December 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.

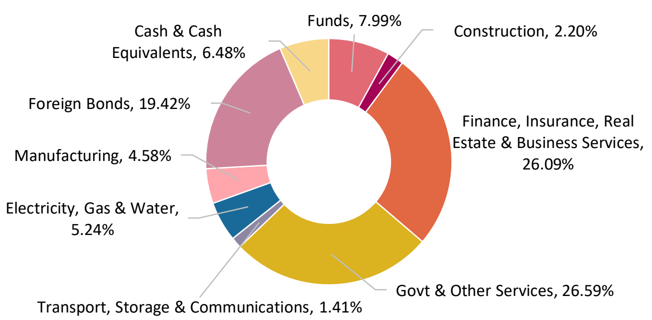
Fund Details

Unit NAV (31 December 2024)	:	RM 1.09851
Fund Size (31 December 2024)	:	RM 490.893 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

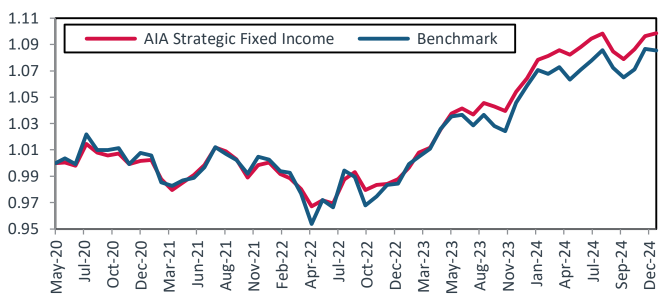
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	25.74%
2	DANAINFRA NASIONAL BHD	4.97%
3	AIA DIVERSIFIED FIXED INCOME FUND	4.49%
4	GENM CAPITAL BHD	3.52%
5	AIA US HIGH YIELD BOND FUND	3.50%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	0.21%	0.37%	3.22%	9.80%	N/A	9.85%
Benchmark*	-0.13%	0.70%	2.50%	8.26%	N/A	8.54%
Excess	0.33%	-0.32%	0.71%	1.53%	N/A	1.31%

^ 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)*

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

Market Review

Local Market Review

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 ("GII") 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 GII 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 Programmed to AAIS/stable from AA-IS/positive. Separately, RAM upgraded Press Metal Aluminum Holdings Berhad's MYR5.0 billion IMTN Programmed to AA1/stable from AA2/positive and Samalaju Industrial Port Sdn Bhd's MYR950 million Sukuk Murabahah Programmed rating to AAA(s)/stable from AA1/positive.

Foreign Market Review

Markets produced challenged results in December 2024, as the Fed took a more hawkish stance and investor sentiment waned. The US Treasury ("UST") 2Y yield rose 9 bps to 4.24%, while the UST 10Y yield rose 40 bps to 4.57%. Within spreads, USD investment grade tightened 1 bp to 82 bps, while USD high yield credit widened 18 bps to 292 bps.

In the monetary space, the year ended with central banks signaling cautious paths forward for monetary policy easing amid mixed data. Fed Chair Jerome Powell expressed the need for caution moving forward, and noted they were committed to a maximum level of inflation of 2%, and that current inflation was still above the target. The Bank of Japan ("BoJ") maintained their policy rate at 0.25% during the final meeting of the year. Policymakers assessed that the economy is likely to keep growing at a pace above its potential growth rate and CPI inflation to increase gradually, while uncertainties around Japan's economic activity and pricing remain high. The European Central Bank ("ECB") cut its deposit facility rate by 25 bps to 3%, and ECB President Christine Lagarde noted that the effects of restrictive monetary policy would be gradually fading over time.

Regarding macro prints, we saw a stronger US labour market as the month started with non-farm payrolls printing at +227k compared to expectations of +200k. Meanwhile, the unemployment rate printed at 4.2%, in line with expectations. US core Consumer Price Index ("CPI") printed at 3.3% YoY and headline CPI rose, printing at 2.7% YoY. Euro Area core inflation remained at 2.7% YoY in line with expectations, while headline inflation printed slightly below expectations at 2.2% YoY. Finally, the Eurozone flash composite PMIs printed at 49 in December 2024, pointing to broad stagnation.

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.