



## 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.

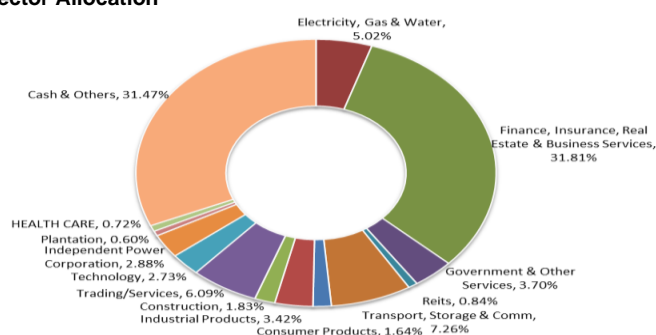
### Fund Details

Unit NAV (31 July 2020)	: RM 1.1840
Fund Size (31 July 2020)	: RM 70.03 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% FBM 100 Index + 20% Maybank Berhad overnight rate + 65% Quant Shop MGS All Bond Index

### Top Five Holding

1.	SMEMK 3.3 04/23/27	6.68%
2.	CIMBTB 4.15 07/06/29	5.12%
3.	BSTMK 5 ¼ 06/30/26	3.76%
4.	MAYMK 4.13 Perp	2.99%
5.	Imtiaz Sukuk II 27/05/22	2.95%

### Sector Allocation



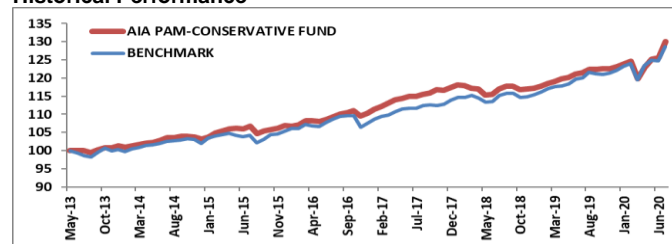
### Risk

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	1-Year	^3-Year	^5-Year	^Since Inception
Fund	3.58%	7.04%	13.13%	21.78%	30.00%
Index	3.18%	7.24%	15.23%	23.50%	28.71%
Excess	0.40%	-0.19%	-2.10%	-1.72%	1.29%

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg as at 31 July 2020. ^ Cumulative returns. The performance is calculated on NAV-to-NAV basis.

\*Note: Change of performance reporting method from annualised to cumulative returns with effect from July 2020 to provide better clarity and follow common practice by industry players.

### Market Review

Malaysian Government Securities rallied across the curve following Bank Negara Malaysia's decision to cut the Overnight Policy Rate by another 25 bps from 2.00% to a record low of 1.75% for the fourth consecutive time this year in the Monetary Policy Committee meeting. Meanwhile, investors were seen extending duration during the month on the back of the relatively cheap valuations of the long end of the curve. MYR strengthened by 1.1% against the greenback to close the month at MYR4.2393.

The FBM100 grew by 8.1% MoM on 30 July, mainly driven by glove counters' rally. The local Index outperformed the MSCI Asia Ex Japan Index, which rose by 7.0% in MYR terms over the same period. Retail participation continued to be strong with net buying of USD495 million for the month. Notably, KLCI's average daily transaction increased to RM5.46 billion in July (Jun: RM4.58 billion) with retailers and local institutions remaining active.

### Market Outlook

While Covid-19 pandemic will continue to linger until a credible vaccine is found, global central banks will remain largely accommodative in the monetary policy space while fiscal policy will remain expansionary in support of growth. Given the pre-emptive monetary and financial measures taken to support the domestic economy thus far, the measures should remain supportive to the local economy in the near term. With the widening fiscal deficit, a larger supply of government bonds will continue to weigh on the yield curve. The local bond market shall continue to be supported by ample onshore liquidity though a knee-jerk market reaction is not ruled out should FTSE Russell Index's decision is to reduce or exclude domestic government bonds from the index.

On the equity front, we have turned cautiously optimistic on selected sectors with high degree of earnings visibility or sectors that are expected to benefit from a rapid recovery in tandem with the gradual reopening of the economy. Unprecedented fiscal and monetary stimulus rolled out across the world have provided some support to the general health of the economy, although we are cognizant that the swift rebound in financial markets may have also priced in a rapid pace of recovery that is far from guaranteed.

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