



December 2023

MONTHLY FUND PERFORMANCE UPDATE AIA BALANCED FUND

Investment Objective

The Fund is to maximize total returns with reasonable safety of principal through investment in a diversified portfolio of equity, fixed income securities and cash equivalent securities. The Fund is suitable for investors who are willing to take moderate risk in order to achieve a reasonable return.

Notice: Please refer to the Fund Fact Sheet for more information about the Fund.

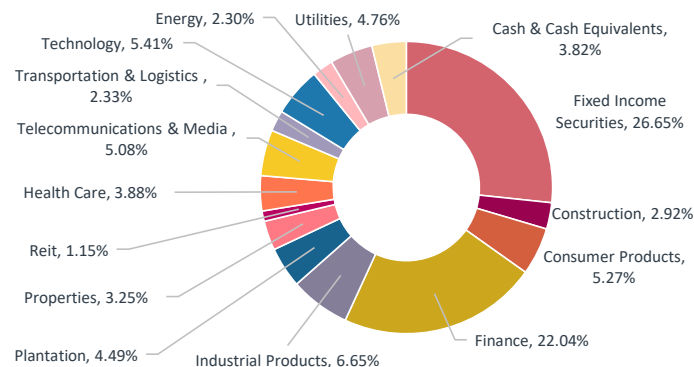
Fund Details

Unit NAV (31 Dec 2023)	: RM 4.20500
Fund Size (31 Dec 2023)	: RM 2,472.577 million
Fund Currency	: Ringgit Malaysia
Fund Inception	: 15 March 2000
Offer Price at Inception	: RM1.00
Fund Management Charge	: 1.20% p.a.
Investment Manager	: AIA Bhd.
Basis of Unit Valuation	: Net Asset Value
Frequency of Unit Valuation	: Daily

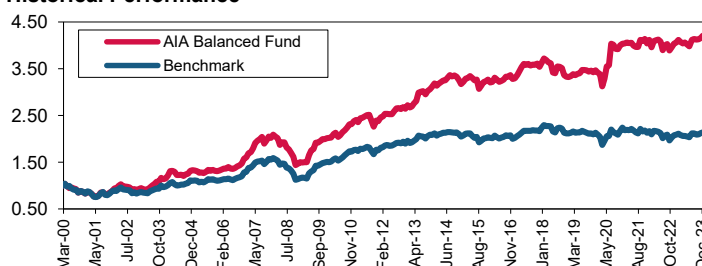
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	8.38%
2	MALAYAN BANKING BHD	6.99%
3	CIMB GROUP HOLDINGS BHD	5.76%
4	PUBLIC BANK BHD	5.33%
5	TENAGA NASIONAL BHD	4.07%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund ^a	1.07%	5.60%	3.47%	4.17%	26.50%	320.50%
Benchmark ^a	0.84%	5.25%	2.36%	-4.41%	1.14%	114.04%
Excess	0.23%	0.35%	1.11%	8.58%	25.35%	206.46%

^a Calculation of past performance is based on NAV-to-NAV. This is strictly the performance of the investment fund, and not the returns earned on the actual premiums/contributions paid of the investment-linked product.

^a 70% FBM 100 (Source: Bursa Malaysia) + 30% MGS All Index (Source: RAM QuantShop @ www.quantshop.com)

Notice: Past performance of the Fund is not an indication of its future performance.

Market Review

The FBKMLCI ("Index") rose 0.13% Month-on-Month ("MoM") to close at 1,454.66 pts in December 2023. The Index underperformed the MSCI Asia Ex Japan Index, which rose 1.73% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR0.3 billion in December 2023 while local institutions stayed net sellers with net sell flow of MYR56.2 million. Bursa Malaysia's average daily transaction value ("ADTV") rose 7.5% MoM to MYR2.3 billion in December 2023. During the month, YTL Corp (+21.9%), YTL Power (+7.2%) and Telekom Malaysia (+5.3%) were the key gainers while key detractors were Nestle (Malaysia) (-6.2%), Celcom Digi (-6.0%) and MR DIY (-5.2%). Sector wise, Utilities (+7.3%), Healthcare (+6.9%) and Construction (+3.3%) were the key performers while Energy (-1.4%), Consumer (-1.3%) and Plantation (-0.5%) were the key detractors. Major news during the month included Prime Minister Datuk Seri Anwar Ibrahim's reshuffling of his cabinet and YTL Power confirming the company's collaboration with Nvidia on data centre for AI infrastructure. Malaysia's Gross Domestic Product ("GDP") grew 3.9% Year-on-Year ("YoY") in 9M23.

