



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.

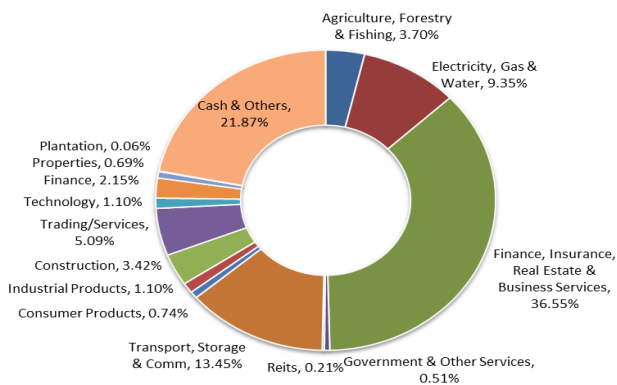
Fund Details

Unit NAV (31 August 2017)	: RM 1.0816
Fund Size (31 August 2017)	: RM 19.87 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	Percentage
1.	Imtiaz Sukuk II 27/05/22	10.08%
2.	Golden Assets International 03/08/18	6.62%
3.	Jimah East Power Sdn Bhd 04/12/25	5.80%
4.	Northport Malaysia Berhad 19/12/24	5.54%
5.	Public Bank Berhad 25/09/23	5.31%

Sector Allocation



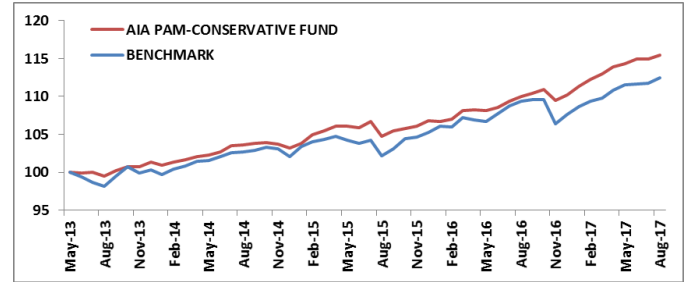
Risk

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	0.48%	2.91%	4.95%	3.69%	-
Index	0.64%	2.74%	2.75%	3.07%	-
Excess	-0.16%	0.17%	2.19%	0.62%	-

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

Market Review

Malaysian government bonds rallied in August, tracking US Treasury gains and weaker USD against MYR as investors adjusted to the possibility of a slower pace of US interest rate hike. Nevertheless, foreign holdings in Malaysian government bonds still recorded a net outflow of RM1.1bn in August (July: RM1.5bn net outflow). This translated into a decline of foreign holdings from 26.5% in July to 26.4% in August. On the economic front, Malaysia's 2Q 2017 GDP growth came in at 5.8% y-o-y, beating market expectation and 1Q 2017 growth of 5.6% y-o-y. Private consumption remained the key driver of the economy, increasing by 7.1% y-o-y while exports also continued to be healthy, growing at 9.6% y-o-y as global economic growth remained robust.

For equity, the Malaysian market was flatish in August though the FBM100 Index increased by 0.7% for the month driven up on the last day by key index heavyweights. Foreign net inflows continued to ease, coming in at RM0.24bn versus RM0.42bn in July. Market sentiment was impacted by North Korea geopolitical issue and uncertainty over the policy direction of the US government. The 2Q 2017 results season was lacklustre with more companies reported earnings which were below expectation compared to the first quarter. In terms of share price performance, key oil and gas heavyweights underperformed during the month, while defensive stocks such as telcos outperformed.

Market Outlook

For fixed income, escalating geopolitical tensions might lead to a flight from emerging markets. In addition, if US jobs market strengthens or GDP growth improves for 3Q 2017, investors might start to expect a quicker pace of US interest rate hike, leading to a weaker MYR and higher Malaysian government bond yields. That said, spreads between Malaysian and developed market bond yields continue to remain in favour of domestic bond market.

For equity, since the beginning of September, the MYR has strengthened, driven by foreign fund inflows into the bond market as well as the weakening USD which was impacted by a combination of issues, ranging from North Korea and hurricane damage to the policy direction of the US Federal Reserve. We believe these factors will continue to impact the sentiment of the equity market going forward. Stocks which will benefit or lose out from a strengthening MYR could also be in focus.

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.