# AIA INVESTMENT FUNDS
# AIA DIVERSIFIED FIXED INCOME FUND

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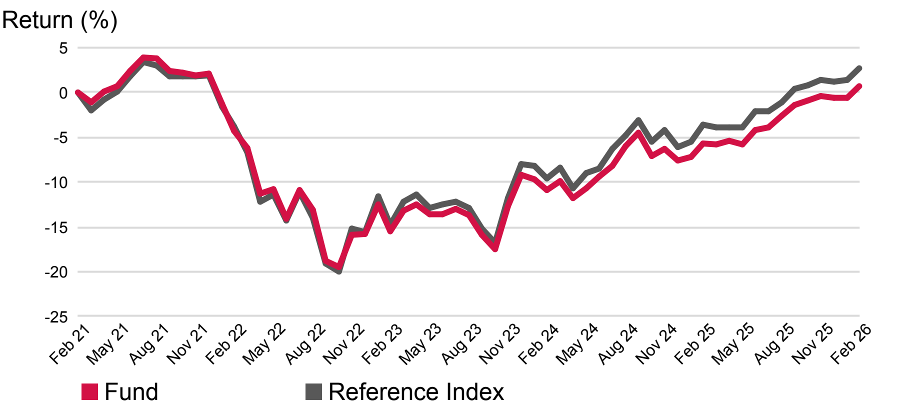
## INVESTMENT OBJECTIVE and POLICY

The Sub-Fund aims to maximise long-term return by investing in a diversified fixed income portfolio consisting primarily investment grade bonds and other debt securities denominated in USD. In order to achieve its investment objective, the Sub-Fund will invest primarily, i.e. at least 50% of the Sub-Fund's Net Asset Value, in USD-denominated fixed or floating rate fixed income securities issued by government, agencies and companies globally. The Sub-Fund may invest in a full spectrum of fixed income securities including corporate bonds, emerging markets debt instruments, collateralized loan obligations (CLOs), asset backed securities (ABS), commercial mortgage backed securities (CMBS), taxable municipals, US government or agency obligations, as well as cash and commercial paper. Investments in collateralized loan obligations (CLOs), commercial mortgage backed securities (CMBS), asset backed securities (ABS) and emerging market securities shall not exceed 20% of the net assets of the Sub-Fund.

## PERFORMANCE




| Lower risk | Higher risk |
|---|---|
| typically lower rewards | typically higher rewards |

| 1 | 2 | 3 | **4** | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Sub-Fund.
The risk and reward category shown is not guaranteed and may change over time.
The lowest category does not mean a risk free investment.
The Sub-Fund is rated 4 due to the nature of its investments which include the risks listed below.
These factors may impact the value of the Sub-Fund's investments or expose the Sub-Fund to losses.

**MAIN RISKS**

**Bond Downgrade Risk** A Sub-Fund may invest in highly rated / investment grade bonds, however, where a bond is subsequently downgraded it may continue to be held in order to avoid a distressed sale. To the extent that a Sub-Fund does hold such downgraded bonds, there will be an increased risk of default.

**Credit Risk** The risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher if the Fund holds low-rated, non-investment-grade securities.

**Interest Rate Risk** The performance of a Sub-Fund may be influenced by changes in the general level of interest rates.

**Sovereign Debt Risk** Sovereign debt refers to debt obligations issued or guaranteed by governments or their agencies and instrumentalities (each a "governmental entity"). Investments in sovereign debt may involve a degree of risk.

**Source**: Please refer to Section 5 of the prospectus for other risk factors.

| | |
|---|---|
| Asset class | **Fixed Income** |
| ISIN (Class I) | **LU1982194364** |
| Bloomberg ticker (Class I) | **AFDFIUC** |
| Total Fund Size | **335,117,662.47** |
| Fund base currency | **USD** |
| Share class currency (Class I) | **USD** |
| Net asset value (Class I) | **11.14** |
| Inception date (Class I) | **05-Jul-19** |
| Domicile | **Luxembourg** |
| Fund type | **UCITS** |
| ^Ongoing charges | **0.56%** |
| Performance Fee | **None** |

^Data as of 31 December 2025. This figure may vary from year to year. It excludes portfolio trade-related costs, except costs paid to the depository at any entry charge paid to an underlying collective investment scheme (if any). Please refer to Page 3 of factsheet for fees of each share class.

