AIA Global Bond Fund

March 2023

Investment Objective

This fund seeks to maximise total returns in Singapore Dollar terms over the longer term by investing in a portfolio of high quality debt securities of Singapore and major global bond markets such as the G10 countries and Australia and New Zealand.

Key Fund Facts

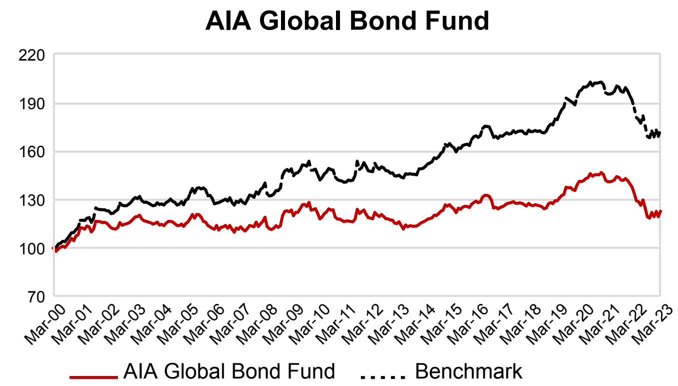
(As of 31 March 2023)

Launch Date	18 March 2000	**Subscription**	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	**Pricing Frequency**	Daily
Manager of ILP Sub-Fund	Legg Mason Asset Management Singapore Pte. Limited	**Management Fees**	0.95% p.a. of Net Asset Value
		Bid	SGD 1.168
Name of Underlying Fund(s)	Legg Mason Western Asset Global Bond Trust	**Offer**	SGD 1.23
		Fund Size	SGD 35.3M
Manager(s) of Underlying Fund(s)	Legg Mason Asset Management Singapore Pte. Limited		
Risk Classification	Low to Medium Risk		

Performance

(As of 31 March 2023)

Period	**1 Month**	**3 Months**	**6 Months**	**1 Year**	**3 Year^**	**5 Year^**	**10 Year^**	**Since Inception^**
Fund (bid-to-bid)	2.91%	2.91%	3.00%	-8.32%	-4.50%	-0.75%	0.66%	0.90%
Benchmark	2.61%	2.83%	2.64%	-7.11%	-4.29%	0.05%	1.84%	2.43%



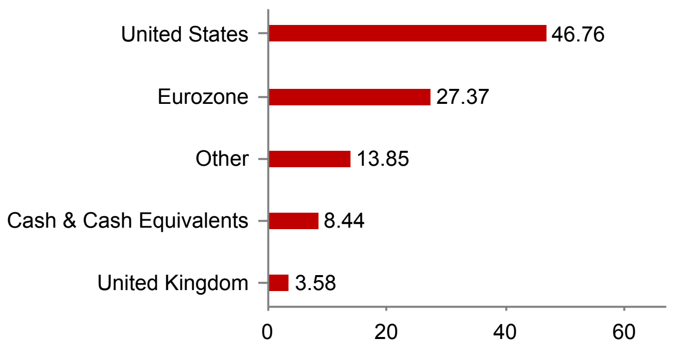
Source: AIA Singapore

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: Legg Mason Asset Management Singapore Pte. Limited (w.e.f 10 February 2014) (4) Current benchmark: FTSE World Govt Bond Index ex Japan (Hedged to S$) (w.e.f 10 February 2014) (5) Previous benchmark: FTSE* World Govt Bond (Unhedged) (1 July 2006 - 9 February 2014) *W.e.f 31 July 2018, the name of the index has been changed from Citi to FTSE.*

Past Performance is not necessarily indicative of future performance.

Country Allocation (%)

(As of 31 March 2023)



Source: Legg Mason Asset Management Singapore Pte. Limited, Information from the underlying Legg Mason Western Asset Global Bond Trust

Top Holdings

(As of 31 March 2023)

	Holdings (%)
US Treasury N/B 1.250% 30 Nov 2026|United States	12.13
Bundesrepub. Deutschland (Reg S) (Br) 0.50% 15 Aug 2027|Germany	6.60
Bundesrepub. Deutschland (Br) 1.75% 15 Feb 2024| Germany	6.35
US Treasury N/B 2.250% 15 Nov 2024|United States	4.98
US Treasury N/B 0.375% 31 Jan 2026|United States	3.83
Mex Bonds Desarr Fix Rt SER M 7.75% 13/11/2042| Mexico	3.34
US Treasury N/B 3.875% 30 Nov 2027|United States	3.21
US Treasury 0.375% 30/04/2025|United States	3.11
US Treasury N/B 2.125% 29 Feb 2024|United States	3.06
US Treasury 2.875% 15/05/2049|United States	2.49
TOTAL	49.10

Source: Legg Mason Asset Management Singapore Pte. Limited, Information from the underlying Legg Mason Western Asset Global Bond Trust

Manager's Commentary

(As of 31 March 2023)

What happened in the market?

