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.

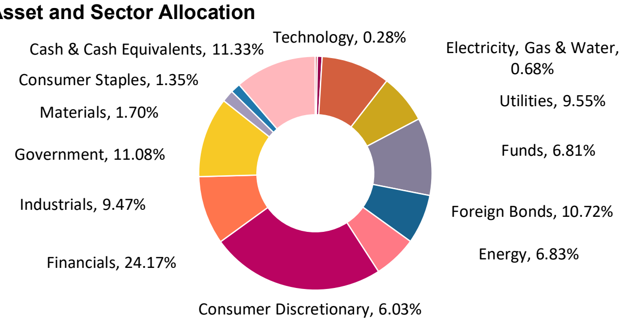
Fund Details

Unit NAV (30 June 2026)	:	RM 1.13732
Fund Size (30 June 2026)	:	RM 728.265 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

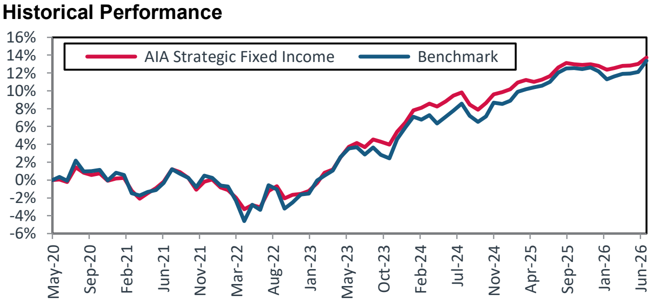
1	MALAYSIA GOVERNMENT SECURITIES	11.08%
2	YINSON HOLDINGS BHD	5.46%
3	STM LOTTERY SDN BHD	3.00%
4	CIMB GROUP HOLDINGS BHD	2.91%
5	YTL CORP BHD	2.76%

Asset and Sector Allocation



**Sector Allocation sourced from GICS Sector effective on June 2026*

Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	0.62%	0.82%	1.88%	9.22%	13.92%	13.73%
Benchmark*	1.12%	1.05%	2.11%	9.36%	13.72%	13.36%
Excess	-0.50%	-0.23%	-0.23%	-0.14%	0.20%	0.37%

^ 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") yields were mixed in June 2026 amid continued volatility in global rates, as markets reacted to persistent inflation concerns, uncertainty surrounding the US Federal Reserve's ("Fed") policy outlook and ongoing headlines from the Middle East on US-Iran tensions. The signing of Memorandum of Understanding ("MoU") between the US and Iran to end the tensions in mid-June calmed markets with Brent crude oil prices falling 20.8% to USD72.92. Nonetheless, market expectations remain skewed toward potential rate hikes in 2026 as latest May 2026 US Consumer Price Index ("CPI") data remained elevated at 4.2% Year-on-Year ("YoY"). Local government bonds continue to be well anchored amid stable domestic inflation backdrop and deep pool of onshore investors. On the currency front, the Malaysian ringgit ("MYR") weakened 3.0% against the US dollar ("USD") in June 2026, ending the month at 4.0840.

MGS levels as at end-June 2026 were: 3-year at 3.25% (2 bps), 5-year at 3.40% (-1 bp), 7-year at 3.54% (-2 bps), 10-year at 3.61% (2 bps), 15-year at 3.84% (1 bp), 20-year at 3.97% (-) and 30-year at 4.10% (2 bps).

Fixed income foreign holdings fell for first time in three months, with foreign investors reducing holdings by MYR4.3 billion in May 2026 (April 2026: +MYR3.8 billion). Foreign holdings in MGS and Government Investment Issue ("GII") dipped to 20.8% in May 2026 (April 2026: 21.5%).

There were 4 government security auctions during the month: The 3-year MGS 3/29 reopening with an auction size of MYR5.0 billion drew a bid-to-cover ("BTC") ratio of 1.928x at an average yield of 3.243%, the 15-year GII 7/40 reopening with an auction size of MYR3.5 billion and an MYR1.5 billion private placement drew a BTC ratio of 3.410x at an average yield of 3.898%, 5-year MGS 6/31 reopening with an auction size of MYR5.0 billion drew a BTC ratio of 2.282x at an average yield of 3.439% and the 20-year GII 5/45 reopening with an auction size of MYR3.0 billion and a MYR2.0 billion private placement drew a BTC ratio of 3.136x at an average yield of 3.995%.

