April 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.

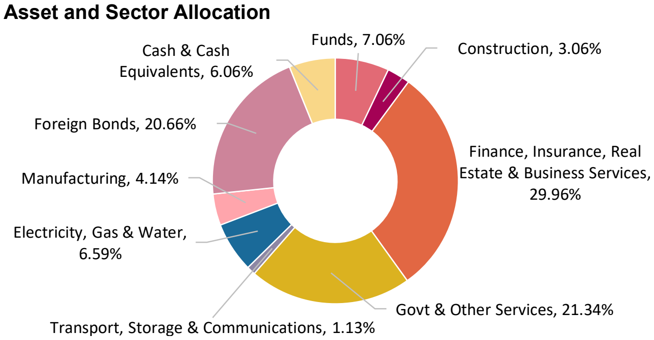
Fund Details

Unit NAV (30 April 2025)	:	RM 1.11007
Fund Size (30 April 2025)	:	RM 550.831 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

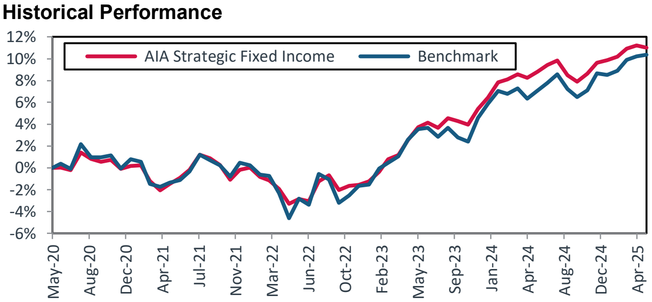
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	20.57%
2	DANAINFRA NASIONAL BHD	4.53%
3	AIA DIVERSIFIED FIXED INCOME FUND	3.96%
4	AMBANK (M) BHD	3.24%
5	GENM CAPITAL BHD	3.22%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	-0.18%	2.18%	2.56%	14.78%	N/A	11.01%
Benchmark*	0.16%	3.04%	3.80%	15.71%	N/A	10.38%
Excess	-0.34%	-0.86%	-1.24%	-0.92%	N/A	0.63%

^ 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 April 2025. US trade policies under the new Trump administration amplified global market volatility and economic uncertainties, setting off a risk-off flight away from Equities and US assets including the US dollar ("USD") and US treasuries. This shift benefited other markets, including Malaysia's fixed income market, as investors sought stability. Locally, expectations for a cut in overnight policy rate ("OPR") by Bank Negara Malaysia ("BNM") on growth concerns from external headwinds also drove MGS yields lower during the month. On the currency front, Malaysian ringgit ("MYR") strengthened against the USD by 2.8% to MYR4.3158. MGS levels as at end April 2025 were: 3Y at 3.25% (-16 bps), 5Y at 3.37% (-20 bps), 7Y at 3.55% (-16 bps), 10Y at 3.66% (-11 bps), 15Y at 3.80% (-11 bps), 20Y at 3.91% (-9 bps) and 30Y at 4.06% (-9 bps).

Fixed income foreign flows registered a net inflow of MYR3.2 billion in March 2025 (February 2025: -MYR1.1 billion). Foreign holdings in MGS and government investment issue ("GII") rose to 20.9% in March 2025 (February 2025: 20.6%).

There were 3 government security auctions during the month: The 15Y GII 7/40 reopening auction with a tender size of MYR3.0 billion and MYR1.0 billion private placement drew a bid-to-cover ("BTC") ratio of 3.362x at an average yield of 3.748%, the 3Y MGS 4/28 reopening auction with a tender size of MYR5.0 billion drew a BTC ratio of 3.177x at an average yield of 3.467% and 10Y GII 4/35 new issue with a tender size of MYR5.0 billion drew a BTC ratio of 1.995x at an average yield of 3.612%.

