February 2025

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.

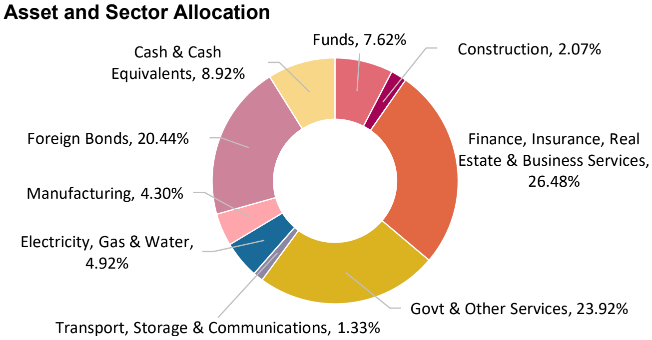
Fund Details

Unit NAV (28 February 2025)	:	RM 1.10924
Fund Size (28 February 2025)	:	RM 524.339 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

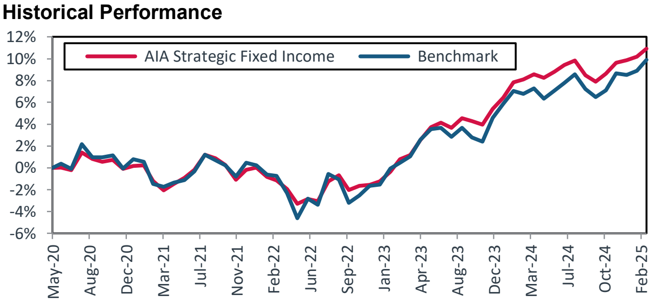
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	23.12%
2	DANAINFRA NASIONAL BHD	4.68%
3	AIA DIVERSIFIED FIXED INCOME FUND	4.28%
4	AIA US HIGH YIELD BOND FUND	3.34%
5	GENM CAPITAL BHD	3.32%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	0.67%	2.27%	2.61%	12.21%	N/A	10.92%
Benchmark*	0.92%	2.49%	2.92%	10.68%	N/A	9.89%
Excess	-0.26%	-0.22%	-0.31%	1.53%	N/A	1.03%

^ 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 mildly bull-steepened in February 2025. MGS yields traded in a relatively tight range despite the strong rally in US treasuries ("UST") where yields tumbled aggressively amidst safe-haven demand and heightened concerns on the impact of President Trump's trade policy on US economic growth. Domestically, ample liquidity from domestic investors continued to support the market at current levels. Foreign inflows spurred buying activity towards the end of the month but was quickly met with profit taking pressure which capped any meaningful movements in terms of yields. Additionally, domestic sentiment was also supported by a positive macro environment, boosted by a stronger-than-expected 4Q2024 Gross Domestic Product ("GDP") growth print and stable Consumer Price Index ("CPI") data in January 2025. On the currency front, Malaysian Ringgit ("MYR") weakened against the US Dollar ("USD") by 0.05% to MYR4.4625. MGS levels as at end February 2025 were: 3Y at 3.45% (-1 bp), 5Y at 3.60% (-1 bp), 7Y at 3.75% (-2 bps), 10Y at 3.79% (-2 bps), 15Y at 3.96% (-1 bp), 20Y at 4.06% (-) and 30Y at 4.18% (-).

Fixed income foreign flows registered a net inflow of MYR1.2 billion in January 2025 (December 2024: -MYR1.4 billion). Foreign holdings in MGS and Government Investment Issue ("GII") dipped to 21.1% in January 2025 (December 2024: 21.2%).

There were 4 government security auctions during the month: The 30Y MGS 3/53 reopening auction with a tender size of MYR2.5 billion with MYR2.0 billion private placement drew a bid-to-cover ("BTC") ratio of 2.360x at an average yield of 4.186%, the 7Y GII 10/31 reopening auction with a tender size of MYR5.0 billion drew a BTC of 2.867x at an average yield of 3.785%, the 20Y MGS 5/44 reopening auction with a tender size of MYR2.5 billion with MYR2.0 billion private placement drew a bid-to-cover ("BTC") ratio of 2.987x at an average yield of 4.068% and GII 8/30 new issue with a tender size of MYR5.5 billion drew a BTC of 3.165x at an average yield of 3.635%.

