



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.

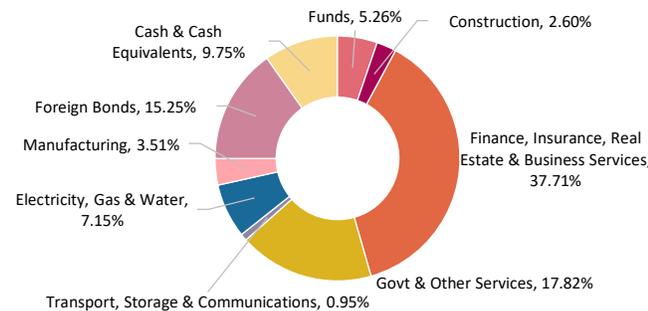
Fund Details

Unit NAV (31 October 2025)	: RM 1.12902
Fund Size (31 October 2025)	: RM 653.290 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

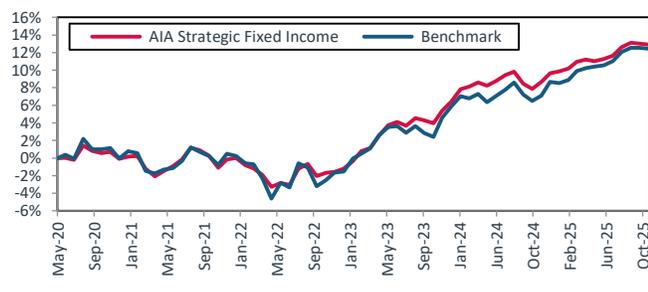
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	15.66%
2	DANAINFRA NASIONAL BHD	4.55%
3	CIMB GROUP HOLDINGS BHD	3.28%
4	DANUM CAPITAL BHD	3.10%
5	YINSON HOLDINGS 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	-0.10%	1.71%	3.92%	14.81%	12.09%	12.90%
Benchmark [*]	-0.09%	1.87%	4.97%	15.35%	11.17%	12.44%
Excess	0.00%	-0.16%	-1.04%	-0.54%	0.91%	0.46%

^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 bear steepened in October 2025, with the sell-off initially triggered by a disappointing 30-year MGS 7/55 reopening auction. The bond auction printed an average yield of 4.019% with a longer-than-expected tail of 4.085%. The market weakness was compounded later by a strong 3Q2025 advanced Gross Domestic Product ("GDP") estimate, which dampened expectations of a further rate cut by Bank Negara Malaysia ("BNM"), as well as a weak 20-year MGS 5/44 auction towards the end of the month. The 25-bps cut by the US Federal Open Market Committee ("FOMC") failed to lift sentiment as US Federal Reserve ("Fed") Chair Jerome Powell sounded more hawkish than expected in the post-FOMC meeting press conference. Some dip-buying eventually emerged, which led to the partial recovery in yields. On the currency front, Malaysian ringgit ("MYR") strengthened against the US dollar ("USD") by 0.44% to MYR4.1885. MGS levels as at end-October 2025 were: 3-year at 3.12% (-), 5-year at 3.24% (+2 bps), 7-year at 3.46% (+4 bps), 10-year at 3.50% (+4 bps), 15-year at 3.74% (+7 bps), 20-year at 3.92% (+12 bps) and 30-year at 4.01% (+9 bps).

Fixed income foreign net outflows totalled MYR6.8 billion in September 2025 (August 2025: +MYR3.0 billion), bringing Year-to-Date ("YTD") foreign net inflows to MYR12.1 billion. Foreign holdings in MGS and Government Investment Issue ("GI") decreased to 20.9% in September 2025 (August 2025: 21.3%).

There were 3 government security auctions during the month: The 30-year MGS 7/55 reopening auction with a tender size of MYR3 billion and MYR2 billion public placement drew a bid-to-cover ("BTC") ratio of 1.380x at an average yield of 4.019%; the 5-year GII 8/30 reopening auction with a tender size of MYR5.0 billion drew a BTC ratio of 2.814x at an average yield of 3.217%; and the 20-year MGS 5/44 reopening auction with a tender size of MYR2.5 billion and MYR2.0 billion private placement drew a BTC ratio of 1.697x at an average yield of 3.978%.

