November 2024

MONTHLY FUND PERFORMANCE UPDATE
AIA STRATEGIC FIXED INCOME FUND

Investment Objective

The Fund aims to provide a steady stream of income returns through investments in both domestic and USD-denominated fixed income securities and money market instruments. The secondary goal of the Fund is to provide medium to long-term capital appreciation whilst preserving the capital invested.

While the Fund predominantly focuses on domestic fixed income securities, it may invest up to 50% of its NAV in USD-denominated fixed income securities.

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

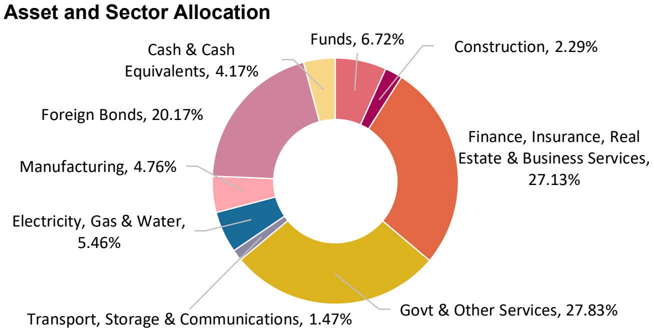
Fund Details

Unit NAV (30 November 2024)	:	RM 1.09626
Fund Size (30 November 2024)	:	RM 471.313 million
Fund Currency	:	Ringgit Malaysia
Fund Inception	:	6 May 2020
Offer Price at Inception	:	RM1.00
Fund Management Charge	:	1.00% p.a.
Investment Manager	:	AIA Bhd.
Basis of Unit Valuation	:	Net Asset Value
Frequency of Unit Valuation	:	Daily

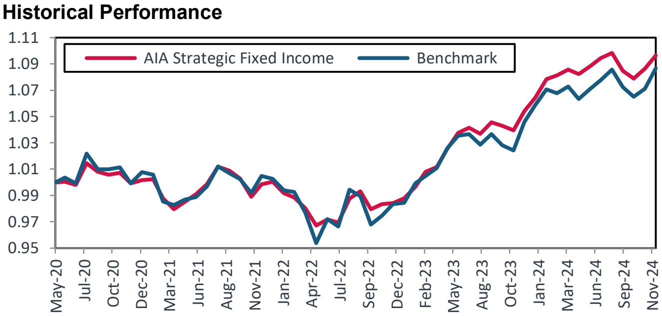
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	26.94%
2	DANAINFRA NASIONAL BHD	5.16%
3	AIA DIVERSIFIED FIXED INCOME FUND	3.75%
4	GENM CAPITAL BHD	3.65%
5	ALLIANCE BANK MALAYSIA BHD	3.41%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	0.91%	0.76%	4.02%	9.81%	N/A	9.63%
Benchmark*	1.45%	1.48%	3.92%	8.14%	N/A	8.67%
Excess	-0.54%	-0.72%	0.09%	1.68%	N/A	0.95%

^ 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% MGS ALL Index (Source: RAM QuantShop @ www.quantshop.com) + 30% Bloomberg Barclays Global Aggregate USD Total Return Index Unhedged (Source: Bloomberg)*

Market Review

Local Market Review

Malaysian Government Securities ("MGS") yields moved lower in November 2024, paring some losses from the previous month as risk sentiment improved after the passing of key events, namely the US Presidential Elections and interest rate decisions by the US Federal Reserve ("Fed") and Bank Negara Malaysia ("BNM"). The MGS market initially weakened, tracking higher US Treasury ("UST") yields in reaction to Donald Trump's victory on expectations of the implementation of inflationary policies and potentially shallower rate cut path by the Fed. However, yields eventually ended lower for the month as risk sentiment improved after the Fed cut rates by 25 basis points ("bps") and Trump announced Scott Bessent as his choice for Treasury Secretary. On the local side, BNM kept the Overnight Policy Rate ("OPR") unchanged at 3.00% with a neutral tone as expected, which saw minimal reaction from the market. The local market benefited from the announcement of cancelation of the 3Y Government Investment Issue ("GII") auction with the government citing better fiscal cash flows. Additionally, the 10Y MGS auction was postponed from November 2024 to December 2024. The announcement led to strong buying by local dealers, especially in the 7Y to 10Y part of the curve. Towards the end of the month, the domestic market was also boosted by month-end rebalancing inflows as foreign buying further supported the MGS market. On currencies, Malaysia Ringgit ("MYR") depreciated 1.59% against the US Dollar ("USD") to close at 4.4475 from 4.3780 as at end November 2024. MGS levels as at end November 2024 were: 3Y at 3.46% (-6 bps), 5Y at 3.59% (-6 bps), 7Y at 3.77% (-13 bps), 10Y at 3.81% (-12 bps), 15Y at 4.02% (-9 bps), 20Y at 3.93% (-9 bps) and 30Y at 4.8% (-6 bps).

