



# 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.

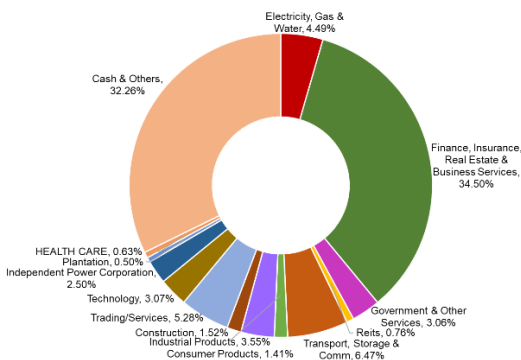
## Fund Details

Unit NAV (31 August 2020)	: RM 1.1770
Fund Size (31 August 2020)	: RM 81.09 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% FBMT 100 Index + 20% Maybank Berhad overnight rate + 65% Quant Shop MGS All Bond Index

## Top Five Holding

1.	DANAMK 5.02 05/03/46	7.43%
2.	SMEK 3.3 04/23/27	5.78%
3.	CIMBTB 4.15 07/06/29	4.43%
4.	BSTMK 5 ¼ 06/30/26	3.25%
5.	MAYMK 4.13 Perp	2.58%

## Sector Allocation



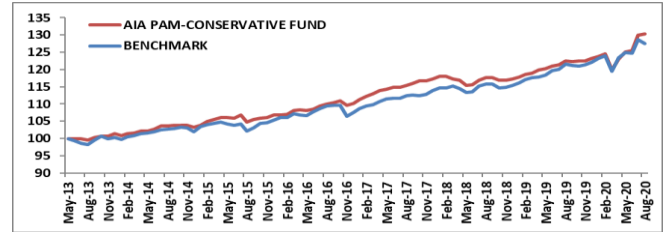
## Risk

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	0.25%	6.46%	12.87%	24.41%	30.33%
Index	-0.88%	4.95%	13.49%	24.89%	27.58%
<b>Excess</b>	<b>1.13%</b>	<b>1.50%</b>	<b>-0.62%</b>	<b>-0.48%</b>	<b>2.75%</b>

Source: AIA Pension and Asset Management Sdn. Bhd., Bloomberg at 31 August 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 closed mixed in Aug 2020 with selling pressure seen on the long end of the curve following the weaker than expected reopening of the 15Y MGII 11/34 auction, which onshore investors were quick to turn into profit taking mode. Meanwhile, some sporadic buying flows were seen on the short end of the curve ahead of the monetary policy committee meeting scheduled in Sept 2020 as the yield curve steepened. MYR strengthened by 1.78% against the greenback to end the month at MYR4.1640, mainly due to USD weakness.

The FBM100 declined by 3.3% MoM on 28 August 2020. The local Index underperformed the MSCI Asia Ex Japan Index, which rose by 3.0% MoM in MYR terms over the same period. Foreigners were net sellers of the local market with a net outflow of RM1.5 bn in August 2020, bringing total foreign outflow to RM20.5 bn YTD. Over the month of August, the government has announced a national digital infrastructure plan known as Jalanan Digital Negara (Jendela) as part of efforts to improve digital communications in the country.

## 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 were 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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