



December 2023

MONTHLY FUND PERFORMANCE UPDATE**AIA GLOBAL BALANCED FUND** (previously known as AIA Eleven Plus Fund)**Investment Objective**

The primary goal of this Fund is to provide long-term total return (combination of capital growth and income) with moderate risk by investing through exposure in a diversified portfolio of global equities and fixed income securities. It is also flexible by allowing investments in newer funds launched in the future. The Fund adopts a relatively balanced approach towards equities and bond exposure with the aim of providing stable growth of your investment. The Fund's expected average exposure to equities will be approximately 60% over the long term, however this exposure may vary from time to time and can go up to 80%. The balance is invested in the fixed income or money market instruments.

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

Fund Details

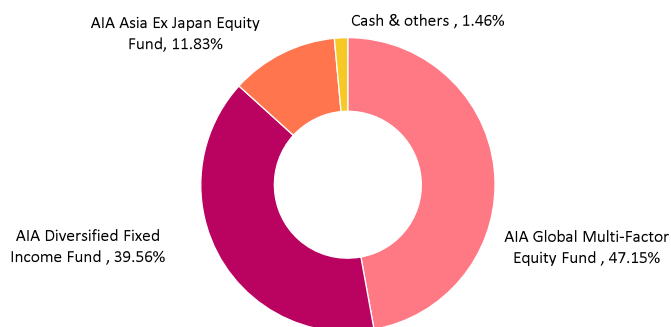
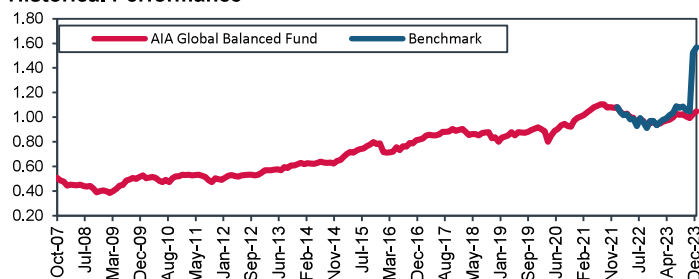
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|-----------------------------|----------------------|
| Unit NAV (31 Dec 2023) | : RM 1.04743 |
| Fund Size (31 Dec 2023) | : RM 250,312 million |
| Fund Currency | : Ringgit Malaysia |
| Fund Inception | : 25 October 2007 |
| Offer Price at Inception | : RM 0.50 |
| Fund Management Charge | : 1.50% p.a. |
| Investment Manager | : AIA Bhd. |
| Fund Type | : Fund-of-Funds |
| Basic of Unit Valuation | : Net Asset Value |
| Frequency of Unit Valuation | : Daily |

Underlying Fund Details

| | |
|--------------------|---|
| Name | : AIA Global Multi-Factor Equity Fund AIA Diversified Fixed Income Fund AIA Asia Ex Japan Equity Fund AIA Greater China Equity Fund AIA India Equity Fund |
| Investment Manager | : AIA Investment Management Private Ltd. |

Top Fund Holdings

| | | |
|---|-------------------------------------|--------|
| 1 | AIA Global Multi-Factor Equity Fund | 47.15% |
| 2 | AIA Diversified Fixed Income Fund | 39.56% |
| 3 | AIA Asia Ex Japan Equity Fund | 11.83% |

Fund Allocation**Historical Performance****Historical Performance (cont'd)**

| Cumulative Performance | 1-Mth | 6-Mth | 1-Year | 3-Year | 5-Year | Since Inception |
|------------------------|--------|--------|---------|--------|--------|-----------------|
| Fund~ | 2.21% | 1.75% | 11.24% | 5.14% | 30.99% | 109.49% |
| Benchmark* | 3.14% | 4.82% | 21.87% | N/A | N/A | N/A |
| Excess | -0.93% | -3.07% | -10.63% | N/A | N/A | N/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.

* Prior to fund restructuring effective from January 2022, there was no benchmark available. Post restructuring the benchmark is 60.0% MSCI World Price Index + 40.0% Barclays Global Aggregate Corporate Total Return Index (Source: Bloomberg). Calculation of the benchmark since inception performance is based on the date the fund restructuring exercise was completed which is 31 January 2022. Meanwhile, calculation of the Fund's since inception performance is based on the Fund's inception date of 25 October 2007.

