



September 2023

## MONTHLY FUND PERFORMANCE UPDATE

### AIA GLOBAL BALANCED FUND (previously known as AIA Eleven Plus Fund)

#### Investment Objective

The primary goal of this Fund is to provide long-term total return (combination of capital growth and income) with moderate risk by investing through exposure in a diversified portfolio of global equities and fixed income securities. It is also flexible by allowing investments in newer funds launched in the future. The Fund adopts a relatively balanced approach towards equities and bond exposure with the aim of providing stable growth of your investment. The Fund's expected average exposure to equities will be approximately 60% over the long term, however this exposure may vary from time to time and can go up to 80%. The balance is invested in the fixed income or money market instruments.

**Notice:** Please refer to the Fund Fact Sheet for more information about the Fund.

#### Fund Details

Unit NAV (30 Sep 2023)	: RM 1.00696
Fund Size (30 Sep 2023)	: RM 235.080 million
Fund Currency	: Ringgit Malaysia
Fund Inception	: 25 October 2007
Offer Price at Inception	: RM 0.50
Fund Management Charge	: 1.50% p.a.
Investment Manager	: AIA Bhd.
Fund Type	: Fund-of-Funds
Basic of Unit Valuation	: Net Asset Value
Frequency of Unit Valuation	: Daily

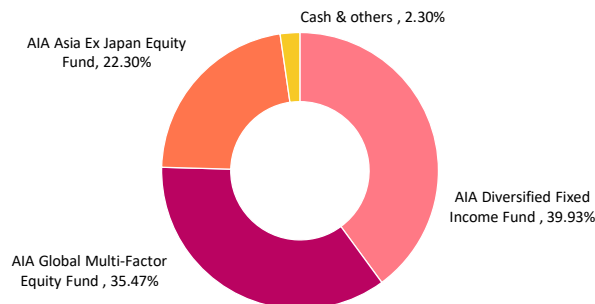
#### Underlying Fund Details

Name	: AIA Global Multi-Factor Equity Fund AIA Diversified Fixed Income Fund AIA Asia Ex Japan Equity Fund AIA Greater China Equity Fund AIA India Equity Fund
Investment Manager	: AIA Investment Management Private Ltd.

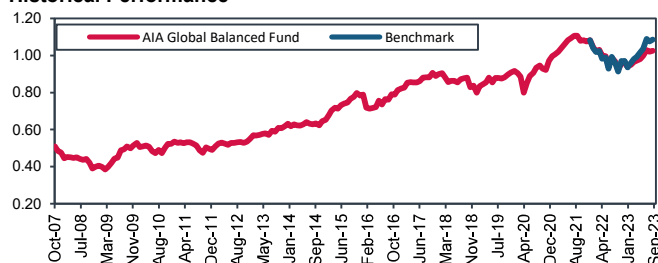
#### Top Fund Holdings

1	AIA Diversified Fixed Income Fund	39.93%
2	AIA Global Multi-Factor Equity Fund	35.47%
3	AIA Asia Ex Japan Equity Fund	22.30%

#### Fund Allocation



#### Historical Performance



#### Historical Performance (cont'd)

Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund~	-1.78%	3.58%	9.12%	8.46%	14.45%	101.39%
Benchmark*	-2.59%	6.70%	15.82%	N/A	N/A	N/A
Excess	0.81%	-3.13%	-6.71%	N/A	N/A	N/A

\* Calculation of past performance is based on NAV-to-NAV. This is strictly the performance of the investment fund, and not the returns earned on the actual premiums/contributions paid of the investment-linked product.

\* Prior to fund restructuring effective from January 2022, there was no benchmark available. Post restructuring the benchmark is 60.0% MSCI World Price Index + 40.0% Barclays Global Aggregate Corporate Total Return Index (Source: Bloomberg). Calculation of the benchmark since inception performance is based on the date the fund restructuring exercise was completed which is 31 January 2022. Meanwhile, calculation of the Fund's since inception performance is based on the Fund's inception date of 25 October 2007.

