AIA PAM – Conservative Fund

Investment Objective

The Fund seeks to provide returns through income* that is consistent with capital preservation**.

**Income will be reinvested in additional Units in the Fund*

*** The Fund is neither capital guaranteed nor capital protected*

Investment Strategy

The Fund will invest at least 80% of its NAV in 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.

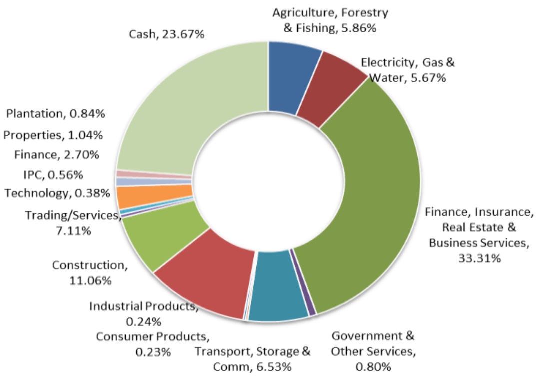
Fund Details

Unit NAV (31 Jan 2016)	: RM 1.0677
Fund Size (31 Jan 2016)	: RM 12.52 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	10.14%
2.	Jimah East Power Sdn Bhd 04/12/25	8.93%
3.	Public Bank Berhad 25/09/23	8.41%
4.	Northport Malaysia Berhad 19/12/24	6.97%
5.	First Resources Ltd 05/06/20	5.88%

Sector Allocation



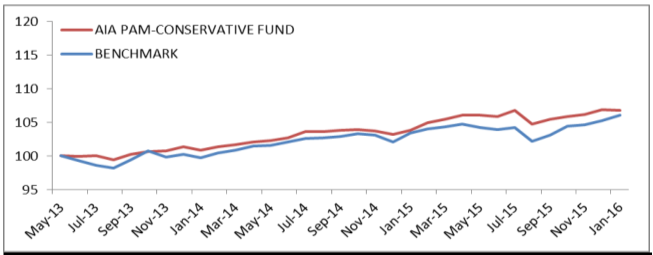
Risk

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	-0.08%	0.00%	2.81%		
Index	0.80%	1.80%	2.59%		
Excess	-0.89%	-1.80%	0.22%		

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 31 Jan 2016.

Market Review

Malaysian government bond market enjoyed a good rally in January following the Prime Minister's presentation of the revised Budget 2016, guiding a lower GDP growth whilst maintaining the fiscal deficit at 3.1%. Weaker regional economic data and central bank policy actions, including the introduction of negative interest rates by Bank of Japan and 50bps statutory reserve rate cut by BNM sent dovish signals on the macroeconomic outlook. Corporate bond primary issuance was rather muted during the month with total issuance of RM2.1bil.

During the month, FBM100 Index fell 1.7% to end the month at 11,280 points, outperforming MSCI Asia ex-Japan, which declined by 11.0% in MYR term. The local market fell sharply earlier in the month, in line with the sharp selloff in the global market driven by further weakening crude oil prices and economic slowdown. The recovery in the later of the month was helped by the revised Budget 2016 as well as the rebound in crude oil prices and a stronger Ringgit. Ringgit appreciated 3.5% to reach MYR4.15/USD while Brent oil prices dropped from US$37/barrel to the low US$28/barrel before ending at US$35/barrel.

Market Outlook

For fixed income, with the improved foreign sentiment on domestic markets, we increasingly see resilience of MYR against the volatility of crude oil price. Slower global economic outlook, including Malaysia, will be supportive of the local bond market. We view that the risk of capital outflows owing to the concentration of foreign holdings in MGS is minimal.

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 RM20bil ValueCap fund to be deployed in stages as well as the monetary easing policy undertaken by both BOJ and ECB to stimulate economy. In addition, investors' sentiment turned slightly positive as first US Fed rate hike of 25bps was concluded in December and further rate hike will likely be on gradual basis. 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.