



November 2023

## MONTHLY FUND PERFORMANCE UPDATE

### AIA GLOBAL FIXED INCOME FUND (previously known as AIA Asian Debt Fund)

#### Investment Objective

The Fund aims to maximise long-term return by investing in a diversified fixed income portfolio consisting primarily of investment grade bonds and other debt securities denominated in USD.

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

#### Fund Details

Unit NAV (30 Nov 2023)	: RM 2.28626
Fund Size (30 Nov 2023)	: RM 85.144 million
Fund Currency	: Ringgit Malaysia
Fund Inception	: 31 July 2006
Offer Price at Inception	: RM 1.00
Fund Management Fee	: 1.00% p.a.
Investment Manager	: AIA Bhd.
Fund Type	: Feeder Fund
Basis of Unit Valuation	: Net Asset Value
Frequency of Unit Valuation	: Daily

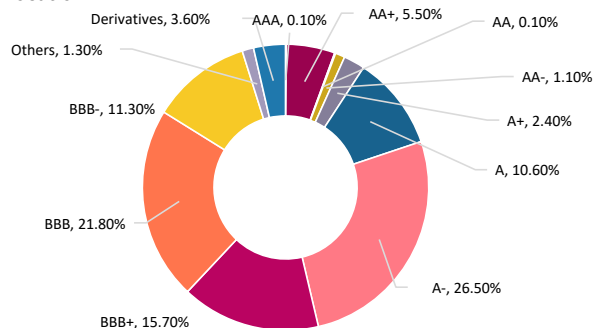
#### Underlying Fund Details

Name	: AIA Diversified Fixed Income Fund
Investment Manager	: BlackRock Financial Management, Inc.

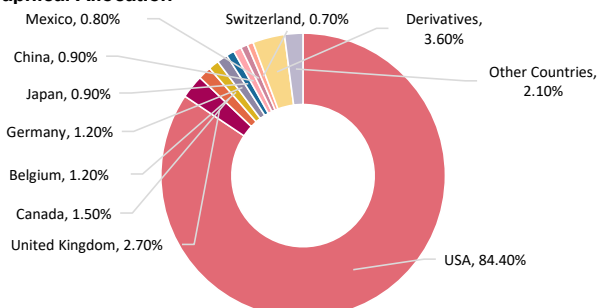
#### Top Holdings\*

1	CBT US 10yr Ultra Fut Mar24	2.30%
2	CBT US 5YR NOTE (CBT) Mar24	2.20%
3	eBay Inc 3.45% 01/08/2024	1.50%
4	CBT US LONG BOND(CBT) Mar24	1.50%
5	Morgan Stanley 1.164% VRN 21/10/2025	1.40%

#### Rating Allocation\*

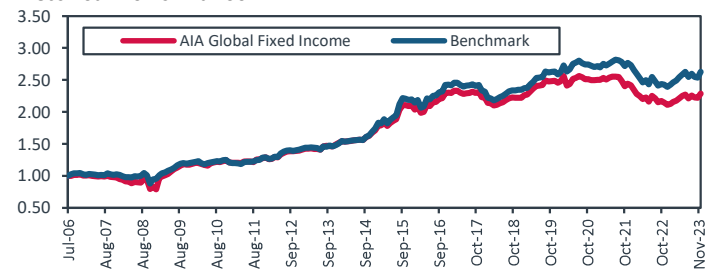


#### Geographical Allocation\*



\*Underlying fund data

#### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund~	3.04%	1.49%	6.51%	-8.47%	2.89%	128.63%
Benchmark*	4.76%	2.17%	8.95%	-2.87%	12.75%	164.30%
Excess	-1.72%	-0.68%	-2.44%	-5.61%	-9.86%	-35.67%
Underlying (^)	5.84%	1.31%	4.34%	N/A	N/A	-10.70%

~ 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.

\* Benchmark will be revised from 100% AIA Diversified Fixed Income Blended BBG/ Barclays/ JPM Benchmark to 100% Bloomberg Barclays U.S. Corporate Bond Index, effective 1 October 2023. (Source: Bloomberg).

^ Fund underwent the restructuring exercise in the month of January 2022. Calculation of the Underlying Fund's 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 31 July 2006. Underlying fund performance is in USD Term.

**Notice:** 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 US dollar ("USD") and therefore, Malaysian ringgit ("MYR") movements against foreign currencies will affect the performance of the Fund. MYR strengthened against USD by 2.1% in November 2023.

#### Market Review

Investor optimism driven by the increased expectations of a soft-landing economic scenario led to strong returns across risk assets in November 2023. The Bloomberg Aggregate Index posted one of its best monthly returns since 1985 while the S&P 500 registered its strongest monthly return since July 2022. Supporting these results was a sharp rally in interest rates with the constant maturity 10Y US Treasury ("UST") yield declining by 66 basis points ("bps").

Bolstering strong returns across risk assets was the latest inflation data, with closely watched indicators suggesting a downward trajectory. Annualized CPI fell from 3.7% to 3.2%, while core consumer price index ("CPI") decelerated from 4.1% to 4%. While these figures are still above the US Federal Reserve ("Fed")'s target, the readings are at their lowest in the past two years. Likewise, the producer price index ("PPI") had its largest decline since April 2020. The decline across inflation metrics has strengthened investor views that the Fed is done hiking rates. The Fed held its current policy rate range at 5.25% to 5.50% for the 3rd consecutive meeting in November 2023. The Federal Open Market Committee ("FOMC") minutes signalled that, while the Fed's aggressive hiking cycle could be in its final phase, restrictive financial conditions are likely to be held well into the new year.

Despite prevailing tight financial conditions, the US economy and labor market have remained resilient. 3Q23 Gross Domestic Product ("GDP") figures were revised up to 5.2% from 4.9% on the back of increasing business capital accumulation. Total nonfarm payroll employment increased by 150,000 in the month prior, while the unemployment rate held at 3.9%. New filings for unemployment benefits fell by mid-month. Existing home sales hit their lowest resale point since October 2010, with most homeowners shielded from prevailing higher rates by fixed mortgages locked in during the COVID-19 pandemic. Against this backdrop, the Bloomberg US Investment Grade tightened by 22 bps in November 2023 to 97 bps, resulting in a monthly excess return of 183 bps.

#### Performance Review

In November 2023, the Underlying Fund's performance fell short by 19 bps, compared to the benchmark. The largest factor in this underperformance was its sector allocation, mainly due to the lower exposure to Corporates as spreads notably decreased over the month. However, the Underlying Fund's security selection strategy helped to counteract some of this underperformance, notably with its greater exposure to Technology (+3 bps) and Communications (+2 bps). Currently, the Underlying Fund is maintaining a short beta and a neutral duration compared to the benchmark. With current valuations at their Year-to-Date ("YTD") lowest, the Underlying Fund Manager advised caution regarding the future of Investment Grade spreads, predicting a period of little movement over the next few months, as it anticipates a volatile year in 2024.