



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.

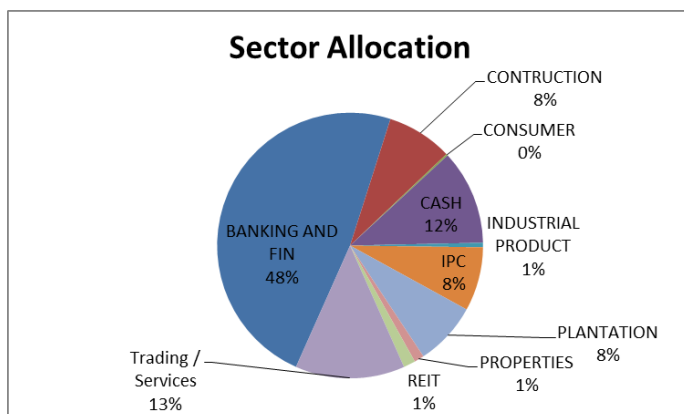
The Fund will only invest locally.

Fund Details

Fund Size (30 Apr 2014)	: RM 10.17 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.	Golden Assets International 03/08/18	12.95%
2.	Public Bank Berhad 25/09/23	10.37%
3.	Sabah Dev Bank 13/02/14	9.71%
4.	First Resources Ltd 05/06/20	7.23%
5.	CIMB Bank Berhad 15/09/22	7.21%



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 Apr 2014)	: RM 1.0208

Benchmark (05 Jun 2013)	: 1.0000
Benchmark (30 Apr 2014)	: 1.0142

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 30 Apr 2014

Manager's comments Market Review

Buying interest from both onshore and offshore returned, helped by the stronger MYR and the decline in UST yields. The Bank Negara Governor commented that inflation was not caused by strong demand, noting that wage growth was moderating and that she has not seen second-round effects from the government's price adjustments. Over in the US, economic data and Fed communication seem to indicate that normalization of QE will continue. The MGS yield curve shifted lower this month, with the 3-year, 7-year and 10-year benchmark falling by 2 bps, 10 bps and 3 bps respectively to end the month at 3.38%, 3.92% and 4.08% respectively. The new 5 year benchmark closed 9 bps lower post-auction, at 3.56%. Auction results in April were strong. The new RM1.6 bil 7.5-year SPK was met with a bid to cover of 3.399x and an average yield of 4.345%. Another RM1 bil of the issue was privately placed. The RM1.5 bil re-opening of the 15-year GII saw robust demand, attracting a bid to cover of 2.773x and an average yield of 4.547%. The RM4 bil new 5 year MGS was similarly well received, with a bid to cover of 2.715x at an average yield of 3.654%, following on the heels of a RM16 bil MGS maturity. Trading volume in corporate bonds was slightly lower compared to March and most trades came from the AA-rated segment. Yields were generally lower. In the primary market, IJM Corp and Maybank Islamic issued.

On equity front, FBM100 Index inched up by 1.07% to close at 12,591. Petronas has approved the investment decision for Pengerang Integrated Complex at an estimated cost of US\$16bn while associated facilities will involve an investment of about US\$11bn. Dialog's Pengerang phase 1 is expected to be completed by end 2014 while Phase 2 plan is to be finalized by July 2014. Malaysia and Singapore governments reiterated that the proposed high speed rail link will be completed by 2020. MAHB is expected to commence operations in KLIA2 on May 9. MMC, Salcon and ARZB has secured Langat 2 water treatment plant phase 1 project worth RM993.8m. In addition, Public Bank proposed RM5bn worth of rights issue to boost its capital while the rights are expected to be priced at 20-35% discount.

Market Outlook

For fixed income, our duration strategy will remain underweight amidst negative market sentiment. In terms of asset allocation, we prefer short to medium-term corporate bonds.

Amid the geopolitical uncertainty and quantitative easing tapering, investment team remains optimistic on Malaysia equities in the long run back government effort to address macroeconomic issues, sustainable economy growth from export recovery and moderate domestic consumption as well as recovery in CPO prices. We will focus on stocks that are beneficiary to economic recovery at reasonable valuations.