



January 2024

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.

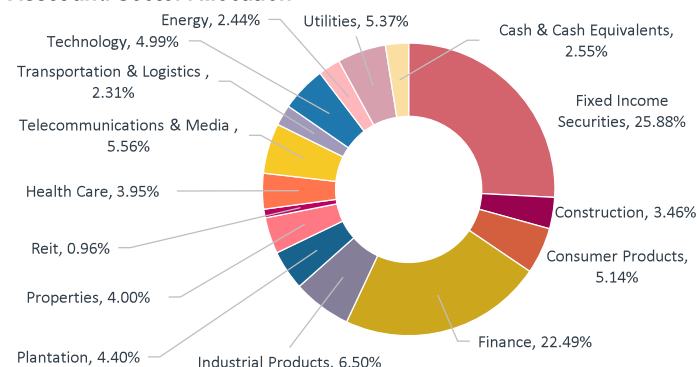
Fund Details

Unit NAV (31 Jan 2024)	: RM 4.32278
Fund Size (31 Jan 2024)	: RM 2,551.114 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

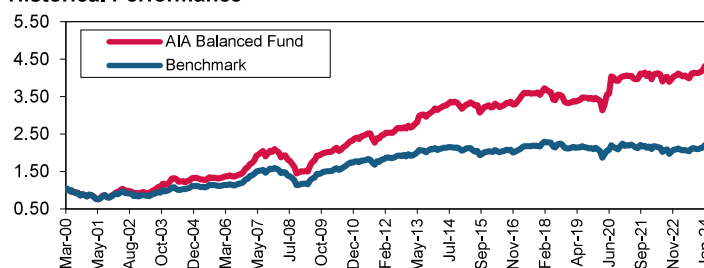
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	8.04%
2	MALAYAN BANKING BHD	7.04%
3	CIMB GROUP HOLDINGS BHD	5.93%
4	PUBLIC BANK BHD	5.29%
5	TENAGA NASIONAL BHD	4.39%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund ^a	2.80%	5.10%	5.08%	6.91%	29.31%	332.28%
Benchmark [*]	2.93%	4.15%	4.19%	0.90%	3.23%	120.30%
Excess	-0.12%	0.95%	0.88%	6.02%	26.08%	211.97%

^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.

^{*} 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 4.01% Month-on-Month ("MoM") to close at 1,512.98 pts in January 2024. The Index outperformed the MSCI Asia Ex Japan Index, which corrected 2.61% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors stayed net buyers of Malaysian equities amounting to MYR679 million while local institutions reversed their trend, becoming net buyers of MYR112 million during the month. Bursa Malaysia's average daily transaction value ("ADTV") rose 19% MoM to MYR3.4 billion in January 2024. During the month, YTL Power (+61.8%), YTL Corp (+23.8%) and Axiata Group (+14.7%) were the key gainers while key detractors were Petronas Chemicals (-5.4%), MrDIY (-4.8%) and Petronas Dagangan (-2.3%). Sector wise, Utilities (+17.3%), Energy (+9.5%) and Construction (+9.4%) were the key performers while Technology (-2.2%), Industrial Production (0.1%) and Consumer (0.7%) were the key detractors. Major news during the month included the launch of the Central Database Hub (PADU initiative), the MOU signing with Singapore for the Johor-Singapore Special Economic Zone (SEZ), and the Ministry of Finance ("MOF")'s decision to exempt capital gains tax and foreign-sourced income tax on unit trusts. It also saw the National Water Services Commission (SPAN) announcing a 22sen per cubic metre increase in water tariff rates for domestic users in Peninsular Malaysia and Labuan starting 1 February 2024. Malaysia's Gross Domestic Product ("GDP") growth stalled at 3.4% Year-on-Year ("YoY") in 4Q23. Bank Negara Malaysia ("BNM") opted to maintain the Overnight Policy Rate ("OPR") rate at 3%, and the Johor ruler Sultan Ibrahim was installed as Malaysia's 17th King on 31 January 2024.

The local bond market started the year on a weaker footing in tandem with weaker US treasuries ("UST") as market participants reassessed assumptions of an early US Federal Funds Rate cut amid the slew of economics and labour market data releases. But the local market eventually gained ground on the back of strong onshore buying interests as funds put cash to work. Demand for duration at the start of the year helped anchor the long end of the curve, though the belly came under pressure due to new supply during the month. As a result, the Malaysian Government Securities ("MGS") market traded mixed in January 2024. On the currency front, Malaysian ringgit ("MYR") weakened against the US dollar ("USD") by 3.03% to end the year at 4.7330. MGS levels ended January 2024 at: 3Y at 3.39% (-9 bps), 5Y at 3.55% (-5 bp), 7Y at 3.71% (-2 bps), 10Y at 3.79% (+6 bps), 15Y at 3.96% (- bps), 20Y at 4.06% (-4 bps) and 30Y at 4.21% (-4 bps).

