May 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.

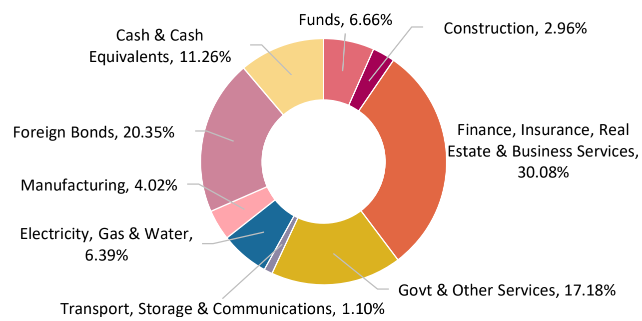
Fund Details

Unit NAV (31 May 2025)	:	RM 1.11281
Fund Size (31 May 2025)	:	RM 572.065 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

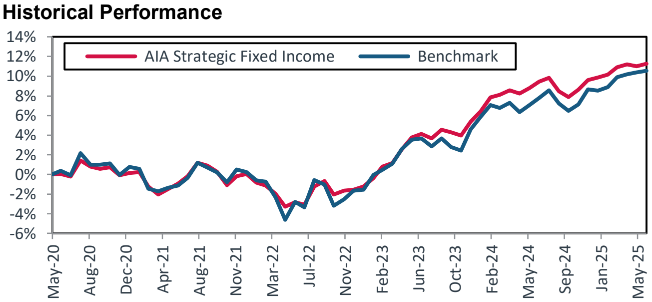
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	16.43%
2	DANAINFRA NASIONAL BHD	6.34%
3	AIA DIVERSIFIED FIXED INCOME FUND	3.74%
4	GENM CAPITAL BHD	3.14%
5	AMBANK (M) BHD	3.12%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	0.25%	1.51%	2.28%	14.51%	N/A	11.28%
Benchmark*	0.16%	1.73%	3.24%	13.72%	N/A	10.56%
Excess	0.09%	-0.22%	-0.96%	0.79%	N/A	0.73%

^ 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 May 2025. US trade policies under the new Trump administration continued to influence global rates as US Treasury yields rose sharply during the month. The de-escalation of trade tensions between the U.S. and China boosted investor confidence, prompting a shift away from safe-haven assets like Treasuries toward riskier investments. Domestically, the market was boosted by a dovish signal by Bank Negara Malaysia ("BNM"). Although BNM kept the overnight policy rate ("OPR") on hold at the May 2025 Monetary Policy Committee ("MPC") meeting, the statement reflected heightened uncertainty on economic growth. Additionally, BNM cut the statutory reserve ratio ("SRR") by 100 bps to inject liquidity into the banking system and support financial stability. On the currency front, Malaysian ringgit ("MYR") strengthened against the US dollar ("USD") by 1.36% to MYR4.2568. MGS levels as at end May 2025 were: 3Y at 3.15% (-11 bps), 5Y at 3.19% (-18 bps), 7Y at 3.39% (-16 bps), 10Y at 3.53% (-12 bp), 15Y at 3.70% (-11 bp), 20Y at 3.80% (-11 bps) and 30Y at 4.03% (-3 bps).

Fixed income foreign flows registered a net inflow of MYR10.2 billion in April 2025 (March 2025: +MYR3.2 billion). Foreign holdings in MGS and government investment issue ("GII") rose to 21.4% in April 2025 (March 2025: 20.9%).

There were 2 government security auctions during the month: The 5Y MGS 5/30 new issue auction with a tender size of MYR5.0 billion drew a bid-to-cover ("BTC") ratio of 2.133x at an average yield of 3.336% and the 20Y GII 5/45 new issue auction with a tender size of MYR3.0 billion with a MYR2.0 billion private placement drew a BTC ratio of 3.318x at an average yield of 3.775%.

On the economic data front, Malaysia's foreign reserves increased to USD119.1 billion as of 15 May 2025 (31 April 2025: USD118.7 billion). The reserves position is sufficient to finance 5.0 months of imports of goods and services and is 0.9 times the total short-term external debt. In April 2025, headline inflation remained unchanged at 1.4% Year-on-Year ("YoY") (March 2025: 1.4% YoY), while core inflation edged higher to 2% YoY (March 2025: 1.9% YoY). Higher core inflation was contributed by core components including mobile communication services, jewelry and watches, as well as air passenger transport. Gross exports grew by 16.4% YoY (March 2025: 6.8% YoY) mainly due to continued strong expansion of electrical and electronic ("E&E") exports, further supported by a rebound in non-E&E and commodities exports. Imports expanded by 20% YoY (March 2025: -2.9% YoY), amidst a sharp growth of capital imports. As a result, trade surplus narrowed to MYR5.2 billion. Industrial production index for March 2025 grew 3.2% YoY (February 2025: 1.5% YoY). Growth was supported by the manufacturing and mining sectors which grew 4.0% YoY and 1.9% YoY, respectively.

On the primary corporate bond space, notable issuances included MYR1.0 billion Maybank Islamic IMTN, MYR880 million Imtiaz II IMTN and MYR750 million Maybank Subordinated Sukuk. On rating actions, MARC Ratings has upgraded its rating on Grand Sepadu (NK) Sdn Bhd's MYR210 million Sukuk Murabahah to AA from AA-, citing strengthened financial profile, driven by ongoing debt reduction, consistent traffic demand and cash flow generation. Additionally, MARC Ratings affirmed its ratings on WCT Holdings Berhad's ("WCT") debt and sukuk programmes, and revised the ratings outlook to positive from stable, citing potential improvement in the group's balance sheet from WCT's disposal of three mall assets into Paradigm REIT.

Foreign Market Review

Market volatility remained elevated in May 2025, partly driven by trade policy uncertainties and fiscal concerns. Initial optimism stemming from potential tariff agreements was tempered by renewed U.S. and China trade tensions later in the month and worries over the U.S. fiscal outlook. The latter was exacerbated by Moody's U.S. credit downgrade and President Trump's "One Big Beautiful Bill" passing through the House of Representatives.

Sovereign bond yields rose across major markets amid these developments. Risk assets posted generally positive performance, signaling improved risk sentiment. During the month, central banks continued to adopt a prudent stance, amid unpredictable economic environment and uncertainty. The US Federal Reserve ("Fed") maintained its target range for the federal funds rate at 4.25%-4.50% for a third consecutive meeting, with policymakers recognizing risks on both sides of the dual mandate, with increased risks of higher unemployment and higher inflation. The Bank of England ("BOE") reduced the Bank Rate by 25 bps to 4.25%, the decision reflecting continued disinflation progress as external shocks eased and tight policy helped anchor inflation expectations. The Bank of Japan ("BoJ") maintained its policy rate at 0.5%, amid rising trade uncertainty, while the People's Bank of China ("PBoC") announced further stimulus measures, including the expansion of lending facilities and a cut to the required reserve ratio. The PBoC also reduced the one-year loan prime rate ("LPR") and five-year LPR by 10 bps to 3.0% and 3.5%, respectively.

Market Outlook

Despite the recent de-escalation of trade tensions between China and the US where additional tariffs were put on hold for 3 months, there is still much uncertainty on the potential economic impact of the trade war as negotiations continue between the US and its trade partners. Domestically, Malaysia's growth will likely be weighed by weakening external demand. Inflation impact would likely be muted, barring any upside risks to inflation from subsidy reform measures. Against this backdrop, BNM is expected to cut the policy rate in 2H2025 which should be supportive for the MGS market. However, we continue to expect volatility in the immediate term as the market reacts to further developments on US trade tariffs and key economic data releases.