



Mar 2015

## 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.

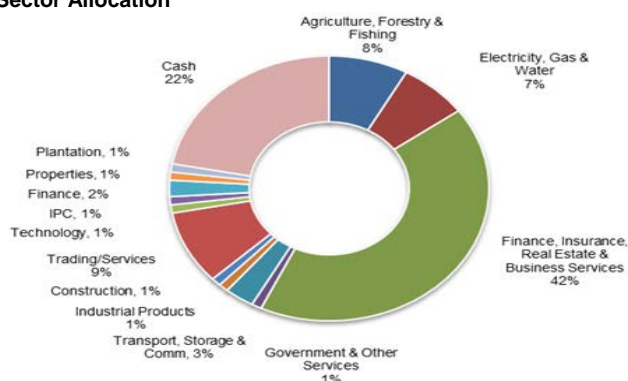
### Fund Details

Fund Size (31 Mar 2015)	: RM 9.42 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 Five Holding

1.	Golden Assets International 03/08/18	13.90%
2.	Public Bank Berhad 25/09/23	11.21%
3.	Cimb Bank Berhad 11/08/15	10.49%
4.	Sabah Credit Corp 06/08/15	10.45%
5.	Northport Malaysia Berhad 19/12/24	9.31%

### Sector Allocation



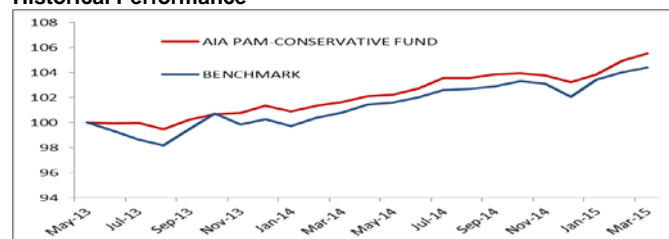
### Risk

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	0.54%	1.59%	3.79%		
Index	0.34%	1.45%	3.53%		
Excess	0.20%	0.14%	0.25%		

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 31 Mar 2015.

### Market Review

Malaysian Government Securities ("MGS") yield curve steepened during the month, driven by the rally in US Treasuries post dovish-sounding Federal Open Market Committee ("FOMC") statement. The 3-year MGS fell by 12 bps to 3.32% due to the speculation on interest rate cut in view of low inflation rate and continued decline in interbank rates. Elsewhere, the 5-year MGS fell by 3 bps to end the month at 3.58% while the 7-year and 10-year closed higher by 1 bp and 3 bps to 3.77% and 3.90% respectively. Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at 3.25% at its March Monetary Policy Committee ("MPC"). According to BNM 2014 Annual Report, the central bank expects the economy to remain on steady growth path, ranging 4.5-5.5% in 2015, sustained by expansion in domestic demand and strong domestic fundamentals. Headline inflation is expected to average at 2-3% in 2015 amid volatility in global crude oil prices and GST implementation.

During the month, FBM100 Index rose 0.21% to end the month at 12,260 underperforming MSCI Asia ex-Japan (+2.70%) in MYR term. During the month, crude oil prices declined by 12.7% while MYR continued to depreciate 2.80% against USD on the back of weak crude oil prices. The government will impose GST with effect 1 April 2015 at the rate of 6%. Petronas CEO expects to cut capex by 10% and 15% for 2015 and 2016 respectively, while opex will be cut by 30% this year. If oil price stays below US\$80/ barrel, Petronas will not be awarding new RSC contracts. On the corporate front, 4 local companies including Gamuda, IJM and WCT and two foreign companies have submitted bids for the PDP role in the RM27bn Penang Transport Master Plan. On the RM9bn Klang Valley LRT Line 3, Syarikat Prasarana Negara has shortlisted 6 parties for the PDP role. Vice Chairman Mokhzani Mahathir and non-executive director Yeow Kheng Chew resigned from the board of SapuraKencana Petroleum for personal reasons. AirAsia X has proposed renounceable rights issues with free detachable warrants estimated to raise RM395m.

### Market Outlook

For fixed income, benign inflation, risks of global growth disappointment and higher levels of liquidity following the ECB and Japan's Quantitative Easing programmes seem to be the dominant themes in the fixed income market. Nevertheless, volatile 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, 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.