



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.

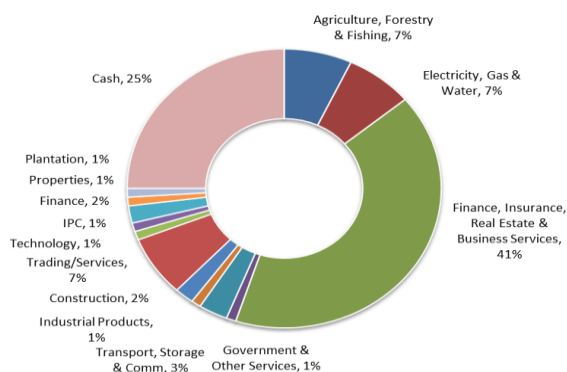
Fund Details

Unit NAV (31 Jul 2015)	: RM 1.0675
Fund Size (31 Jul 2015)	: RM 9.71 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

Rank	Company Name	Percentage
1.	Golden Assets International 03/08/18	13.58%
2.	Public Bank Berhad 25/09/23	10.87%
3.	Sabah Credit Corp 06/08/15	10.29%
4.	Northport Malaysia Berhad 19/12/24	9.04%
5.	First Resources Ltd 05/06/20	7.60%

Sector Allocation



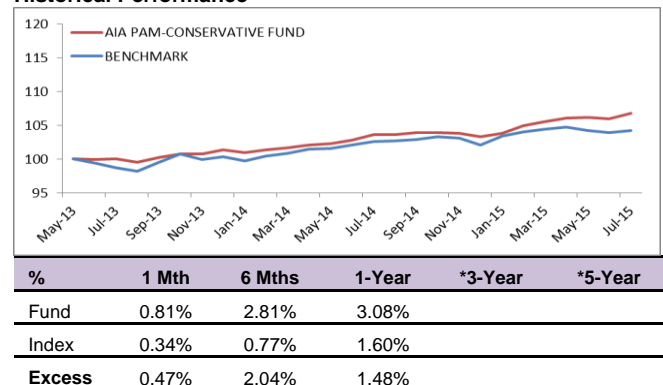
Risk

Investment risk involves the uncertainties relating to the country'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 Jul 2015.

Market Review

Malaysian Government Securities ("MGS") yields moved higher amid persistent weakness in Ringgit and political fallout following the cabinet reshuffling. Besides, market players were also concerned with the depleting foreign reserve at USD100.5bn as of July 15, which is the lowest in almost 5 years. Meanwhile, Bank Negara Malaysia announced the resumption of bill issuance on August 6 after eight months of no issuance, which will in turn mopping up liquidity ahead of huge government bond maturities in the coming months. In the corporate space, despite weaker MGS, yields were well supported on the back of limited primary issuances. Putrajaya Holding Berhad, Krung Thai Bank and Sunway Treasury Sukuk, amongst other, had tapped the market.

During the month, FBM100 Index increased 0.97% to end the month at 11,569, outperforming MSCI Asia ex-Japan, which fell 4.71% in MYR term. July was a tough month with high volatility driven by macro concerns on politics such as 1MDB issue and cabinet reshuffling, weaker Ringgit fell below psychological level of 3.80 MYR/USD as well as weaker crude oil prices fell below US\$55 per barrel. However, there were some window dressing activities on the last day of July to support the market. On the corporate front, Integrax's dissenting shareholders have filed new legal action against TNB in relation to the utility giant's takeover of Lumut Port operator. TNB has submitted an indicative non-bidding proposal to buy 13 power assets of Edra Global Energy Bhd from 1MDB. SapuraKencana Petroleum has clinched a contract from Oil and Natural Gas Corporation Ltd for Mumbai High South Redevelopment Phase III Project on a turnkey basis worth US\$273mil. MMC Corp is buying KWAP's 9.08% stake in NCB Holdings for RM186.5mil cash.

Market Outlook

For fixed income, weak Ringgit is expected to continue weighing on local bond market.

For local equity, in the short run, we expect equity market to be volatile with a slight downward bias given correction in the Chinese equities market, weak corporate earnings, soft Ringgit, low crude oil prices and loss of investors' confidence in the country. Nonetheless, Malaysia remains on track with its high GDP growth of 4.5%~5.0% and budget deficit target of 3.2% for 2015 given weak Ringgit.