



October 2016

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.

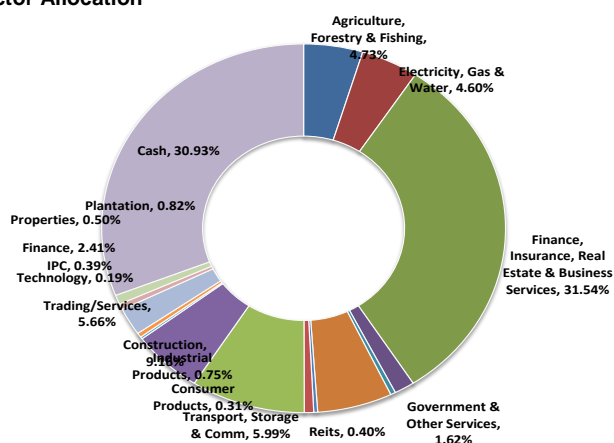
Fund Details

Unit NAV (31 Oct 2016)	: RM 1.0681
Fund Size (31 Oct 2016)	: RM 15.59 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	8.32%
2.	Jimah East Power Sdn Bhd 04/12/25	7.48%
3.	Northport Malaysia Berhad 19/12/24	7.12%
4.	Public Bank Berhad 25/09/23	6.80%
5.	First Resources Ltd 05/06/20	4.74%

Sector Allocation



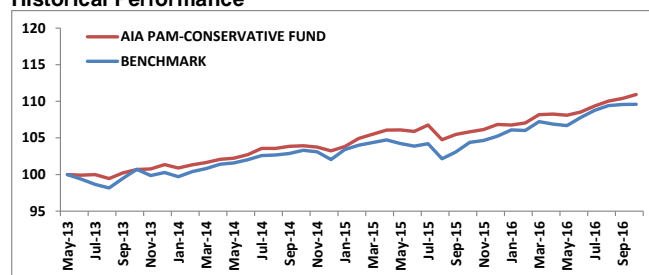
Risk

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	0.50%	2.49%	4.83%	3.28%	-
Index	0.04%	2.54%	4.99%	2.86%	-
Excess	0.46%	-0.06%	-0.16%	0.42%	-

Source: AIA Pension and Asset Management Sdn. Bhd. Bloomberg as at 31 Oct 2016
^ Annualised return

Market Review

For fixed income, the Malaysian Government Securities ("MGS") yield curve was lifted on the back of selling pressure from investors due to unfavourable sentiment towards MYR. MYR weakened by 1.3% month-on-month to MYR4.19 against USD as of end-October 2016, owing to falling crude oil prices. Foreign holding in MGS declined to 51.3% in September from 51.5% in August mainly due to lumpy MGS maturities, as well as US interest rate hike expectation. Notable corporate bond primary issues during the month were Danainfra Nasional Berhad (MYR4.5 billion), Cagamas Berhad (MYR930 million), and UMW Holdings Berhad (MYR700 million).

For equity, October was a recovery month for the Malaysian market, with the FBM100 Index up by 0.9% to end the month at 11,490 points, outperforming MSCI Asia ex-Japan, which increased by 0.1% in MYR terms. The market was driven by the strong performance of selective big cap stocks in the banking and plantation sectors as well as a mild pre-Budget run-up. The 2017 Budget focused on fiscal consolidation and private consumption, particularly for the bottom 40% of households. The government will also be introducing a research scheme to conduct research on 300 small- and medium-cap stocks, and government-linked investment companies will be allocating up to RM3bn into a special fund to invest in such stocks with potential.

Market Outlook

For fixed income, the local bond market is expected to remain volatile with policy uncertainty under the incoming US President Donald Trump, US interest rate hike expectation, as well as concerns over the policy action by Japan and Europe.

For equity, we expect market volatility to persist given uncertainties over global economic growth and policy directions under the incoming US President Donald Trump. News about US interest rate hike, Brexit and the movement in oil price and USD will also continue to dominate headlines. On the local front, apart from global events, the market will be watching the third quarter results season closely to see whether there will be a turnaround in corporate earnings.