



# AIA INVESTMENT FUNDS

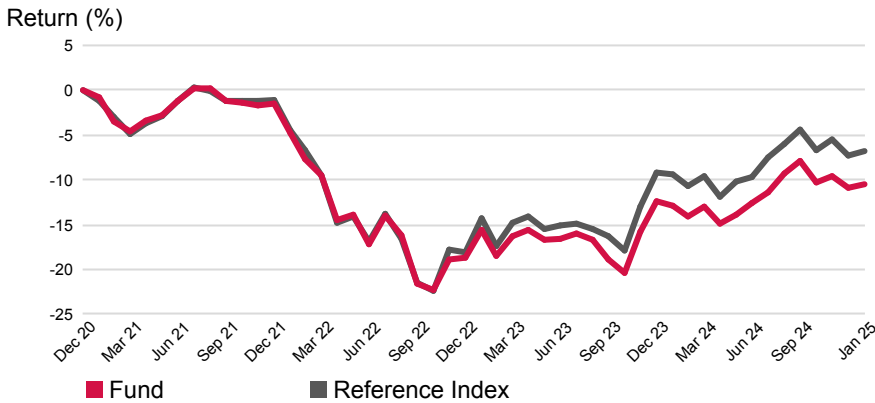
## AIA DIVERSIFIED FIXED INCOME FUND

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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



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	
<b>Counterparty Risk</b>	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.
<b>Credit Risk</b>	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.

Asset class	<b>Fixed Income</b>
ISIN (Class I)	<b>LU1982194364</b>
Bloomberg ticker (Class I)	<b>AFDFIUC</b>
Fund size	<b>318,388,771.64</b>
Fund base currency	<b>USD</b>
Share class currency (Class I)	<b>USD</b>
Net asset value (Class I)	<b>10.2658</b>
Inception date (Class I)	<b>05-Jul-19</b>
Domicile	<b>Luxembourg</b>
Fund type	<b>UCITS</b>
<sup>^</sup> Ongoing charges	<b>0.59%</b>
Performance Fee	<b>None</b>

<sup>^</sup>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.

### 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	0.47	-0.14	0.47	2.76	-2.01	-0.73	-	0.47
^Benchmark	0.55	-0.07	0.55	2.86	-1.36	-0.18	-	1.15
Relative Return	-0.08	-0.06	-0.08	-0.10	-0.66	-0.54	-	-0.68

^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 performance & risk factors.

## TOP 10 HOLDINGS (%)

1.	CBT US 2YR NOTE (CBT) Mar25	4.8
2.	CBT US LONG BOND(CBT) Mar25	1.6
3.	United States Treasury NoteBond 3.5% 30/09/2029	1.4
4.	United States Treasury NoteBond 4.25% 15/11/2034	1.3
5.	CBT US 5YR NOTE (CBT) Mar25	1.2
6.	Bank of America Corp 4.979% VRN 24/01/2029	0.9
7.	Principal Life Global Funding II 4.8% 09/01/2028	0.9
8.	Deutsche Bank AGNew York NY 5.414% 10/05/2029	0.9
9.	Edison International 5.75% 15/06/2027	0.8
10.	CBT US 10yr Ultra Fut Mar25	0.8

## COUNTRY WEIGHTS (%)

USA	78.8
United Kingdom	2.8
Canada	1.8
Germany	1.7
Japan	1.1
Ireland	1.0
France	0.8
Mexico	0.8
Sweden	0.7
Derivatives	8.0
Other Countries	2.6

## DURATION WEIGHTS (%)

0 - 1 Year	2.5
1 - 3 Years	26.5
3 - 5 Years	22.0
5 - 10 Years	24.6
10+ Years	24.3

## SECTOR WEIGHTS (%)

Financial	32.4
Consumer, Non-cyclical	12.5
Utilities	7.9
Industrial	7.6
Communications	7.1
Energy	6.5
Government	5.7
Technology	5.0
Consumer, Cyclical	4.9
Derivatives	8.0
Other Sectors	2.4

## RATING WEIGHTS (%)

AAA	0.2
AA+	6.1
AA	0.3
AA-	2.0
A+	5.1
A	11.0
A-	17.6
BBB+	13.3
BBB	25.0
BBB-	8.8
Others	2.6
Derivatives	8.0

# 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	AADFZUC	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	2024-12-13	0.086104
K	USD	AADFUKC	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 charges and expenses of the prospectus of the UCITs, which is available at : [www.aia.com/en/funds-information](http://www.aia.com/en/funds-information)

