



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.

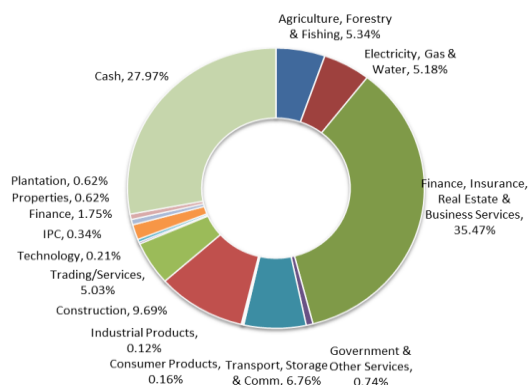
Fund Details

Unit NAV (31 Jul 2016)	: RM 1.0531
Fund Size (31 Jul 2016)	: RM 13.81 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	9.33%
2.	Jimah East Power Sdn Bhd 04/12/25	8.39%
3.	Northport Malaysia Berhad 19/12/24	7.96%
4.	Public Bank Berhad 25/09/23	7.68%
5.	First Resources Ltd 05/06/20	5.36%

Sector Allocation



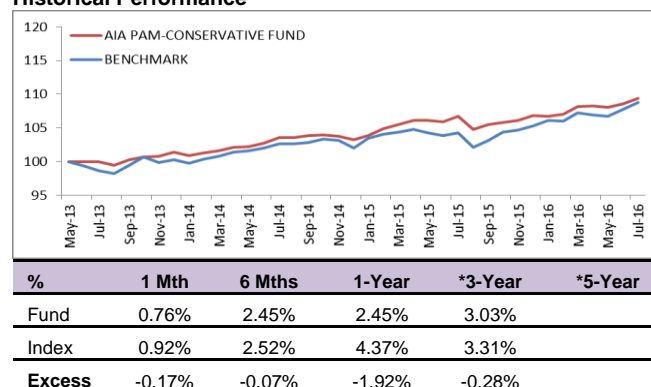
Risk

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 2016.

Market Review

The Malaysia Government Securities (MGS) yield curve bull-steepened during the month, driven by a surprise Overnight Policy Rate (OPR) cut by Bank Negara Malaysia (BNM). The central bank slashed the OPR by 25 basis points to 3.00% at the Monetary Policy Committee meeting, citing concern about uncertainties in global environment could weigh on Malaysia's prospect. BNM governor Datuk Muhammad Ibrahim stated the monetary easing is a pre-emptive action to ensure that the economy continues to remain on a steady growth path. Foreign ownership in MGS reached a new high at 49.8% in June 2016 from 48.7% in May 2016 as foreign investors hunt for yields.

As for equity, the FBM100 Index was up by 0.4% to end the month at 11,284 points, underperforming the MSCI Asia ex-Japan index, which rose by 6.0% in MYR terms. The unexpected interest rate cut by BNM gave a boost to the market. Property and dividend-yielding stocks staged a rally while banking stocks, which are perceived to be losers in a declining interest rate environment, reacted negatively.

Market Outlook

For fixed income, potential US interest rate hike and volatile commodity prices continue to weigh on local bond market. However, it is somewhat supported by prolonged weak global economy and monetary easing in Japan and Europe.

For equity, in the short run, we expect markets to be volatile as the global economic outlook is still uncertain. With the continued loose monetary policy measures in developed markets, emerging markets could benefit as a result. Hence, we could see a reversal of capital flows back to emerging markets to seek better returns.