**Notice:** Past performance of the Fund is not an indication of its future performance.

#### Market Review

September 2023 was another difficult month for equities, the MSCI World Index gave back 4.3%, as losses from August 2023 accelerated through September 2023, which marked the weakest monthly return for global equities since September 2022. Higher interest rates weighed on sentiment as the Federal Reserve ("Fed") revised their dot plot projections highlighting to the market that there will be fewer cuts than expected in 2024. Measures of economic growth have been expanding in the US and have the potential to veer inflation off its course, as a result central banks remained focused on elevated rates to bring inflation down to target. Conversely, investors also grappled with a rise in the headwinds to growth such as reduced consumer consumption, elevated oil prices and the delayed decision on the US government shutdown all of which reignited recessionary concerns compounding the weakening sentiment.

In September 2023, corporate spreads remained relatively resilient despite several factors that exerted negative pressure on equities, including higher yields, negative consumer headlines, and rising energy prices. To start the month, labor markets demonstrated some signs of cooling evidenced by Job Openings and Labor Turnover Survey ("JOLTS") data which exhibited a decline in both job openings and the quits rate. Concurrently, Non-Farm Payrolls registered below 200,000 for the third month in a row while the participation rate moved higher. With respect to inflation, Core consumer price index (CPI) printed 0.3% moving the annualized rate to 4.39%. Although the figure was higher than the two prior monthly prints, annualized core CPI metrics are all trending lower indicating an overall softer inflationary environment. In monetary policy, as widely expected, the Federal Open Market Committee ("FOMC") maintained the target federal funds rate at 5.25% - 5.50% and left its 2023 median dot unchanged potentially indicating another 25 basis points (bps) hike before year end. In a more unexpected move, the median September dots for 2024 and 2025 were revised higher suggesting that the Fed intends to only cut rates by 50bps over each respective year and maintain a restrictive policy stance until 2026. This revision was driven by a more optimistic economic outlook with upward projections to the trajectory of Gross Domestic Product ("GDP") growth and downward projections to the unemployment rate. The most noteworthy development over the month was the aggressive rise in interest rates and steepening of the yield curve with the 10-year Treasury hitting a 16-year high at 4.65% intraday. Despite the cooling inflation and labor market data, yields have continued to move higher driven by a pickup in term premium, improving economic growth projections and the Fed's indication that it is unlikely to pivot even if growth slows. Outside of economic news, Investors faced negative headlines surrounding a potential government shutdown, United Auto Workers labor strike and significantly higher oil prices driven by Organisation of Petroleum Exporting Countries ("OPEC") supply cuts. Against this backdrop, the Bloomberg US Investment Grade Credit Index widened by 3bps in September 2023, to 112bps, resulting in a monthly excess return of 3bps. Primary market issuance for September 2023 was about \$141.9bn, including \$114.5bn in corporates and \$27.4bn in noncorporates. With rates persistently climbing higher, the Fund continue to see a lack of issuance in the back end of the curve with year-over-year long end issuance down nearly 13%.

#### Market Outlook

Energy was the only sector to finish with positive returns, all other sectors posted losses for the month. The worst performing sectors were Information Technology and Real Estate which can be considered as more interest rate sensitive sectors. Sectors that can benefit from higher interest rates such as Financials fared better. In terms of smart beta indices, the correlation between Value and Minimum Volatility Factors picked up as both Factors outperformed for the month. This mirrors the trend in 2022 where higher interest rates triggered greater market volatility benefiting both Value (less interest rate sensitive) and Minimum Volatility Factors - this backdrop was the same in September 2023. Momentum Factor marginally outperformed, this was driven predominantly by strong security selection effects in Financials and Industrials. Quality Factor and Size Factor detracted slightly. Quality Factor tends to be impacted by sharp rises in interest rates due to its growth-tilt and Size Factor continued to be overshadowed by the outperformance of large cap.

For fixed income, The Underlying Fund continues to remain short beta and long duration against the benchmark.



#### Lipper Leader Fund for:

1. Total Return
2. Consistent Return

Lipper uses a ranking system of 1 to 5. A ranking of 5 means the fund is in the top 20% of funds in that category while a ranking of 1 means the fund is in the bottom 20%. Source: [www.lipperleaders.com](http://www.lipperleaders.com)