



December 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.

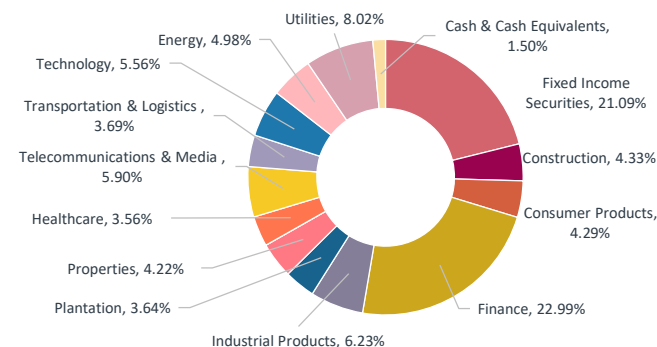
### Fund Details

Unit NAV (31 December 2024)	: RM 4.95362
Fund Size (31 December 2024)	: RM 3,132.965 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

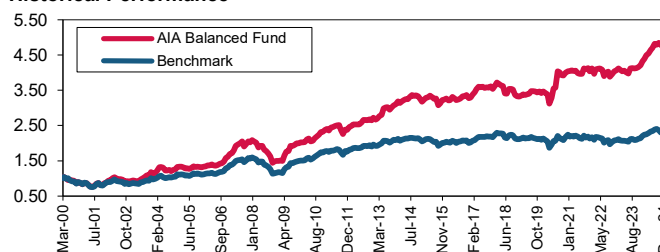
### Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	7.45%
2	TENAGA NASIONAL BHD	6.63%
3	MALAYAN BANKING BHD	5.29%
4	CIMB GROUP HOLDINGS BHD	5.08%
5	PUBLIC BANK BHD	4.54%

### Asset and Sector Allocation



### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund <sup>A</sup>	3.05%	5.47%	17.80%	20.39%	42.88%	395.36%
Benchmark <sup>*</sup>	2.69%	3.50%	12.99%	11.75%	13.55%	141.85%
Excess	0.36%	1.97%	4.81%	8.64%	29.32%	253.51%

<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>\*</sup> 70% FBK 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 FBKLCI ("Index") surged 3.0% Month-on-Month ("MoM") to close at 1,642.33 points in December 2024. The Index outperformed the MSCI Asia ex Japan Index, which rose by 0.7% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors stayed net sellers of Malaysian equities amounting to RM2.9 billion during the month. Bursa Malaysia average daily transaction value ("ADTV") fell 5.6% MoM to MYR2.5 billion in December 2024. During the month, YTL Power (+30.0%), YTL Corp (+28.4%) and Petronas Chemical (+10.9%) were the key gainers while key detractors were PPB Group (-5.5%), RHB Bank (-4.1%) and QL Resources (-2.3%). Sector wise, only the Finance sector did not record a gain in December 2024, with the three best-performing sectors being Technology (+11.1%), Healthcare (+10.5%) and Utilities (+8.6%). Key news during the month included the Ministry of Finance said that RM10.8bn had been withdrawn from EPF's Flexible Account (Account 3) as of end-September 2024. Malaysian Investment Development Authority ("MIDA") reported that Malaysia's approved investment rose 10.7% Year-on-Year ("YoY") for 9M24, and the U.S. Federal Reserve cutting its benchmark interest rate by 25 basis points to 4.25% to 4.5%.

Malaysian Government Securities ("MGS") yield curve bear flattened in the last month of the year as the 3-month KLIBOR climbed 11 basis points ("bps") higher to 3.73% due to year end seasonality effects. As broadly expected, the US Federal Open Market Committee ("FOMC") voted to cut the federal funds target range by 25 bps to 4.25% to 4.50%. US Federal Reserve ("Fed") chairman Jerome Powell's speech leaned towards a hawkish tilt and said that the policy is now entering a new phase where the committee will move more cautiously. The FOMC's summary of economic projections has projected the median 2025 dot plot of only two cuts instead of the four cuts expected in the previous projections in September 2024. On the local side, Bank Negara Malaysia ("BNM") announced unusual changes to this year's auction calendar with the 10Y MGS reopening has been rescheduled to December 2024 from November 2024, and the 3Y Government Investment Issue ("GI") auction previously set for December 2024 were cancelled. On the currency front, Malaysian Ringgit ("MYR") weakened against the US Dollar ("USD") by 0.56% to end the year at MYR4.4722. MGS levels as at end December 2024 were: 3Y at 3.48% (2 bps), 5Y at 3.62% (4 bps), 7Y at 3.76% (1 bp), 10Y at 3.82% (1 bp), 15Y at 3.97% (3 bps), 20Y at 4.06% (1 bp) and 30Y at 4.17% (-1 bp).