Share class	Currency	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)
<b>I</b>									
Fund	USD	0.47	-0.14	0.47	2.76	-2.01	-0.73	-	0.47
^Benchmark	USD	0.55	-0.07	0.55	2.86	-1.36	-0.18	-	1.15
Relative Return	USD	-0.08	-0.06	-0.08	-0.10	-0.66	-0.54	-	-0.68
<b>Z</b>									
Fund	USD	0.51	-0.01	0.51	3.28	-1.52	-	-	0.35
^Benchmark	USD	0.55	-0.07	0.55	2.86	-1.36	-	-	0.50
Relative Return	USD	-0.04	0.06	-0.04	0.41	-0.16	-	-	-0.15
<b>IDQ</b>									
Fund	USD	0.47	-0.14	0.47	2.76	-2.01	-	-	-1.87
^Benchmark	USD	0.55	-0.07	0.55	2.86	-1.36	-	-	-1.33
Relative Return	USD	-0.08	-0.07	-0.08	-0.11	-0.65	-	-	-0.54
<b>K</b>									
Fund	USD	0.50	-0.06	0.50	3.09	-1.69	-	-	-2.44
^Benchmark	USD	0.55	-0.07	0.55	2.86	-1.36	-	-	-2.12
Relative Return	USD	-0.05	0.02	-0.05	0.23	-0.34	-	-	-0.32

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Past performance is not a guide to future performance.

Please refer to [Section 5] of the prospectus for other performance & risk factors.

## COMMENTARY

### Commentary Sources

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

January saw continued signs of steady economic growth as the Federal Reserve (Fed) projected a more cautious “wait-and-see” tone regarding rates policy in the new year. Earlier in the month, the December Federal Open Market Committee (FOMC) meeting minutes indicated that Fed policymakers supported slowing the pace of 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 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, nonfarm payrolls showed strength in December, 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. While headline CPI accelerated to 0.4% month on month (MoM) from 0.3% MoM in November, core CPI (which strips out the more volatile energy and food components) 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 2bps in January to 75bps, resulting in a monthly excess return of 14bps. In January, the index posted a total return of 0.56% and an excess return of 0.14%. Primary market supply for January was about \$265.2 billion (bn), including \$169.2bn in corporates and \$96.0bn in non-corporates. According to FactSet, with 36% of the S&P 500 reporting, the blended earnings growth rate for the fourth quarter is 13.2% as of the end of January. 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, P&C and Foreign Local Govt. Crossover fared the best across the investment grade quality spectrum, while Aa+ rated bonds fared the worst.

The AIA Diversified Fixed Income Fund delivered a 0.47% absolute return and underperformed the benchmark by 8bps primarily due to the security selection across corporates. While the Fund’s underweight position in investment-grade corporates as spreads continue to grind tighter did hurt the performance, the Fund’s curve positioning contributed 3bps of performance. The Fund’s Edison International’s (EIX) exposure amidst the California wildfire during January was one of the major detractors to the performance on the security selection. Given the Fund’s intent of keeping carry through active security selection, the Fund kept fairly active alongside the busy primary calendar for the month of January by rotating out of EIX and some of our lower yielding issuers and picked up additional yield and duration. The Fund’s outlook on positioning has remained consistent over the past few months. The overall economic picture remains supportive for credit assets, with above-trend GDP growth, manageable inflation risks, and solid labor market performance still painting a “no-landing” picture domestically. The Fed appears to be in wait-and-see mode, though 1-2 cuts remain priced in the market. Fundamentals trends are broadly stable and Q4 earnings continue to point to steady revenue and profit growth, and relatively benign balance sheet deterioration, consistent with more of a mid-cycle outlook. The Fund expects spreads to remain in a tight range through Q1 as the market digests Trump’s first 100 days, with an expected range of +75 to +90bps. That said, there is minimal cushion for any downside risk to the political, fiscal, or economic outlook. As a result, the Fund continue to be neutral duration.

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# AIA DIVERSIFIED FIXED INCOME FUND

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The value of shares in any sub-fund of AIAIF and the income accruing to the shares, if any, may fall or rise. Where an investment is denominated in a currency other than the base currency of a sub-fund of AIAIF, exchange rates may have an adverse effect on the value price or income of that investment. Investors should not make any investment decision solely based on this document. In the event that an investor may choose not to seek advice from a financial adviser, the latter should consider carefully whether an investment into a sub-fund of AIAIF in question is suitable for him.

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