



September 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 to achieve a reasonable return.

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

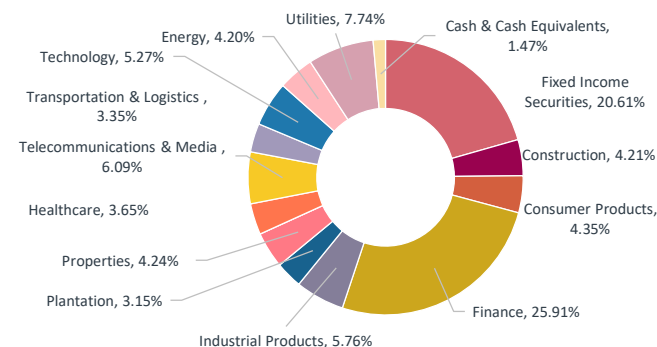
### Fund Details

Unit NAV (30 September 2024)	: RM 4.81413
Fund Size (30 September 2024)	: RM 2,991.245 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

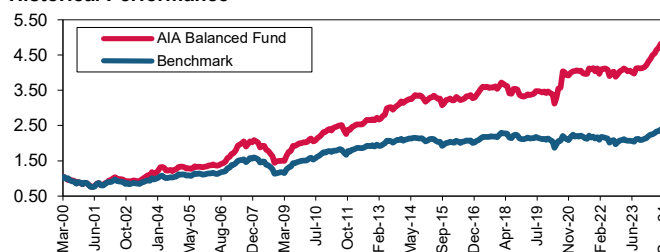
### Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	6.87%
2	TENAGA NASIONAL BHD	6.59%
3	MALAYAN BANKING BHD	5.87%
4	CIMB GROUP HOLDINGS BHD	5.87%
5	PUBLIC BANK BHD	5.70%

### Asset and Sector Allocation



### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund <sup>a</sup>	0.56%	7.11%	16.80%	17.51%	39.90%	381.41%
Benchmark <sup>a</sup>	-0.82%	5.80%	13.85%	10.24%	12.60%	138.08%
Excess	1.38%	1.31%	2.95%	7.27%	27.30%	243.33%

<sup>a</sup> 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.

<sup>a</sup> 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 FTSE Bursa Malaysia KLCI ("Index") fell 1.8% Month-on-Month (MoM) to close at 1,648.91 points in September 2024. The Index underperformed the MSCI Asia ex Japan Index, which rose 3.31% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors remained net buyers of Malaysian equities amounting to MYR509 million while local institutions were net sellers of MYR508 million during the month. Bursa Malaysia's average daily transaction value ("ADTV") fell 10.9% MoM to MYR3.3 billion in September 2024. During the month, IHH (+14.2%), QL Resources (+8.0%) and SD Guthrie (+4.6%) were the key gainers while key detractors were Petronas Dagangan (-15.3%), YTL Corp (-13.4%) and MISC (-7.0%). Sector wise, Healthcare (+6.9%), Construction (+5.2%) and Property (+4.2%) were the key performers, while Energy (-8.7%), Technology (-7.3%) and Telecom (-3.1%) were the key detractors. Major news during the month included Malaysia's central bank leaving the benchmark interest rate unchanged citing sustained economic growth and low inflation, the Health Minister Datuk Seri Dr Dzulkefly Ahmad introducing a new sugar-sweetened beverage ("SSB") tax as part of efforts to combat non-communicable diseases, the US Federal Reserve beginning its interest rate cut cycle with an initial cut by half a percentage point, and the Malaysian government announcing incentives to stimulate the Forest City Special Financial Zone which includes special corporate income tax rates and a 0% tax rate for family offices.

The Malaysian Government Securities ("MGS") yield curve shifted slightly lower in September 2024 as the Federal Reserve ("Fed") embarked on an easing cycle as the Fed opted to cut the federal funds target rate by 50 basis point ("bps") to 4.75%-5.00%. The larger than expected rate cut was characterized by Fed Chair Powell as a recalibration to preserve the currently strong labour market from downside risks. On the domestic front, Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 3.00% at the Monetary Policy Committee ("MPC") meeting, which was widely expected. BNM highlighted that latest indicators point towards sustained strength in economic activity driven by resilient domestic expenditure and higher export activity. The recent recovery in Malaysian Ringgit ("MYR") was attributed to the shift in expectations of lower interest rates in major economies, particularly the United States ("US"), as well as Malaysia's strong economic performance. On currencies, MYR strengthened 4.6% against the United States Dollar ("USD") to close at MYR4.1235 from 4.3205 as at end Sept 2024. MGS levels as at end Sept 2024 were: 3Y at 3.33% (-1 bps), 5Y at 3.49% (-2 bps), 7Y at 3.68% (-2 bps), 10Y at 3.71% (-5 bps), 15Y at 3.88% (-2 bps), 20Y at 4.02% (-2 bps) and 30Y at 4.17% (-1 bps).

Fixed income foreign flows registered a net inflow of MYR9.0 billion in August 2024 (July 2024: MYR7.8 billion), bringing Year-to-date ("YTD") net foreign inflows to MYR17.7 billion. Foreign holdings in MGS and Government Investment Issue ("GII") increased to 22.7% in August 2024 (Jul 2024: 22.2%).

