 2013 and 3.5% for 2014. However, PM is committed in rolling-out MRT 1, 2 & 3 as planned. PM Najib and DPM Muhyiddin have also retained president and deputy president uncontested reducing political uncertainties. On the corporate front, Berjaya Sports Toto (BST) proposed a revised offer for sale of 190m STM Trust, with lower expected special dividend of RM0.12-0.15/ share to BST shareholders. However, BST shareholders will be entitled to the distribution in specie of STM Trust units based on ratio of 2.1 for 1 B Toto shares held. British Tobacco raised RM1.50 per 20-stick pack following 14% increase in tobacco excise.

Market Outlook

For fixed income, we believe short duration strategy remains to be preferred amidst heightened uncertainties and rising inflation prospects due to subsidies rationalization.

For equity, we believe market will trend higher in view of delay in QE tapering. 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.

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.