May 2022

MONTHLY FUND PERFORMANCE UPDATE
AIA GLOBAL BOND FUND 3

Investment Objective

The AIA Global Bond Fund 3 ("the Fund") will invest fully in a Singapore Dollar denominated underlying fund, namely Franklin Templeton Investment Funds - Templeton Global Bond Fund A (Mdis) SGD-H1 (the "Underlying Fund"). The Underlying Fund aims to maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains by investing principally in a portfolio of fixed or floating rate debt securities and debt obligations issued by government or government-related issuers worldwide.

The Fund intends to make payouts on a quarterly basis. For the first 5 years from the Fund's inception date, the Fund will pay a fixed payout of 5 sen per unit per annum. In the event that payouts received from the Underlying Fund is insufficient to support the fixed payouts, we have the discretion to liquidate a portion of the Fund's investment in the Underlying Fund in order to meet that distribution requirement.

In the subsequent years, payout will be made annually if the Fund's Net Asset Value (NAV) exceeds RM1. The amount of payout declared, if any, may vary from year to year.

If payout is distributed to the policy owner, the NAV of the Fund will be reduced accordingly.

Fund Details

Unit NAV (31 May 2022)	:	RM 0.88445
Fund Size (31 May 2022)	:	RM 3.708 million
Fund Currency	:	Ringgit Malaysia
Fund Inception	:	23 August 2012
Offer Price at Inception	:	RM0.950
Fund Management Charge	:	1% p.a. of NAV
Investment Manager	:	AIA Bhd.
Basis of Unit Valuation	:	Net Asset Value
Frequency of Unit Valuation	:	Daily

Underlying Fund Details

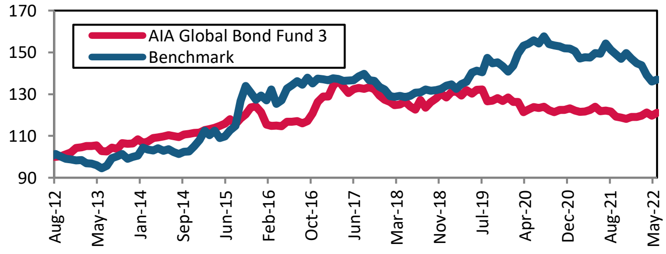
Name	:	Templeton Global Bond Fund Class A (Mdis) SGD-H1
Type	:	Global Bond Fund
Investment Manager	:	Franklin Advisers, Inc.

Top Holdings

1	Korea Monetary Stabilization Bond, Sr Unsecured, 2304, .905%, 4/02/23	8.47%
2	Government of Sweden, Reg S, 144A, 1.50%, 11/13/23	8.05%
3	Korea Treasury Bond, senior note, .875%, 12/10/23	5.26%
4	Government of Norway, 144A, Reg S, 3.00%, 3/14/24	5.12%
5	Brazil Letras do Tesouro Nacional, BILLS, Unsecured, LTN, 1/01/25	4.26%

**Underlying fund data*

Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund^	1.15%	2.53%	-2.37%	-7.04%	-7.26%	21.09%
Benchmark*	0.57%	-8.49%	-8.52%	-2.42%	0.27%	36.90%
Excess	0.58%	11.02%	6.15%	-4.62%	-7.53%	-15.81%
Underlying (~)	0.06%	-0.68%	-4.55%	-11.21%	-9.64%	43.65%

^ 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.
**JP Morgan Global Government Bond Index (MYR Term) (Source: Bloomberg)*
~Underlying fund performance (SGD Term)
Note: The total fund returns are inclusive of the payout, if applicable.

<u>Notice</u>: Past performance of the Fund is not an indication of its future performance.

Manager's Comments

This Fund is subject to exchange rate fluctuations, mainly against the Singapore dollar ("SGD") and therefore, Malaysian ringgit ("MYR") movements against foreign currencies will affect the performance of the Fund. MYR weakened against the SGD by 1.44% in May.

Market Review

Sovereign bond yields rose across much of the world in May while risk assets fell sharply earlier in the month as the spectre of stagflation dominated market sentiment. Global central banks continued to hike rates as inflation remained at multi-decade highs in multiple regions during the month. Inflation continued to trend higher in several countries as food and energy prices along with other underlying price pressures persisted, further exacerbated by the war in Ukraine and the West's economic isolation of Russia. While yields pulled back in some countries as the month progressed, they broadly ended the month higher, while risk assets recouped much of their earlier losses. US Treasury ("UST") yields rose earlier in the month, with the yield on the 10Y UST peaking at 3.13% on 6 May before reversing to end May 9 bps lower at 2.85%.

