

Monthly Investment Insights

Macro Commentary

Performance

AIA Asset Allocation View

- Major equity indices staged a sharp recovery back to record levels in the month of June as investors await the announcement of any trade deals between the U.S. and its trading partners. Back in April, U.S. President Trump’s tariff plans that were announced during Liberation Day, had stirred volatility across global markets with sentiments affected by tariff tensions and broad markets left within striking distance of an economic recession expectation. Markets had since rebounded strongly after the 90-day tariff reprieve that is set to expire on 9 July.
- The U.S. Republican and Democrat political parties continue to clash over President Trump’s massive tax and spending package, at odds over how much support they plan to cut from Medicaid and other social safety-net-programs as the White House remains optimistic that the president would get the legislation signed by July 4.
- Oil prices hovered around the lowest level since early June in a volatile quarter following Trump’s tariff announcements that saw prices dropped sharply, before the surge in June as conflicts broke out between Israel and Iran and easing later as hostilities eased. The focus is back on fundamental drivers, with potential trade deals and increased OPEC+ production the biggest near-term catalysts.
- U.S. Federal Reserve Chair Powell and nearly a dozen other policymakers have signaled that they prefer to wait for more clarity on the effects of the U.S. tariffs on the inflation path before adjusting interest rates, ahead of the Fed’s July 29-30 meeting. They added that there is time to track developments patiently and allow visibility to improve, given the strength in the economy.

(US\$, As of 30 June 2025)		Jun – 25	YTD	2024
Equity	MSCI World Total Net Return Index	4.32%	9.47%	18.67%
	MSCI Asia (ex. Japan) Index	6.18%	14.76%	12.52%
Fixed Income	Bloomberg Global Aggregate Corporate Total Return	2.31%	7.40%	1.10%

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

UnderweightNeutralOverweight

Maintain a cash buffer for strategic opportunities when markets stabilize.



Fixed Income: Maintain Neutral Position

- Fiscal sustainability concerns and Fed rate cutting expectations are creating a tug-of-war in yield movements. Tariff impacts remain unclear, posing short-term inflation and long-term growth risks.
- Credit spreads have narrowed to recent tights but are expected to resume mild widening as economy cools down over the medium term.

Global Equities: Maintain Neutral Position

- Geopolitical crises historically only have a fleeting impact on markets, largely depending on how big an impact it has on oil prices. With our base case assuming no major or sustained energy supply disruption, given shifts in global energy trade and strategic reserves, we maintain a neutral stance on global equities, barring significant escalations.
- We maintain a two rate reductions of 25 basis points (bps) each in 2025 in Sep and Dec on the assumption the situation stabilizes and inflation pressure moderates.

Asia Ex-Japan Equities: Upgrade to OW Position

- Upgrade to overweight position on Asia ex-Japan equities on account of renewed capital inflows, accommodative domestic monetary policy and re-rating of country-specific outlook (e.g. in South Korea).
- Cautiously optimistic on China equities from supportive stimulus and attractive valuation, though fierce deflationary price competition and geopolitical risk continue to cloud the earnings outlook despite early signs of broader economic recovery.

Top 3

AIA ILP Sub-Fund Performance

AIA Investments

As of 30 Jun 2025

No.	ILP Sub-Fund Name	YTD Absolute Return
1	AIA European Equity	+13.29%
2	AIA Japan Equity	+12.50%
3	AIA Growth	+10.55%

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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