



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.

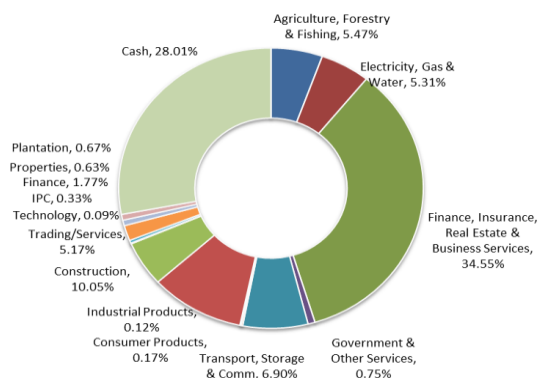
Fund Details

Unit NAV (31 May 2016)	: RM 1.0408
Fund Size (31 May 2016)	: RM 13.40 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	9.43%
2.	Jimah East Power Sdn Bhd 04/12/25	8.57%
3.	Northport Malaysia Berhad 19/12/24	8.12%
4.	Public Bank Berhad 25/09/23	7.86%
5.	First Resources Ltd 05/06/20	5.49%

Sector Allocation



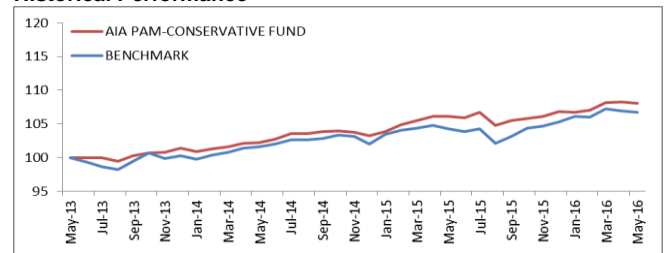
Risk

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	-0.13%	1.86%	1.88%		
Index	-0.19%	1.93%	2.35%		
Excess	0.05%	-0.08%	-0.46%		

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

Market Review

In May, Malaysian government bond yields rose as market players turned cautious amid volatile Ringgit movement against the greenback. At the Monetary Policy Committee (MPC) meeting on 19 May, Bank Negara Malaysia has opted to keep Statutory Reserve Rate (SRR) and Overnight Policy Rate (OPR) unchanged at 3.50% and 3.25% respectively. Foreign ownership in MGS hit an all-time high of 49.1% in April (March: 48.7%). In the primary market, CIMB Group (MYR1bil) and UEM Sunrise (MYR500mil) were among the issuers that tapped the bond market.

During the month, FBM100 Index declined by 2.20% to end the month at 11,085 points, underperforming MSCI Asia ex-Japan, which increased by 3.28% in MYR term. The further consolidation in local market was mainly driven by the reduction of Malaysia weightage from 4.0% to 3.6% in MSCI Asia Ex-Japan Index. Foreign selling accumulated to RM4.3 billion during the month. MYR weakened by 5.7% to USD/MYR 4.13 level on the possibility that US interest rates may be raised in June or July FOMC meeting. Brent oil prices rose to US\$49/barrel backed by the shrinking US crude inventory and production but did not help the local market and Ringgit.

Market Outlook

For fixed income, while the expectation of imminent Fed rate hike may weigh on the local government bond market due to the concern of possible outflows of foreign funds, we view that the risk is mitigated by the stickiness of the foreign holding in MGS as well as the slower economic outlook which may boost demand for local bond. In the near term, we remain cautious on volatility of MGS movements due to fluctuation in Ringgit and oil prices.

For local equity, in the short run, we expect market to be volatile driven by foreign outflows and the disappointing corporate results.