## IMPORTANT INFORMATION

Prior to investing, Investors should read the Prospectus and Key Investor Information Document (KIID).

# AIA DIVERSIFIED FIXED INCOME FUND

## PERFORMANCE

| | Cumulative Returns (%) | | | | Annualised Returns (%) | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 m | 3 m | YTD | 1 y | 3 y (p.a) | 5 y (p.a) | 10 y (p.a) | Since Inception (p.a) |
| Class I | 1.27 | 1.05 | 1.27 | 6.81 | 6.01 | 0.14 | - | 1.63 |
| ^Benchmark | 1.29 | 1.27 | 1.47 | 6.58 | 6.45 | 0.54 | - | 2.24 |
| Relative Return | -0.02 | -0.22 | -0.20 | 0.23 | -0.44 | -0.40 | - | -0.61 |

^BBG Barclays US Corporate Bond Index
Benchmark Performance represents the following: Before 1 Jun 2023 - (AIA Diversified Fixed Income Blended BBG/Barclays/JPM Benchmark); 1 Jun 2023 onwards - (BBG Barclays US Corporate Bond Index)

Past performance is not a guide to future performance.
Please refer to Section 5 of the prospectus for other risk factors.

## TOP 10 HOLDINGS (%)

| | | |
|---|---|---|
| 1. | CBT US LONG BOND(CBT) Jun26 | 3.8 |
| 2. | CBT US 5YR NOTE (CBT) Jun26 | 2.4 |
| 3. | CBT US 10yr Ultra Fut Jun26 | 1.9 |
| 4. | TMobile USA Inc 2.625% 15/02/2029 | 1.6 |
| 5. | United States Treasury NoteBond 4.75% 15/08/2055 | 1.4 |
| 6. | Eagle Funding Luxco Sarl 5.5% 17/08/2030 | 1.4 |
| 7. | Bank of America Corp 4.979% VRN 24/01/2029 | 1.3 |
| 8. | CBT US 10YR NOTE (CBT)Jun26 | 1.3 |
| 9. | Edison International 5.75% 15/06/2027 | 1.1 |
| 10. | Verizon Communications Inc 5.25% 02/04/2035 | 1.1 |

## COUNTRY WEIGHTS (%)

| | |
|---|---|
| USA | 83.1 |
| United Kingdom | 2.1 |
| Japan | 1.7 |
| Mexico | 1.7 |
| France | 1.6 |
| Canada | 0.8 |
| Germany | 0.8 |
| Netherlands | 0.5 |
| Belgium | 0.5 |
| Derivatives | 6.0 |
| Other Countries | 1.4 |

## DURATION WEIGHTS (%)

| | |
|---|---|
| 0 - 1 Year | 1.3 |
| 1 - 3 Years | 27.7 |
| 3 - 5 Years | 16.6 |
| 5 - 10 Years | 28.9 |
| 10+ Years | 25.5 |

## SECTOR WEIGHTS (%)

| | |
|---|---|
| Financial | 30.4 |
| Consumer, Non-cyclical | 12.8 |
| Communications | 10.4 |
| Utilities | 8.9 |
| Industrial | 8.8 |
| Energy | 6.7 |
| Technology | 6.7 |
| Consumer, Cyclical | 3.6 |
| Government | 3.3 |
| Derivatives | 6.0 |
| Other Sectors | 2.5 |

## RATING WEIGHTS (%)

| | |
|---|---|
| AAA | 0.3 |
| AA+ | 2.0 |
| AA | 0.8 |
| AA- | 2.7 |
| A+ | 4.2 |
| A | 10.4 |
| A- | 19.7 |
| BBB+ | 16.0 |
| BBB | 25.4 |
| BBB- | 8.6 |
| Others | 3.8 |
| Derivatives | 6.0 |

Note: Due to rounding limitations, the summation of (%)s might not be an exact 100%.

