May 2026

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.

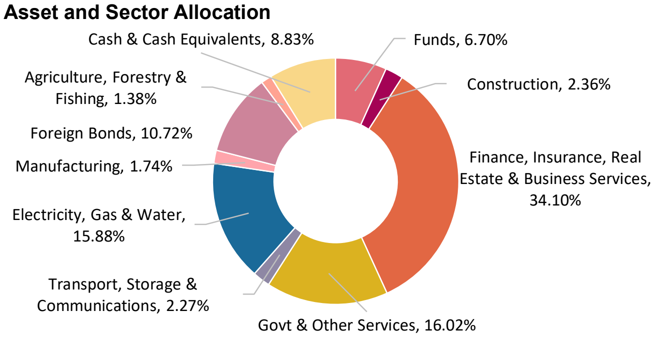
Fund Details

Unit NAV (31 May 2026)	:	RM 1.13035
Fund Size (31 May 2026)	:	RM 715.447 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

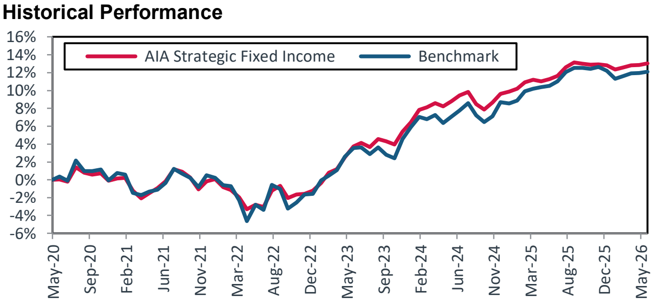
Top Holdings

1	MALAYSIA GOVERNMENT SECURITIES	14.07%
2	YINSON HOLDINGS BHD	5.57%
3	CIMB GROUP HOLDINGS BHD	2.98%
4	YTL CORP BHD	2.81%
5	PENGURUSAN AIR SPV BHD	2.80%

Asset and Sector Allocation



Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	0.18%	0.07%	1.58%	8.95%	14.08%	13.03%
Benchmark*	0.13%	-0.46%	1.40%	8.27%	13.37%	12.11%
Excess	0.05%	0.53%	0.17%	0.68%	0.71%	0.93%

^ 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

The Malaysian Government Securities ("MGS") yield curve bear-flattened in May 2026 amid higher global rates, as markets reacted to persistent inflation concerns, stronger-than-expected economic data, and uncertainty surrounding the US Federal Reserve's ("Fed") interest-rate path. Disruptions in and around the Strait of Hormuz also kept Brent crude prices above USD90 per barrel. Kevin Warsh was confirmed by the U.S. Senate as the 17th Chair of the Fed, formally succeeding Jerome Powell. At the start of the year, Fed funds futures had been pricing in rate cuts for 2026; however, expectations have since shifted toward potential rate hikes. Domestically, Bank Negara Malaysia ("BNM") kept the Overnight Policy Rate ("OPR") unchanged at 2.75%, as widely expected, and maintained that the current policy stance remains appropriate and consistent with the outlook for continued price stability and sustainable economic growth. On the currency front, the Malaysian ringgit ("MYR") strengthened by 0.2% against the US dollar ("USD") in May 2026, ending the month at MYR3.9645. MGS yields as at end-May 2026 were: 3-year at 3.23% (+3 bps), 5-year at 3.41% (+7 bps), 7-year at 3.56% (+10 bps), 10-year at 3.59% (+3 bps), 15-year at 3.83% (unchanged), 20-year at 3.97% (+1 bp), and 30-year at 4.08% (+1 bp).

Fixed income foreign holdings rose, with foreign investors increasing holdings by MYR3.8 billion in April 2026 (March 2026: MYR6.1 billion). Foreign holdings in MGS and Government Investment Issue ("GII") dipped slightly to 21.5% in April 2026 (March 2026: 21.6%).

There were three government security auctions during the month: the 10-year GII 4/35 reopening (MYR5.0 billion) recorded a bid-to-cover ("BTC") ratio of 2.868x with an average yield of 3.60%; the 7-year MGS 4/33 reopening (MYR5.0 billion) recorded a BTC ratio of 2.592x with an average yield of 3.58%; and the 30-year GII 1/56 reopening (MYR3.0 billion), together with a MYR2.0 billion private placement, recorded a BTC ratio of 2.285x with an average yield of 4.103%.

