



January 2017

## 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.

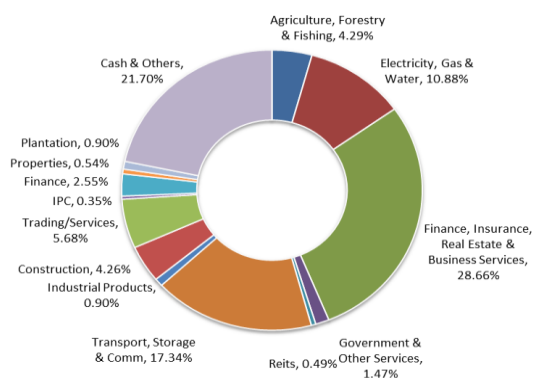
### Fund Details

|                             |   |
|-----------------------------|---|
| Unit NAV (31 Jan 2017)      | : RM 1.0719   |
| Fund Size (31 Jan 2017)     | : RM 17.08 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 | 7.68% |
| 2. | Jimah East Power Sdn Bhd 04/12/25    | 6.76% |
| 3. | Northport Malaysia Berhad 19/12/24   | 6.40% |
| 4. | Public Bank Berhad 25/09/23          | 6.17% |
| 5. | Westport Malaysia Sdn Bhd 03/04/23   | 6.05% |

### Sector Allocation



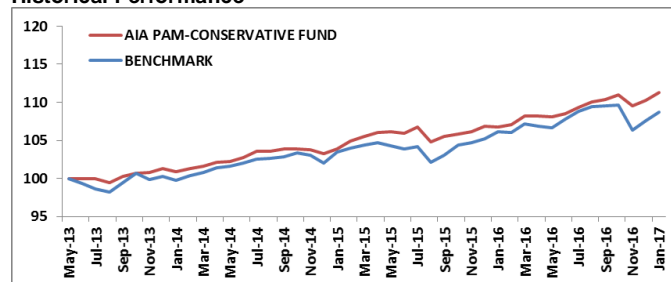
### Risk

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          | 0.98%         | 1.79%        | 4.29%        | 3.34%        | -        |
| Index         | 1.03%         | -0.07%       | 2.45%        | 2.92%        | -        |
| <b>Excess</b> | <b>-0.06%</b> | <b>1.86%</b> | <b>1.84%</b> | <b>0.42%</b> | <b>-</b> |

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 Jan 2017. ^ Annualised return

### Market Review

For fixed income, Malaysian government bonds extended gains, amid net buying interest in January. Sentiment improved as some foreign investors returned and tapped on Malaysian government bonds, aided by the recovery in Ringgit and stabilising crude oil prices. Foreign holdings in Malaysian government bonds registered a second consecutive month of decline, from 33.2% in November to 32.1% in December 2016. However, foreign selling pressure eased to RM6.04 billion in December, compared to the larger outflow of RM18.8 billion registered in the prior month. Meanwhile, Bank Negara kept interest rate unchanged at 3.00% in January, and believes that the Malaysian economy remains on track to expand as projected.

For equity, the Malaysian market started 2017 on a positive note with the FBM100 Index up by 2.3% in January. Nevertheless, the market underperformed MSCI Asia ex Japan, which was up by 4.8% in MYR terms. Asian markets appeared to have shrugged off concerns about President Donald Trump's protectionist policies and staged a strong start to the year. The local market saw some major news about M&A activities, with the announcement by Sime Darby Bhd to list its plantation and property businesses, and UMW Holdings Bhd restructuring its oil and gas business. Blue chip stocks also saw strong gains, with CIMB Group Holdings Bhd, Sime Darby Bhd and Genting Malaysia Bhd leading the pack partly driven by foreign fund inflows and M&A themes.

### Market Outlook

For fixed income, sentiment in the Ringgit bond market has improved alongside with the Ringgit strength, with strong buying interest seen from both domestic and foreign investors in late January. The real money flows together with domestic liquidity may provide further support to the market in the near term.

For equity, following the inauguration of President Donald Trump, he has signaled his protectionist intent on trade and imposed restriction on immigration. Nevertheless, the market has shrugged these off and focused instead on the expectation of stronger US economic growth. Given that Malaysia's economic fundamentals are expected to remain intact supported by steady global growth, rising commodity prices and the implementation of infrastructure projects, the domestic market could continue to be well supported.

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.