March 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.

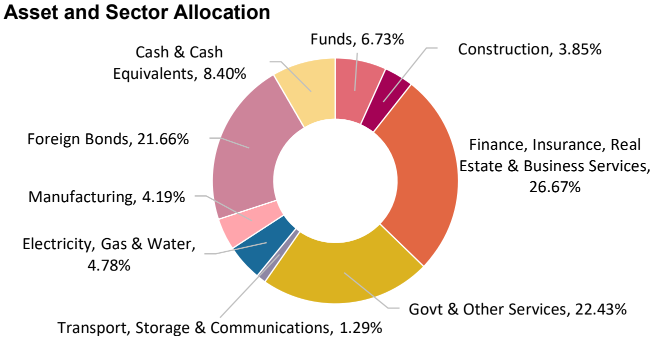
Fund Details

Unit NAV (31 March 2025)	:	RM 1.11208
Fund Size (31 March 2025)	:	RM 541.447 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

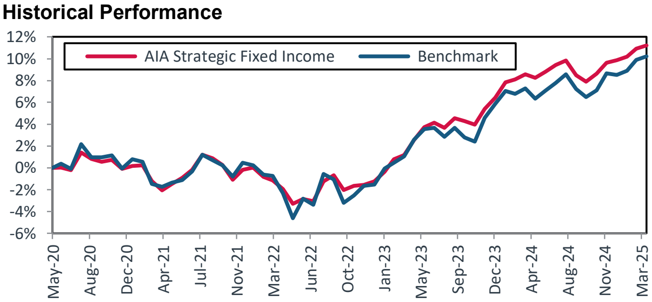
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	21.65%
2	DANAINFRA NASIONAL BHD	4.56%
3	AIA DIVERSIFIED FIXED INCOME FUND	4.12%
4	AMBANK (M) BHD	3.30%
5	GENM CAPITAL BHD	3.26%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	0.26%	3.08%	2.43%	13.43%	N/A	11.21%
Benchmark*	0.29%	3.48%	2.73%	12.81%	N/A	10.21%
Excess	-0.03%	-0.40%	-0.30%	0.62%	N/A	1.00%

^ 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 bull-steepened in March 2025. During the month, the US Federal Open Market Committee ("FOMC") voted to keep the federal funds target range unchanged at 4.25% to 4.50%, as broadly expected. Similarly, Bank Negara Malaysia ("BNM") also kept the overnight policy rate ("OPR") unchanged at 3.00% at the Monetary Policy Committee ("MPC") meeting. The language of the latest monetary policy statement by BNM was rather neutral and balanced in its views as the outlook for global growth, inflation and trade are subject to considerable uncertainties surrounding tariff and other policies from major economies and geopolitical developments. Domestically, Malaysia's economic activity is expected to be sustained in 2025, anchored by domestic demand. BNM added that the monetary policy stance remains supportive of the economy and consistent with current assessment of inflation and growth prospects. On the currency front, Malaysian Ringgit ("MYR") strengthened against the US Dollar ("USD") by 0.54% to MYR4.4383. MGS levels as at end March 2025 were: 3Y at 3.38% (-6 bps), 5Y at 3.56% (-4 bp), 7Y at 3.72% (-3 bps), 10Y at 3.78% (-1 bp), 15Y at 3.91% (-5 bp), 20Y at 3.99% (-7 bps) and 30Y at 4.14% (-3 bps).

Fixed income foreign flows registered a net outflow of MYR1.1 billion in February 2025 (January 2025: MYR1.2 billion). Foreign holdings in MGS and Government Investment Issue ("GII") dipped to 20.6% in February 2025 (January 2025: 21.1%).

There were 3 government security auctions during the month: The 15Y MGS 4/39 reopening auction with a tender size of MYR3.0 billion and MYR1.0 billion private placement drew a bid-to-cover ("BTC") ratio of 3.018x at an average yield of 3.956%, the 30Y GII 3/54 reopening auction with a tender size of MYR3.0 billion and MYR2.0 billion private placement drew a BTC ratio of 3.077x at an average yield of 4.169% and 10Y MGS 7/34 reopening auction with a tender size of MYR5.0 billion drew a BTC ratio of 1.67x at an average yield of 3.764%.

