



# 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.

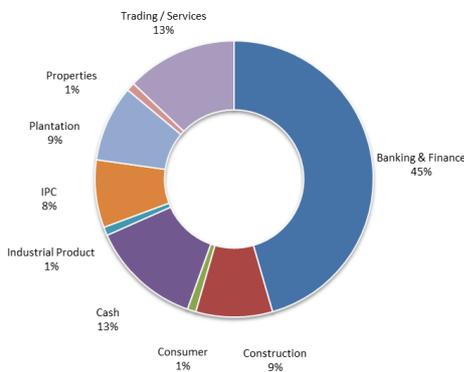
### Fund Details

Fund Size (30 Sep 2014)	: RM 9.56 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	: 15% FTSE Bursa Malaysia Top 100 Index + 20% Maybank Berhad overnight rate + 65% Quant Shop MGS All Bond Index

### Top Holdings

1.	Golden Assets International 03/08/18	13.83%
2.	Public Bank Berhad 25/09/23	11.09%
3.	Sabah Dev Bank 07/08/14	10.42%
4.	CIMB Bank Berhad 15/09/22	7.67%
5.	Gamuda Berhad 21/03/18	7.64%

### Sector Allocation



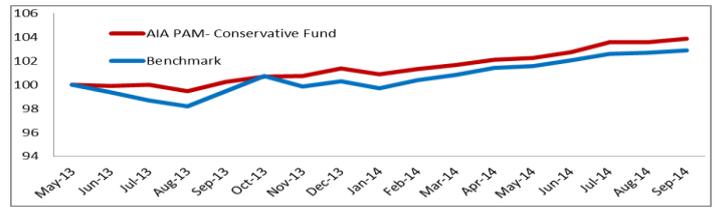
### Risk

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



%	1 Mth	6 Mths	1-Year	*3-Year	*5-Year
Fund	0.26%	2.16%	3.60%		
Index	0.20%	2.05%	3.42%		
<b>Excess</b>	<b>0.06%</b>	<b>0.11%</b>	<b>-0.18%</b>		

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

### Market Review

As for Fixed Income, in Bank Negara's Monetary Policy Committee meeting this month, the bank maintained the Overnight Policy Rate at 3.25% citing expectations for relatively stable inflation and steady economic growth for the nation. This spurred buying at the short end of the Malaysian Government Securities (MGS) yield curve but the market remained wary of the possibility of rate hikes in the future. The weaker Ringgit also moderated sentiment. As a result, the MGS yield curve steepened. Foreign holdings in MGS fell from 48.4% in July to 47.3% in August. There were three auctions in September. Demand for the reopening of the 3-year MGS and 30-year MGS was lukewarm, with bid-to-cover ratios of 1.73x and 1.37x respectively. Average yields were 3.583% for 3-year and 4.715% for 30-year. The reopening of the 5-year GIL was well received, with a bid-to-cover ratio of 2.36x and an average yield of 3.793%. On the corporate side, yield movements were mixed. Credit spreads for AAA and AA1-rated names widened whereas spreads were mostly stable in the AA2 and AA3 rating category. Malayan Banking Berhad, Bank Pembangunan, Ara Bintang and Bumitama Agri issued during the month.

In September, FBM100 index ended lower 0.62% mom to close at 12,505. The Ringgit weakened 4.1% against the US\$ to close at RM3.28:1USD, given the combination of Bank Negara Malaysia interest rate hike paused in September MPC meeting as well as renewal expectation of US Fed rate hikes. Malaysia government has exempted CPO from 4.5% export taxes for September and October to help Malaysia companies cope with rising inventory and falling CPO prices. On the corporate front, Sunway Berhad has proposed the listing of Sunway Construction by 2Q 2015. Tenaga and 1MDB will be involved in an IPP with Bangladesh Power Development after Malaysia and Bangladesh signed a Memorandum of Understanding (MoU) for a RM6bn power plant. Perodua, which launched its first energy efficient vehicle (EEV), has secured 13,000 booking. IJM Corporation's 51%-owned Kuantan Port has signed a MoU with Qinzhou Port in China to establish a sister port relationship to increase trade between Malaysia and China.

### Market Outlook

For fixed income, we think trading sentiment will continue to be driven by volatile offshore flows as US Treasury continue edging lower on expectation that European Central Bank may embark on Quantitative Easing (QE). We are neutral on duration and will selectively move down the credit spectrum.

In the near term, Malaysia market sentiment and direction will continue to be dictated by the external events, as there are lack of earnings growth and possible catalyst in the upcoming 2015 Budget to be announced on 10 October 2014. Having said that, Malaysia equities are supported by high domestic liquidity and being under-owned by foreign investors. Malaysia will remain a stock picking market and we will continue to focus on growth stocks relative to defensive and high dividend play as economic growth is gaining momentum.