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.

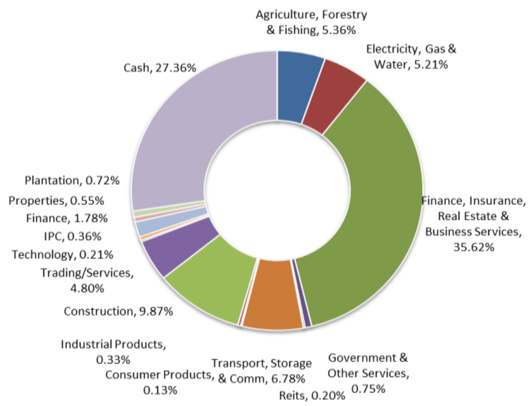
Fund Details

Unit NAV (31 Aug 2016)	: RM 1.0595
Fund Size (31 Aug 2016)	: RM 13.78 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	9.37%
2.	Jimah East Power Sdn Bhd 04/12/25	8.43%
3.	Northport Malaysia Berhad 19/12/24	8.02%
4.	Public Bank Berhad 25/09/23	7.69%
5.	First Resources Ltd 05/06/20	5.37%

Sector Allocation



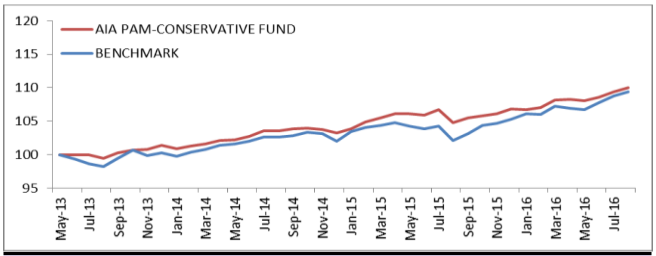
Risk

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	0.61%	2.78%	5.03%	3.42%	
Index	0.58%	3.21%	7.10%	3.68%	
Excess	0.03%	-0.42%	-2.07%	-0.25%	

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

Market Review

The Malaysian Government Securities (MGS) rallied across the curve buoyed by offshore buying, save the 7-year benchmark. Selling pressure on the 7-year paper was likely due to the switching of conventional government bond to Islamic government bond, which will be included in JP Morgan Emerging Market Bond Index beginning 31 October 2016. Foreign holding of MGS in July 2016 rose to 51.9% from 49.8% a month ago, driven by global yield hunt. Sizeable corporate primary issues during the month were Lebuhraya DUKE Fasa 3 (RM3.6 billion) and Sarawak Hidro (RM5.5 billion), amongst others.

During the month, the FBM100 Index was up by 1.9% to end the month at 11,497 points, underperforming MSCI Asia ex-Japan, which rose by 4.1% in MYR terms. The local bourse performed strongly in the first half of the month, supported by robust foreign buying interest, recovery in oil price as Brent went to a high of US$51/barrel, and a stronger ringgit as it fell below RM4.00 to the dollar. However, the market gave up some of its gains towards the end of the month, in line with the reversal of oil price and ringgit during the period. For the month, foreign investors' interest in Malaysian markets was strong with net buying of about RM1.6 billion.

Market Outlook

For fixed income, slowing global economy and monetary easing in Japan and Europe is supportive of local fixed income assets. Nonetheless, potential monetary policy tightening by the US Federal Reserve in the second half of 2016 and volatile oil prices may weigh on local bond market.

For equity, all eyes will be on the US Federal Reserve when it meets on September 20-21 to set the direction of interest rate. Although jobs data for the past few months have been robust, the latest August data came in below expectations. While there will be concerns on fund flows to emerging markets if interest rate starts to increase, the signalling of confidence in US economic growth by the Fed, and the continued loose monetary policy by central banks in Europe and Japan should still provide support to the markets.