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.

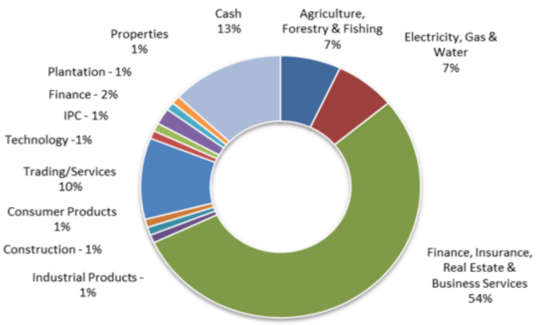
Fund Details

Fund Size (31 Jan 2015)	: RM 9.51 million International 03/08/18
Fund Currency	: Ringgit Malaysia 25/09/23
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	14.06%
2.	Public Bank Berhad 25/09/23	11.29%
3.	Gamuda Berhad 21/03/18	7.76%
4.	First Resources 05/06/20	7.72%
5.	CIMB Bank Berhad 15/09/22	7.67%

Sector Allocation



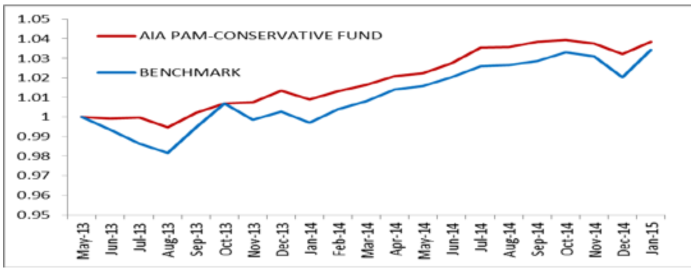
Risk

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	0.58%	0.26%	2.91%		
Index	1.35%	0.82%	3.72%		
Excess	-0.77 %	-0.56%	-0.81%		

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at31 Jan 2015

Market Review

Malaysian Government Securities ("MGS") rebounded sharply in January from the sell-off in the previous month. The Ringgit weakened further against the US$ and Brent Crude continued to slide to US$53. However, this did not deter buying interest from both offshore and onshore investors as inflation expectations around the world fell. The Prime Minister unveiled a revised budget, whereby the budget deficit for 2015 was revised to -3.2% of GDP from -3.0% previously on a lower crude oil price assumption of USD55/bbl from USD100/bbl. Forecasts for real GDP growth and inflation rate were lowered to 4.5%-5.5% (from 5.0%-6.0%) and 2.5%-3.5% (from 4.0%-5.0%). Moody's and Standard and Poor's subsequently affirmed their sovereign ratings on Malaysia. Bank Negara Malaysia, in its meeting this month, maintained the Overnight Policy Rate (OPR) at 3.25%, noting that downside risk to the global economic outlook has increased while inflation is expected to be lower than earlier anticipated.
During the month, FBM100 Index rebounded strongly 1.40% to end the month at 11,978. However, USD:MYR depreciated 3.7% to RM3.63:US$1 after crude oil price hitting a low of US$48.7/ barrel before recovering to US$53/ barrel towards month end. The government released 2015 revised budget. Due to falling crude oil prices, 2015 fiscal budget deficit target has been revised from 3% to 3.2% while official GDP forecast has also been lowered to 4.5-5.5% from previously 5.0-6.0%.

Market Outlook

For fixed income, low inflation, risks of global growth disappointment and higher levels of liquidity following the ECB and Japan's Quantitative Easing programs seem to be the dominant themes in the fixed income market. Nevertheless, the weak Ringgit and the focus on the nation's fiscal position are clouding the outlook somewhat. Hence, the fund will maintain its neutral duration positioning
For equity, 2015 is expected to be a challenging year for the equity market. However, we do not foresee significant downside to the market as we continue to see high domestic liquidity as a result of captive GLC-linked funds, low interest rates, resilient domestic consumption aided by lower and the government's commitment to fiscal reform. We continue to focus in the sectors that are beneficiary to the rollout of infrastructure project and low crude oil prices and with resilient earnings growth.