



September 2018

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.

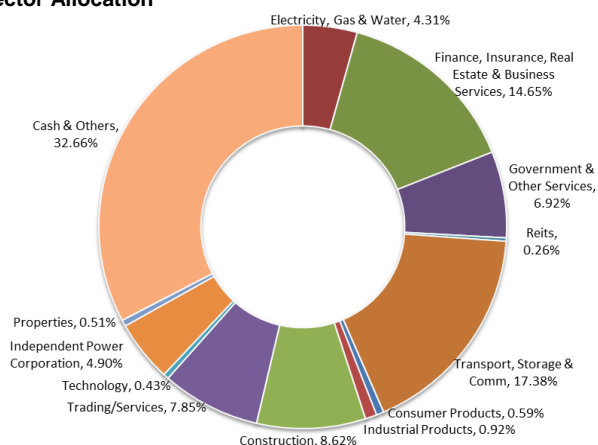
Fund Details

Unit NAV (30 Sept 2018)	: RM 1.1022
Fund Size (30 Sept 2018)	: RM 23.49 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	8.54%
2.	TriPLC Medical Sdn Bhd 23/10/24	6.06%
3.	Jimah East Power Sdn Bhd 04/12/25	4.90%
4.	Northport Malaysia Berhad 19/12/24	4.66%
5.	Celcom Networks Sdn Bhd 28/10/2026	4.40%

Sector Allocation



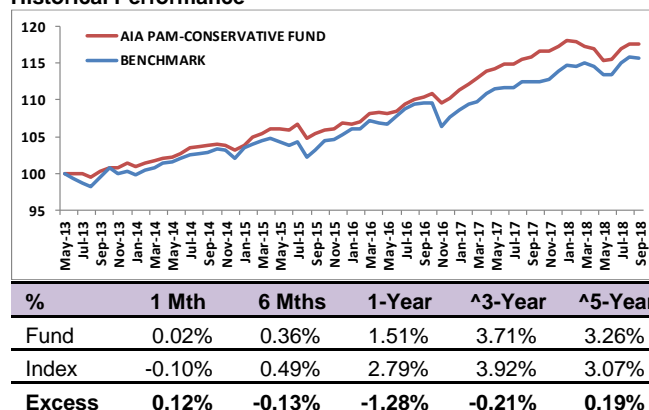
Risk

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 Sept 2018. ^ Annualised return

Market Review

Malaysian Government Securities ("MGS") saw heavy sell-off across the curve with yield rising by 1 to 12 bps on the back of global risk-off sentiments and turmoil in emerging markets ("EM") in Sept 2018. On a side note, Ringgit weakened slightly by 0.7% against the greenback to close the month at 4.1383. Foreign funds continued to be net sellers of MGS and Government Investment Issue ("GII") with outflows of MYR2.4 billion in Aug 2018. Foreign holdings in MGS and GII stood at 24.7% (July 2018: 24.8%), in line with global risk-off sentiments and investors' aversion to EM assets. On the economic data front, Bank Negara Malaysia kept the Overnight Policy Rate unchanged at 3.25% for the fourth consecutive meeting, on the back of low inflation and tempered economic growth expectations for the year.

The FBM100 Index fell 1.5% MoM in September on concerns over the US-China trade tensions. In terms of sectors, Construction and Property were among the key laggards. However, foreigners turned net buyers during the month with a net inflow of MYR66 million after four consecutive months of net selling. Foreign participation improved and accounted for 31% of the average daily trading participation in September, compared to 24% in August. Cumulative foreign net selling YTD amounted to MYR8.5 billion. On the corporate front, key news included the increase in Petronas' dividend payments to the government to MYR24 billion from the earlier guidance of MYR19 billion, Sapura Energy's proposed disposal of a 50% stake in its unit Sapura Upstream, and the stepping down of CIMB Group's chairman, Datuk Seri Nazir Tun Razak from his post and all other positions within the banking group by year end.

Market Outlook

In the near term, uncertainties surrounding domestic government policies, trade disputes between major economies and global monetary policy tightening remain. That being said, we believe the local bond market should be well supported on the back of solid domestic fundamentals and ample onshore liquidity.

The Malaysian equity market will likely remain volatile in the near term given the concerns over the ongoing trade tension between US and China and its implications on global growth. Locally, investors are watching out for Pakatan Harapan's policy execution and fiscal management. However, the new ruling coalition's promise of better governance, transparency and accountability should bode well for the domestic business environment and local equity market over the long term.

Replacement Disclosure Document dated 9 December 2016, First Supplemental Replacement Disclosure Document dated 26 January 2018, Second Supplemental Replacement Disclosure Document dated 11 May 2018, Third Supplemental Replacement Disclosure Document dated 30 July 2018 and Fourth Supplemental Replacement Disclosure Document dated 19 October 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.