



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.

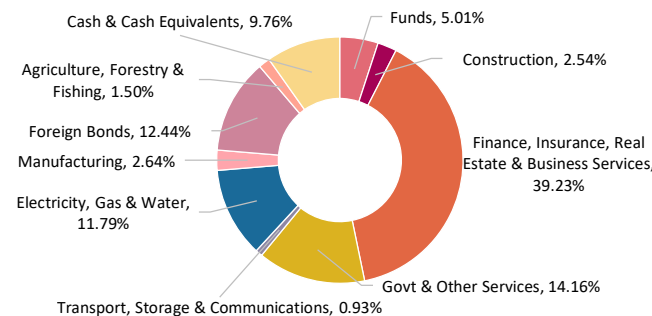
Fund Details

Unit NAV (31 January 2026)	: RM 1.12349
Fund Size (31 January 2026)	: RM 666.573 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

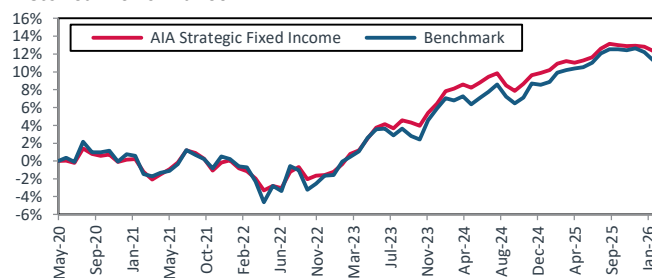
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	12.05%
2	YINSON HOLDINGS BHD	5.96%
3	DANAINFRA NASIONAL BHD	4.48%
4	AIA US HIGH YIELD BOND FUND	3.37%
5	CIMB GROUP HOLDINGS BHD	3.19%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund ^a	-0.40%	-0.23%	1.96%	12.75%	12.08%	12.35%
Benchmark [*]	-0.78%	-0.67%	2.22%	11.36%	10.66%	11.30%
Excess	0.38%	0.44%	-0.26%	1.39%	1.42%	1.05%

^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 shifted higher across the curve in January 2026. Trading sentiment in the local bond market took cue from the strong paying interests in the interest rates swaps market as expectations shifted from potential Overnight Policy Rate ("OPR") cuts by Bank Negara Malaysia ("BNM") to a steady or even slightly hawkish outlook given Malaysia's strong economic growth prospects. BNM held its first monetary policy committee ("MPC") meeting for the year in January 2026 which it kept the OPR rate unchanged at 2.75%. In the same month, the US Federal Open Market Committee ("FOMC") also kept the federal funds rate unchanged at 3.50-3.75%, as broadly expected. US Federal Reserve ("Fed") chairman Jerome Powell's speech and press conference struck a neutral to slight hawkish tone. He commented that the Fed is seeing signs of stabilization in the employment market, and that inflation, while moderating, remains elevated. On the currency front, the Malaysian ringgit ("MYR") appreciated against the US dollar ("USD") by 2.8% in January 2026 to end the month at MYR3.9453. MGS levels as at end-January 2026 were: 3-year at 3.03% (+3 bps), 5-year at 3.28% (+3 bps), 7-year at 3.44% (+6 bps), 10-year at 3.50% (-1 bp), 15-year at 3.77% (+1 bp), 20-year at 3.92% (+6 bps) and 30-year at 4.03% (+5 bps).

Fixed income foreign net inflows totaled MYR3.0billion in December 2025 (November 2025: MYR6.1 billion), bringing Year-to-Date ("YTD"), foreign net inflows to MYR25.6 billion. Foreign holdings in MGS and Government Investment Issue ("GII") increased to 21.6% in December 2025 (November 2025: 21.4%).

There were 3 government security auctions during the month: The 5-year GII 8/30 reopening auction with an auction size of MYR5 billion drew a bid-to-cover ("BTC") ratio of 2.296x at an average yield of 3.268%, the 15-year MGS 1/41 new issue with an auction size of MYR3.5 billion and a MYR1.5 billion private placement drew a BTC ratio of 1.944x at an average yield of 3.766% and the 30-year GII 1/56 new issue with an auction size of MYR3bn and a MYR2 billion private placement drew a BTC ratio of 2.071x at an average yield of 4.044%.

