



May 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.

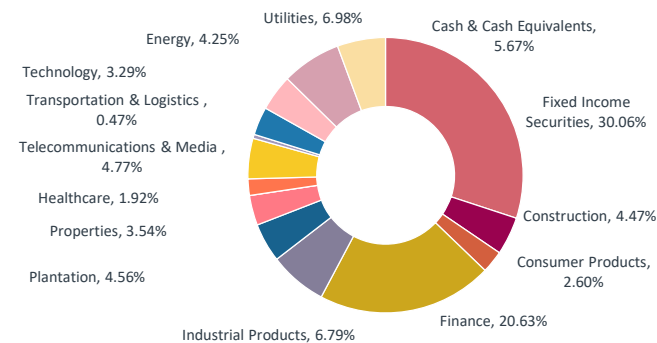
### Fund Details

Unit NAV (31 May 2025)	: RM 4.61931
Fund Size (31 May 2025)	: RM 3,036.367 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

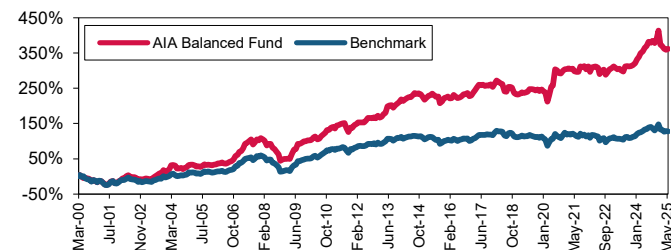
### Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	14.12%
2	TENAGA NASIONAL BHD	5.89%
3	MALAYAN BANKING BHD	4.63%
4	PUBLIC BANK BHD	4.33%
5	CIMB GROUP HOLDINGS BHD	4.16%

### Asset and Sector Allocation



### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund <sup>A</sup>	0.52%	-3.90%	-0.64%	13.10%	30.14%	361.93%
Benchmark*	-0.45%	-3.36%	-2.31%	6.93%	10.79%	127.59%
Excess	0.97%	-0.54%	1.67%	6.17%	19.35%	234.34%

<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.

\* 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 2.1% Month-on-Month ("MoM") to close at 1,508 pts in May 2025. The Index underperformed the MSCI Asia ex Japan Index, which gained 3.5% MoM in Malaysian Ringgit ("MYR") terms over the same period. Bursa Malaysia's average daily transaction value ("ADTV") rose 11.8% MoM to MYR2.5 billion in May 2025. During the month, Gamuda (+7.8%), Sunway (+4.4%) and Press Metal Aluminum (+2.9%) were the key gainers while key detractors were Sime Darby Berhad (-18.3%), Nestle Malaysia (-9.7%) and PPB Group (-9.3%). Sector wise, Construction (+9.0%), Property (+3.8%) and Technology (+3.2%) were the key performers, while Healthcare (-5.2%), Consumer (-4.2%) and Telecom (-2.4%) were the key detractors. Major news during the month included Prime Minister Datuk Seri Anwar Ibrahim addressing Parliament in a special session in response to the recent tariffs imposed by the US, Bank Negara Malaysia announcing a 100-basis-point cut in the statutory reserve requirement ratio, and US cutting tariffs on imports from China from 145% to 30% for 90 days starting 14 May 2025.

Malaysian Government Securities ("MGS") yield curve bull-steepened in May 2025. US trade policies under the new Trump administration continued to influence global rates as US Treasury yields sharply rose during the month. The de-escalation of trade tensions between the U.S. and China boosted investor confidence, prompting a shift away from safe-haven assets like Treasuries toward riskier investments. Domestically, the market was boosted by a dovish signal by Bank Negara Malaysia ("BNM"). Although BNM kept the overnight policy rate ("OPR") on hold at the May 2025 Monetary Policy Committee ("MPC") meeting, the statement reflected heightened uncertainty on economic growth. Additionally, BNM cut the statutory reserve ratio ("SRR") by 100 bps to inject liquidity into the banking system and support financial stability. On the currency front, Malaysian ringgit ("MYR") strengthened against the US dollar ("USD") by 1.36% to MYR4.2568. MGS levels as at end May 2025 were: 3Y at 3.15% (-11 bps), 5Y at 3.19% (-18 bps), 7Y at 3.39% (-16 bps), 10Y at 3.53% (-12 bp), 15Y at 3.70% (-11 bp), 20Y at 3.80% (-11 bps) and 30Y at 4.03% (-3 bps).

