



## 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.

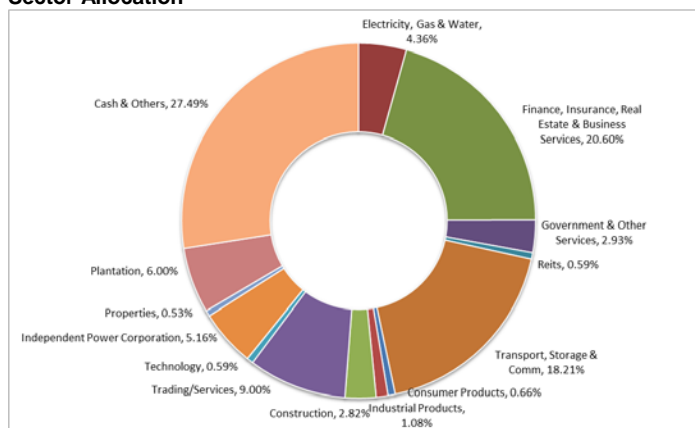
### Fund Details

Unit NAV (30 June 2018)	: RM 1.0824
Fund Size (30 June 2018)	: RM 22.00 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	9.07%
2.	Golden Assets International 03/08/18	6.00%
3.	Jimah East Power Sdn Bhd 04/12/25	5.16%
4.	Northport Malaysia Berhad 19/12/24	4.91%
5.	Public Bank Berhad 25/09/23	4.77%

### Sector Allocation



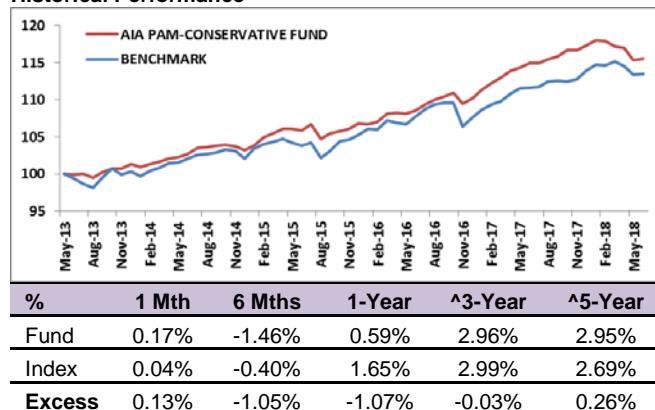
### Risk

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



Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 30 June 2018. ^ Annualised return

### Market Review

Malaysian Government Securities ("MGS") closed mixed in June 2018 with ultra-short and long-end benchmark outperforming the belly of the benchmark curve. Market traded in thin liquidity during the month as investors came in sporadically at dips on selective tenure. Overall sentiment was slightly bearish in the absence of clarity in policy from the domestic government, coupled with the expectation of tightening financial condition in the US and Eurozone. On a side note, USDMYR weakened by 1.5% against the greenback to close the month at MYR4.0385.

Meanwhile, the Malaysia equity market fell in June, with the FBM100 Index contracting 1.6% MoM on concerns over the escalating trade tension and sell-off in emerging market equities given the USD strength. Key laggards were the Finance and Plantation Index, which fell 3.9% and 3.1%, respectively. Telecom stocks such as Telekom Malaysia (-15.3%) and Axiata (-12.8%) took a beating due to the announcement by the Communications and Multimedia Minister on a 25% reduction in broadband prices by end-2018. After being the worst performing sector in May, the Construction Index rebounded 2.6% in June possibly on newsflow that the Government may go ahead with infrastructure projects like the East Coast Rail Link, albeit at a lower cost. Foreigners net sold MYR4.9 billion, bringing YTD net outflow to MYR6.8 billion. On the corporate front, key news included the resignation of BNM Governor Tan Sri Muhammad Ibrahim and Telekom Malaysia's Managing Director and Group CEO Datuk Seri Mohammed Shazalli Ramly, and the Election Commission's approval for Tenaga to continue the implementation of the Imbalance Cost Pass-Through for 2H18.

### 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, the increasing threats of trade protectionism have renewed volatility in the global equity markets. Coupled with higher oil prices, rising bond yields and a stronger dollar, investors will remain cautious especially in the emerging markets ("EM") equities. These risks have the potential to end the period of easy monetary policy in the emerging countries. However, healthy EPS growth and the recent sell-off left EM equities' valuation relatively attractive compared to the developed markets.

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.