# AIA INVESTMENT FUNDS
# AIA DIVERSIFIED FIXED INCOME FUND

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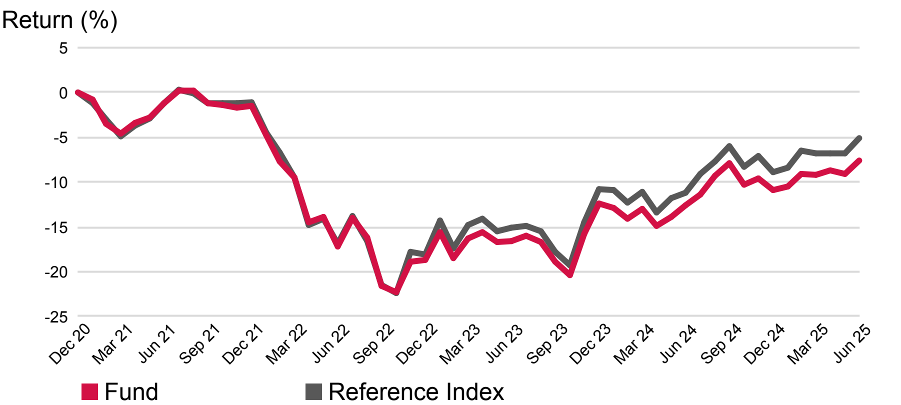
## INVESTMENT OBJECTIVE and POLICY

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.

| | |
|---|---|
| Asset class | **Fixed Income** |
| ISIN (Class I) | **LU1982194364** |
| Bloomberg ticker (Class I) | **AFDFIUC** |
| Total Fund Size | **655,883,137.34** |
| Fund base currency | **USD** |
| Share class currency (Class I) | **USD** |
| Net asset value (Class I) | **10.59** |
| Inception date (Class I) | **05-Jul-19** |
| Domicile | **Luxembourg** |
| Fund type | **UCITS** |
| ^Ongoing charges | **0.59%** |
| Performance Fee | **None** |

^Data as of 31 December 2024. 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.

## 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**

**Counterparty Risk** The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Sub-Fund to financial loss.

**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.

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

## 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 | 1.62 | 1.70 | 3.66 | 5.64 | 3.70 | -0.59 | - | 0.96 |
| ^Benchmark | 1.87 | 1.82 | 4.17 | 6.91 | 4.52 | 0.04 | - | 1.66 |
| Relative Return | -0.25 | -0.12 | -0.52 | -1.26 | -0.82 | -0.63 | - | -0.70 |

^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. | United States Treasury NoteBond 4% 31/05/2030 | 1.9 |
| 2. | CBT US 5YR NOTE (CBT) Sep25 | 1.1 |
| 3. | CBT US 2YR NOTE (CBT) Sep25 | 1.1 |
| 4. | United States Treasury NoteBond 4.25% 15/05/2035 | 1.0 |
| 5. | Bank of America Corp 4.979% VRN 24/01/2029 | 1.0 |
| 6. | Deutsche Bank AGNew York NY 5.414% 10/05/2029 | 0.9 |
| 7. | Edison International 5.75% 15/06/2027 | 0.8 |
| 8. | American Express Co 5.043% VRN 01/05/2034 | 0.8 |
| 9. | TMobile USA Inc 5.375% 15/04/2027 | 0.7 |
| 10. | Skandinaviska Enskilda Banken A 5.125% 05/03/2027 | 0.7 |

## COUNTRY WEIGHTS (%)

| | |
|---|---|
| USA | 85.5 |
| United Kingdom | 2.8 |
| Canada | 2.5 |
| Japan | 1.2 |
| Germany | 1.2 |
| Netherlands | 0.8 |
| Sweden | 0.7 |
| France | 0.7 |
| Ireland | 0.5 |
| Derivatives | 1.7 |
| Other Countries | 2.6 |

## DURATION WEIGHTS (%)

| | |
|---|---|
| 0 - 1 Year | 4.1 |
| 1 - 3 Years | 18.9 |
| 3 - 5 Years | 23.4 |
| 5 - 10 Years | 27.7 |
| 10+ Years | 25.9 |

## SECTOR WEIGHTS (%)

| | |
|---|---|
| Financial | 34.3 |
| Consumer, Non-cyclical | 13.3 |
| Communications | 9.4 |
| Industrial | 8.9 |
| Utilities | 8.7 |
| Energy | 6.8 |
| Technology | 6.1 |
| Consumer, Cyclical | 5.1 |
| Government | 3.2 |
| Derivatives | 1.7 |
| Other Sectors | 2.4 |

## RATING WEIGHTS (%)

| | |
|---|---|
| AAA | 0.2 |
| AA+ | 3.6 |
| AA | 0.3 |
| AA- | 1.8 |
| A+ | 3.2 |
| A | 12.2 |
| A- | 19.5 |
| BBB+ | 14.1 |
| BBB | 28.6 |
| BBB- | 11.6 |
| Others | 3.1 |
| Derivatives | 1.7 |

