

AIA Regional Fixed Income Fund

November 2022

Investment Objective

This fund is managed to provide stable income with capital preservation by investing primarily in high credit quality Singapore dollar fixed income instruments issued by Singapore and non-Singapore entities. The fund therefore provides Singapore dollar-based investors with an alternative to low-yielding bank fixed deposits by seeking to achieve higher returns with low incremental risks.

Key Fund Facts

Launch Date	2 September 1997
Launch Price	SGD 1.000
Manager of ILP Sub-Fund	AIA Investment Management Private Limited
Risk Classification	Low to Medium Risk

Subscription	Cash, CPF(OA & SA) and SRS
Sales Charge (For Cash and SRS)	Up to 5%*
Sales Charge (for CPF OA or SA)	0% (wef 1 Oct 2020)
Pricing Frequency	Daily
Management Fees	0.85% p.a. of Net Asset Value
Bid	SGD 2.258
Offer	SGD 2.377
Fund Size	SGD 1,376.9M

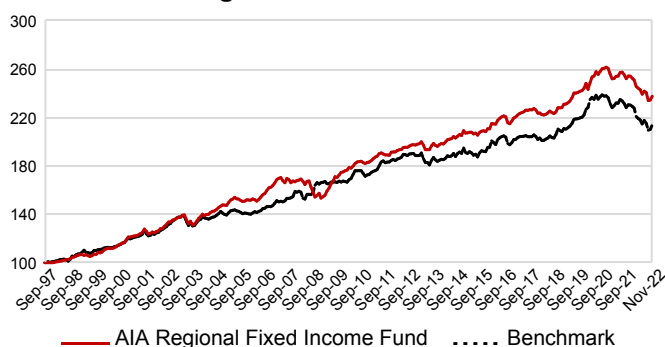
(As of 30 November 2022)

Performance

Period	1 Month	3 Months	6 Months	1 Year	3 Year^	5 Year^	10 Year^	Since Inception^
Fund (bid-to-bid)	1.30%	-1.27%	-2.21%	-6.58%	-0.57%	0.98%	1.88%	3.49%
Benchmark	1.91%	-0.45%	-1.81%	-7.10%	-0.85%	0.96%	1.20%	3.07%

(As of 30 November 2022)

AIA Regional Fixed Income Fund



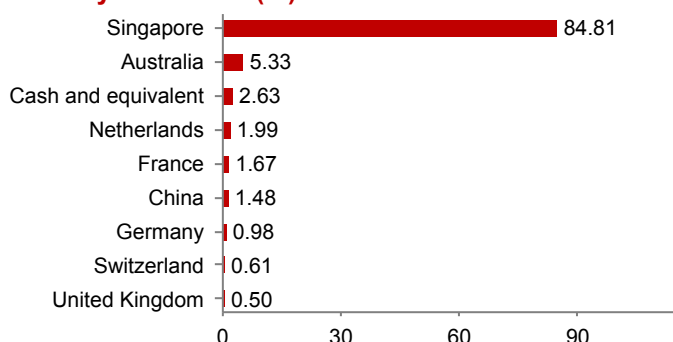
Notes (1) Performance of the fund is in SGD on a bid to bid basis with net dividends reinvested, without taking into consideration the fees and charges payable through deduction of premium or cancellation of units (2) ^ denotes annualised returns (3) Current Manager: AIA Investment Management Pte Ltd (w.e.f 1 September 2017) (4) Current benchmark: Markit iBoxx SGD Overall Index TR (wef 4 January 2021) (5) Previous benchmark: JP Morgan Sing Govt Bond Index All (since inception to 3 January 2021).

Past Performance is not necessarily indicative of future performance.

