



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.

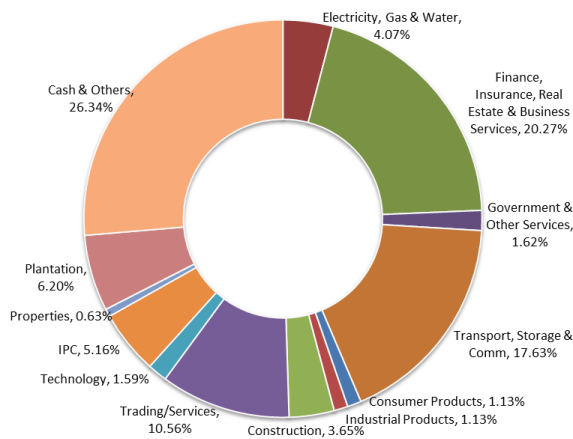
Fund Details

Unit NAV (31 Dec 2017)	: RM 1.0984
Fund Size (31 Dec 2017)	: RM 21.30 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	9.41%
2.	Golden Assets International 03/08/18	6.19%
3.	Jimah East Power Sdn Bhd 04/12/25	5.41%
4.	Northport Malaysia Berhad 19/12/24	5.11%
5.	Public Bank Berhad 25/09/23	4.94%

Sector Allocation



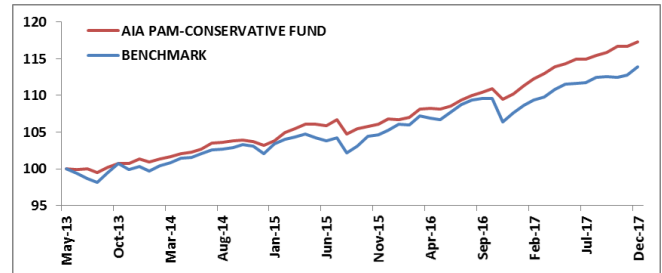
Risk

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	0.52%	2.07%	6.37%	4.34%	-
Index	1.05%	2.07%	5.88%	3.74%	-
Excess	-0.53%	0.01%	0.48%	0.60%	-

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

Market Review

The Malaysian equity market surged in December with the wider FBM100 Index increased by 4.5% with the blue-chip FBM KLCI Index also increased by 4.6%. The wider FBM 100 Index outperformed MSCI Asia ex Japan Index by 2.8% led by interest in blue-chips on the back of year-end window dressing as well as on continued foreign buying. Net foreign equity inflows of RM988.3mn was recorded in the month of December after four months of consecutive of net foreign equity outflow. This brings the total foreign equity inflows of MYR 11.1bn in 2017 against net foreign outflow of RM2.9bn in 2016. In terms of sector performance, the finance sector increased by 5.9% outperformed the wider FBM 100 Index during the month following solid corporate results, foreign fund inflows and expectations of Bank Negara Malaysia to raise interest rates as soon as the first quarter of 2018.

On the corporate front, key development included the long awaited decision of electricity tariff rate. The Malaysian government has approved for the electricity tariff in the current tariff schedule for Peninsular Malaysia to be maintained for the period from 1 January 2018 until 31 December 2020. With this decision, the customers in Peninsular Malaysia will not experience any change in their electricity bill for the period from 1 January to 30 June 2018 if the electricity consumption is maintained at the same level. The delay in the tariff hike will not impact earnings to TNB as the government has agreed to subsidize the additional cost of generation and the Imbalance Cost Past Through mechanism rebate for 1H18.

Market Outlook

For fixed income, the expectation of more rate hikes by the Fed and also a potential rate hike by BNM in 2018 may put some selling pressure on local bonds. However, the upward pressure is being mitigated by better economic outlook for Malaysia and optimism on commodity prices, which could attract inflows to the local bond market.

After the signing of tax bill by President Donald Trump, the attention may switch to the USD 1.0 trillion infrastructure-spending which could further boost economic growth. On the local front, investors remain cautiously optimistic on equities as the general elections draw closer.

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.