

Monthly Investment Insights

Macro Commentary

- Despite softening macro data, an economic recession in the US is not our baseline. Corporate balance sheets are healthy, but the expected roll-over of high borrowing costs pose a future risk.
- Labor market is gradually rebalancing, with moderating demand for labor and wage growth, which should contribute to a decline in inflation by the end of 2024.
- Fed is expected to begin cutting interest rates in September. We believe a gradual approach is preferable, especially if the economy remains resilient and inflation persists. In the medium term, we anticipate a gradual depreciation of the USD given the current over-valuation.
- China's property market challenges persist despite government efforts. Excess supply and weak demand hinder GDP growth, increasing reliance on exports, which is becoming unsustainable.

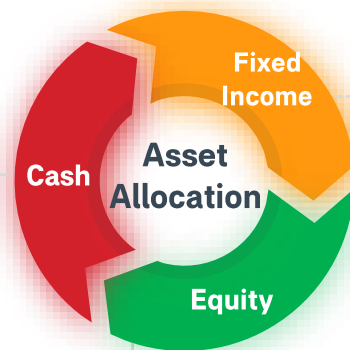
Performance

(US\$, As of 31 Aug 2024)		Aug – 24	YTD	2023
Equity	MSCI World Total Net Return Index	2.64%	16.72%	23.79%
	MSCI Asia (ex. Japan) Index	1.98%	12.02%	6.30%
Fixed Income	Bloomberg Global Aggregate Corporate Total Return	1.92%	3.43%	9.61%

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

AIA Asset Allocation View

Given the expectation of declining cash rates, we favor deploying cash into opportunistic areas.



Underweight Neutral Overweight

Fixed income:

Maintain Neutral position: Cooling inflation and the anticipation of Fed rate cuts have led to a bumpy downward trend in yields. In the short term, it seems that yields may have overshot to the downside.

Investment Grade Credit (IG)

Switch to Underweight Position: Despite recent market volatility, spreads across risk and regional sectors remain tight, limiting potential upside.

Global Equities:

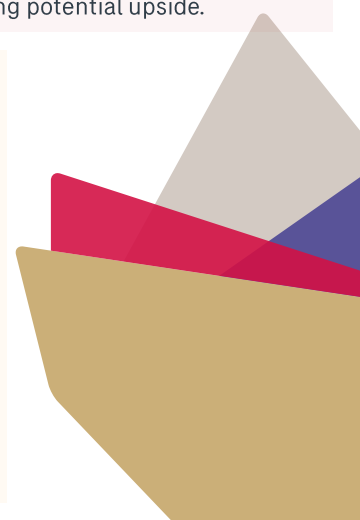
Maintain Overweight Position

- Positive earnings per share outlook and lower interest rates suggest potential for near-term market gains.
- While U.S. growth is slowing, recession fears may be overblown. Recent market correction has left valuations less demanding.
- Expect increased market volatility in the 4th quarter due to U.S. election uncertainties.

Asia Ex-Japan Equities:

Switch to Neutral Position

- Facing headwinds from slowing AI/Tech growth and potential trade tariffs.
- Despite China's efforts to stimulate consumption, consumer sentiment remains weak, limiting economic recovery.
- Potential Fed rate cuts and weaker USD could provide upside catalysts for the region.



Top 3 AIA ILP Sub-Fund Performance

As of 31 August 2024

No.	ILP Sub-Fund Name	YTD Absolute Return
1	AIA India Opportunities	+19.47%
2	AIA US Equity	+18.21%
3	AIA Global Equity	+16.80%

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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