



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.

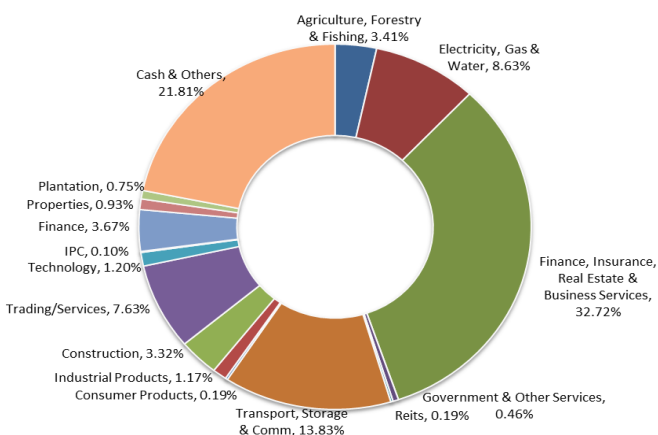
Fund Details

Unit NAV (30 June 2017)	: RM 1.0760
Fund Size (30 June 2017)	: RM 21.57 million
Fund Currency	: Ringgit Malaysia
Fund Launch	: May 16, 2013
Fund Inception	: Jun 05, 2013
Fund Management Charge	: up to 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

Rank	Company Name	Weight (%)
1.	Imtiaz Sukuk II 27/05/22	9.28%
2.	Golden Assets International 03/08/18	6.09%
3.	Jimah East Power Sdn Bhd 04/12/25	5.36%
4.	Northport Malaysia Berhad 19/12/24	5.11%
5.	Public Bank Berhad 25/09/23	4.89%

Sector Allocation



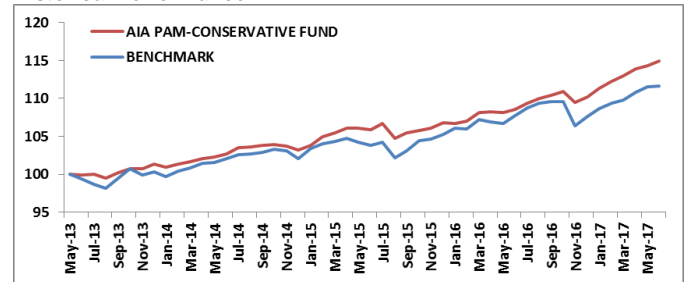
Risk

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	0.49%	4.21%	5.84%	3.80%	-
Index	0.06%	3.74%	3.56%	3.04%	-
Excess	0.42%	0.46%	2.28%	0.76%	-

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 30 June 2017. ^ Annualised return

Market Review

Malaysian government bond yields started the month of June at a lower range as it tracked firmer US Treasuries. However, profit-taking emerged mid-way with yields ending the month higher compared to May. For May, foreign holdings of Malaysian government bonds recorded an increase of RM9.0bn compared to +RM6.0bn in April. This translated into an increase of foreign holdings from 26.5% in April to 27.5% in May. The relaxation of onshore FX hedging has evidently encouraged the return of foreign flows. On the economic front, Malaysia's inflation rate decelerated in May to 3.9% YoY from 4.1% YoY in the prior month while exports grew by 20.6% YoY in April versus the 24.1% YoY recorded in March.

For equity, the Malaysian market started the month of June strongly but gave back the gains mid-way due to concerns over valuations. As a result, the FBM100 Index ended the month up marginally by 0.2%. Sentiment in the market was impacted by the sell-down of technology stocks in the US and the lower oil price, which fell below US\$45 at one point and dragged down oil and gas stocks together with it. The glove sector outperformed supported by lower raw material prices and a more balanced supply-demand situation while the banking sector continued its uptrend on expectation of stronger earnings ahead. Net foreign inflow was smaller in the month at RM0.3bn versus the RM2.0bn registered in May.

Market Outlook

For fixed income, the sizeable upcoming Malaysian Government Securities maturities in 2H17 and the heavy supply of long-duration government bonds could assert steepening pressure on the yield curve. We are also cautious against externally driven volatility, particularly US Federal Reserve's interest rate normalisation plans and quantitative easing tapering as well as potential reversal in European Central Bank's quantitative easing programme which could sway market sentiment and lead to a further steepening of yield curve.

For equity, sentiment in the Malaysian market could be cautious given that valuations are at above average levels and the uncertainty in commodities price trend. In addition, some central banks in developed markets have started to sound out that the period of low interest rates and unprecedented bond-buying will be coming to an end soon. Hence, we will be vigilant and continue to focus on stocks which are undervalued with strong balance sheet, cash flow and growth potential.

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.