



June 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.

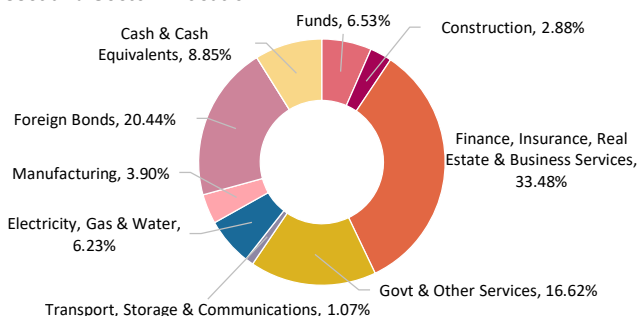
Fund Details

Unit NAV (30 June 2025)	: RM 1.11633
Fund Size (30 June 2025)	: RM 588.706 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

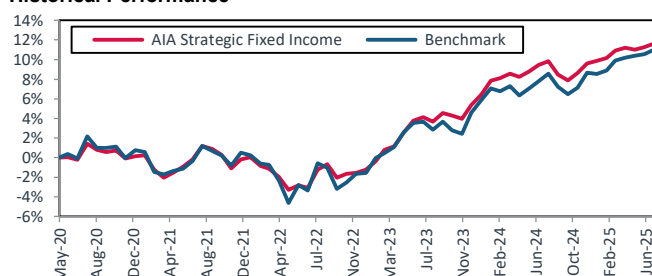
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	15.89%
2	DANAINFRA NASIONAL BHD	6.15%
3	AIA DIVERSIFIED FIXED INCOME FUND	3.66%
4	GENM CAPITAL BHD	3.05%
5	AMBank (M) BHD	3.03%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund ^A	0.32%	1.62%	2.00%	15.15%	11.86%	11.63%
Benchmark [*]	0.41%	2.28%	3.00%	14.85%	11.11%	11.01%
Excess	-0.10%	-0.66%	-1.00%	0.30%	0.75%	0.62%

^A 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 experienced a bear flattening trend early in the month as offshore investors and dealers actively took profit at the belly of the curve ahead of auctions, while onshore investors selectively bought longer tenors. Sentiment shifted mid-month with a rally across the curve driven by the de-escalation between Israel and Iran tensions coupled with softer Malaysian Consumer Price Index ("CPI") data, culminating in strong demand at the 10Y MGS auction. On the currency front, Malaysian ringgit ("MYR") strengthened against the US dollar ("USD") by 1.09% to MYR4.2102. MGS levels as at end June 2025 were: 3Y at 3.14% (-2 bps), 5Y at 3.20% (+1 bp), 7Y at 3.40% (+1 bp), 10Y at 3.49% (-4 bps), 15Y at 3.70% (-), 20Y at 3.78% (-2 bps) and 30Y at 4.00% (-3 bps).

Fixed income foreign flows registered continued inflow of MYR13.4 billion in May 2025 (April 2025: +MYR10.2 billion). Foreign holdings in MGS and Government Investment Issue ("GII") rose to 22.5% in May 2025 (April 2025: 21.4%).

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 private placement of MYR1.0 billion drew a bid-to-cover ("BTC") ratio of 2.857x at an average yield of 3.712%; the 30Y GII 3/54 reopening auction with a tender size of MYR3.0 billion and private placement of MYR2.0 billion drew a BTC ratio of 3.295x at an average yield of 4.01%; and the 10Y MGS 7/35 new issue auction with a tender size of MYR5.0 billion drew a BTC ratio of 3.008x at an average yield of 3.476%.