On the economic data front, Malaysia's foreign reserves decreased to USD117.5 billion as of 28 March 2025 (14 March 2025: USD118.0 billion). The reserves are sufficient to finance 4.9 months of retained imports and 0.9x of short-term external debt. Malaysia's headline inflation decelerated to 1.5% Year-on-Year ("YoY") in February 2025 (January 2025: 1.7% YoY). Increases in food & beverages, transport and housing, water, electricity, gas & other fuels were offset by declines in clothing & footwear and information & communication services. Core inflation rose slightly to 1.9% YoY in February 2025 (January 2025: 1.8% YoY). Malaysia's exports grew 6.2% YoY in February 2025 (January 2025: 0.3%) driven by firmer manufacturing and agriculture growth. Imports grew steadily at 5.5% YoY in February 2025 (January 2025: 6.2%) on stronger imports of intermediate goods, consumption goods and capital goods. As a result, trade balance widened to MYR12.6 billion (January 2025: MYR3.7 billion). Malaysia's industrial production index increased at a slower rate of 2.1% YoY in January 2025 (December 2024: 4.6% YoY). The manufacturing indices led the growth by 3.7% YoY, partially offset by the mining and electricity sectors at -3.1% YoY and -0.1% YoY respectively.

On the primary corporate bond space, notable issuances included MYR1.5 billion Press Metal Aluminum Holdings Bhd IMTN, MYR750 million OSK Rated Bond Sdn Bhd IMTN and MYR700 million IJM Treasury Management Sdn Bhd IMTN. On rating actions, RAM upgraded Exsim Capital Resources Bhd's MYR300 million Tranche 3 IMTN (2022/2026) to AAA/Stable from AA3/Stable, revised Gamuda Bhd and its subsidiaries outlook on the long-term ratings of debt programs to positive from stable and downgraded Telekosang Hydro One Sdn Bhd's MYR470 million ASEAN Green SRI Sukuk (2019/2037) (Senior Sukuk) to A1/Stable from AA3/Negative and MYR120 million ASEAN Green Junior Bonds (2019/2039) to BBB1/Stable from A2/Negative. Separately, MARC upgraded Segi Astana Sdn Bhd's MYR415 million ASEAN Green Medium-Term Notes (MTN) to AA-/Stable from A+/Positive and upgraded the ratings outlook of Leader Energy Sdn Bhd's outstanding MYR215.0 million ASEAN Green Sustainable and Responsible Investment ("SRI") Sukuk Wakalah to positive from stable.

Foreign Market Review

U.S. trade policy amplified global market volatility and economic uncertainty in March 2025, as developed market bond yields broadly rose. In the US, further tariffs imposed on Canada, Mexico, and China, and the threat of reciprocal tariffs on global trade partners weighed on sentiment. In Europe, Germany announced new fiscal measures on defense and infrastructure spending, while amending the constitutional debt brake rule which had previously restricted government borrowing. The US 2Y yield fell 11 bps to 3.88%, while the US 10Y yield remained unchanged at 4.21%. Within credit spreads, USD investment grade widened 9 bps to 97 bps, while USD high yield spreads widened 68 bps to 355 bps.

In the monetary space, global trade uncertainty weighed on central banks across developed markets. At the same time, it revises its U.S. growth forecast downward and raised its inflation projection. The Bank of Japan ("BoJ") followed the same path by keeping its policy rate unchanged amid "high uncertainties" on the global trade policy front. The European Central Bank ("ECB") reduced its benchmark interest rate by 25 bps to 2.50% while also indicating a potential slowdown in its rate-cutting cycle and revising downward the growth forecast. Regarding macro prints, US non-farm payrolls data showed total job increase of +151k compared to the +160k expected by analysts. Meanwhile, the US unemployment rate rose to 4.1%, above expectations of 4.0%. US core Consumer Price Index ("CPI") fell to 3.1% YoY and headline CPI also fell, printing at 2.8%YoY.

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 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.