On the economic data front, Malaysia's foreign reserves decreased slightly to USD130.5 billion as of 15 June 2026 (29 May 2026: USD130.6 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 slightly to 2.0% YoY in May 2026 (April 2026: 1.9% YoY). Inflation was mainly driven by an increase in food & beverages and housing & utilities categories. Core inflation, which excludes volatile fresh food prices and price-administered goods, remained flat at 2.0% YoY (April 2026: 2.0% YoY). Malaysia's exports growth accelerated sharply to 45.3% YoY in May 2026 (April 2026: 37.3% YoY), mainly driven by demand for electrical & electronic ("E&E") products from the ongoing Artificial Intelligence ("AI")-driven tech upcycle. Imports moderated to 14.1% YoY (April 2026: 20.0% YoY), resulting in a higher trade surplus of MYR40.4 billion (April 2026: MYR28.8 billion). Industrial Production for April 2026 grew 8.2% YoY (March 2026: 3.1% YoY). The expansion was supported by the manufacturing, mining and electricity sectors.

On the primary corporate bond space, notable issuances included MYR0.97 billion Pengurusan Air SPV Berhad IMTN, MYR0.6 billion DRB Hicom Perpetual Sukuk and MYR0.85 billion Abraj Sdn Bhd IMTN. In terms of credit ratings, there were no major announcements in June 2026.

Market Review (Foreign Market Review)

June 2026 saw a de-escalation of tensions between the United States ("US") and Iran following the US-Iran MoU allowing free passage of oil through the Strait of Hormuz for 60 days, alongside a decline in energy prices. Brent crude oil fell, while retail gasoline prices moved lower. The fading stagflationary risk was generally supportive of bond returns. Central bank communication leaned hawkish as policymakers stayed cautious about inflation and growth outlook. The European Central Bank ("ECB") delivered a 25-bps rate hike, its first since 2023, a decision President Christine Lagarde defended by pointing to the persistence of the Middle East energy shock and its spillover effects on the wider economy, while leaving the door open to further tightening if inflation risks continue to build. In the US, the June 2026 Federal Open Market Committee ("FOMC") maintained the federal funds rate within the 3.50%–3.75% range, while updated projections showed higher inflation forecasts and a hawkish shift in the dot plot. In Japan, the Bank of Japan ("BoJ") hiked its policy rate by 25 bps to 1.0%, with Asada — the first member appointed under the Takaichi administration — dissenting and emphasizing downside risks to production and employment. The Bank confirmed it would maintain the current pace of Japanese Government Bonds ("JGB") purchase reductions through March 2027 before slowing to around JPY2 trillion/month from April 2027.

Macroeconomic data releases for June 2026 showed continued labour market expansion in the US alongside varying inflation outcomes across regions. US non-farm payrolls came in above expectations and the unemployment rate stayed flat at 4.3%. US CPI rose to 2.9% YoY and headline CPI rose to 4.2% YoY. Global investment grade credit posted positive returns for the month, underperforming, like duration government bonds, as spreads widened in June 2026. Investment grade credit spread modestly widened on elevated supply, despite continued resilient fundamentals. Global high yield spreads were broadly unchanged in June 2026, as constructive risk sentiment – driven primarily by further progress towards de-escalation in the Middle East – was balanced against a more hawkish-than-expected Fed meeting.

Market Outlook

While external risks, particularly geopolitical risk, continue to linger, Malaysia's proactive policy measures and resilient domestic fundamentals will continue to provide a constructive backdrop for the local bond market in 2026. Domestically, Bank Negara Malaysia ("BNM") kept the overnight policy rate ("OPR") unchanged at 2.75% in its recent monetary policy committee ("MPC") meeting in May 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.