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 | 2025-06-16 | 0.089211 |
| 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 | 1.62 | 1.70 | 3.66 | 5.64 | 3.70 | -0.59 | - | 0.96 |
| ^Benchmark | USD | 1.87 | 1.82 | 4.17 | 6.91 | 4.52 | 0.04 | - | 1.66 |
| Relative Return | USD | -0.25 | -0.12 | -0.52 | -1.26 | -0.82 | -0.63 | - | -0.70 |
| Z | | | | | | | | | |
| Fund | USD | 1.67 | 1.83 | 3.91 | 6.18 | 4.22 | -0.09 | - | 0.98 |
| ^Benchmark | USD | 1.87 | 1.82 | 4.17 | 6.91 | 4.52 | 0.04 | - | 1.15 |
| Relative Return | USD | -0.20 | 0.00 | -0.26 | -0.73 | -0.30 | -0.13 | - | -0.18 |
| IDQ | | | | | | | | | |
| Fund | USD | 1.63 | 1.71 | 3.66 | 5.65 | 3.70 | - | - | -1.08 |
| ^Benchmark | USD | 1.87 | 1.82 | 4.17 | 6.91 | 4.52 | - | - | -0.49 |
| Relative Return | USD | -0.24 | -0.12 | -0.51 | -1.26 | -0.82 | - | - | -0.59 |
| K | | | | | | | | | |
| Fund | USD | 1.65 | 1.78 | 3.83 | 5.99 | 4.04 | - | - | -1.40 |
| ^Benchmark | USD | 1.87 | 1.82 | 4.17 | 6.91 | 4.52 | - | - | -0.99 |
| Relative Return | USD | -0.22 | -0.04 | -0.35 | -0.92 | -0.48 | - | - | -0.40 |

^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)

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## COMMENTARY

In June, the market continued to adjust to the volatility of tariffs and other uncertainties, such as the Israel-Iran conflict, as the full impact continues to be assessed by both investors and the Fed. In mid-June, the Federal Reserve announced its decision to maintain the federal funds rate within the existing range of 4.25% to 4.5%. This decision reflects the continuation of a cautious, data-dependent approach to monetary policy amid ongoing domestic and international uncertainties, including trade tariffs and geopolitical tensions in the Middle East.

The Fed has revised its 2025 gross domestic product (GDP) growth forecast downward to 1.4%, compared to the 1.7% projection issued in March. Additionally, in figures released just before the Federal Open Market Committee (FOMC) meeting, Core Consumer Price Index (CPI) for May increased by a modest 0.13% on a month-over-month basis, falling short of the consensus estimate of 0.3%. This resulted in the year-over-year rate remaining unchanged at 2.8% for the third consecutive month. Measures of underlying inflation also showed improvement, with the trimmed mean CPI rising by 0.18% and the median CPI by 0.22%. Overall, inflationary pressures appeared more subdued during the month of May. In congressional testimony at the end of the month, Jerome Powell told lawmakers that the central bank is in no rush to lower interest rates as officials wait for more clarity on the economic impact of tariffs.

Throughout the month, the dollar also fell to its weakest level in three years amid worries over U.S. tariffs and the outlook for the U.S. economy, while both the euro and British pound gained significant strength. U.S. private sector economic activity maintained solid growth in June, as indicated by the S&P Global Composite Purchasing Managers Index (PMI), which posted a flash reading of 52.8—slightly below May's 53. During the same period, the Manufacturing PMI remained unchanged at 52, while the Services PMI dipped to 53.1 from 53.7. In idiosyncratic news, Warner Bros Discovery (WBD) was downgraded to high yield following the company's decision to split into two entities. Against this backdrop, the option-adjusted spread for the U.S. Investment Grade Credit Index tightened by 4 basis points (bps) in June, to 79bps, resulting in a monthly excess return of 36bps. The index posted a total return of +1.83% and an excess return of +0.36% Over the month, primary market supply $149.1 billion (bn), including $101.5bn in corporates and $47.6bn in noncorporates. In respect to performance, the best-performing sectors were Independent Energy, Health Insurance, Oil Field Services, Midstream, and Refining. The worst-performing were Media Entertainment, Supranationals, Foreign Agencies, Construction Machinery, and Retailers. Crossover-rated bonds fared the best across the investment grade quality spectrum, while Aa+ rated bonds fared the worst

The AIA Diversified Fixed Income Fund delivered 1.62%, underperforming the benchmark by 25bps. This underperformance was primarily driven by its underweight position in corporate bonds, which proved disadvantageous as spreads tightened over the month. Conversely, the selections in the Communications sector added positively to performance (+6 bps). The Fund is focusing on quality trades and continue to maintain an underweight position in cyclical sectors and high-beta areas, including Automotive and Energy. Furthermore, it prefers high-quality paper due to the persistent uncertainty related to tariffs.

### Commentary Sources

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

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