AIA PRS
Market Outlook

AIA Pension and Asset Management Sdn. Bhd.

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Macro and markets: 5 key recaps

After more than 3 months of war, the US and Iran have reached a tentative deal, with a signing agreement scheduled for Friday in Switzerland

The deal reportedly includes **i) the ending of military operations, ii) the re-opening of the Straits of Hormuz** and **iii) the removal of the US naval blockade**

Elevated energy prices makes it tough for (i) Fed to cut rates, (ii) Hurts consumers wallets and (iii) impacts the US President's approval ratings given the looming US mid term elections (Nov 2026).

The de-escalation path will be anything but smooth. There may be waves of escalation resurfacing but should be within the broader de-escalation trend.

Markets have already rebounded and are above pre-war levels, driven mainly by the AI theme

Source: AIA Pension and Asset Management, Bloomberg (15 June 2026)

US-Iran war: Implications on markets and asset classes

Scenario 1: Base Case
Perpetual Ceasefire
Probability: 60%

- ✅ Macro : Ceasefire, **Oil ~$85**
- 📈 US GDP : ~2% growth
- 🏛 China GDP : 4–4.5%, easing
- 🌏 ASEAN : Steady (Malaysia)
- 📊 Inflation : Manageable
- 💵 Forex : DXY 95–100
- 💰 Assets : OW FI & US Equities, MW Asian Equities

Scenario 2: Worse Case
The "Red Sea"
Probability: 30%

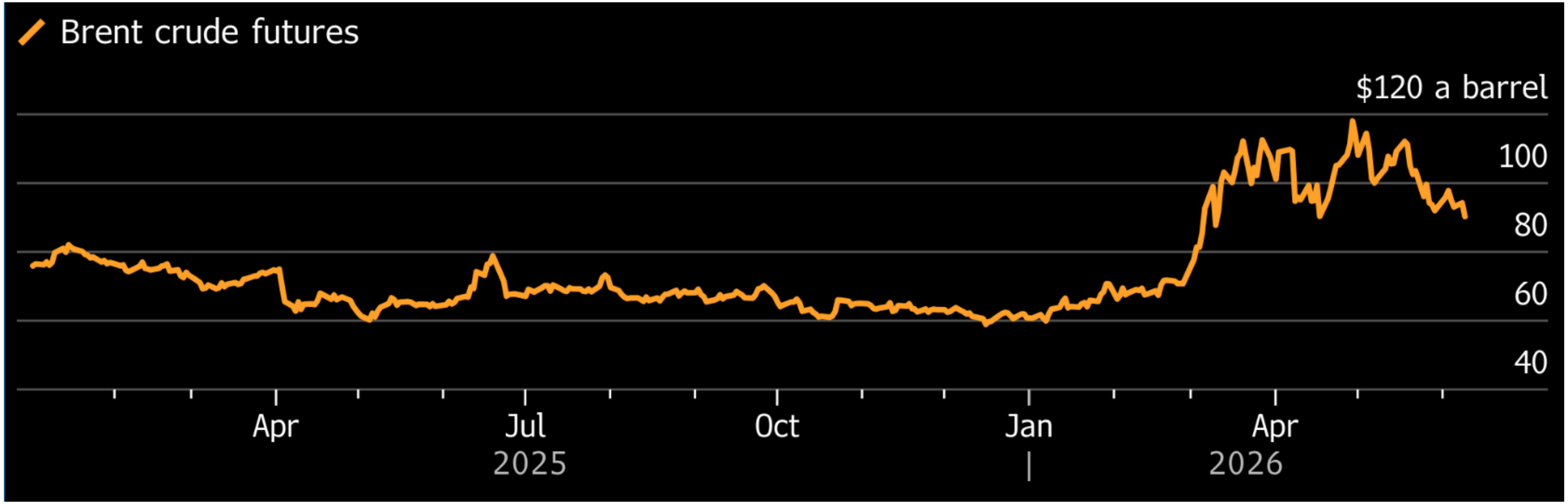
- ⚠️ Macro : Conflict, **Oil >$140**
- 📉 US GDP : 0–1%, recession risk
- 🏛 China GDP: ~4%
- 🌏 ASEAN : Slowdown
- 📊 Inflation : Stagflation
- 💵 Forex : DXY ~115
- 💰 Assets : OW Cash

Scenario 3: Best Case
Peace Prevails
Probability: 10%

- ✅ Macro : Peace, **Oil $70–80**
- 📈 US GDP : >2% growth
- 🏛 China GDP: ~4.5%
- 🌏 ASEAN : rebound
- 📊 Inflation : normal
- 💵 Forex : DXY <95
- 💰 Assets : OW Equities

Source: RHB Economics and Market Strategy – April 2026 , AIA Pension and Asset Management

Oil prices have started declining before the peace deal



Source: Bloomberg as at 11 June 2026

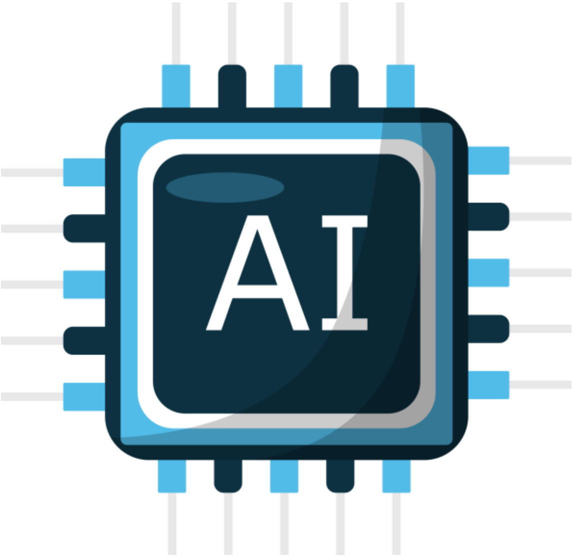
- **2008** China Demand: Oil price at USD115/barrel (6 months)
- **2011-2014** Arab Spring: Oil remained elevated but below USD100/barrel
- **2022** Russia-Ukraine War: Oil price hit USD125/barrel, but it only lasted a month
- **2026** US/Israel War on Iran: Peak of USD118/barrel, now at USD92/barrel