On the economic data front, Malaysia's foreign reserves rose to USD123.6 billion as of 30 September 2025 (29 August 2025: USD122.7 billion). The reserves position is sufficient to finance 4.8 months of imports of goods and services and cover 0.9x of total short-term external debt. Malaysia's headline Consumer Price Index ("CPI") grew 1.5% Year-on-Year ("YoY") in September 2025 (August 2025: +1.3% YoY). The uptick was mainly driven by higher food prices, housing and utilities, transport, and miscellaneous goods and services. Despite the recent uptick, inflation stayed modest, averaging 1.4% in January-September 2025. Core inflation, which excludes volatile fresh food prices and price-administered goods, trended higher to a near two-year high at 2.1% in September 2025 (August 2025: 2.0%). This brings the YTD average to 1.9%. Malaysia's exports grew 12.2% YoY in September 2025 (August 2025: +1.9% YoY), driven by growth across all sectors. Imports grew 7.3% YoY (August 2025: -5.9% YoY). As a result, trade surplus widened to MYR19.9 billion in September 2025 (August 2025: MYR16.1 billion). Malaysia's Industrial Production rose 4.9% YoY in August 2025 (July 2025: +4.2% YoY). The expansion was attributed to growth of the mining sector at 16.8% YoY (July 2025: +4.3% YoY) and increase in the manufacturing sector of 2.8% YoY (July 2025: +4.4% YoY), while growth in the electricity sector remained stable at 1.6% YoY (July 2025: +1.6% YoY).

Malaysia's Budget 2026 was tabled during the month. Key highlights include: 1) GDP growth forecasts of 4.0-4.5% for 2026 (2025: 4.0-4.8% growth forecast), 2) Fiscal deficit is expected to reduce to 3.5% of GDP in 2026 (2025: 3.8% of GDP), 3) Headline inflation is expected to range between 1.3-2.0% in 2026 (2025: 1.0-2.0%). The budget is mildly expansionary, with net development expenditure rising to MYR79.5 billion from MYR78.8 billion and total expenditure rising to MYR419.2 billion from MYR412.2 billion.

On the primary corporate bond space, notable issuances included MYR1.5 billion Air Selangor iMTN, MYR1.35 billion Pantai Holdings iMTN and MYR1.5 billion Sarawak Energy iMTN. In terms of credit ratings, MARC upgraded MBSB Bank Berhad's Structured Covered Sukuk Murabahah Tranche 4 rating to AA+IS, with a stable outlook. Separately, it has also revised Orkim Berhad's iMTN Programme outlook to positive from stable.

Foreign Market Review

Markets navigated an eventful October 2025, shaped by renewed US-China tensions and ongoing fiscal challenges. Early in the month, pressure from tighter controls on rare earth materials and chip exports initially weighed on sentiment, but an agreement on a one-year trade deal helped stabilize markets and opened the door for further trade talks. Within the US, the government shutdown disrupted the release of certain key economic indicators, complicating macro assessments. The US Treasury ("UST") 2-year yield fell 3 bps to 3.57%, while the 10-year yield fell 7 bps to 4.08%. Within credit spreads, USD investment grade widened 4 bps to 80 bps, and USD high yield spreads widened 14 bps to 294 bps.

In October 2025, the 25bps cut are by two different central banks (US Fed and Bank of Canada). Suggest retaining both. Bringing the federal funds target range to 3.75%-4.00% and announced it will end its quantitative tightening program in December 2025. Chair Powell emphasized that further cuts would depend on clear signs of labour market weakness and noted that a December cut is not a foregone conclusion. The Bank of Canada also lowered its policy rate by 25 bps to 2.25% in response to weaker growth, softer labour conditions, and persistent trade related uncertainty, noting that while inflation remains contained, structural damage from US tariffs continues to weigh on Canada's economic outlook. Regarding macro prints, the US government shutdown disrupted the release of labour market data during the month, including non-farm payrolls and unemployment rate estimates. However, September 2025 inflation prints were released: US core CPI fell to 3.0% (August 2025: 3.1% YoY) while headline CPI rose to 3.0% (August 2025: 2.9% YoY).

Market Outlook

There is now greater clarity on the trade front with the announcement of the 19% reciprocal tariff rate imposed by the US on Malaysian goods. While external risks still persist, Malaysia's proactive policy measures and resilient domestic fundamentals provide a constructive backdrop for the local bond market heading into 2026. A dovish global monetary stance, particularly from the Fed, is likely to support MYR and foreign inflows. Domestically, BNM reduced the overnight policy rate ("OPR") by 25 bps from 3.00% to 2.75% in July 2025 as a pre-emptive measure to preserve Malaysia's growth path during slowing inflation prospects. For now, BNM will likely keep the OPR unchanged as it awaits more economic data to guide its next policy move. That said, there remains room for BNM to further ease, perhaps beyond 2025, should there be signs of further downside risk to growth.