



Sep 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.

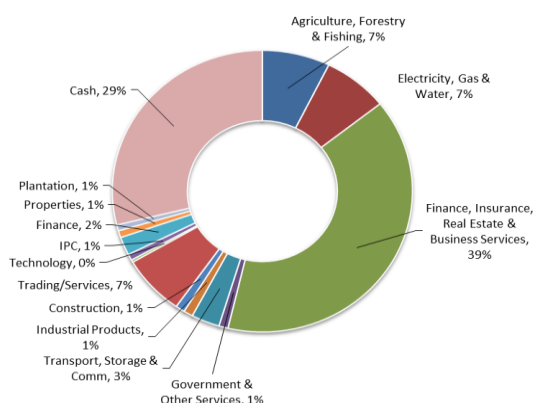
Fund Details

Unit NAV (30 Sep 2015)	: RM 1.0548
Fund Size (30 Sep 2015)	: RM 10.02 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	13.00%
2.	Public Bank Berhad 25/09/23	10.48%
3.	Northport Malaysia Berhad 19/12/24	8.59%
4.	First Resources Ltd 05/06/20	7.33%
5.	CIMB Islamic Bank Bhd 15/09/22	7.31%

Sector Allocation



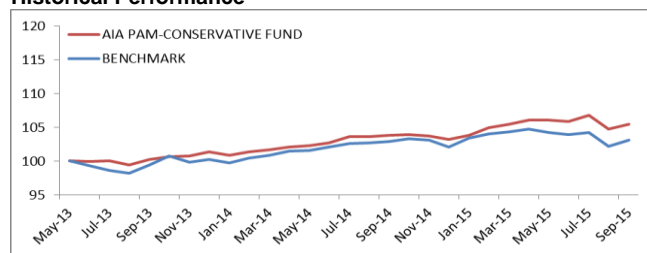
Risk

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



%	1 Mth	6 Mths	1-Year	*3-Year	*5-Year
Fund	0.69%	-0.01%	1.58%		
Index	0.91%	-1.23%	0.20%		
Excess	-0.22%	1.22%	1.38%		

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 30 Sep 2015.

Market Review

MYR extended its losses in September with a 4.8% depreciation to close at MYR4.3950 on the back of USD strength. BNM maintained the OPR in the September MPC meeting with a bearish tone on growth outlook. The sovereign bond market rebounded having seen better bidding interest by both onshore and offshore investors. Towards the month end, the market further gained in reaction to Governor Zeti's speech to indicate the strength of Malaysia's bond market to intermediate offshore capital outflows. Corporate bond trading activities were light during the month, where investors were net sellers in the secondary market. Yields trended higher amid thin market volumes despite the rebound in the sovereign bond market.

During the month, FBM100 Index recovered 1.74% to end the month at 10,921, underperforming MSCI Asia ex-Japan, which rose 2.42% in MYR term. The rebound was mainly driven by the news that the Government was allocating RM20bil to ValueCap to buy stocks but gave up some of its gains after the Federal Reserve decided to keep interest rate unchanged. Plantation stocks ended higher this month propelled by a 20% rally in crude palm oil price which rose to RM2,300/tonne level on the back strengthening El Nino and haze effect. Ringgit continued to depreciate by another 4.8% to touch a record high of MYR4.45/USD despite higher foreign reserves which rose from US\$94.7bil at end-Aug 2015 to US\$95.3bil at mid-Sep 2015.

Market Outlook

For fixed income, we expect the volatility of the Ringgit and commodity prices to remain until there is clearer sign of the global growth outlook, supply/demand dynamics from OPEC on crude oil as well as the political front. These will continue to weigh on the Malaysian bond market.

For local equity, in the short run, we expect some pullback as market has rallied by 6% since mid-August but downside risk is capped by Government effort to stabilize Ringgit, improving oil prices and CPO prices. Over the medium term, we are optimistic on the market recovery, supporting by the still-strong economic fundamentals, successful fiscal consolidation, 1MDB restructuring and strengthening Ringgit to support the market. We believe Ringgit will recover if the US rate hike is done on a slow and gradual basis.