Fixed income foreign flows registered a net inflow of MYR10.2 billion in April 2025 (March 2025: +MYR3.2 billion). Foreign holdings in MGS and government investment issue ("GII") rose to 21.4% in April 2025 (March 2025: 20.9%).

There were 2 government security auctions during the month: The 5Y MGS 5/30 new issue auction with a tender size of MYR5.0 billion drew a bid-to-cover ("BTC") ratio of 2.133x at an average yield of 3.336% and the 20Y GII 5/45 new issue auction with a tender size of MYR3.0 billion with a MYR2.0 billion private placement drew a BTC ratio of 3.318x at an average yield of 3.775%.

On the economic data front, Malaysia's foreign reserves increased to USD119.1 billion as of 15 May 2025 (31 April 2025: USD118.7 billion). The reserves position is sufficient to finance 5.0 months of imports of goods and services and is 0.9 times the total short-term external debt. In April 2025, headline inflation remained unchanged at 1.4% Year-on-Year (March 2025: 1.4% YoY), while core inflation edged higher to 2% YoY (March 2025: 1.9% YoY). Higher core inflation was contributed by core components including mobile communication services, jewellery and watches, as well as air passenger transport. Gross exports grew by 16.4% YoY (March 2025: 6.8% YoY) mainly due to continued strong expansion of electrical and electronic ("E&E") exports, further supported by a rebound in non-E&E and commodities exports. Imports expanded by 20% YoY (March 2025: -2.9% YoY), amidst a sharp growth of capital imports. As a result, trade surplus narrowed to MYR5.2 billion. Industrial production index for March 2025 grew 3.2% YoY (February 2025: 1.5% YoY). Growth was supported by the manufacturing and mining sectors which grew 4.0% YoY and 1.9% YoY, respectively.

On the primary corporate bond space, notable issuances included MYR1.0 billion Maybank Islamic IMTN, MYR880 million Imitiaz II IMTN and MYR750 million Maybank Subordinated Sukuk. On rating actions, MARC Ratings has upgraded its rating on Grand Sepadu (NK) Sdn Bhd's MYR210 million Sukuk Murabahah to AA from AA-, citing strengthened financial profile, driven by ongoing debt reduction, consistent traffic demand and cash flow generation. Additionally, MARC Ratings affirmed its ratings on WCT Holdings Berhad's ("WCT") debt and sukuk programmes, and revised the ratings outlook to positive from stable, citing potential improvement in the group's balance sheet from WCT's disposal of three mall assets into Paradigm REIT.

### Market Outlook

We are cautiously optimistic on equities, as recent developments in the US-China trade talks have helped avert a worst-case scenario and reduced the likelihood of a US recession. These developments have also helped stabilize the trend of negative earnings revisions. Nonetheless, some risks persist. The US-China negotiations remain fragile, and any unexpected setback could quickly escalate tensions. Furthermore, the ongoing effects of trade tariffs are already weighing on corporate sentiment, leading to capital expenditure cut and a more subdued business outlook. Additionally, Trump tariff is expected to stoke inflation, which could limit macroeconomic policy flexibility. We continue to adjust the portfolio proactively to manage risks and capture opportunities as they arise.

Despite the recent de-escalation of trade tensions between China and the US where additional tariffs were put on hold for 3 months, there is still much uncertainty on the potential economic impact of the trade war as negotiations continue between the US and its trade partners. Domestically, Malaysia's growth will likely be weighed by weakening external demand. Inflation impact would likely be muted, barring any upside risks to inflation from subsidy reform measures. Against this backdrop, BNM is expected to cut the policy rate in 2H2025 which should be supportive for the MGS market. However, we continue to expect volatility in the immediate term as the market reacts to further developments on US trade tariffs and key economic data releases.



### 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.