



December 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.

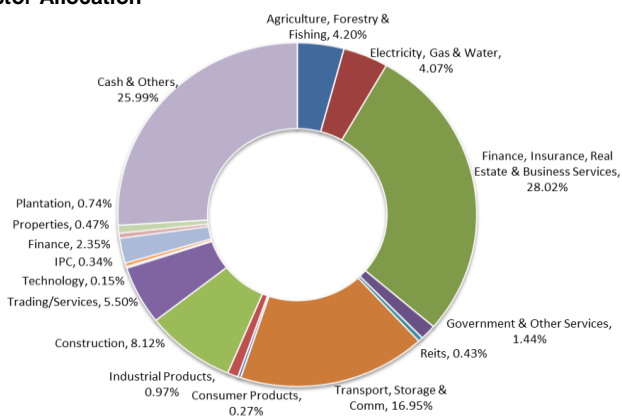
Fund Details

Unit NAV (31 Dec 2016)	: RM 1.0616
Fund Size (31 Dec 2016)	: RM 17.36 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	7.46%
2.	Jimah East Power Sdn Bhd 04/12/25	6.62%
3.	Northport Malaysia Berhad 19/12/24	6.26%
4.	Public Bank Berhad 25/09/23	6.05%
5.	Westport Malaysia Sdn Bhd 03/04/23	5.92%

Sector Allocation



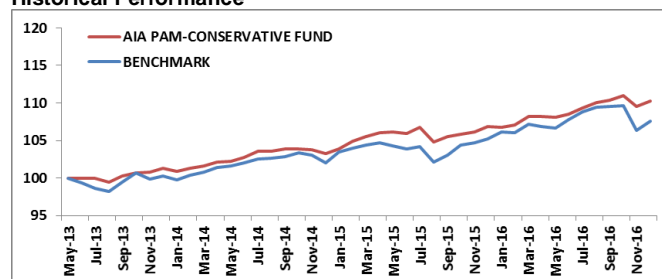
Risk

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	0.65%	1.57%	3.19%	2.85%	-
Index	1.16%	-0.18%	2.22%	2.37%	-
Excess	-0.50%	1.74%	0.97%	0.47%	-

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

Market Review

For fixed income, having suffered steep losses post-US presidential election in November, the Malaysian government bond market gained traction in December as investors were seen picking on dips amidst thin liquidity. Market sentiment somewhat improved, partly aided by OPEC and non-OPEC countries reaching a deal to cut oil production. Foreign ownership in MGS eased to 48.4% in November (October: 51.9%), alongside large outflows from emerging markets. As for the ringgit, after the sharp 6.5% depreciation in November, the currency was more stable in December partly due to new FX measures introduced by Bank Negara.

For equity, the Malaysian market ended the month of December in positive territory driven by year-end window-dressing activities. The FBM100 Index was up by 0.9%, outperforming MSCI Asia ex Japan, which was down by 1.9% in MYR terms. Nevertheless, the FBM100 Index fell by 2.5% for the full year, marking the third consecutive year of decline. With OPEC and non-OPEC countries reaching a deal to cut oil production, Brent crude price was up by more than 10% in the month. This drove the performance of the oil and gas sector with bellwethers like SapuraKencana rebounding strongly off its lows.

Market Outlook

For fixed income, in the near term, uncertainties surrounding US president-elect Donald Trump's policies, particularly trade protectionism may lead to volatility in the ringgit and the domestic bond market. Nonetheless, domestic liquidity should help support the local bond market.

For equity, the market will be watching closely the inauguration address of Donald Trump when he comes into office on 20 January 2017. In his election campaign, he has proposed to implement policies to boost the US economy and protectionist measures on trade. The President-elect has so far been making a lot of noises about car manufacturers importing Mexican-made cars to the US, and threatening to impose border tax. Given the uncertainties on the President-elect's policies, we will be vigilant and adjust our strategy accordingly once there is better clarity.

Replacement Disclosure Document dated 9 December 2016 of the AIA Private Retirement Scheme has been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Replacement Disclosure Document and Product Highlights Sheet (known as "PHS") are available from our office and all authorised agents/distributors of AIA Pension and Asset Management Sdn Bhd and you have the right to request for the Replacement Disclosure Document and PHS. Please read and understand the contents of the Replacement Disclosure Document and PHS before making any investment decision. Units are issued upon our receipt and satisfactory processing of a duly completed application form referred to in and accompanying the Replacement Disclosure Document. In the event of discrepancy between the fact sheet and the Replacement Disclosure Document, the information in the Replacement Disclosure Document shall prevail.