# AIA DIVERSIFIED FIXED INCOME FUND

## SHARE CLASS DETAILS

| Share class | Currency | Bloomberg ticker | ISIN | Inception date | Initial sales charges % (max) | Annual management fee% (max) | Initial Offer Px | Redemption Fee / Conversion Fee | Minimum initial investment | Minimum subsequent investment | Minimum Redemption Amount | Minimum Holding Amount | Distribution frequency | Ex-date | Dividend per share |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| I | USD | AFDFIUC | LU1982194364 | 2019-07-05 | Up to 3% | Up to 0.50% | USD 10 | Up to 1% | USD10m | USD100,000 | USD100,000 | USD10m | NA | NA | NA |
| Z | USD | AFDFZUC | LU1982194794 | 2020-05-06 | Up to 3% | 0% | USD 10 | Up to 1% | USD20m | USD100,000 | USD100,000 | USD20m | NA | NA | NA |
| IDQ | USD | AFDFIUQ | LU2209052336 | 2020-09-11 | Up to 3% | Up to 0.50% | USD 10 | Up to 1% | USD10m | USD100,000 | USD100,000 | USD10m | Quarterly | 2026-03-13 | 0.091392 |
| K | USD | AFDFKUC | LU2289846128 | 2021-07-02 | Up to 3% | Up to 0.50% | USD 10 | Up to 1% | USD10m | USD100,000 | USD100,000 | USD10m | NA | NA | NA |

Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future trends, which may be lower. Distribution payouts and its frequency are determined by the Board of Directors and should not be confused with the Fund's performance, rate of return or yield. Any payment of distributions may result in an immediate decrease in the net asset value per share. Please refer to Section 7.2 of the prospectus for dividend distribution policy.

For more information about charges, please see section 9 (fees and expenses) of the prospectus, which is available at : www.aia.com/en/funds-information

| | | Cumulative Returns (%) | | | | Annualised Returns (%) | | | |
|---|---|---|---|---|---|---|---|---|---|
| Share class | Currency | 1 m | 3 m | YTD | 1 y | 3 y (p.a) | 5 y (p.a) | 10 y (p.a) | Since Inception (p.a) |
| I | | | | | | | | | |
| Fund | USD | 1.27 | 1.05 | 1.27 | 6.81 | 6.01 | 0.14 | - | 1.63 |
| ^Benchmark | USD | 1.29 | 1.27 | 1.47 | 6.58 | 6.45 | 0.54 | - | 2.24 |
| Relative Return | USD | -0.02 | -0.22 | -0.20 | 0.23 | -0.44 | -0.40 | - | -0.61 |
| Z | | | | | | | | | |
| Fund | USD | 1.31 | 1.18 | 1.35 | 7.34 | 6.54 | 0.64 | - | 1.80 |
| ^Benchmark | USD | 1.29 | 1.27 | 1.47 | 6.58 | 6.45 | 0.54 | - | 1.87 |
| Relative Return | USD | 0.02 | -0.09 | -0.12 | 0.76 | 0.10 | 0.10 | - | -0.07 |
| IDQ | | | | | | | | | |
| Fund | USD | 1.27 | 1.05 | 1.27 | 6.81 | 6.01 | 0.13 | - | -0.03 |
| ^Benchmark | USD | 1.29 | 1.27 | 1.47 | 6.58 | 6.45 | 0.54 | - | 0.46 |
| Relative Return | USD | -0.02 | -0.21 | -0.20 | 0.23 | -0.44 | -0.41 | - | -0.49 |
| K | | | | | | | | | |
| Fund | USD | 1.30 | 1.14 | 1.32 | 7.16 | 6.36 | - | - | -0.08 |
| ^Benchmark | USD | 1.29 | 1.27 | 1.47 | 6.58 | 6.45 | - | - | 0.15 |
| Relative Return | USD | 0.01 | -0.13 | -0.15 | 0.57 | -0.09 | - | - | -0.23 |

^BBG Barclays US Corporate Bond Index
Benchmark Performance represents the following: Before 1 Jun 2023 - (AIA Diversified Fixed Income Blended BBG/Barclays/JPM Benchmark); 1 Jun 2023 onwards - (BBG Barclays US Corporate Bond Index)

Past performance is not a guide to future performance.
Please refer to Section 5 of the prospectus for other risk factors.

