



October 2024

## 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 (31 October 2024)	: RM 2.27901
Fund Size (31 October 2024)	: RM 122.560 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

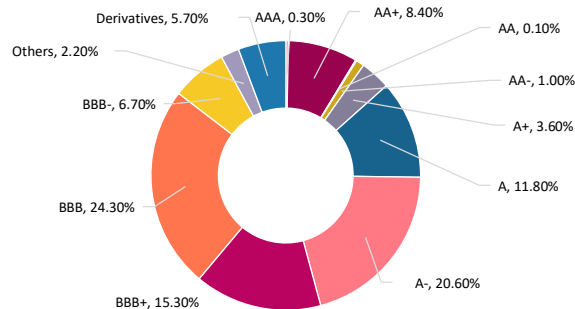
#### Underlying Fund Details

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

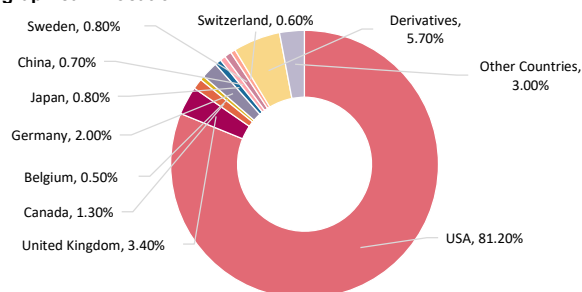
#### Top Holdings\*

1	CBT US 2YR NOTE (CBT) Dec24	3.30%
2	United States Treasury NoteBond 4.625% 30/06/2026	3.20%
3	CBT US 5YR NOTE (CBT) Dec24	1.70%
4	CBT US 10yr Ultra Fut Dec24	1.20%
5	Deutsche Bank AGNew York NY 5.414% 10/05/2029	1.10%

#### Rating Allocation\*

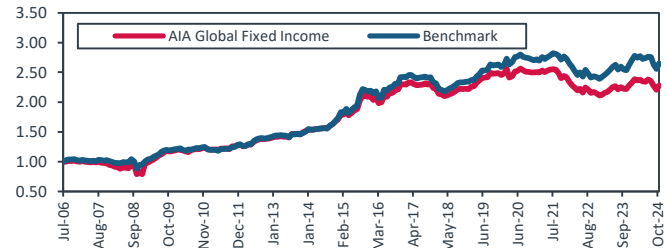


#### Geographical Allocation\*



\*Underlying fund data

#### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund~	3.12%	-3.03%	2.71%	-4.99%	-8.24%	127.90%
Benchmark*	3.62%	-2.86%	4.44%	-2.50%	0.86%	164.77%
Excess	-0.50%	-0.17%	-1.72%	-2.49%	-9.10%	-36.86%
Underlying (^)	-2.63%	5.64%	13.20%	N/A	N/A	-4.48%

~ 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 weakened against the USD by 6.2% in October 2024.

#### Market Review

October 2024 began with an impressive nonfarm payrolls report, showing 254k jobs added, significantly above the estimated 140k. This is the strongest figure in 6 months, driven by gains in leisure and hospitality, healthcare, and government sectors. The ISM services index reached a 19-month high, reflecting the strength of the U.S. consumer, as well as robustness in retail and professional and business services while retail sales also increased solidly, surpassing expectations, and indicating a persistent and resilient consumer. On inflation, headline Consumer Price Index ("CPI") is now at 2.4%, and core inflation is at 3.3%, both slightly higher than market expectations. In the rates market, U.S. Treasuries ("UST") posted one of their worst months in more than 2 years amid signs of economic strength, posturing for the U.S. presidential election, and a heavy supply of new notes and bonds. The 2Y and 10Y UST yields rose by 61 bps and 53 bps respectively ending the month above 4%. Against this backdrop, the option-adjusted spread for the US Investment Grade Credit Index tightened by 5 bps to 79 bps, resulting in a monthly excess return of 33 bps. In respect to performance, the best-performing sectors were supermarkets, airlines, cable satellite, media entertainment, and natural gas, while the worst-performing were sovereigns, health insurance, supranational, foreign agencies, and restaurants. BBB bonds fared the best across the investment grade quality spectrum, while AAA rated bonds fared the worst.

Despite the 50-bps surprise cut in Sept, the market has taken cues from the stronger growth data, and materially reduced the US Federal Reserve ("Fed") rate cut expectations in recent weeks. Demand for investment grade ("IG") remains extremely robust despite tight spreads, as yield buying continues to dominate flows. Seasonally, supply should slow into 4Q 2024, further adding to the supply-demand imbalance, which will likely keep spreads pinned at relatively tight levels. After the volatility spike in August 2024 passed without a material disruption to longer-term trends in risk asset accumulation, markets resumed the grind tighter, with recent strong macro data fuelling a gap down to new Year-to-Date ("YTD") tightness in IG.

#### Performance Review

In October 2024, the Underlying Fund delivered a return of -2.67%, underperforming the benchmark by 24 bps. The underperformance is primarily due to the Underlying Fund's underweight position in IG corporates as spreads continue to grind tighter. However, security selection across corporates helped marginally offset some of the underperformance. The Underlying Fund Manager intends to keep carry in the portfolio through active security selection and continue to prefer the short to intermediate parts of the yield curve with its outlook on positioning remaining consistent over the past few months. The Underlying Fund Manager believes that rates will be biased lower in 2024 and is maintaining a neutral duration stance.