



July 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.

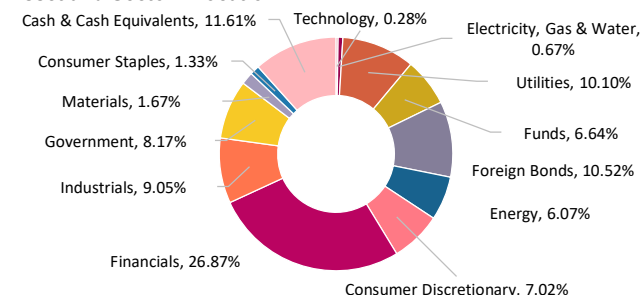
Fund Details

Unit NAV (31 July 2026)	: RM 1.13582
Fund Size (31 July 2026)	: RM 737.054 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

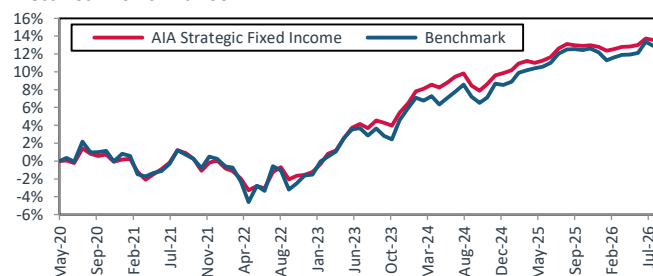
1	MALAYSIA GOVERNMENT SECURITIES	8.17%
2	YINSON HOLDINGS BHD	5.40%
3	STM LOTTERY SDN BHD	2.97%
4	YTL CORP BHD	2.72%
5	DANUM CAPITAL BHD	2.71%

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 ^A	-0.13%	1.10%	0.86%	9.56%	12.25%	13.58%
Benchmark [*]	-0.45%	1.40%	0.72%	9.71%	11.49%	12.85%
Excess	0.32%	-0.30%	0.15%	-0.15%	0.76%	0.73%

^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

The Malaysian Government Securities ("MGS") yields traded higher across the curve amid a "higher-for-longer" global rates narrative because of the ongoing geopolitical tensions and inflationary concerns. The resumption of US-Iran hostilities drove crude oil prices sharply higher, with the Brent briefly crossing the USD100 per barrel mark, reigniting inflationary fears across global bond markets. During the month, the US Federal Reserve ("Fed") kept rates unchanged at 3.50-3.75%. Although widely expected, US Treasuries ("UST") sold off sharply as the decision was interpreted by markets as insufficient to counter persistent inflationary pressures. These external factors, along with a heavy pipeline of domestic corporate bond primary issuances locally, exerted upward pressure on yields. On the currency front, the Malaysian ringgit ("MYR") was broadly unchanged relative to the US Dollar ("USD"), ending the month at 4.086. MGS levels as at end-July 2026 were: 3-year at 3.31% (+6bps), 5-year at 3.50% (+10bps), 7-year at 3.64% (+10bps), 10-year at 3.71% (+10bps), 15-year at 3.95% (+11bps), 20-year at 3.99% (+2bps) and 30-year at 4.11% (+1bp).

Net foreign inflows into Malaysia's fixed income assets rose by MYR4.9 billion in June 2026 (May 2026: -MYR4.3 billion). However, foreign holdings in MGS and Government Investment Issue ("GI") specifically dipped to 20.6% in June 2026 (May 2026: 20.8%).

There were 3 government security auctions during the month: The 10-year MGS 7/35 reopening with an auction size of MYR5.0 billion drew a bid-to-cover ("BTC") ratio of 1.867x at an average yield of 3.630%, the 3.5-year GII 10/29 reopening with an auction size of MYR5.0 billion drew a BTC ratio of 2.200x at an average yield of 3.287% and the 15-year MGS 1/41 reopening with an auction size of MYR3.5 billion and MYR1.5 billion private placement drew a BTC ratio of 2.056x at an average yield of 3.903%.