## Commentary Sources

1. AIA Investment Management Pte Ltd
2. AIA Investment Funds
3. BlackRock Financial Mgmt, Inc

## COMMENTARY

February 2026 saw a pause after the constructive start to the year, with markets rotating beneath the surface. The U.S. 10-year Treasury rallied with yields falling from 4.28% to 3.94% in February, peaking at 4.28% at the beginning of the month as markets reacted to the nomination of Kevin Warsh as the next Fed Chair, given his historically hawkish inflation bias. Fixed income delivered a strong month as yields moved lower later in the period, supported by risk off sentiment and investor flight to safety amid a Tech led sell off. The yield curve flattened over the month, with the 2s10s spread tightening by 15 basis points (bps) as the curve broadly flattened over the month. 5s30s remained largely flat over the month, ending slightly wider by about 3 bps, while the curve broadly rallied.

With no Federal Open Market Committee (FOMC) meeting in February, markets continued to digest messaging from the January 28 FOMC meeting, where the Fed held rates unchanged at 3.50%–3.75%. Feb payrolls sharply declined 92,000 against expectations and Dec was revised lower by 65,000. Despite the payrolls number, other data were mixed. The 0.3% month-on-month (MoM) income growth was soft, but not disastrous. Wage growth, however, remains relatively firm for now. Hiring activity is deteriorating, but job destruction remains subdued, suggesting a slow rebalancing rather than an abrupt downturn. On inflation, January Consumer Price Index (CPI) came in softer, with headline CPI rising 0.2% MoM and 2.4% Year-on-Year (YoY), while core CPI increased 0.3% MoM and 2.5% YoY. Shelter inflation continued to ease gradually, and there was no evidence of a broad-based reacceleration in core goods or services, keeping the disinflation narrative intact.

On the policy front, Federal Reserve officials emphasized a cautious, data dependent approach, balancing openness to additional rate cuts should inflation continue to trend toward target with warnings that services inflation and AI driven labor displacement could complicate the outlook, while political and policy uncertainty intensified following the Supreme Court’s 6-3 decision striking down global tariffs, a ruling that could cut the effective U.S. tariff rate by more than half and reshape the trade policy landscape. Against this backdrop, the option-adjusted spread for the U.S. Investment Grade Credit Index widened 10bp in February, to 79bp. The best-performing sectors were Foreign Local Govt, Supranational, Foreign Agencies, Leisure, and Packaging while the worst-performing were Life, P&C, Media Entertainment, Brokers & Asset Managers and Railroads. Aa+ fared the best across the investment grade quality spectrum, while BBB-rated bonds fared the worst.

Renewed inflation concerns stemming from the recent oil price shock have tempered expectations for policy easing, reducing the number of rate cuts currently priced by markets. This repricing has been partially offset by softer labor market data, which points to a gradual cooling in activity. While headline payrolls surprised meaningfully to the downside, underlying details suggest a normalization toward conditions seen at the end of 2025, effectively reversing the outsized jobs surge recorded in January. The unemployment rate ticked up one tenth to 4.4%, though it remains in line with December levels. The Fund expects the Fed to look past the energy-driven bump in headline inflation, given limited spillover to core inflation, and instead focus on rising downside risks to consumption if higher energy prices persist. Accordingly, it continues to maintain overweight duration in the portfolio. Corporate earnings should remain solid and broaden beyond Tech heavy leadership, though fundamentals may be near peak as capex and M&A accelerate.

The Fund expects gross Investment Grade (IG) issuance of ~$1.8 trillion in 2026, led by the Technology and Utility sectors, with an increased share of 30-year issuance reflecting CapEx and M&A funding needs. Inflows remain strong and should continue given the current yield backdrop. From a valuations perspective, it continues to expect IG spreads to remain range bound through 2026 after the recent volatility subsides but remain mindful of the negative convexity of IG spreads at current levels and leave limited cushion for exogenous shocks—though it sees few near term catalysts for a material dislocation.

In February, the AIA Diversified Fixed Income Fund returned 1.27% for the month, marginally underperformed its benchmark by 2 bps. Its overweight duration stance benefited performance as rates rallied during the month, ahead of the escalation in the U.S.–Iran conflict. In a spread-widening environment, the Fund’s underweight to Investment-Grade corporates also contributed positively. From a security selection standpoint, positioning within Insurance and Communications was a key driver of outperformance.

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