On the economic data front, Malaysia's foreign reserves increased to USD117.7 billion as of 15 February 2025 (31 January 2025: USD116.4 billion). The reserves are sufficient to finance 5.0 months of retained imports and 0.9x of short-term external debt. Malaysia's January 2025 headline inflation was unchanged at 1.7% Year-on-Year ("YoY") (December 2024: +1.7% YoY), supported by softening in information and communication services and clothing & footwear components. Core inflation was also steady at 1.8% YoY in January 2025 (December 2024: +1.8% YoY). Malaysia's exports moderated to 0.3% YoY in January 2025 (December 2024: +16.9% YoY) while imports grew 6.2% YoY (December 2024: +11.9% YoY). As a result, trade balance narrowed to MYR3.6 billion in January 2025 (December 2024: MYR19.1 billion). The Industrial Production Index for Malaysia increased by 4.6% YoY in December 2024 (November 2024: 3.6% YoY), driven by expansion across all sectors. The final reading of Malaysia's 4Q2024 GDP growth came in at 5.0% YoY (3Q24: 5.4% YoY), bringing the 2024 full year figure to 5.1% YoY (2023: 3.6% YoY). GDP growth was driven by strong domestic demand and a recovery in exports.

On the primary corporate bond space, notable issuances included MYR300 million Orkim Sdn Bhd iMTN, MYR250 million PKNS iMTN and MYR150 million WCT Holdings Bhd iMTN. On rating actions, RAM upgraded Malayan Cement Bhd's RM5.0 billion Sukuk Murabahah Programmed to AA1 from AA3 and MUFG Bank (Malaysia) Bhd's long-term financial institution rating to AAA from AA1. RAM also upgraded the outlook on the credit rating for YTL Corporation Bhd and YTL Power International Bhd from AA1 - Stable to AA1 – Positive.

Foreign Market Review

In February 2025, developments on U.S. trade policy fueled global uncertainty and drove volatility across financial markets. Tariff threats on a range of U.S. trading partners, including Mexico, Canada, and China, weighed on sentiment during the month. The monetary space was relatively quiet in February 2025 as most developed central banks did not have monetary policy meetings. Early in the month, the Bank of England lowered the Bank Rate by 25 bps to 4.50%, supported by the continued progress on slowing inflation and containing wage growth. While the medium-term outlook on inflation was improving, the Monetary Policy Committee also stressed that a gradual and careful approach to further cuts would be appropriate. The Reserve Bank of Australia finally joined its developed market peers as they cut rates for the first time in over four years, lowering the cash rate by 25 bps to 4.10%. In the press conference, Governor Michele Bullock continued to stress the upside risks on inflation and that the current market pricing for future rate cuts in 2025 was not consistent with their outlook.

Global investment grade credit posted positive returns for the month, underperforming like-duration government bonds, as spreads widened in February 2025. Investment grade credit spreads widened as tariff uncertainty impacted consumer and business sentiment, though total returns were supported by a decline in yields. Global high yield delivered positive returns with CCC-rated bonds outperforming B-rated bonds and BB-rated bonds from a total return perspective. High yield credit benefitted from solid corporate earnings results, supportive technical and declining yields.

Market Outlook

With recent US economic data releases coming in mixed, the trend for a moderation in inflation and a softening in the labour market has somewhat slowed. At the most recent US Federal Open Market Committee (" FOMC") meeting, the US Federal Reserve ("Fed") kept the interest rate unchanged, citing concerns on the progress of inflation and potential risks from fiscal and trade policies by President Trump's administration. With these uncertainties ahead, 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 President Trump's trade policies.