On the economic data front, Malaysia's foreign reserves decreased slightly to USD129.5 billion as of 15 May 2026 (30 April 2026: USD129.7 billion). The reserves position is sufficient to finance 4.6 months of imports of goods and services and cover 0.9x of total short-term external debt. Malaysia's headline inflation increased to 1.9% Year-on-Year ("YoY") in April 2026 (March 2026: 1.7% YoY), mainly driven by higher transport inflation. Core inflation, which excludes volatile fresh food prices and price-administered goods, eased slightly to 2.0% YoY (March 2026: 2.1% YoY). Malaysia's exports growth accelerated sharply to 36.9% YoY in April 2026 (March 2026: 8.3% YoY), mainly driven by demand for electrical and electronic ("E&E") products from the ongoing Artificial Intelligence ("AI")-driven tech upcycle. Imports also grew 20.0% YoY (March 2026: 10.4% YoY), resulting in a trade surplus of MYR28.8 billion (March 2026: MYR24.5 billion). Industrial production for March 2026 grew 3.1% YoY (February 2026: 3.1% YoY). The expansion was supported by the manufacturing and electricity sectors, partially offset by the mining sector. Malaysia's 1Q2026 Gross Domestic Product ("GDP") grew slightly better than expected at 5.4% YoY (4Q25: +6.2% YoY). 1Q2026 saw slower growth in services, construction, and agriculture, while manufacturing remained resilient. Moderation in private and public consumption and investment led to a deceleration in private expenditure.

In the primary corporate bond space, notable issuances included MYR4.0 billion Tenaga Nasional Berhad IMTN, MYR1.91 billion Cagamas Berhad IMTN, MYR2.0 billion Imtiaz Sukuk II Berhad IMTN, and MYR1.2 billion Malayan Banking Berhad IMTN. In terms of credit ratings, RAM Ratings upgraded Exsim Capital Resources Berhad's outstanding MYR340 million Tranche 5 IMTN to AAA/Stable from AA2/Positive.

Market Review (Foreign Market Review)

Risk assets remained constructive in May 2026, as markets began pricing in potential geopolitical de-escalation following April's 2026 sharp rebound. On a YoY basis, U.S. Consumer Price Index ("CPI") continues to see upward pressure, driven primarily by higher energy costs linked to the ongoing conflict with Iran. Nonetheless, despite the volatility in energy markets throughout the month, oil prices declined sharply towards month-end after trading above USD 110 per barrel in early May 2026. Investor sentiment improved, supported by progress in US-Iran negotiations and continued earnings resilience. The US Treasury ("UST") 2-year yield rose 13 basis points ("bps") to 4.00%, while the 10-year yield rose 6 bps to 4.44%. Global Investment Grade credit posted positive returns of 0.83% for the month, outperforming like-duration government bonds by 0.37%, as spreads tightened in May 2026.

Global fixed income markets were also not immune to volatility; yields were volatile across several other markets as inflation concerns remained at the forefront though moderating oil prices towards month-end did ease some inflationary concerns. Inflation remained elevated with CPI rising 3.8% YoY in April 2026 and Producer Price Index ("PPI") increasing by 6.0% YoY in April 2026, reflecting broad-based increases across energy, food and other input costs. Public comments from the US Federal Reserve ("Fed") officials during the month emphasized ongoing inflationary pressures, including evidence of price increases beyond energy-related components and noted that the policy outlook would depend on how businesses, consumers and inflation expectations respond to continued cost increases and supply-side pressures. USD strengthened modestly against major currencies as resilient US economy and hawkish policy signals reinforced expectations of sustained interest rate differentials in favor of the dollar.

Market Outlook

While external risks, particularly geopolitical risk, continue to linger, Malaysia's proactive policy measures and resilient domestic fundamentals are expected to provide a constructive backdrop for the local bond market in 2026. The latest Summary of Economic Projections from the US Federal Open Market Committee ("FOMC") continues to indicate one rate cut for 2026, which is expected to support the ringgit and attract foreign inflows. Domestically, BNM kept the OPR unchanged at 2.75% at its May 2026 Monetary Policy Committee ("MPC") meeting. Despite Malaysia's solid Gross Domestic Product ("GDP") growth, the monetary policy statement was neutral, with BNM highlighting contained inflation and downside risks to growth as reasons to remain cautious. For now, BNM is expected to keep the policy rate on hold while evaluating incoming data to guide its next steps.