The Malaysian Government Securities ("MGS") yield curve flattened in the last month of the year following a strong rally in US Treasuries ("UST") after the US Federal Open Market Committee ("FOMC") voted to keep the federal funds target range unchanged at 5.25% to 5.50%. US Federal Reserve ("Fed") chairman Jerome Powell's speech leaned towards a dovish tilt and said that the committee had begun to discuss when it will be appropriate to begin dialling back the amount of policy restraint that is currently in place. The FOMC's summary of economic projections indicated that a large majority of the Committee are comfortable with multiple cuts in 2024 signalling that the Fed is done with rate hikes. On the currency front, Malaysian ringgit ("MYR") strengthened against the United States dollar ("USD") by 1.47% to end the year at 4.5940. MGS levels ended the year 2023 at: 3Y at 3.48% (-), 5Y at 3.59% (-1 bp), 7Y at 3.73% (-10 bps), 10Y at 3.73% (-9 bps), 15Y at 3.95% (-6 bps), 20Y at 4.10% (-7 bps) and 30Y at 4.24% (-5 bps).

Fixed income foreign flows reversed the outflow trend by recording an inflow in November 2023 at MYR5.4 billion (October 2023: -MYR2.6 billion). Foreign holdings in MGS and Government Investment Issue ("GI") rose to 23.1% in November 2023 (October 2023: 22.7%).

There were 2 government securities auctions during the month: 5Y MGS 4/28 reopening auction with a tender size of MYR5.0 billion drew a bid-to-cover ("BTC") ratio of 2.736x at an average yield of 3.592% and 10Y MGS 11/33 reopening auction with a tender size of MYR4.0 billion and private placement of MYR1.0 billion drew a BTC ratio of 2.206x at an average yield of 3.713%.

On the economic data front, Malaysia's foreign reserves stood at USD112.8 billion as of 15 December 2023 (30 November 2023: USD112.3 billion). The reserves are sufficient to finance 5.5 months of retained imports and 1.0x of short-term external debt. Malaysia's exports declined 5.9% Year-on-Year ("YoY") in November 2023 (October 2023: -4.5% YoY) due to a drop in manufacturing and agriculture exports. Meanwhile, imports rebounded by 1.7% YoY (October 2023: -0.3% YoY) on the back of higher imports of capital and consumption goods, but this was partially offset by a decline in intermediate goods. As a result, trade balance narrowed to MYR12.4 billion (October 2023: MYR12.9 billion). Separately, Malaysia's headline inflation moderated to 1.5% YoY in November 2023 (October 2023: +1.8% YoY). Food & non-alcoholic beverages and Restaurants & hotels saw deceleration in the price increase. Core CPI also eased to 2.0% YoY in November 2023 (October 2023: 2.4%). Malaysia's industrial production index rebounded to 2.7% YoY in October 2023 (September 2023: -0.5% YoY). The manufacturing, electricity and mining sectors contribute to the growth.

On the primary corporate bond space, notable issuances included MYR1.0 billion Bank Pembangunan Malaysia Berhad IMTN, MYR775 million Cagamas IMTN and MYR600 million Affin Islamic Bank Berhad iMTN. There were no rating revisions during the month, but the rating outlook was raised to positive from stable for Samalaju Industrial Port Sdn Bhd, Bintulu Port Holdings Berhad, Press Metal Aluminium Holdings Berhad and Point Zone (M) Sdn Bhd.

Market Outlook

We are cautiously optimistic of the equity market in the near term. We believe that US interest rates may have peaked but developed markets equity valuation has yet to fully reflect the soft landing or mild recession (if any) in the US and Euro land. Investors are now watching the macro data closely to gauge the timing of a possible rate cut going forward. Over in Asia, China's policy easing is gaining momentum given the earlier-than-expected policy rate cut, less restrictions on house ownership policy, and efforts to revitalize the capital market and stabilize foreign trade and investment. Domestically in Malaysia, we expect a brighter outlook given the lower political risk premium amidst a more stable unity government coupled with stronger corporate earnings upside arising from the implementation of the government's pump priming initiatives as well as launching of mega energy renewal and infrastructure projects. Downside risks to the market could stem from a hard landing US recession, worsening geopolitical tension, and weak China economy.

For Fixed Income, the recent US economic data releases are suggestive of a softening in economic activities and moderation in inflation. As such, the Fed has signalled that it is a step closer towards its dual mandate goal and the aggressive hiking cycle could be in its final phase. Domestically, Bank Negara Malaysia ("BNM") may keep its Overnight Policy Rate ("OPR") unchanged in the coming meetings as it observes domestic inflation trend. These factors are supportive of the domestic bond market while the market observes developments on global central banks' monetary policy decisions, geopolitical risks, and the US presidential elections.

Lipper Leader Fund for:



1. Total Return
2. Consistent Return

Lipper uses a ranking system of 1 to 5. A ranking of 5 means the fund is in the top 20% of funds in that category while a ranking of 1 means the fund is in the bottom 20%. Source: www.lipperleaders.com