Fixed income foreign flows registered a net outflow of MYR1.1 billion in November 2024 (October 2024: - MYR11.4 billion), bringing Year-to-Date ("YTD") net foreign inflows to MYR6.2 billion. Foreign holdings in MGS and GI dipped to 21.4% in November 2024 (October 2024: 21.7%).

There was 1 government security auction during the month: The 10Y MGS 7/34 reopening auction with a tender size of MYR2.0 billion drew a bid-to-cover ("BTC") ratio of 2.015x at an average yield of 3.776%.

On the economic data front, Malaysia's foreign reserves decreased to USD118.1 billion as of 13 December 2024 (29 November 2024: USD118.3 billion). The reserves are sufficient to finance 4.6 months of retained imports and 0.9x of short-term external debt. Malaysia's November 2024 headline inflation eased to 1.8% Year-on-Year ("YoY") (October 2024: +1.9% YoY), driven by increases in food & beverages and personal care, social protection & miscellaneous goods and services. Core inflation remained stable at 1.8% YoY in November 2024 (October 2024: 1.8% YoY). Malaysia's exports accelerated to 4.1% YoY in November 2024 (October 2024: 1.6% YoY) driven by higher manufacturing and agriculture growth. Imports growth decelerated further to 1.6% YoY in November 2024 (October 2024: 2.7% YoY), primarily driven by growth in intermediate goods and consumption goods, but this was partially offset by a decline in capital goods. As a result, trade balance widened to MYR15.3 billion in November 2024 (October 2024: MYR11.9 billion). Malaysia's industrial production index increased at a slower rate of 2.1% YoY in October 2024 (September 2024: 2.3% YoY). The electricity and manufacturing indices led the growth by 2.5% YoY and 3.3% YoY respectively, partially offset by the mining sector at -2.8% YoY.

On the primary corporate bond space, notable issuances included MYR500 million Cagamas Berhad MTN, MYR500 million Public Bank Berhad MTN and MYR600 million Suria KLCC Sdn Bhd IMTN. On rating actions, MARC upgraded UEM Edgenta Berhad's IMTN MYR1.0 billion Sukuk Murabahah Programme to AAIS/stable from AA-IS/positive. Separately, RAM upgraded Press Metal Aluminium Holdings Berhad's MYR5.0 billion IMTN Programme to AA1/stable from AA2/positive and Samalaju Industrial Port Sdn Bhd's MYR950 million Sukuk Murabahah Programme rating to AAA(s)/stable from AA1/positive.

### Market Outlook

We are cautiously optimistic about the equity market, though volatility is expected in the near term due to uncertainties around geopolitics, Trump's policies, and macroeconomic conditions. Investors are closely monitoring global tariff policies for signs of inflationary pressure and its impact on global growth. We also expect performance divergence between developed and emerging markets, including currencies, whilst maintaining a positive outlook for the US market, post US-election, due to pro-domestic growth policies. In Asia, geopolitical tensions and a strong dollar may weigh on Asian equities. Rate cut cycle in a non-recessionary environment is typically positive for equity markets and most currencies. The Chinese government continues to roll out fiscal stimulus, with a focus on supporting capital markets, consumer consumption and stabilising the property prices. Its outlook remains challenging structurally. For Malaysia equities, although our optimism on equities has moderated, we remain positive due to strong corporate earnings, government initiatives, and rising foreign direct investment. The successful implementation of key initiatives, such as the National Energy Transformation Roadmap ("NETR"), Malaysia My Second Home ("MM2H"), and infrastructure projects, will be imperative for continuous Gross Domestic Product ("GDP") growth. 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 National Semiconductor Strategy ("NSS"), infrastructure projects rollout and the much-anticipated petrol 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.

Although recent US economic data releases have surprised on the upside, the trend for a moderation in inflation and a softening in the labour market remains intact. As the Fed finally embarked on an easing cycle, Fed Chair Powell has signaled 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 as well as implications from a Trump presidency.

### Lipper Leader Fund for:



1. Total Return
2. Consistent Return
3. Preservation

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.