Notice: Past performance of the Fund is not an indication of its future performance.

Market Review

Global equities had a strong year in 2023, finishing up +23.8% contrary to the weak performance in 2022. However, the year was marked by several significant events starting with a strong January 2023 effect, that saw junk stocks rally on hopes of lower interest rates. Then in March 2023, the positive sentiment quickly curtailed as the collapse of Silicon Valley Bank ("SVB") unveiled the first signs of potential damage from higher interest rates. As a result, Small Caps and Value stocks suffered. In the second half of the year, excitement around the growth potential from Artificial Intelligence triggered a rally in mega-cap stocks, which were dubbed the Magnificent 7. This created an extremely concentrated market where market breadth remained narrow over the second quarter of the year. In the second half of the year, markets began to broaden and post the third quarter confidence grew that rate cuts could be possible as early as March 2024. Data points showed meaningful declines in inflation and a weakening labour market that allowed central banks to start softening their stance. This created the perfect environment for risk assets to rally all the way to year end. For the month of December 2023, risk assets ended the year on an upbeat note with positive performance. The Federal Reserve ("Fed") grew more confident about inflation coming down and growth only gradually slowing, which led to a green light for aggressive policy easing. Strong retail sales in the U.S displayed consumer strength, and markets interpreted this as a positive sign. However, concerns over European earnings surfaced in the month.

December 2023 was an eventful month for market participants, driven by the Federal Reserve's ("Fed") dovish pivot, prevailing risk-on sentiment, and robust consumer and economic data. The Fed held its current policy rate range at 5.25% to 5.50% for the fourth consecutive meeting. The median Summary of Economic Projection ("SEP") dots for Q4 2024 and Q4 2025 were revised down to 4.6% and 4.3%, respectively, suggesting the Fed intends to cut policy rates by 75 basis points ("bps") in the upcoming year. The Fed's revision was driven by economic data supporting a soft-landing scenario and decelerating inflationary pressures. The Fed's personal consumption expenditure ("PCE") projections were revised downward from September 2023 estimates, with 2024 predictions down to 2.4% from 2.5% and 2025 predictions down to 2.1% from 2.2%. Retail sales grew slightly month over month, while a drop in December 2023 unemployment claims surprised to the upside. Strong economic and consumer data, alongside anticipation of loosening financial conditions, lead to a rally in equities. The Dow reached a record high following the December 2023 Federal Open Market Committee ("FOMC"), as all three major equity indices rose by more than 1%. Yield on the ten-year treasury dipped below 4% by month end, while the two-year settled at its lowest level since June 2023. Within the credit market, yields continue to attract broad institutional demand. Against this backdrop, the U.S Investment Grade Credit Index tightened 4bps month over month to 93bps, closing near the tightest level of the year, and resulting in a monthly excess return of 26bps. Primary issuance in December 2023 was about US dollar ("USD") 22.2bn, including USD20.4bn in Corporates and USD1.8bn in Non-Corporates. In idiosyncratic news, the U.S national debt approached a record high USD 34tn before year end, while early figures show investors poured a record USD 1.17tn into money market and cash accounts over the year on the tailwind of sustained higher interest rates and earlier instability in regional banks. In respect to performance, the best-performing sectors were Gaming, REITs, Financial Companies, Building Materials, and Home Construction. The worst-performing were Integrated Energy, Pharmaceuticals, Tobacco, Cable Satellite, and Technology. BBB rated bonds fares the best across the investment grade quality spectrum, while AAA bonds fared the worst.

Market Outlook

For the equity market, with the US Fed pausing their rate hike cycle and the resilient labor market conditions despite the earlier rate hike, it is very likely that a soft-landing scenario can be achieved. With this in mind, we favor factors such as low volatility, small size, quality and value overgrowth, dividend and momentum factors. Currently, for fixed income portion, the Fund is keeping a short beta and a neutral duration relative to the benchmark.

**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