On the monetary front, the US Federal Reserve ("Fed") raised the target federal funds rate 50bps to an upper bound of 1.00% at its 4 May meeting, a move which was widely anticipated. The post-meeting statement also announced the start of balance sheet runoff, which will commence in June. The key parameters for runoff aligned with what the Federal Open Market Committee ("FOMC") proposed in the March meeting minutes, including that the monthly cap would be set at USD95 billion, which are split between Treasury (USD60 billion) and mortgage-backed securities (USD35 billion), and that caps would be set at half of those levels for the first 3 months of runoff. Fed meeting minutes released later in the month indicated that officials view the 50bps increase as appropriate for the next 2 meetings, while also potentially moving towards a path above neutral to combat inflation. Meanwhile, headline Consumer Price Index ("CPI") inflation in the US has remained at or above 5.0% Year-on-Year ("YoY") since May 2021, hitting its highest level since 1981 in March at 8.5%, before slightly declining to 8.3% in April.

The European Central Bank ("ECB") Governing Council did not have a monetary policy meeting in May, leaving the main refinancing operations rate at 0.0% and the main deposit facility rate at -0.5%. However, the policy bias has shifted more hawkish during the last few months. During the month, European Central Bank ("ECB") President Christine Lagarde said the ECB is likely to start raising interest rates in July and exit negative rates by the end of September. She expects net purchases under the Asset Purchase Programme to end very early in the 3rd quarter, allowing for the rate lift-off at the meeting on 21 July. This would be in line with the ECB's forward guidance. Lagarde pushed back on the possibility of a 50bps hike by saying that normalisation will be gradual and that it was sensible to move step by step. Lagarde reiterated that the ECB would also be able to design and deploy new instruments to make sure that monetary policy is properly transmitted. The Bank of Japan ("BOJ") Policy Board did not have a monetary policy meeting in May, leaving the overnight interest rate at 0.1% and the yield target on the 10Y Japanese government bond at 0.0%. BOJ Governor Haruhiko Kuroda continued to publicly reaffirm the commitment to the yield target, along with the belief that it will take time to attain stable 2% inflation that is driven by corporate profits and wage growth while the pace of recent cost-push inflation is expected to slow over the next year. Headline inflation in Japan was 2.5% YoY in March, while core inflation was 2.01% YoY, surpassing BOJ's 2% target for the first time in 7 years.

Performance Review

For the month, the Fund's A (Mdis) USD shares returned 0.26%, and its benchmark, the JP Morgan Global Government Bond Index, returned 0.00%.

The Fund's positions in the Brazilian real ("BRL"), South Korean won ("KRW"), Colombian peso ("COP") and Chilean peso ("CLP") against the US dollar ("USD") contributed to absolute fund performance. However, the fund's position in the Norwegian krone ("NOK") against the euro ("EUR") detracted from absolute results, as did positions in the Ghanaian cedi ("GHS") and Indian rupee ("INR") against the USD. Meanwhile, duration exposure in Ghana detracted from absolute fund performance, while duration exposure in Argentina contributed.

Market Outlook

Russia's invasion of Ukraine has added a layer of uncertainty to global financial markets. Substantial disruptions to trade and the flow of food, energy and other commodities through Europe will have a material impact on its economic growth, with varying ripple effects for other parts of the world. While the Underlying Manager expects some moderation in the pace of global growth, the conflict in Ukraine is likely to have heterogeneous impacts on economic momentum in different regions and countries. On the rates front, the global monetary tightening cycle continues to press forward, reversing the extraordinary, highly correlated global easing cycle in 2020 and early 2021. This shift continues to have varied impacts on local-currency assets. The Underlying Manager expects widening divergence on the monetary policy front given that inflation drivers are not uniform around the world. These divergences should create relative valuation opportunities amongst countries as certain central banks tighten policy ahead of others. On a regional basis, areas of Asia continue to stand out from the emerging market pack. Asia is projected to have some of the strongest growth rates in the world in 2022. Several countries have large current account surpluses, low fiscal deficits, low levels of debt and relatively normalised interest rates compared with the low-to-negative rates across advanced economies. Looking ahead, the Underlying Manager expects Asia to remain an important driver for global growth.