



September 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.

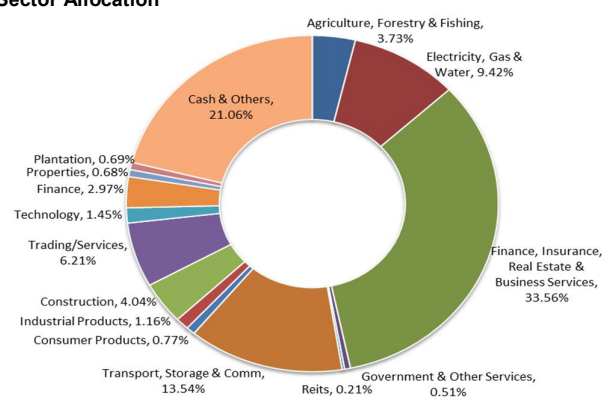
Fund Details

Unit NAV (30 Sep 2017)	: RM 1.0857
Fund Size (30 Sep 2017)	: RM 19.74 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

1.	Imtiaz Sukuk II 27/05/22	10.16%
2.	Golden Assets International 03/08/18	6.67%
3.	Jimah East Power Sdn Bhd 04/12/25	5.85%
4.	Northport Malaysia Berhad 19/12/24	5.57%
5.	Public Bank Berhad 25/09/23	5.34%

Sector Allocation



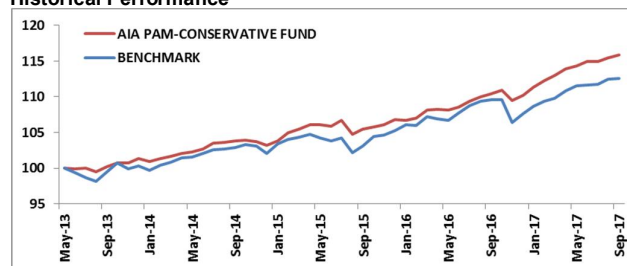
Risk

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	0.38%	2.56%	5.01%	3.73%	-
Index	0.12%	2.53%	2.74%	3.04%	-
Excess	0.26%	0.02%	2.27%	0.69%	-

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

Market Review

Malaysian government bond yield curve steepened on the longer-end in September, tracking losses in the global bond market due to renewed anticipation of US tightening monetary policy. Nonetheless, the sell-off was capped by concerns over geopolitical tension between US and North Korea. Foreigners turned net buyers of Malaysian government bonds during the month with MYRM9.6 billion of inflows on a brightened ringgit outlook. This translated into an increase in foreign holdings from 26.4% in August to 27.8% in September. Meanwhile, Bank Negara kept the Overnight Policy Rate unchanged at 3.0%. It expected stronger Malaysian economic growth in 2017 but cautioned against policy developments in major economies and geopolitical risks.

September was a negative month for the Malaysian equity market with the FBM100 Index down by 0.8%. Sentiment was impacted by a combination of issues, ranging from North Korea to US Federal Reserve's more hawkish tone. The month saw net foreign outflow of MYR0.8 billion, a reversal from the net inflow in the previous months. Oil price was up by about 10% buoyed by geopolitics and production cuts. This drove the performance of oil and gas-related stocks. Meanwhile, banking stocks underperformed led by CIMB Group Holdings which was impacted by Mitsubishi UFJ Financial Group's divestment while technology stocks fell partly due to profit-taking.

Market Outlook

For fixed income, the market will remain data-and events-dependent in the short-term, with particular focus on the 2018 Budget. The market is expected to be well-supported, especially if the Budget continues to focus on improving sovereign balance sheet to strike a balanced budget by 2020.

For equity, market sentiment will likely be influenced by US Federal Reserve's direction on interest rate as well as the unwinding of its quantitative easing programme. Although there could be intermittent flare up of the North Korea issue, investors have so far ignored the short-term volatility caused by such geopolitical tensions. In addition, the market will also be watching the 2018 Budget closely for potential goodies+since it will be the last Budget before the 14th general election.

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 %RHS+) 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.