On the economic data front, Malaysia's foreign reserves increased by USD0.3 billion to USD119.9 billion as of 13 June 2025 (30 May 2025: USD119.6 billion). The reserves are sufficient to finance 5 months of retained imports and 0.9x of short-term external debt. Malaysia's headline inflation eased to 1.2% Year-on-Year ("YoY") in May 2025 (April 2025: 1.4% YoY). The deceleration was broad based across most CPI sub-indices, notably Personal Care, Social Protection & Miscellaneous Goods & Services, Education, and Food & Beverages. Core inflation dipped to 1.8% YoY in May 2025 (April 2025: 2.0% YoY). Malaysia's exports declined by 1.1% YoY in May 2025 (April 2025: +16.4% YoY) amid a pullback in front-loading activities ahead of the expiry of a 90-day truce in US reciprocal tariffs. Imports grew steadily at 6.6% YoY in May 2025 (April 2025: 20.0% YoY) on stronger imports of capital goods, partially offset by consumption and intermediate goods. As a result, trade balance narrowed to MYR0.77 billion (April 2025: MYR5.1 billion), the lowest monthly level since November 1997. Malaysia's industrial production index increased at a slower rate of 2.7% YoY in April 2025 (March 2025: 3.2% YoY). The manufacturing indices led the growth by 5.6% YoY, partially offset by the mining and electricity sectors at -6.3% YoY and -1.6% YoY respectively.

On the primary corporate bond space, notable issuances included MYR1.75 billion Saracap Ventures Sdn Bhd MTN, MYR900 million RHB Bank Bhd IMTN, MYR845 million Paradigm Capital Bhd MTN and MYR500 million YTL Power International Bhd IMTN. On rating actions, MARC Ratings has upgraded its rating on Exsim Capital Resources Bhd's MYR365 million Tranche 5 IMTN to AA2/Positive from AA3/Stable. Separately, RAM Ratings has revised the outlook on the AA3 rating of Cypark Ref Sdn Bhd's MYR550 million SRI Sukuk Murabahah Programme to stable from negative while concurrently affirming the rating.

Foreign Market Review

In June 2025, uncertainty persisted amid rising geopolitical tensions and continued concerns around public debt levels. Oil prices surged while trade tensions lingered. Meanwhile, US fiscal concerns intensified as President Trump's "One Big Beautiful Bill" faced legislative hurdles, while raising questions about its impact on the federal deficit and Treasury yields. In Europe, Germany's draft budget plans were approved by the cabinet, in line with previous announcements to increase public spending. Against this backdrop, sovereign bond yields returned mixed performances across major markets. Within credit spreads, USD investment grade tightened by 6 bps to 86 bps.

During the month, central banks largely kept policy rates on hold, with some adopting a more hawkish tone, yet all remained mindful of economic uncertainty. The US Federal Reserve ("Fed") maintained its target range for the federal funds rate at 4.25% to 4.50% for a 4th consecutive meeting, considering the continued uncertainty over the impact of tariffs and waiting for more clarity on economic activity and inflation. The Bank of England ("BOE") also left the Bank Rate on hold at 4.25%. The European Central Bank ("ECB") cut rates by 25 bps, taking the deposit rate to 2%. The rate cut was accompanied by President Lagarde signaling the end of a monetary policy cutting cycle and thus supporting a hawkish narrative, while remaining committed to maintaining inflation around the 2% medium-term target. The Bank of Japan ("BoJ") maintained its policy rate at 0.5%. Further, BoJ announced it intends to slow the rate of reduction of monthly Japanese Government Bonds ("JGBs") purchases starting from April 2026 and will assess the pace of quantitative tightening at the June 2026 meeting. Regarding macro prints, US non-farm payrolls printed at +139k (vs. +130k expected). Meanwhile, the unemployment rate remained at 4.2%. US core CPI remained at 2.8% YoY while headline CPI rose 2.4% YoY.

Market Outlook

Malaysia's economic outlook remains cautious amid persistent global uncertainties. Although geopolitical tensions have eased and trade negotiations between the US and China are ongoing, external demand remains weak, weighing on Malaysia's export performance. Following Bank Negara Malaysia ("BNM")'s May 2025 Monetary Policy Committee ("MPC") meeting, the central bank highlighted downside risks to growth due to softer global demand, elevated uncertainty, and early signs of moderation in private consumption and investment. Against this backdrop, BNM is expected to cut the policy rate in 2H2025, which should be supportive for the local bond market. However, volatility is likely to persist in the near term as markets react to further developments in trade negotiations and key economic data releases.

This document is for informational use only. Investments are subject to investment risks including the possible loss of the principal amount invested. The value of the units may fall as well as rise. Past performance of the fund is not an indication of its future performance. This is not a pure investment product such as unit trust and please evaluate the options carefully and satisfy that the Investment-Linked Insurance / Takaful plan chosen meets your risk appetite. Please refer to the Fund Fact Sheet for more information about the fund.