



# 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.

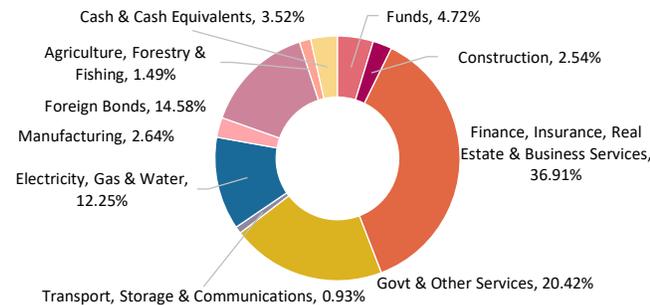
## Fund Details

Unit NAV (31 December 2025)	: RM 1.12804
Fund Size (31 December 2025)	: RM 668.226 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

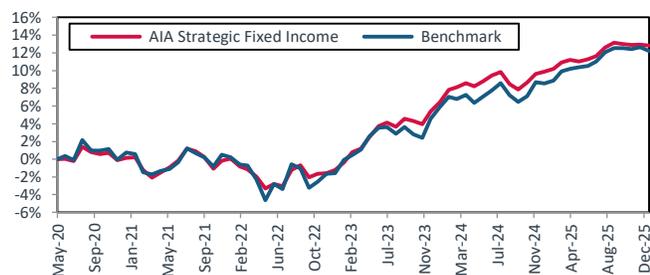
## Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	18.31%
2	YINSON HOLDINGS BHD	5.95%
3	DANAINFRA NASIONAL BHD	4.50%
4	CIMB GROUP HOLDINGS BHD	3.18%
5	DANUM CAPITAL BHD	3.03%

## Asset and Sector Allocation



## Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund <sup>a</sup>	-0.13%	1.05%	2.69%	14.20%	12.62%	12.80%
Benchmark <sup>a</sup>	-0.39%	1.05%	3.36%	13.93%	11.30%	12.18%
Excess	0.26%	0.00%	-0.67%	0.26%	1.32%	0.63%

<sup>a</sup> 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.

<sup>\*</sup> 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 traded mixed in the final month of the year amid thin liquidity caused by typical year-end seasonality. As broadly expected, the US Federal Open Market Committee ("FOMC") lowered the federal funds target range by 25 basis points ("bps") to 3.50%-3.75%. The decision included two hawkish dissents and one dovish dissent, also in line with expectations. The FOMC's latest summary of economic projections were little changed compared to September 2025 projections. US Federal Reserve ("Fed") chairman Jerome Powell's remarks leaned neutral, as he emphasized that the time for risk management cuts has passed, and that further easing would require a material deterioration in the labour market conditions. On the currency front, the Malaysian ringgit ("MYR") emerged as one of the strongest regional currencies, appreciating against the US dollar ("USD") by 1.75% Month-to-Date ("MTD") and 9.21% Year-to-Date ("YTD"), finishing the year at MYR4.06. MGS levels as at end-December 2025 were: 3-year at 3.00% (-2 bps), 5-year at 3.25% (2 bps), 7-year at 3.38% (-6 bps), 10-year at 3.51% (4 bps), 15-year at 3.76% (3 bps), 20-year at 3.86% (-) and 30-year at 3.98% (-).

Fixed income foreign net inflows totaled MYR6.1 billion in November 2025 (October 2025: MYR4.4 billion), bringing YTD foreign net inflows to MYR22.6 billion. Foreign holdings in MGS and Government Investment Issue ("GI") increased to 21.4% in November 2025 (October 2025: 21.3%).

There was 1 government security auction during the month: The 10-year MGS 7/35 reopening auction with a smaller than expected tender size of MYR3.0 billion drew a bid-to-cover ("BTC") ratio of 1.924x at an average yield of 3.572%.

On the economic data front, Malaysia's foreign reserves rose to USD124.3 billion as of 15 December 2025 (28 November 2025: USD124.1 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 inflation increased to 1.4% Year-on-Year ("YoY") in November 2025 (October 2025: 1.3% YoY). It was mainly driven by higher prices in transport, alcohol & tobacco and education. Core inflation, which excludes volatile fresh food prices and price-administered goods, held steady at 2.2% in November 2025 (October 2025: 2.2%). Malaysia's exports grew 7.0% YoY in November 2025 (October 2025: 15.7% YoY), largely driven by higher exports of electrical and electronics products. Imports grew 15.8% YoY (October 2025: 10.0% YoY). As a result, trade surplus narrowed to MYR6.1 billion in November 2025 (October 2025: MYR20.4 billion). Malaysia's industrial production rose 6.0% YoY in October 2025 (September 2025: 5.7% YoY). The expansion was attributed to growth of the manufacturing sector at 6.5%, mining sector at 5.8% and electricity sector at 1.2%.

On the primary corporate bond space, notable issuances included MYR1.55 billion CIMB Group Holdings Berhad IMTN, MYR1.55 billion CIMB Bank Berhad IMTN, MYR1.175 billion Yinson Holdings Berhad IMTN and MYR700 million Cagamas Berhad IMTN. In terms of credit ratings, RAM revised the outlook on corporate credit ratings of Genting Berhad and Genting Malaysia Berhad to negative from stable. The long-term ratings for both entities have maintained at AA1.

### Market Review (Foreign Market Review)

Market sentiment in December 2025 was shaped by a combination of shifting policy signals and evolving economic narratives. In the US, investors' focus remained on the outlook for monetary policy, with market participants weighing recent Fed actions alongside mixed macroeconomic data. This environment contributed to a cautious tone, as risk appetite weakened in response to labour market developments and ongoing uncertainty. The US Treasury ("UST") 2-year yield fell 2 bps to 3.47%, while the 10-year yield rose 15 bps to 4.17%. Within credit spreads, USD investment grade tightened 4 bps to 78 bps, and USD high yield tightened 11 bps to 281 bps.

During the same period, saw mixed stance across major central banks, with the Bank of Japan adopting a more hawkish stance and raised policy rates, while both the Fed and the Bank of England reduced policy rates in response to evolving economic conditions. The Fed's decision to lower its benchmark rate by 25 bps reflected a cautious approach as policymakers balanced persistent inflationary pressures against signs of labour market softening. Regarding macro prints, US labour market indicators appeared stronger than expected with November 2025 non-farm payrolls increasing by +64k (vs. +50k expected). However, the unemployment rate rose to 4.6% (vs. 4.4% expected).

### Market Outlook

While external risks continue to linger, Malaysia's proactive policy measures and resilient domestic fundamentals continue to 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 the MYR and foreign inflows. Domestically, Bank Negara Malaysia ("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 in the midst of slowing inflation prospects. For now, BNM is likely keep the policy rate on hold while evaluating incoming data to guide its next steps. That said, there remains room for BNM to adopt a more accommodative stance should signs of further downside risk to growth emerge.