There were 3 government securities auctions during the month: The 20Y GII 8/43 reopening auction with a tender size of MYR3.0 billion and private placement of MYR2.0 billion drew a bid-to-cover ("BTC") ratio of 1.922x at an average yield of 4.084%, 7Y MGS 3/53 reopening auction with a tender size of MYR5.5 billion drew a BTC ratio of 1.729x at an average yield of 3.687% and 30Y GII 3/54 reopening auction with a tender size of MYR3.0 billion and private placement of MYR2.0 billion drew a BTC ratio of 1.86x at an average yield of 4.198%.

On the economic data front, Malaysia's foreign reserves increased by USD0.8 billion to USD117.6 billion as of 13 September 2024 (30 August 2024: USD116.8 billion). The reserves are sufficient to finance 5.5 months of retained imports and 1.0x of short-term external debt. Malaysia's headline inflation increased 1.9% Year-on-Year ("YoY") in August 2024 (July 2024: 2.0% YoY). Increases in food & beverages, transport and housing, water, electricity, gas & other fuels were offset by declines in clothing and footwear services. Core inflation remained stable at 1.9% YoY in August 2024 (July 2024: 1.9% YoY). On trade data, Malaysia's exports saw double digit growth of 12.1% YoY in August 2024 (July 2024: 12.3%) driven by firmer manufacturing and agriculture growth. Imports growth was robust at 26.2% YoY in August 2024 (July 2024: 25.4%) on stronger growth in imports of intermediate goods, consumption goods and capital goods. As a result, trade balance narrowed to MYR5.7 billion in August 2024 (July 2024: MYR6.4 billion). Malaysia's industrial production index increased to 5.3% YoY in July 2024 (June 2024: 5.0% YoY). The electricity and manufacturing indices led the growth by 7.0% YoY and 7.7% YoY respectively, partially offset by the mining sector at -5.0% YoY.

On the primary corporate bond space, notable issuances included MYR2 billion CIMB Group Holdings Berhad iMTN, MYR2 billion CIMB Bank Berhad iMTN, MYR1.2 billion CIMB Islamic Bank Berhad iMTN, MYR1.5 billion Pelaburan Hartanah Berhad iMTN and MYR1.3 billion Johor Plantations Group Berhad iMTN. On rating actions, MEX I Capital Berhad's MYR1.13 billion Senior Sukuk Musharakah was upgraded to A1/Positive from A2/Stable. DRB-HICOM Berhad's MYR3.5 billion Sukuk Programme rating was upgraded to AA-IS from A+IS. Concurrently, the rating outlook has been revised to stable from positive. Eway Sabun Malaysia Sdn Bhd's MYR500 million Sukuk Wakalah Programme rating was upgraded to AAIS from AA-IS and concurrently, the rating outlook has been revised to stable from positive. Solarvest Holdings Berhad's MYR1 billion iMTN rating outlook on the long-term A1 rating was upgraded to positive from stable. Meanwhile, the respective AA3 and A2 ratings of Telekomang Hydro One Sdn Bhd's MYR470 million ASEAN Green SRI Sukuk and MYR120 million ASEAN Green Junior Bond was placed on Rating Watch with a negative outlook.

### Market Outlook

We are cautiously optimistic of the equity market in the near term. Volatility is likely a recurring theme in the near term given the uncertainty over macro conditions, geopolitics, and investors' positioning. Investors are now watching the macro data closely to gauge the extent of the US economic slowdown, recession risks and the quantum of interest rate cut going forward. Over in Asia, interest rate cut cycle in a non-recessionary environment is typically positive for equity markets and most currencies. In China, the government is rolling out fiscal stimulus, with a focus on supporting capital markets, consumer consumption and stabilising the property prices. Its outlook remains challenging structurally. However, China's monetary and fiscal support is gaining momentum given room for monetary easing, and increasingly more commitment to reflate the economy. 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 growth initiatives and a rising foreign direct investment. The execution of the already announced economic initiatives such as the National Energy Transformation Roadmap ("NETR"), Malaysia My Second Home ("MM2H"), Special Economic Zone ("SEZ"), National Semiconductor Strategy ("NSS"), infrastructure projects rollout and the much-anticipated petrol and diesel subsidies rationalization will be watched closely. Downside risks to the market could stem from a hard landing US recession, worsening geopolitical tension, weaker than expected China's stimulus measures and poor execution of domestic growth initiatives.

Recent US economic data releases are suggestive of a moderation in inflation and a softening in the labour market. As the US Federal Reserve ("Fed") finally embarked on an easing cycle, the Fed Chair Powell has signalled that the outsized move is a recalibration to preserve the currently strong labour market from downside risk and a commitment not to fall behind the curve. We maintain our view that market volatility would persist as the Fed and the market would remain reactive to data releases and developments in key geopolitical events, central banks' monetary policy decisions and the upcoming 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

This document is for informational use only. Investments are subject to investment risks including the possible loss of the principal amount invested. The value of the units may fall as well as rise. Past performance of the fund is not an indication of its future performance. This is not a pure investment product such as unit trust and please evaluate the options carefully and satisfy that the Investment-Linked Insurance / Takaful plan chosen meets your risk appetite. Please refer to the Fund Fact Sheet for more information about the fund.