



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.

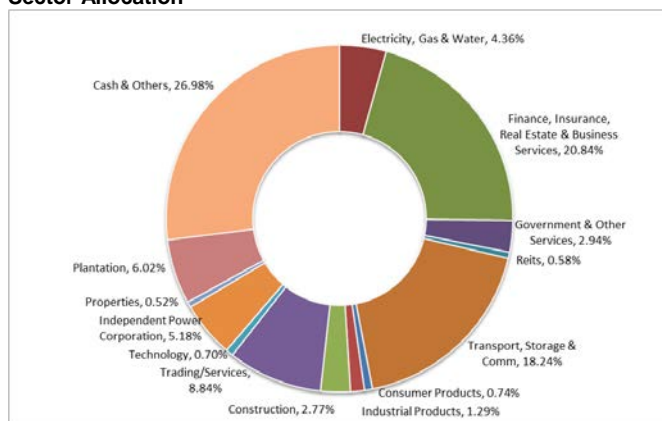
Fund Details

Unit NAV (31 May 2018)	: RM 1.0805
Fund Size (31 May 2018)	: RM 21.92 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	9.08%
2.	Golden Assets International 03/08/18	6.02%
3.	Jimah East Power Sdn Bhd 04/12/25	5.18%
4.	Northport Malaysia Berhad 19/12/24	4.93%
5.	Public Bank Berhad 25/09/23	4.79%

Sector Allocation



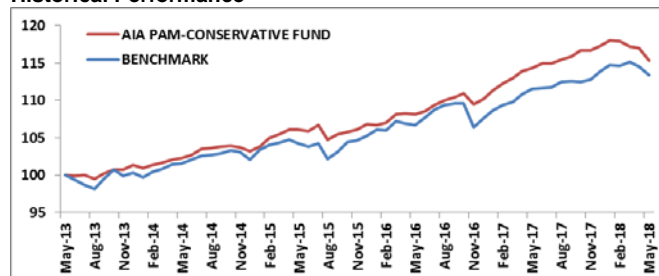
Risk

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	-1.35%	-1.11%	0.91%	2.83%	-
Index	-0.96%	0.60%	1.68%	2.85%	-
Excess	-0.39%	-1.71%	-0.77%	-0.02%	-

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 May 2018. ^ Annualised return

Market Review

Malaysian Government Securities ("MGS") continued to see selling pressure in May 2018, largely due to offshore flows in tandem with general risk-off tone in emerging markets. To a lesser extent, market weakness was a result of policy uncertainty from the new government. That said, MYR remained relatively stable despite USD strengthened, possibly aided by the mandatory export proceeds conversion measure. USDMYR weakened by 1.4% to MYR3.9798 during the month. Foreign holdings in MGS and Government Investment Issue ("GII") declined to 25.9% (April 18: 27.7%).

Meanwhile, the Malaysia equity market fell in May, with the large cap FBMKLCI Index contracting 6.9% MoM on the back of the surprise election win by Pakatan Harapan in the 14th General Election ("GE14"). Post GE14, foreigners net sold RM5.6 billion during the month, the single largest monthly net outflow since Aug 2013. This brought cumulative foreign net selling to RM1.9 billion. Average trading value in May was about RM3.53 billion, the highest monthly turnover since Jan 2007. Foreigners sold Malaysian equities as concerns mounted over the country's fiscal health and growth following the proposed abolishment of the GST and the cancellation of mega projects namely the MRT 3 and High Speed Rail. Overall, corporate earnings released in May were rather dismal, with companies like Telekom Malaysia, Axiata and IHH Holdings reported earnings that were below expectations.

Market Outlook

In the near term, uncertainties remain, surrounding issues like formation of new Malaysian government and its policies going forward, trade disputes between major economies and the pace of Fed fund rate hike. That being said, the smooth transition of power and the new ruling coalition's promise of better governance and accountability would bode well for the domestic business environment over the long term.

On the foreign front, while geopolitical risk has improved somewhat recently, higher oil prices, rising bond yields and a stronger dollar have however, caused nervousness especially in the emerging markets. These risks have the potential to end the period of easy monetary policy in the emerging countries.

Replacement Disclosure Document dated 9 December 2016, First Supplemental Replacement Disclosure Document dated 26 January 2018 and Second Supplemental Replacement Disclosure Document dated 11 May 2018 of the AIA Private Retirement Scheme have been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Copies of the Replacement Disclosure Document, Supplemental Replacement Disclosure Documents and Product Highlights Sheet (collectively known as "Disclosure Document") 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 Disclosure Document. Please read and understand the contents of the Disclosure Document 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 Disclosure Document. In the event of discrepancy between the fact sheet and the Disclosure Document, the information in the Disclosure Document shall prevail.