Fixed income foreign flows recorded an outflow of MYR2.1 billion in December 2023 (November 2023: +MYR5.4 billion). Foreign holdings in MGS and Government Investment Issue ("GII") dipped to 22.7% in December 2023 (November 2023: 23.1%).

There were 3 government securities auctions during the month: 10Y GII 8/33 reopening auction with a tender size of MYR5.0 billion drew a bid-to-cover ("BTC") ratio of 2.445x at an average yield of 3.908%, 30Y MGS 3/53 reopening auction with a tender size of MYR3.0 billion and private placement of MYR2.0 billion drew a BTC ratio of 2.990x at an average yield of 4.243% and 5Y GII 7/28 reopening auction with a tender size of MYR5.0 billion drew a BTC of 4.402x at an average yield of 3.620%.

On the economics data front, Malaysia's foreign reserves inched up to USD115.1 billion as of 15 January 2024 (31 December 2023: USD113.5 billion). The reserves are sufficient to finance 5.4 months of imports of goods and services and 1.0x of short-term external debt. Malaysia also released the advance 4Q23 Gross Domestic Product ("GDP") estimate which showed a growth of 3.4% Year-on-Year ("YoY") bringing full-year 2023 growth to 3.8% YoY. At the same time, trade data for December 2023 was also released. Exports contracted 10% YoY (November 2023: -5.9% YoY) while imports grew 2.9% YoY (November 2023: +1.7% YoY). The contraction in total exports was driven by a decline in the exports of manufactured and agriculture goods, partly offset by the continued growth in the exports of mining goods. Meanwhile, total imports growth was driven by the growth in imports of intermediate and capital goods. As a result, trade balance for December 2023 shrank to MYR11.80 billion (November 2023: MYR12.41 billion). Separately, Malaysia's headline Consumer Price Index ("CPI") for December 2023 grew 1.5% YoY (November 2023: 1.5% YoY), bringing full-year inflation to 2.5% YoY (2022: 3.3% YoY). Core inflation eased to 1.9% in December 2023 (November 2023: 2.0% YoY). Importantly, Bank Negara Malaysia ("BNM") held its first monetary policy committee ("MPC") meeting for the year where the overnight policy rate ("OPR") was kept unchanged at 3.0%. In its monetary policy statement, BNM stated that overall growth in 2023 was within expectations and that it expects economic growth to improve in 2024. On inflation, BNM stated that headline and core inflation continued to moderate amid stabilizing demand conditions, and that it expects inflation to remain modest in 2024 amid stable costs and demand conditions. The current OPR rate level remains supportive of the economy and future decisions will continue to be guided by assessment of policies and their impact on inflation and demand conditions.

On the primary corporate bond space, notable issuances included MYR3.0 billion Maybank Subordinated Sukuk, MYR750 million PLUS Berhad iMTN and MYR250 million Toyota Capital iMTN. In terms of rating revisions, Dar Al Arkan Real Estate Development Company's corporate credit rating was upgraded to A2/P2 from A3/P2. Concurrent with this upgrade, the outlook on its long-term rating was also revised to stable from positive. Other rating revisions included PONSB Capital Berhad's debt rating upgrade from AA3(s)/Stable to AA2(s)/Stable and YNH Property Berhad's iMTN rating downgrade to BBB+IS from AIS.

Market Outlook

Moving into 2024, all eyes will be on the US Federal Reserve ("Fed")'s potential pivot to interest rate cuts amid sign of a slower economic growth and easing inflation. Locally, the execution of the already announced economic initiatives such as the National Energy Transformation Roadmap (NETR), SEZ, Malaysia My Second Home (MM2H) and the much-anticipated petrol and diesel subsidies rationalization will be watched. Coupled with a stable political environment, we expect more investment activities be generated by both foreign and local parties. With interest rates in the US expected to fall and higher inflow of foreign investment, the MYR is expected to strengthen further improving investor sentiment. At the time of writing, China has expressed concerns over the falling property and stock prices. It appears that serious proposals are in the work to resolve these lingering issues. Should these issues be resolved, investor's confidence will be boosted further. Downside risks to the market could stem from a U.S. recession, China slowdown, worsening geopolitical tension and government policy risk.

For Fixed Income, although inflation continues to moderate, recent US economic data releases are suggestive of a resilient US economy and labour market. As such, we think the US Federal Reserve ("Fed") will likely proceed carefully to avoid any premature rate cuts which could fuel reflation risks. Domestically, BNM may keep its OPR unchanged in the coming meetings as it observes the 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