

AIA Regional Fixed Income Fund

April 2023

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

(As of 30 April 2023)

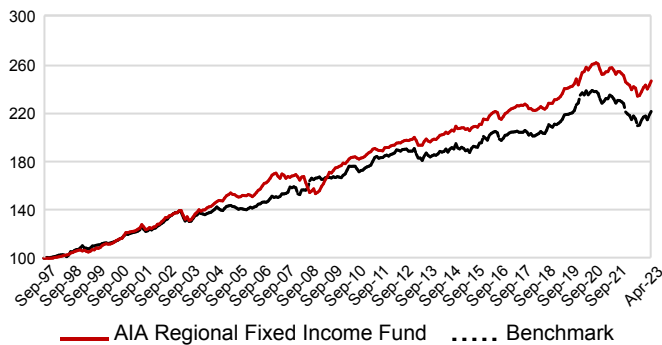
Launch Date	2 September 1997	Subscription	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	Pricing Frequency	Daily
Manager of ILP Sub-Fund	AIA Investment Management Private Limited	Management Fees	0.85% p.a. of Net Asset Value
Risk Classification	Low to Medium Risk	Bid Offer	SGD 2.344 SGD 2.468
		Fund Size	SGD 1,403.1M

Performance

(As of 30 April 2023)

Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	1.52%	1.47%	5.16%	0.99%	-0.27%	2.09%	2.12%	3.59%
Benchmark	1.45%	1.84%	5.45%	1.05%	-1.91%	1.96%	1.51%	3.15%

AIA Regional Fixed Income Fund



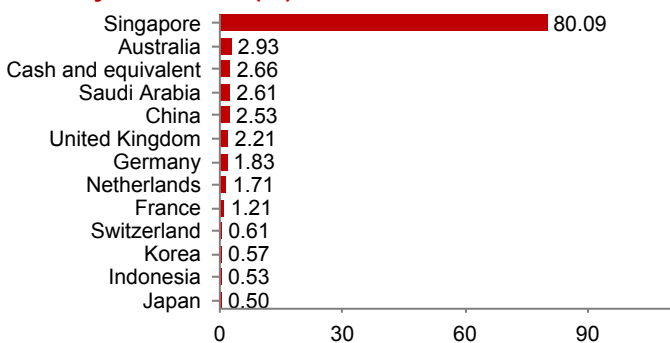
Source: AIA Singapore

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: 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.

Country Allocation (%)

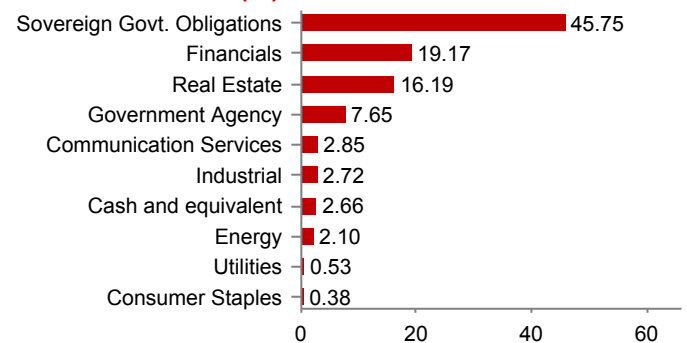
(As of 30 April 2023)



Source: AIA Investment Management Private Limited

Sector Allocation (%)

(As of 30 April 2023)



Top Holdings

(As of 30 April 2023)

	Holdings (%)
SINGAPORE GOV'T SIGB 2 5/8 08/01/32	4.49
SINGAPORE GOV'T 2.75% SIGB 01/04/42	4.37
SINGAPORE GOV'T SIGB 2 1/4 08/01/36	4.12
SINGAPORE GOV'T SIGB 2 7/8 07/01/29	4.05
SINGAPORE GOV'T SIGB 3 3/8 09/01/33	4.00
SINGAPORE GOV'T SIGB 2 7/8 09/01/30	3.84
SINGAPORE GOV'T SIGB 2 3/4 03/01/46	3.61
SINGAPORE GOV'T SIGB 3 1/2 03/01/27	3.35
SINGAPORE GOV'T SIGB 1 7/8 03/01/50	3.22
SINGAPORE GOV'T SIGB 2 5/8 05/01/28	2.45
TOTAL	37.50

Source: AIA Investment Management Private Limited

Manager's Commentary

(As of 30 April 2023)

The flow of global economic data depicted a relative stable picture overall in April, although monetary policies continued to be tightened and lending conditions in advanced economies deteriorated further. The dichotomy between sluggish manufacturing and booming services was confirmed. Global manufacturing PMI remained in contraction territory, at 49.6, while services PMI rose to 55.4, its highest reading since November 2021. Cost-push inflation also continued to converge towards long term averages, although the downtrend was mainly driven by manufactured goods while services prices remained stable and at elevated. This suggests that monetary policy is unlikely to be eased in the near term and that we may have to wait until early next year to see rate cuts.

The US labour market remained robust with unemployment rate dropping to a 53-year low of 3.4%. Meanwhile, core services inflation came in at elevated levels while property market activity showed signs of stabilization. However, the odds of a recession by year end have risen as the higher cost of funding for banks is likely to drive a tightening of lending conditions. The Fed hiked rates by 25bp in early May and might pause in June.

The post Covid recovery in China continued to support economic activity. Private consumption of services was particularly strong in April as Chinese consumers resumed traveling. Exports were also surprisingly strong, helping to boost GDP growth in 1Q23 (+2.2% relative to 4Q22). However, uncertainty about a self-sustained rebound in residential real estate continued to weigh on sentiment while manufacturing PMI came down meaningfully in April. Similarly, the inflation reading was flattish (+0.1% y/y), suggesting that the economic rebound may not be strong enough to boost inflation.

After the banking sector turmoil in March, market sentiment stabilized following prompt decisions by the Fed and FDIC, securing deposits and containing the spread of liquidity tensions. However, uncertainties remain elevated amid tight monetary policy. Long term US Treasury stabilized in April with 10yr yields down 5bp and 30yr yields up 2bp, while 2yr/5yr yields retreated by 2bp and 9bp, respectively. Like in the US, 30yr underperformed slightly in the UK, Germany and Australia. Overall, long US bonds outperformed European and Australian bonds. As at end April, the Fund held a relatively neutral duration position on an overall level and has an overweight allocation to corporates segment where all-in yields are at attractive levels.

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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