On the economic data front, Malaysia's foreign reserves rose to USD132.6 billion as of 30 June 2026 (29 May 2026: USD130.5 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 moderated to 1.9% Year-on-Year ("YoY") in June 2026 (May 2026: 2.0% YoY). The moderation was primarily driven by lower fuel pump and gold prices, as well as cheaper education. Core inflation, which excludes volatile fresh food prices and price-administered goods, inched lower to 1.9% YoY (May 2026: 2.0% YoY). Malaysia's exports grew 45.4% YoY in June 2026 (May 2026: 45.3% YoY), driven by strong growth in both domestic exports and re-exports. Imports growth accelerated to 43.9% YoY (May 2026: +14.1% YoY), resulting in a narrower trade surplus of MYR14.9 billion (May 2026: MYR40.4 billion). Industrial Production for May 2026 grew 8.4% YoY (April 2026: 8.2% YoY). The growth was supported by higher output in the mining sector, partly offset by moderating growth in the manufacturing and electricity sectors.

On the primary corporate bond space, notable issuances included MYR5.3 billion Infracap Resources IMTN, MYR1.45 billion CIMB Bank MTN and MYR1.0 billion Bank Pembangunan IMTN. In terms of credit ratings, RAM downgraded Telekomang Hydro One's MYR470 million ASEAN Green SRI Sukuk to BBB1 from A1 and MYR120 million ASEAN Green Junior Bond to BB2 from BBB1. It upgraded Poseidon's second tranche senior MTN to AAA from AA1.

Market Review (Foreign Market Review)

July 2026 was marked by renewed geopolitical tensions in the Middle East following the escalation of conflict between the United States ("U.S.") and Iran. This led to a sharp rise in energy prices, with Brent crude oil climbing to approximately USD88 per barrel, around 20% higher than the previous month. The surge in oil prices reignited inflation concerns and pushed government bond yields higher across major developed markets, resulting in weak fixed income performance. Government bond yields rose in the U.S., the United Kingdom and Europe as investors reassessed the inflation outlook and the likelihood of future interest rate cuts.

Central banks generally maintained a cautious stance in July 2026. The Federal Open Market Committee ("FOMC") held rates steady at 3.5%-3.75% in a split 9-3 vote, marking the fifth consecutive meeting without a policy change, with three policymakers dissenting in favour of a 25-bps rate hike. Policymakers reiterated that inflation remains above target and stressed that the Federal Reserve is not willing to tolerate persistently higher inflation. The Committee also highlighted its ongoing framework review through a series of task forces examining issues including the persistence of inflation, the impact of recent economic shocks, the interpretation of price pressures, and the role of the balance sheet in current policy settings. The European Central Bank, Bank of England and Bank of Japan all left policy rates unchanged, emphasizing a data-dependent approach amid lingering uncertainty around inflation. Meanwhile, the Reserve Bank of New Zealand stood out as the only major developed market central bank to raise rates, increasing its policy rate by 25 bps.

Economic data released during the month pointed to gradually moderating inflationary pressures and softer economic momentum. In the U.S., inflation measures came in below expectations, while labour market data showed signs of cooling. Similar trends were observed in the UK, where headline inflation eased, although core inflation remained relatively sticky. Across the Eurozone, inflation remained above target but broadly in line with expectations. Against this backdrop, global investment grade credit delivered negative returns as rising government bond yields offset coupon income. High yield markets were more resilient, supported by solid corporate earnings and relatively stable credit fundamentals, although returns remained slightly negative during the month. Primary issuance slowed seasonally through the summer period but remained robust on a Year to Date ("YTD") basis. Credit quality trends also remained supportive, with upgrades continuing to outpace defaults and default rates remaining below long-term averages.

Market Outlook

Looking ahead, the Malaysian bond market is expected to remain supported by healthy domestic liquidity, although risks are likely to stay elevated amid ongoing geopolitical tensions and uncertainty surrounding the Fed's interest rate trajectory. Domestically, Bank Negara Malaysia ("BNM") maintained the Overnight Policy Rate ("OPR") at 2.75% during its July 2026 Monetary Policy Committee ("MPC") meeting, with its policy stance remaining broadly neutral despite growing inflation concerns stemming from elevated energy prices. As such, BNM is likely to remain data-dependent and keep monetary policy unchanged in the near term while assessing the evolving balance between growth and inflation risks. Meanwhile, developments on Malaysia's political front will continue to be closely monitored, particularly about policy continuity, fiscal consolidation efforts, and structural reform initiatives, given their potential impact on investor sentiment and foreign participation in the local bond market.

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.