



January 2025

## 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 January 2025)	: RM 2.30730
Fund Size (31 January 2025)	: RM 135.278 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

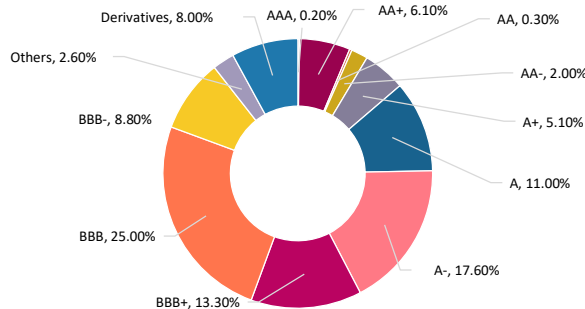
#### Underlying Fund Details

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

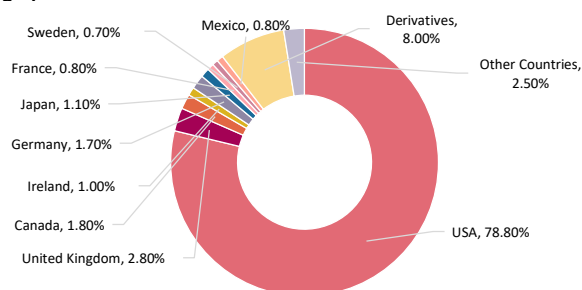
#### Top Holdings\*

1	CBT US 2YR NOTE (CBT) Mar25	4.80%
2	CBT US Long Bond (CBT) Mar25	1.60%
3	United States Treasury NoteBond 3.5% 30/09/2029	1.40%
4	United States Treasury NoteBond 4.25% 15/11/2034	1.30%
5	CBT US 5yr NOTE (CBT) Mar25	1.20%

#### Rating Allocation\*

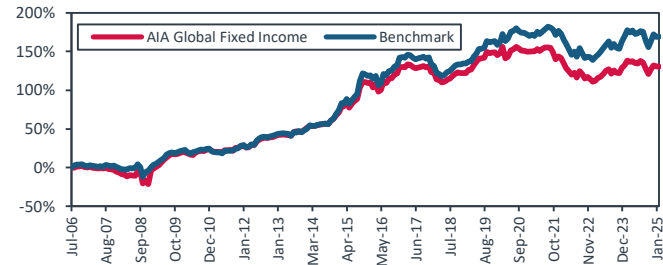


#### Geographical Allocation\*



\*Underlying fund data

#### Historical Performance



Cumulative Performance	1-Mth	6-Mth	1-Year	3-Year	5-Year	Since Inception
Fund~	-0.04%	-2.11%	-3.24%	-1.38%	-7.02%	130.73%
Benchmark*	0.24%	-2.22%	-3.06%	1.63%	2.57%	169.31%
Excess	-0.28%	0.10%	-0.18%	-3.01%	-9.58%	-38.58%
Underlying (^)	0.51%	1.30%	3.28%	N/A	N/A	-4.50%

~ 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 the USD by 0.3% in January 2025.

#### Market Review

January 2025 saw continued signs of steady economic growth as the US Federal Reserve ("Fed") projected a more cautious wait-and-see tone regarding rates policy in the new year. Earlier in the month, the December 2024 Federal Open Market Committee ("FOMC") meeting minutes indicated that Fed policymakers supported slowing the pace of interest rate cuts due to concerns about stalling inflation, prior to the announcement of a 25 basis points ("bps") cut. Towards the end of the month, Fed Chair Powell reiterated multiple times that the central bank was in no hurry to change its policy stance, effectively ruling out a rate cut at the upcoming March 2025 meeting. This was amidst relatively strong economic data released over the month. U.S. Gross Domestic Product ("GDP") data showed 2.3% annualized growth in 4Q 2024 on the back of strong consumer spending, which grew by 4.2%, marking the first time since 2021 where spending rose more than 3% in consecutive quarters. Also released in January 2025, nonfarm payrolls showed strength in December 2024, with an addition of +256,000 jobs, lowering the unemployment rate to 4.1% and bolstering the argument for a robust labor market. Core Consumer Price Index ("CPI") also reported slightly below estimates for December 2024. While headline CPI accelerated to 0.4% Month-on-Month ("MoM") from 0.3% MoM in November 2024, core CPI grew 0.2% MoM last month. Headline CPI accelerated due to price strength in energy components— fuel oil, motor oil, and energy services. Core CPI however, moderated due to further softening in shelter prices.

The month was punctuated the start of the Trump administration, which has promised to implement tariffs against key U.S. trading partners, in addition to broader deregulation, which could affect both domestic economic strength and consequently, future Fed policy decisions. Against this backdrop, the option-adjusted spread for the US Investment Grade Credit Index tightened by 2 bps in January 2025 to 75 bps, resulting in a monthly excess return of 14 bps. In January 2025, the index posted a total return of 0.56%. Primary market supply for January 2025 was about USD265.2 billion, including USD169.2 billion in corporates and USD96.0 billion in non-corporates. In respect to performance, the best-performing sectors were Sovereigns, Healthcare, Aerospace/Defense, Railroads and Pharmaceuticals. The worst-performing were Electrics, Natural Gas, Transportation Services, and Foreign Local Government. Crossover bonds fared the best across the investment grade quality spectrum, while AA+ rated bonds fared the worst.

#### Performance Review

The Underlying Fund delivered a 0.47% absolute return and underperformed the benchmark by 8 bps primarily due to security selection across corporates. While the Underlying Fund's underweight position in investment-grade corporates as spreads continue to grind tighter did hurt the performance, the Underlying Fund's curve positioning contributed 3 bps of performance. Given the Underlying Fund's intent of keeping carry through active security selection, the Underlying Fund kept active alongside the busy primary calendar for the month of January 2025 by rotating out of lower yielding issuers and picked up additional yield and duration. The Underlying Fund's outlook on positioning has remained consistent over the past few months. The Underlying Fund expects spreads to remain in a tight range through Q1 2025 as the market digests Trump's first 100 days, with an expected range of +75 bps to +90 bps. That said, there is minimal cushion for any downside risk to the political, fiscal, or economic outlook. As a result, the Underlying Fund continue to be neutral duration.