Developments in the banking sector came to the forefront during the past month. Medium-sized regional banks—Silicon Valley Bank and Signature Bank—were shut down and taken over by the Federal Deposit Insurance Corporation (FDIC) after the banks failed to stem deposit outflows. These events triggered bank runs and financial stability concerns at similarly sized regional banks, but contagion risks were mitigated when the FDIC announced that it would guarantee uninsured deposits at the two banks. The Federal Reserve (Fed) and Treasury also launched the Bank Term Funding Program, a new emergency liquidity provision tool that allowed banks to borrow in exchange for eligible collateral—at par—to fund potential deposit outflows. The Federal Open Market Committee (FOMC) opted to hike the fed funds target rate by 25 basis points (bps) to 4.75%-5.00%. At the same time, however, there were hints that the rate hikes might soon be coming to an end. In terms of US economic data, inflation and jobs reports released earlier in March were mixed, adding to evidence of both a bumpy path for inflation as well as monetary policy's long and variable lags. In Europe, the Swiss government, central bank and market regulator orchestrated the state-backed takeover of Credit Suisse by UBS for 3 billion Swiss francs (US$3.3 billion). In an unprecedented move, Swiss officials forced Credit Suisse's AT1 securities to be written down to zero and subordinated to equity. The European Central Bank (ECB) pressed on with a 50bp rate hike to 3.00%, as officials had previously communicated, in line with market expectations, but removed previous guidance from its policy statement. During her press conference, however, ECB President Christine Lagarde said that the ECB was not "waning on our commitment to fight inflation, and we are determined to return inflation back to 2%." The Bank of England (BoE) voted by a majority of 7 to 2 to raise the Bank Rate by 25 bps to 4.25%, with two members preferring to keep the rate unchanged. In the last meeting of Governor Haruhiko Kuroda's 10-year tenure, the Bank of Japan (BoJ) kept its monetary policy unchanged before Kazuo Ueda takes the reins in April. In China, official Purchasing Managers' Index (PMI) manufacturing and services indices rebounded in February—with the manufacturing gauge rising to its highest reading since 2012—pointing to signs of a broad-based economic recovery after policymakers substantially eased COVID-19 restrictions in December. Investment-grade and high-yield corporate credit spreads were wider over the month. USD-denominated emerging market (EM) bond spreads widened, while EM local yields fell but underperformed US Treasury (UST) yields. The S&P 500 rose 3.5% while WTI fell 1.6% to just under US$76. The US dollar was generally weaker across both developed market (DM) and EM currencies.

What happened in the fund?

An overweight duration in the US, core European and UK added as yields fall. Lower short dated UST yields added. An overweight local Mexican government bonds added. Overweight to the Australian dollar and Norwegian Krone detracted. Overweight hard currency EM sovereigns also detracted.

What is the outlook

In line with our expectations, global growth appears to be downshifting and inflation is trending lower. Declining new order activity, rising inventories and improving supply chains worldwide have resulted in lower manufacturing inflation. Signs of moderating price pressures are also evident across service sectors, globally. These trends, combined with the major central banks continuing to advocate for tight monetary policy, should further temper growth and inflation. In the US, ongoing rate hikes and the Fed's intent to maintain a restrictive policy stance are weighing on inflation expectations, wage growth and housing activity. That stated, our view is that the Fed is in a position to pause and that the US will avoid a recession. In Europe, the outlook is mixed as demand has improved and the labour market remains buoyant, albeit with forward-looking growth indicators pointing to additional softening. Meanwhile, macro conditions in the UK continue to deteriorate–deeply negative real wage growth and higher costs of living (e.g., energy and food prices) have crimped discretionary spending and pushed consumer confidence to all-time lows. The one bright spot in the global picture is China, where we see broad policy accommodation (to support the reopening of its economy following the end of its zero-COVID strategy) acting as a positive growth catalyst for Asia and EMs as a whole. As global growth and inflation continue to moderate, and recent concern over the stability of the US and EU banking systems abates, we expect DM government bond yields to trend lower. In such an environment, we anticipate that the US dollar will weaken modestly and that EM–where central banks are at the end of their tightening cycle–will outperform. Credit markets currently offer compelling value but we acknowledge that they remain vulnerable to unanticipated shifts in macro-related sentiment,
geopolitical developments and the risk of central bank overtightening.

Source: Legg Mason Asset Management Singapore Pte. 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.