



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.

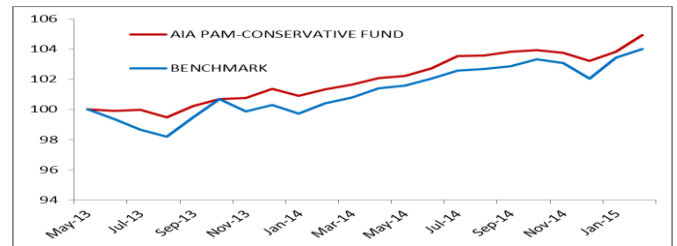
Fund Details

Fund Size (28 Feb 2015)	: RM 9.53 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	13.61%
2.	Public Bank Berhad 25/09/23	11.24%
3.	Cimb Bank Berhad 11/08/15	10.26%
4.	Sabah Credit Corp 06/08/15	10.21%
5.	Northport Malaysia Berhad 19/12/24	9.08%

Historical Performance



%	1 Mth	6 Mths	1-Year	*3-Year	*5-Year
Fund	1.05%	1.30%	3.54%		
Index	0.57%	1.30%	3.59%		
Excess	0.48 %	0.00%	-0.04%		

Source: AIA Pension and Asset Management Sdn Bhd, Bloomberg as at 28 Feb 2015

Market Review

The Malaysian Government Securities (MGS) curve bearish steepened due to buying in the front end and selling in the long end. The shorter end posted gains as players priced in the speculation of rate cut by Bank Negara Malaysia (BNM) in March, while the sell-off of the long end could be due to the relatively larger supply of long dated bonds in the coming month. BNM's Monetary Policy Committee left the Overnight Policy Rate (OPR) unchanged at 3.25% for the meeting on 5 March, considering Malaysia's growth to remain steady and inflation contained. Recently released BNM annual report mentioned GDP growth is expected to range 4.5%-5.5% in 2015 (2014: +6.0%) and headline inflation forecast to average 2%-3% in 2015 (2014:+3.2%). Also, fiscal policy in 2015 will be directed towards strengthening the government's fiscal position in light of low global oil prices. Foreign holdings in MGS in January remained resilient at 43.8%, declined slightly from 44.1% in December. During the month, FBM100 Index rose 2.1% to end the month at 12,233 points outperforming MSCI Asia ex-Japan which rose 1.2%. The Ringgit initially rebounded by appreciating 2.5% but closed largely unchanged at RM3.61/US\$, possibly on the back of 1MDB solvency concerns. Energy stocks including petrochemicals outperformed on oil price rebound. Telecommunication sector and utilities sector underperformed as risk aversion fell while Tenaga was hit by an unexpected tariff reduction of 5.8%.

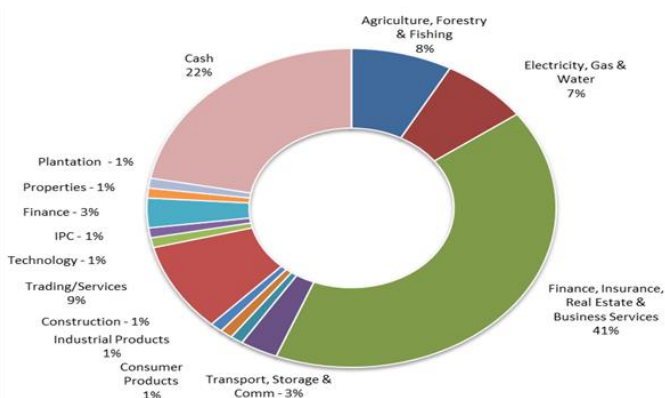
On the corporate front, 1) Petronas has named Wan Zulkiflee as its new president and CEO effective Apr 1. Separately, Petronas expects to cut capex by 10% to 15% in 2015/16, while opex will be cut by 30% this year. 2) MISC and Petronas have agreed to build new LNG carriers worth RM4b, to be delivered from 2016 onwards. 3) P Chem has teamed up with BASF SE to build a new production plant with a total capacity of 30,000 tonnes p.a. 4) IJM Corp has secured RM1.19b contract from Kuantan Port to construct a new deepwater terminal.

Market Outlook

For fixed income, in the near term, Ringgit bonds are likely to steepen with belly to long end of the curve will see some weaknesses, taking cue from higher US Treasury yields. However, buying interest will be seen in the short end of the curve due to the short supply of bills. Market players will continue tracking economic data out from the US for sign of early hiking of rates by the Fed which remains as one of the most influential external drivers for Malaysian bond market.

For equity, in the short run, the sentiment on local equities is expected to be weighed down by the falling oil prices and the Ringgit. Over the long run, we expect market to rebound led by recovery in oil prices, government's effort to reduce fiscal deficit, improvement in exports aided by improving prospects of developed economies as a result of lower oil prices and attractive valuations.

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, Supplemental Disclosure Document dated 11 October 2013, Second Supplemental Disclosure Document dated 8 January 2014, Third Supplemental Disclosure Document dated 14 February 2014, Fourth Supplemental Disclosure Document dated 16 June 2014, Fifth Supplemental Disclosure Document dated 4 July 2014, Sixth Disclosure Document dated 8 August 2014 and Seventh Supplemental Disclosure Document dated 10 November 2014 (collectively known as "Disclosure Document") 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 and Product Highlights Sheet (known as "PHS") are available from our office and all authorised agents/distributors of AIA Pension and Asset Management Sdn Bhd and you have the right to request for the Disclosure Documents and PHS. Please read and understand the contents of the Disclosure Document and PHS before making any investment decision. 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.