



January 2025

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.

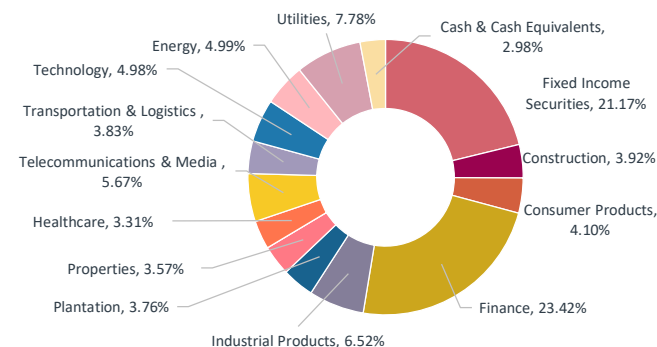
Fund Details

| | |
|-----------------------------|------------------------|
| Unit NAV (31 January 2025) | : RM 4.73813 |
| Fund Size (31 January 2025) | : RM 3,019.038 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 |

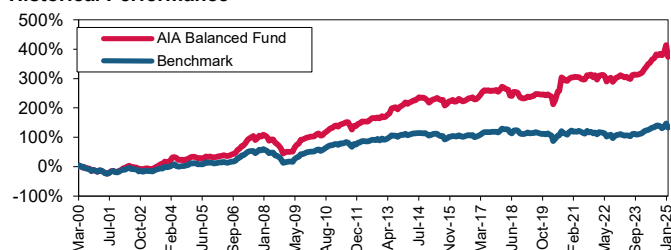
Top Holdings

| | | |
|---|--------------------------------|-------|
| 1 | MALAYSIA GOVERNMENT SECURITIES | 7.00% |
| 2 | TENAGA NASIONAL BHD | 6.41% |
| 3 | MALAYAN BANKING BHD | 5.54% |
| 4 | CIMB GROUP HOLDINGS BHD | 5.10% |
| 5 | PUBLIC BANK BHD | 4.45% |

Asset and Sector Allocation



Historical Performance



| Cumulative Performance | 1-Mth | 6-Mth | 1-Year | 3-Year | 5-Year | Since Inception |
|------------------------|--------|--------|--------|--------|--------|-----------------|
| Fund ^a | -4.35% | -1.65% | 9.61% | 19.63% | 38.58% | 373.81% |
| Benchmark ^a | -3.83% | -2.62% | 5.58% | 10.78% | 11.38% | 132.59% |
| Excess | -0.52% | 0.97% | 4.03% | 8.85% | 27.21% | 241.22% |

^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 FBMKLCI ("Index") fell 5.2% Month-on-Month ("MoM") to close at 1,556.92 points in January 2025. The Index underperformed the MSCI Asia ex Japan Index, which rose by 0.3% MoM in Malaysian Ringgit ("MYR") terms over the same period. Foreign investors remained net sellers of Malaysian equities amounting to MYR3.1 billion while local institutions remained net buyers amounting to MYR1.2 billion during the month. Bursa Malaysia's average daily transaction value ("ADTV") grew 5.8% MoM to MYR2.7 billion in January 2025. During the month, Celcom Digi (+3.6%), Petronas Dagangan (+1.6%) and Maybank (+1.0%) were the key gainers while key detractors were YTL Power (-29.2%), YTL Corp (-28.5%) and Gamuda (-14.8%). Sector wise, REIT (+0.4%) and Energy (+0.1%) were the key performers, while Construction (-13.5%), Technology (-10.5%) and Utilities (-9.9%) were the key detractors. Major news during the month included Malaysia and Singapore formalizing an agreement to establish the Johor-Singapore Special Economic Zone ("JS-SEZ") at their border and setting a target of 50 projects within five years, the Biden administration proposing new rules governing the export of advanced AI chips and technologies to about 120 countries, Bank Negara Malaysia keeping interest rates unchanged citing sustained growth and manageable inflation, and Gateway Development Alliance announcing that it had secured enough shares to delist and privatize Malaysia Airports Holdings.