Fixed income foreign flows registered a net outflow of MYR11.4 billion in October 2024 (September 2024: MYR1.0 billion), bringing Year-to-Date ("YTD") net foreign inflows to MYR7.3 billion. Foreign holdings in MGS and GII dipped to 21.7% in October 2024 (September 2024: 22.6%).

There were 2 government securities auctions during the month: The 15Y MGS 4/39 reopening auction with a tender size of MYR3.0 billion with a private placement of MYR2.0 billion drew a bid-to-cover ("BTC") ratio of 2.672x at an average yield of 4.015% and 5Y GII 7/29 reopening auction with a tender size of MYR4.5 billion drew a BTC ratio of 2.005x at an average yield of 3.657%.

On the economic data front, Malaysia's foreign reserves increased to USD118.0 billion as of 15 November 2024 (30 October 2024: USD117.6 billion). The reserves are sufficient to finance 4.6 months of retained imports and 0.9x of short-term external debt. Malaysia's October 2024 headline inflation inched up to 1.9% Year-on-Year ("YoY") (September 2024: +1.8% YoY), driven by increases in food & beverage (+2.3% YoY) and personal care, social protection & misc. goods, and services (+3.4% YoY). On trade data, October 2024 exports increased 1.6% YoY (September 2024: -0.6% YoY) while imports grew 2.6% YoY (September 2024: +10.9% YoY). Exports were largely supported by strong demand for manufactured goods consisting of electrical and electronics ("E&E"), rubber, processed food and machinery equipment and parts. Growth in imports was led by higher imports of parts and accessories of non-transport capital goods. Trade surplus narrowed to MYR12.0 billion (September 2024: MYR13.2 billion). Malaysia's Industrial Production for September 2024 eased to +2.3% YoY (August 2024: +4.1% YoY). The moderation was driven by softer pace of growth for manufacturing (+3.2% YoY vs +6.5%% in August 2024) and electricity (+3.9% YoY vs +4.1% YoY in August 2024). 3Q24 Gross Domestic Product ("GDP") growth came in at 5.3% YoY, matching the advanced estimates. Growth was driven by stronger construction activity on the back of stronger investment activity. Exports was also a strong driver, rising 11.8% YoY to match a 2-year high. Private consumption growth was strong at 4.8% YoY despite slowing from 6.0% YoY in 2Q24 partly due to low base effects.

On the primary corporate bond space, notable issuances included MYR1.6 billion Malaysia Airports Holdings Bhd iMTN, MYR1.3 billion Berapit Mobility Sdn Bhd iMTN and MYR1.0 billion Bank Simpanan Nasional iMTN. On rating actions, MARC upgraded Point Zone (M) Sdn Bhd's MYR3.0 billion iMTN programmed to AA from AA-, citing sustained improvement in operating performance of KPJ as underlined by stronger operating margins and cash flow generation. Separately, RAM raised the outlook on TIME dotcom Bhd's ("TIME") MYR1.0 billion iMTN programmed rated AA2 to positive from stable, citing TIME's sustained superior financial metrics and steady business expansion.

Foreign Market Review

Markets experienced generally positive results in November 2024, as global equity markets rallied, with US stocks hitting new all-time highs, while government bonds generally rallied despite some weaker spots including in Japan and France. The month started with Donald Trump securing the US presidency alongside Republicans winning the majority in both the House and the Senate. The 2Y US Treasury ("UST") yield fell 2 basis points ("bps") to 4.15%, while the 10Y UST rallied 12 bps to 4.17%. Within spreads, USD investment grade tightened 3 bps to 83 bps while USD high yield credit tightened by 14 bps to 274 bps. On the backdrop of U.S. election, the dollar index strengthened by 1.69%.

In the monetary policy space, the Federal Reserve lowered the target range for its benchmark rate by 25 bps to 4.5%-4.75%, marking the second interest rate cut this year. Fed Chair Jerome Powell reiterated that future decisions will be based on incoming data while noting that recent macro indicators have indicated stronger economic activity. The Bank of England also cut its policy rate by 25 bps to 4.75% amid evidence of easing inflation data. Governor Andrew Bailey confirmed future cuts will be gradual and data driven, acknowledging that although inflationary pressure is likely to rise following the UK Budget, it was not sensible to conclude that it would cause the path of rates to be different. After an assessment of the existing stimulus measures, the People's Bank of China ("PBoC") maintained the one-year Loan Prime Rate ("LPR") at 3.1% and the five-year LPR at 3.6%. The PBoC also kept the one-year Medium-Term Lending Facility unchanged at 2.0%, while injecting Chinese Yuan ("CNY ")900 billion into the market.

On macro prints, the month started with non-farm payrolls printing at +12k (vs +113k expected), a figure that was likely distorted by storms and strikes. Meanwhile, the unemployment rate printed at 4.1%. US core Consumer Price Index ("CPI") printed at 3.3% YoY and headline CPI rose, printing at 2.6% Year-on-Year ("YoY"). Euro Area core inflation remained at 2.7% YoY, in line with expectations, while headline inflation also printed in line with expectations at 2% YoY.

Market Outlook

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.