1. There are reports that gulf oil producers: Kuwait, Iraq, the UAE have apparently found ways to evacuate their oil from the Straits of Hormuz.
2. Some tankers have allegedly switched off their trackers and are able to quietly slip through, and worldwide ship trackers are unable to track real time data as clearly as before.
3. To recap back, daily oil disruption is forecasted to be 10-12mil barrels a day. However, this has been mitigated by: i) China reducing consumption, ii) a global release of emergency oil reserves, and iii) an increase in US oil exports

AI: Multi-year Supercycle or bubble waiting to pop?

3 key Supercycle arguments:

- Unlike the dotcom bubble. These AI-related **companies have strong earnings**
- **Customer demand is extremely strong**, with the largest capex spending in history, creating semiconductor manufacturing bottlenecks, as capacity is still not expanding as fast as demand.
- **Massive productivity gains** from increased automation. It is also of strategic and geopolitical importance.



3 key Bubble arguments:

- **Already surpassed the doctom frenzy** in terms of valuations
- **Circular investment argument**. Also while demand is strong, there is a **supply constraint** due to a shortage of materials due to the war and tariff restrictions which will get worse if unresolved.
- **Monetization is the weakest link**, not adoption, as enterprises are adopting AI but hard to quantify the meaningful profit it generates. Revenue has to catch up to spending on AI or justify cost cutting measures.

3 key things to monitor:
Valuations, Spending and Monetization of AI

Our view:
A real megatrend BUT with bubble-like pockets.

PRS – Current and historical fund performance

AIA PRS FUNDS	2026 (YTD 31 May)	2025	2024	1-Year Annualised	3-Year Annualised
AIA PAM – Growth Fund	5.68%	5.02%	10.28%	14.14%	8.98%
AIA PAM – Moderate Fund	3.90%	5.79%	8.37%	11.02%	7.67%
AIA PAM – Conservative Fund	0.78%	4.81%	7.08%	5.10%	5.30%
AIA PAM - Islamic Moderate Fund	2.51%	0.14%	10.03%	7.05%	5.12%
AIA PAM - Global Islamic Growth Fund*	15.10%	6.50%	3.65%	27.20%	10.55%
AIA PAM - Dynamic Asia Ex-Japan Fund**	10.78%	9.67%	2.21%	20.24%	-
AIA PAM – Dividend Income Fund***	3.99%	5.74%^	-	-	-

- ‘1 Year’ period defined as from 31 May 2025 to 31 May 2026.
- ‘3 Year’ period defined as from 31 May 2023 to 31 May 2026
- Source: Bloomberg as at 31 May 2026.
- The performance is calculated on a total return basis, nett of fees.
- Past performance should not be seen as an indication of future returns.
- * Launch date 8 Sept 2020
- ** Launch Date 9 June 2023
- ***Launch Date 15 July 2025
- ^ 5 months’ return since inception

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AIA PRS | Fund offering

AIA PRS Funds	Target Investor	Risk	Asset Allocation	Current Allocation	Equity breakdown
Growth	Below 45 yrs old	High risk appetite	Equities (EQ) <=90% Fixed Income (FI) >=10%	**EQ: 75%** FI: 16% Cash: 9%	**Local:** 30% **AxJ:** 28% **World:** 17%
Moderate	45 to 54	Medium risk appetite	EQ <=65% FI >=35%	**EQ: 56%** FI: 36% Cash: 8%	**Local:** 25% **AxJ:** 20% **World:** 11%
Conservative	54 and above	Low risk appetite	EQ <=30% FI >=70%	**EQ: 24%** FI: 59% Cash: 17%	**Local:** 100%
Global Islamic Growth	Investors opting for shariah requirements with global exposure	High risk appetite	EQ: 60-90% FI >=10%	**EQ: 81%** FI: 11% Cash: 8%	**Local:** 31% **World:** 30% **AxJ:** 20%
Islamic Moderate	Investors opting for shariah requirements with local exposure	Medium risk appetite	EQ<=60% FI >=40%	**EQ: 53%** FI: 43% Cash: 4%	**Local:** 100%
Dynamic Asia ex Japan	Investors opting for growth in Asian markets	Medium risk appetite	EQ: 80-20% FI: 20-80%	**EQ: 58.5%** FI: 32.5% Cash: 4.5%	**AxJ:** 100%
Dividend Income Fund	Investors opting for stable local and foreign yielding stocks	Medium risk appetite	EQ: Up to 100%	**EQ: 85%** FI: 0% Cash: 15%	**Local:** 75% **AxJ:**10%

Source: AIA Pension and Asset Management

2026 Portfolio Strategy

Overweight on Equities vs Fixed Income

Barbell approach – balancing risk with opportunities.
Maintain a bottoms-up stock selection approach.

Remained anchored in defensive sectors, followed by structural growth sectors, and lastly cyclical sectors

Market dips are expected and present buying opportunities for the mid to longer term.

Thank You