April 2025

AIAInvestments

Monthly Investment Insights

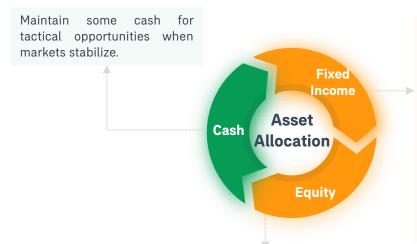
- The first quarter of 2025 has been a turbulent period for investors, marked by a confluence of economic, geopolitical, and market challenges in the U.S. Slowing economic data, escalating global tensions, and President Trump's trade tariffs have increased the risk of stagflation for the world's largest economy.
- The U.S. equity market faced significant volatility, with the S&P 500 dropping 9.1% in its worst week in five years following the April 2nd tariff announcement. The Nasdaq entered bear market territory, and emerging market equities fell by 2.2%, while Asia ex-Japan declined by 1.7%. China's markets, closed on April 4th, are expected to reopen under pressure. Retaliatory tariffs from

foreign nations exacerbated risk aversion, widening U.S. Investment Grade Credit spreads by 14 basis points since April 2nd. Commodity prices dropped, and U.S. Treasuries saw a flight to safety, with the 10-year yield falling by 14 basis points and the 30year yield by 9 basis points.

As we move into April, volatility is expected to persist amid ongoing trade tensions and geopolitical uncertainties. The lack of clarity on tariff implementation, negotiations, and potential escalation or exemptions have heightened investor uncertainty. This environment has led to a shift towards safe-haven assets like gold and U.S. Treasuries.

(US\$, As of 31 March 2025)		Mar – 25	YTD	2024
Equity	MSCI World Total Net Return Index	-4.45	-1.79	18.67
	MSCI Asia (ex. Japan) Index	0.04	1.86	12.52
Fixed Income	Bloomberg Global Aggregate Corporate Total Return	0.55	2.84	1.10

Source: Bloomberg. All the data represents total return. Past performance is not necessarily indicative of future performance.



Underweight Neutral Overweight

Maintain Neutral position

- Dual directional risks stemming from the impact of potential U.S. growth downgrades and sticky inflation, creating a balanced risk outlook in the near term, despite expectations for lower medium-term fair values on U.S. long-end government bond yields.
- Credit spreads have begun to widen from last year's record lows, indicating a likely continuation of this trend in the medium term, albeit with a significant market disruption remaining unlikely.

Global Equities: Revised to Neutral Position

- US Underperformance: Recent selloff indicates a rotation from U.S. equities due to valuation and growth concerns. (Moved U.S. equities to neutral).
- **Europe's Attraction**: Germany's fiscal stimulus, increased EU defense spending, and post-election policy changes are attracting, cushioning the impact of the U.S. rotation.

Asia Ex-Japan Equities: Maintain Neutral position

- Maintain our Neutral position on Asia ex-Japan (AxJ) equities due to mixed signals from the region. Major risks stem from external factors, including the impact of trade tariffs and supply chain disruptions.
- More optimistic outlook on China equities: China equities can be relatively defensive in the trade dispute with potential policy support.



Top 3 AIA ILP Sub-Fund Performance

As of 31 March 2025

No.	ILP Sub-Fund Name	YTD Net Total Return
1	AIA European Equity Fund	+8.24%
2	AIA Japan Equity Fund	+8.11%
3	AIA Growth Fund	+7.36%

AIA Investments

Notes

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.

Past performance is not necessarily indicative of future performance.

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