Malaysian Government Securities ("MGS") yield curve bull steepened marginally in the first month of the year. MGS yields traded in a relatively tight range despite the volatility seen in US treasuries ("UST") in a month that was dominated by headlines and shifting expectations on President-elect Donald Trump's policies post his inauguration on 22 January 2025. As broadly expected, the US Federal Open Market Committee ("FOMC") voted to keep the federal funds target range unchanged at 4.25% to 4.50%. Separately, Bank Negara Malaysia ("BNM") also kept the overnight policy rate ("OPR") unchanged at 3% as widely expected. The language of the latest monetary policy statement by BNM was rather neutral and balanced in its views regarding the downside risks to growth from external uncertainties and upside risks to inflation from domestic policy changes in the country. The neutrality of the policy statement suggests that an OPR hike by BNM is unlikely in the immediate future. On the currency front, Malaysian Ringgit ("MYR") strengthened against the US Dollar ("USD") by 0.3% to end the year at MYR4.4602. MGS levels as at end Jan 2025 were: 3Y at 3.46% (-2 bps), 5Y at 3.61% (-1 bps), 7Y at 3.77% (+1 bps), 10Y at 3.81% (-), 15Y at 3.97% (-), 20Y at 4.06% (-) and 30Y at 4.18% (-).

Fixed income foreign flows registered a net outflow of MYR1.4 billion in December 2024 (November 2024: - MYR1.1 billion), bringing Year-to-Date ("YTD") net foreign inflows to MYR4.8 billion. Foreign holdings in MGS and government investment issue ("GII") dipped to 21.2% in December 2024 (November 2024: 21.4%).

There were 3 government security auctions during the month: The 7Y MGS 7/32 reopening auction with a tender size of MYR5.0 billion drew a bid-to-cover ("BTC") ratio of 2.808x at an average yield of 3.799%, the 15.5Y GII 7/40 new issue with a tender size of MYR3.0 billion with MYR1.0 billion private placement drew a BTC of 4.289x at an average yield of 3.974% and the 3Y GII 7/28 reopening auction with a tender size of MYR5.5 billion drew a BTC of 2.623x at an average yield of 3.561%.

On the economic data front, Malaysia's foreign reserves decreased to USD116.2 billion as of 31 December 2024 (29 November 2024: USD118.3 billion). The reserves are sufficient to finance 5.0 months of retained imports and 1.0x of short-term external debt. Malaysia's December 2024 headline inflation eased to 1.7% Year-on-Year ("YoY") (November 2024: +1.8% YoY), tempered by softer non-food price inflation. Core inflation moderated to 1.6% YoY in December 2024 (November 2024: +1.8% YoY). Headline inflation averaged 1.8% YoY in 2024 (2023: +2.5% YoY), which was well within the Ministry of Finance's 1.5-2.5% forecast for the year. Malaysia's exports surged 16.9% YoY in December 2024 (November 2024: +4.1% YoY) while imports grew 11.9% YoY (November 2024: +1.6% YoY). As a result, trade balance widened to MYR19.2 billion in December 2024 (November 2024: MYR15.3 billion). Separately, Malaysia's industrial production for November 2024 rose 3.6% YoY (October 2024: +2.1% YoY), led by growth in the Manufacturing (+4.6% YoY) and Electricity (+3.9% YoY) sectors. This was partially offset by the downtrend in the Mining sector which contracted 0.8% YoY. Malaysia's 4Q24 advanced Gross Domestic Production ("GDP") showed an estimated growth of 4.8% YoY against expectations of 5.2% YoY (3Q24: +5.3% YoY). The moderation in 4Q24 GDP growth was due to contractions in the agriculture and mining sectors and quarrying sector as well as slower manufacturing output. The final data will be released on 14 February 2025.

On the primary corporate bond space, notable issuances included MYR2.5 billion Danum Capital iMTN, MYR400 million PLUS Berhad iMTN and MYR400 million LBS Bina iMTN. On rating actions, RAM upgraded MUFG Bank (Malaysia) Berhad's long-term financial institution rating to AAA/Stable from AA1/Stable. The short-term rating remains at P1.

Market Outlook

Moving into 2025, we are cautiously optimistic about the equity market, though volatility is expected in the near term due to uncertainties due to US President Trump's tariff policies which are expected to stoke inflationary pressure and hurt global growth. We expect performance divergence between developed and emerging markets, including currencies, with a positive outlook for the US market due to pro-domestic growth policies. In Asia, geopolitical tensions and a strong US Dollar ("USD") may weigh on Asian equities. China is focusing on fiscal stimulus to support domestic growth and stabilize property markets, though structural challenges remain. In Malaysia, while 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 crucial. We opine that investment in data centres in Malaysia will slow but not contract despite the implementation of the US Artificial Intelligence Diffusion Policy and the disruption caused by the discovery of Deep Seek by the Chinese.

Although recent US economic growth data releases have remained robust, the trend for a moderation in inflation and a softening in the labour market remains intact. With the prospect of pro-inflationary policies under a Trump presidency in 2025, the US Federal Reserve ("Fed") is expected to proceed with caution on rate cuts going forward. 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

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.