On the economic data front, Malaysia's foreign reserves rose to USD118.4 billion as of 15 April 2025 (28 March 2025: USD117.5 billion). The reserves position is sufficient to finance 4.9 months of imports of goods and services and is 0.9 times of the total short-term external debt. Malaysia's headline inflation decelerated to 1.4% Year-on-Year ("YoY") (February 2025: +1.5% YoY), undershooting expectations. This marked the lowest level since February 2021 and was tempered by slower price gains in non-food items (i.e. household equipment, utilities, jewellery and restaurant & accommodation services) amid steady food prices. Core inflation, which excludes volatile fresh food prices and price-administered goods, held steady at 1.9% YoY. Malaysia's exports grew 6.8% YoY in March 2025 (February 2025: 6.2% YoY) driven by higher demand for manufactured goods, notably electrical and electronic ("E&E") products, as well as agriculture goods. Imports declined 2.8% YoY in March 2025 (February 2025: +5.5% YoY) on lower imports of intermediate goods and capital goods. As a result, trade balance widened to MYR24.7 billion (February 2025: MYR12.6 billion). Malaysia's industrial production index for February 2025 grew 1.5% YoY, a moderation from 2.1% YoY in January 2025. The manufacturing sector grew 4.8% YoY, but this was partly offset by a decline in the Mining (-8.9% YoY) and Electricity (-2.8% YoY) sectors.

On the primary corporate bond space, notable issuances included MYR2.1 billion Pengurusan Air SPV IMTN, MYR1.5 billion Cagamas IMTN and MYR800 million Sime Darby Property IMTN. On rating actions, RAM upgraded Perbadanan Kemajuan Negeri Selangor's ("PKNS") MYR3 billion IMTN to AA1/Stable from AA3/Stable. Separately, MARC revised its rating outlook on Sinar Kamiri Sdn Bhd's MYR170.0 million ASEAN Green Sustainable and Responsible Investment ("SRI") Sukuk Wakalah to positive from stable. Concurrently, the AA-IS rating on the Sukuk Wakalah has been affirmed.

Foreign Market Review

In April 2025, the U.S. intensified its trade policy by announcing tariffs on multiple imports, raising concerns over escalating global trade tensions. On Liberation Day (2nd April 2025), US President Trump announced a universal baseline tariff of 10% on all imports into the US and higher reciprocal tariffs for those countries with whom the US has large goods trade deficits. Despite a later announced 90-day pause, trade disputes persisted with key partners such as the European Union and China, contributing to ongoing market volatility. The US 2Y yield fell 28 bps to 3.60%, while the US 10Y yield closed the month 4 bps lower at 4.16%. Within credit spreads, USD investment grade widened 12 bps to 109 bps while USD high yield spreads widened 39 bps to 394 bps.

Central banks in developed economies maintained cautious policies amid ongoing economic challenges and uncertain outlooks driven by trade tensions. The US Federal Reserve ("Fed") maintained its target for the federal funds rate at 4.25%-4.50%, signaling a cautious and patient approach while acknowledging ongoing challenges posed by elevated inflation and global economic uncertainties. The Bank of England ("BoE") also maintained the Bank Rate stable at 4.50%, while the European Central Bank ("ECB") reduced its benchmark rate by another 25bps cut to 2.25%. The ECB highlighted ongoing concerns about slowing economic growth in the Eurozone, driven in part by persistent global trade uncertainties and geopolitical risks. Meanwhile, the Bank of Canada left the policy rate unchanged at 2.75% while noting that tariff-related uncertainty is slowing the Canadian economy, weakening consumer spending, business investment, and labour market recovery. Regarding macro prints, US Q12025 Gross Domestic Product ("GDP") surprised to the downside, (-0.3% Quarter-on-Quarter (QoQ)), largely driven by imports frontloading. On the labour front, non-farm payrolls printed at +228k (vs. +135k expected). Meanwhile, the unemployment rate rose to 4.2% (above expectations of 4.1%). U.S. core Consumer Price Index ("CPI") printed at 2.8% YoY (below expectations) and headline CPI fell, printing at 2.4% YoY (below expectations).

Credit returns were modestly positive, with Global investment-grade and high yield returning 0.5% and 0.1%, respectively. While investment-grade and high yield spreads widened as much as 19 and 103 bps respectively, immediately following the 2nd of April 2025 tariff announcements, they have since retraced; spreads are currently just ~11 and ~40 bps wider for investment-grade and high yield, respectively, over the month.

Market Outlook

The reciprocal tariffs unveiled by President Trump on Liberation Day was far more onerous than market expectations. With the US effective tariff rate at above 20%, the economy is at higher risk of a recessionary or stagflation scenario, though there is still much uncertainty and room for tariffs negotiation. Domestically, the reciprocal tariff rate of 24% would most likely weigh on growth. Inflation impact would likely be muted, barring any upside risks to inflation from subsidy reform measures. Against this backdrop, BNM may join global central banks in monetary policy easing as a pre-emptive move to support growth. Going forward, we expect market to be highly sensitive to further developments on tariffs and key economic data releases.