On the economic data front, Malaysia's foreign reserves rose to USD125.6 billion as of 15 January 2026 (31 December 2025: USD125.5 billion). The reserves position is sufficient to finance 4.7 months of imports of goods and services and cover 0.9x of total short-term external debt. Malaysia's headline inflation accelerated to 1.6% Year-on-Year ("YoY") in December 2025 (November 2025: +1.4% YoY). The growth was mainly driven by higher services inflation, particularly in education, information & communication services and dwelling-related maintenance & security. Core inflation, which excludes volatile fresh good prices and price-administered goods, rose 2.3% YoY (November 2025: +2.2% YoY). Malaysia's exports surged 10.4% YoY (November 2025: +7.0% YoY) on strong demand for electrical & electronic ("E&E") products and machinery, equipment & parts. Imports grew 12.0% YoY (November 2025: +15.8% YoY), resulting in a wider trade surplus of MYR19.3 billion (November 2025: MYR6.1 billion). Industrial Production for November 2025 moderated to 4.3% YoY (Oct 2025: +6.0% YoY). The moderation was attributed to softer manufacturing growth of 4.9% YoY (October 2025: +6.5% YoY) and mining production growth of 2.3% YoY (October 2025: +5.8% YoY). Meanwhile, electricity production strengthened to 2.7% YoY (October 2025: +1.8% YoY). The advanced 4Q 2025 Gross Domestic Product ("GDP") growth estimate of 5.7% YoY was released during the month, bringing full-year GDP growth estimate for 2025 to 4.9% YoY.

On the primary corporate bond space, notable issuances included MYR10.5bn SP Setia IMTN, MYR10 billion MRCB Perpetual IMTN and MYR5bn Malayan Cement IMTN. In terms of credit ratings, RAM upgraded the long-term ratings of YTL Power International and YTL Corporation's sukuk programmes from AA1 to AAA with a stable outlook.

Market Review (Foreign Market Review)

January 2026 marked an eventful start to the year, with headlines repeatedly challenging markets despite improving macro momentum. Maduro's capture in Venezuela and rising U.S.–Iran tensions filled the geopolitical backdrop, while uncertainty around U.S.–European trade relations in the context of Greenland triggered a brief risk-off move before easing. In the U.S., the Department of Justice's investigation into Fed Chair Jerome Powell raised renewed questions around central-bank independence. Later in the month, the nomination of Kevin Warsh for the next Fed Chair, seen as a more hawkish candidate, added a modest upward bias to rate expectations. The U.S. Treasury ("UST") 2-year yield rose 5 basis points ("bps") to 3.52%, while the 10-year yield rose 7 bps to 4.24%. Within credit spreads, USD investment grade credit tightened 5 bps to 74 bps.

January 2026 saw major central banks largely maintain their policy stance amid stabilizing, but still uncertain, macroeconomic conditions. The Fed kept its target for the federal funds rate at 3.50%-3.75%, as widely expected, marking a pause after three consecutive cuts. The decision reflected data showing economic activity expanding at a solid pace and the unemployment rate exhibiting some signs of stabilization. The Bank of Japan likewise held its policy rate at 0.75%, though the decision was not unanimous, with one dissenting vote favoring a further 25 bps hike. The accompanying report struck a hawkish tone, highlighting real interest rates are at significantly low levels and presenting an upwardly revised inflation outlook. Regarding macro prints, U.S. non-farm payrolls printed at +50k (vs. +60k expected). Meanwhile, the unemployment rate fell to 4.4% (vs. 4.5% expected). U.S. core Consumer Price Index ("CPI") remained at 2.6% YoY (vs. 2.7% YoY expected) and headline CPI also remained unchanged, printing at 2.7% YoY (in line with expectations).

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 in 2026. A dovish global monetary stance, particularly from the Fed, is likely to support the MYR and foreign inflows. Domestically, BNM reduced the OPR unchanged at 2.75% in its recent MPC meeting in January 2026. Despite Malaysia's solid Gross Domestic Product ("GDP") growth, the monetary policy statement was rather neutral where BNM highlighted contained inflation and downside risks to growth as reasons to stay cautious. For now, BNM will likely keep the policy rate on hold while evaluating incoming data to guide its next steps.

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.