



May 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.

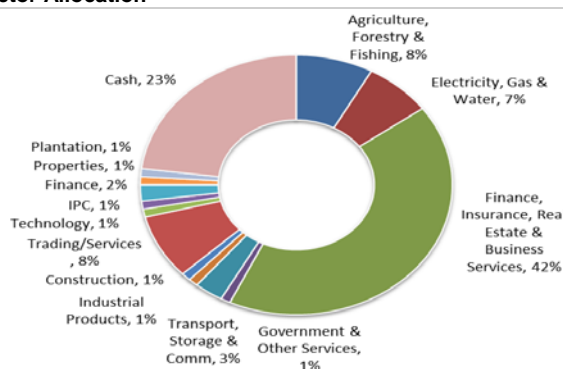
Fund Details

Fund Size (31 May 2015)	: RM 9.45 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	15.61%
2.	Public Bank Berhad 25/09/23	12.62%
3.	Sabah Credit Corp 06/08/15	11.71%
4.	Northport Malaysia Berhad 19/12/24	10.59%
5.	First Resources Ltd 05/06/20	8.87%

Sector Allocation



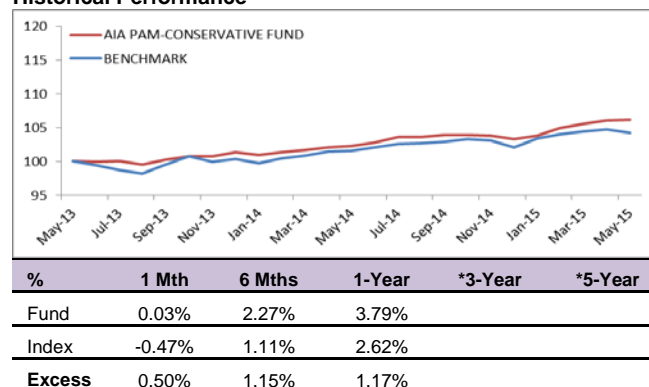
Risk

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



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

Market Review

In the month of May 2015, Malaysian Government Securities (MGS) yields drifted higher across the curve. The MGS yield curve steepened with the long end taking most of the brunt of the sell-off. The sell-off in MGS was driven by weak market sentiment on the back of volatile yield movements in global bond space and also the fall of Ringgit against USD. Besides, the lingering news on potential Fitch's downgrade on Malaysia's sovereign rating has continued to weigh on the local bond market. On the corporate side, yields did not move in tandem with the trend seen in MGS market. Instead, corporate bond were traded in a range-bound pattern. In the primary market, Malaysia Building Society Bhd, Aman Sukuk Bhd, Sabah Credit Corporation, amongst others tapped the bond market.

During the month, FBM100 Index declined 3.57% to end the month at 11,784, underperforming MSCI Asia ex-Japan, which fell only 0.60% in MYR term. This is largely driven by weaker MYR, which fell 2.9% m-o-m against USD and weak corporate results across the board as well as political concerns brought by the negative publicity on 1MDB. On the corporate front, IHH Healthcare and Sime Darby's medical venture made offers for a Malaysian hospital owned by Health Management International Ltd for RM892.5mil. Genting Malaysia has proposed to sell its entire 17.8% stake in Genting Hong Kong Ltd for at least RM1.69bil cash. Sunway Bhd is buying 17 acres land worth RM286mil, which is situated in the Sungei Way Free Trade Zone. TNB is in discussion with 1MDB over acquiring the biggest equity in the 2000MW coal-fired power plant, known as Project 3B. Maybank is selling its operations in Papua New Guinea for RM418mil.

Market Outlook

For fixed income, in the absence of fresh driver at the local front, we will likely to see range bound trading conditions in the MGS market with a downside bias due to the volatile Ringgit.

For local equity, in the short run, the sentiment on local equities is expected to be positive given oil prices recovery above US\$55/barrel, easing monetary conditions in China and rate hike being delayed in the US. In addition, there is a slight positive development in 1MDB following cash injection of US\$1.0bil by International Petroleum and Aabar and the Government's move to restructure the company soon.