Source: AIA Singapore

Country Allocation (%)

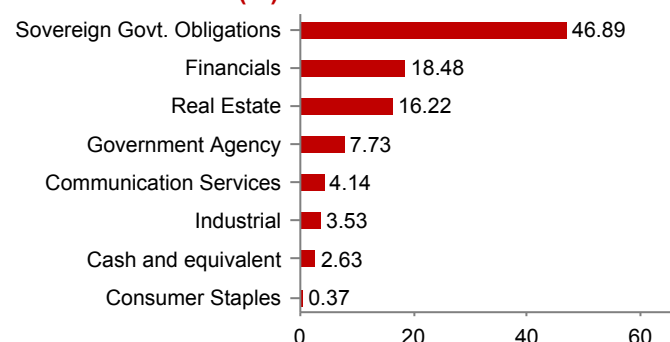
(As of 30 November 2022)



Source: AIA Investment Management Private Limited

Sector Allocation (%)

(As of 30 November 2022)



Top Holdings

(As of 30 November 2022)

	Holdings (%)
SINGAPORE GOV'T SIGB 2 7/8 07/01/29	4.09
SINGAPORE GOV'T SIGB 2 1/4 08/01/36	4.02
SINGAPORE GOV'T SIGB 3 3/8 09/01/33	4.01
SINGAPORE GOV'T SIGB 2 7/8 09/01/30	3.87
SINGAPORE GOV'T SIGB 2 1/8 06/01/26	3.53
SINGAPORE GOV'T SIGB 2 3/4 03/01/46	3.48
SINGAPORE GOV'T SIGB 3 1/2 03/01/27	3.43
SINGAPORE GOV'T 2.75% SIGB 01/04/42	3.28
SINGAPORE GOV'T SIGB 1 7/8 03/01/50	3.00
SINGAPORE GOV'T SIGB 2 5/8 05/01/28	2.46
TOTAL	35.17

Source: AIA Investment Management Private Limited

Manager's Commentary

(As of 30 November 2022)

Activity data released in November confirmed a broad-based economic slowdown across regions. The global PMI survey showed further contraction, with weaknesses in both manufacturing output and new orders. Global exports also retreated in the month, especially in Asia. Monetary policy is increasingly restrictive in most countries (with the noticeable exceptions of China and Japan) with central bankers generally rejecting the need to pause and reiterating their unconditional commitment to fighting inflation.

The US labour market remained strong, with low levels of unemployment and robust job creations. As headline inflation remains way above target, the Fed retains its restrictive bias and is expected to hike rates further in the next few policy meetings. However, market expectations seem to have changed amid weaker than expected CPI print for October and the rapid decline in property prices. Furthermore, activity surveys (PMI, regional Fed surveys and ISM) are pointing towards a quick deterioration, except for services. Regional Feds assessment for their respective districts were also consistent with an economy gradually entering into recession.

In China, general sentiment improved in November on the back of mounting signs that the strict zero-Covid prophylactic measures are going to be eased, providing some relief to households and the business sector. Meanwhile, economic data remained underwhelming, especially retail sales and industrial production, while property prices dropped further and exports shrank due to soft foreign demand. Authorities stepped up their effort to stabilize the property market by easing the funding conditions of property developers and cutting (-25bp) the reserve requirement ratio of major banks.

US Treasury yields fell in November as inflation surprised to the downside and investors seemed to anticipate a quicker disinflation in 2023, reducing long term inflation premia. 5yr/10yr/30yr UST yields were down 49bp/44bp/43bp respectively. A 50bp rate hike is expected in December, while peak rate is expected around 5.00% in May 2023, despite strong labour market data. Like in the US, 30yr underperformed slightly in the UK, Germany and Australia amid strong gains in the belly. Overall, long end US bonds outperformed European and Australian bonds. The Fund returned 1.28% in November, underperforming the benchmark by 63bps. Lower SGS yields across the month caused the government segment to detract performance due to the Fund's shorter duration positioning vis-a-vis the benchmark. Corporates segment also contributed to the drag in performance, in particular the perps and bank T2 papers.

Source: AIA Investment Management Private Limited

*Please refer to the Product Summary applicable to the investment-linked policy which you have purchased or intend to purchase for these applicable fees and charges.

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