



Oct 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.

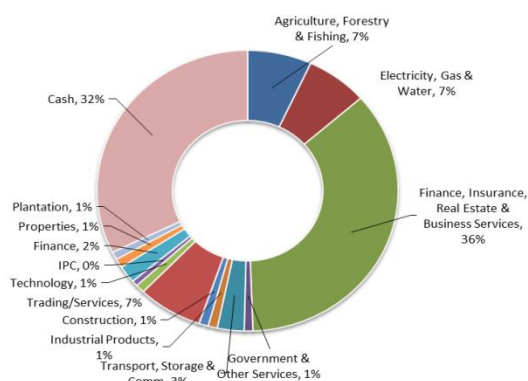
Fund Details

Unit NAV (31 Oct 2015)	: RM 1.0583
Fund Size (31 Oct 2015)	: RM 10.63 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	11.72%
2.	Public Bank Berhad 25/09/23	9.89%
3.	Northport Malaysia Berhad 19/12/24	8.16%
4.	First Resources Ltd 05/06/20	6.93%
5.	CIMB Islamic Bank Bhd 15/09/22	6.90%

Sector Allocation



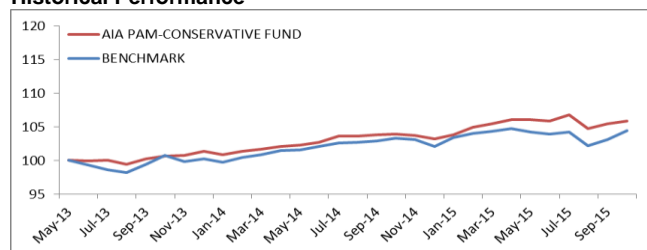
Risk

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	0.32%	-0.24%	1.83%		
Index	1.27%	-0.33%	1.04%		
Excess	-0.95%	0.09%	0.79%		

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

Market Review

The month of October started with broad-based weakening of USD, including MYR, following a streak of weaker-than-expected US economic data releases and marginal spike in crude oil price. Government bond yields gapped down across the curve on the back of better bidding interests by local and foreign investors. Towards end-October, market sentiment softened as investors turned cautious ahead of the 2016 Malaysia Budget announcement while some mild profit taking activities was seen. Corporate bond activities in the secondary market saw modest trading volumes in the high grade short to medium term space while thin bargain-hunting interest was seen at the long end of the AA3 rating curve. Yields trended lower on the broad level.

During the month, FBM100 Index rose 3.07% to end the month at 11,256, underperforming MSCI Asia ex-Japan, which rose 5.69% in MYR term. In early of the month, local market rebounded strongly in line with the rally in regional market on the back of heightened possibility of Fed rate hike being delayed to next year after the weaker-than-expected US jobs data was released. Meanwhile, foreign investors also turned net buyers in the local market in anticipating of a good Budget 2016 for the first time after being net sellers in the past 5 months. However, the market gave up some of its earlier gains after there were no concrete measures announced in the budget to aid the recovery of the Ringgit.

Market Outlook

For fixed income, we expect the volatility of the MYR 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. Stronger signs of Federal Fund rate hike by year end is likely to continue exerting pressure on sovereign yields. These will weigh on the Malaysian bond market.

For local equity, in the short run, we expect market to trade within a tight range from here. The market is expected to be supported by bottoming commodity prices, RM20bil ValueCap fund to be deployed in stages by Nov 2015, 1MDB restructuring plan to be unveiled by Dec 2015 as well as the monetary easing policy undertaken by both BOJ and ECB to stimulate economy. However, the market upside could be capped by given the less attractive valuation, still-lingering political issues and external headwinds arising from the China's economy slowdown.