



# AIA INVESTMENT FUNDS

## AIA DIVERSIFIED FIXED INCOME FUND

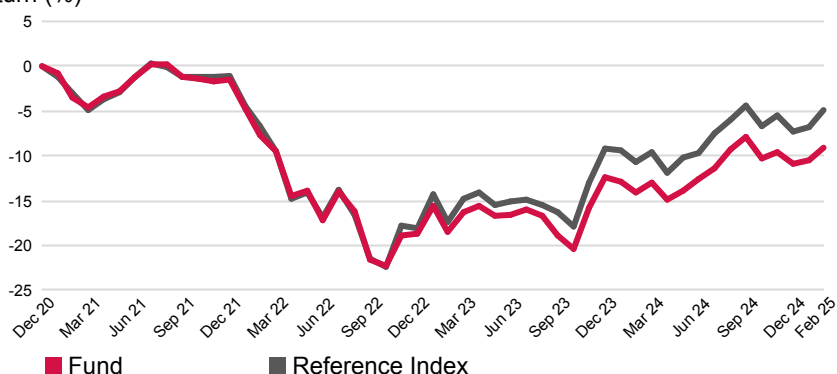
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### INVESTMENT OBJECTIVE and POLICY

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

Return (%)



Lower risk

Higher risk

typically lower rewards

typically higher rewards



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.

Asset class	Fixed Income
ISIN (Class I)	LU1982194364
Bloomberg ticker (Class I)	AFDIUC
Total Fund Size	665,870,697.90
Fund base currency	USD
Share class currency (Class I)	USD
Net asset value (Class I)	10.4260
Inception date (Class I)	05-Jul-19
Domicile	Luxembourg
Fund type	UCITS
<sup>^</sup> Ongoing charges	0.59%
Performance Fee	None

<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	1.56	0.62	2.04	5.81	-0.49	-0.67	-	0.74
<sup>^</sup> Benchmark	2.04	0.62	2.60	6.56	0.06	-0.04	-	1.50
Relative Return	-0.48	0.01	-0.56	-0.75	-0.55	-0.63	-	-0.76

<sup>^</sup>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 LONG BOND(CBT) Jun25	2.9
2.	CBT US 2YR NOTE (CBT) Jun25	2.4
3.	CBT US 5YR NOTE (CBT) Jun25	2.3
4.	United States Treasury NoteBond 4.25% 30/11/2026	1.4
5.	United States Treasury NoteBond 4.25% 15/11/2034	1.3
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.	United States Treasury NoteBond 4% 31/07/2029	0.8

## COUNTRY WEIGHTS (%)

USA	80.4
United Kingdom	2.7
Canada	2.1
Germany	1.7
Japan	1.1
Ireland	1.1
France	0.8
Mexico	0.7
Sweden	0.7
Derivatives	5.9
Other Countries	2.9

## DURATION WEIGHTS (%)

0 - 1 Year	2.7
1 - 3 Years	24.3
3 - 5 Years	21.7
5 - 10 Years	25.5
10+ Years	25.8

## SECTOR WEIGHTS (%)

Financial	33.8
Consumer, Non-cyclical	12.8
Utilities	8.5
Communications	7.7
Industrial	7.6
Energy	6.5
Government	5.3
Technology	5.0
Consumer, Cyclical	4.6
Derivatives	5.9
Other Sectors	2.3

## RATING WEIGHTS (%)

AAA	0.2
AA+	5.7
AA	0.3
AA-	2.0
A+	5.2
A	10.9
A-	17.8
BBB+	13.9
BBB	26.5
BBB-	9.2
Others	2.5
Derivatives	5.9

# 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	2025-03-14	0.06278
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 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)

		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	1.56	0.62	2.04	5.81	-0.49	-0.67	-	0.74
^Benchmark	USD	2.04	0.62	2.60	6.56	0.06	-0.04	-	1.50
Relative Return	USD	-0.48	0.01	-0.56	-0.75	-0.55	-0.63	-	-0.76
Z									
Fund	USD	1.60	0.75	2.12	6.34	0.01	-	-	0.68
^Benchmark	USD	2.04	0.62	2.60	6.56	0.06	-	-	0.92
Relative Return	USD	-0.44	0.13	-0.48	-0.22	-0.06	-	-	-0.24
IDQ									
Fund	USD	1.56	0.63	2.04	5.81	-0.50	-	-	-1.50
^Benchmark	USD	2.04	0.62	2.60	6.56	0.06	-	-	-0.86
Relative Return	USD	-0.48	0.01	-0.56	-0.75	-0.55	-	-	-0.64
K									
Fund	USD	1.59	0.71	2.09	6.15	-0.17	-	-	-1.97
^Benchmark	USD	2.04	0.62	2.60	6.56	0.06	-	-	-1.54
Relative Return	USD	-0.45	0.09	-0.51	-0.41	-0.23	-	-	-0.44

^BBG Barclays US Corporate Bond Index

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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 Sources

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

## COMMENTARY

Mixed economic data in February reaffirmed uncertainty over the state of the broader economy, and the Federal Reserve's (Fed's) course over the next several months. Headline Consumer Price Index (CPI) increased 3.0% year-over-year, while core CPI rose 0.45% month-over-month (MoM), both exceeding market expectations, on top of disappointing producer price index (PPI) which increased by a seasonally adjusted 0.4% on the month, compared with estimates of 0.3%. U.S. retail sales also declined by -0.9% in January, against expectations of a -0.2%. In light of this data, amongst other factors such as tariff policy, the Fed remains on hold until the overall economic picture improves. January's Federal Open Market Committee (FOMC) minutes reflected this sentiment that provided the economy remains near maximum employment, participants would want to see further progress on inflation before making additional adjustments to the target range for the federal funds rate.

Also demonstrating economic slowing, the Bureau of Economic Analysis released its second estimate for the fourth quarter U.S. Gross Domestic Production (GDP), which remained at 2.3%, the same as the initial estimate, confirming that the fourth quarter's economic growth was slower than the 3.1% annualized growth observed in the third quarter. However, in more positive news, the month finished with core Personal Consumption Expenditure (PCE), the Federal Reserve's preferred inflation gauge, rising by 0.3% for the month, reflecting a 2.5% annual rate. The 12-month core measure decreased from the upwardly revised 2.9% level in December.

According to FactSet, with 97% of the S&P 500 reporting, the blended earnings growth rate for the fourth quarter is 18.2% as of the end of February. In respect to performance, the best-performing sectors were foreign agencies, supranational, foreign local government, financial companies and gaming. The worst-performing were transportation services, railroads, refining, health insurance and natural gas. Aa+ fared the best across the investment grade quality spectrum, while Crossover rated bonds fared the worst.

The AIA Diversified Fixed Income Fund returned 1.56% for the month, underperforming the benchmark by 0.48%. The intent of keeping carry in the portfolio through active security selection contributed 7 basis points (bps) of performance to the portfolio, majorly coming from Utilities (electric). Opportunistically, the Fund rotated out of lower yielding shorter duration issuers into longer duration bonds with an average yield of 5.9%. 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 labour 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 at the wide end of the range through Q1 as the market digests Trump's first 100 days, with an expected range of +80 to +100bp. That said, there is minimal cushion for any downside risk to the political, fiscal, or economic outlook. As a result, the Fund continues to be neutral duration.

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Investments in AIAIF are not obligations of, deposits in, guaranteed or insured by AIAIF nor any of its affiliates and are subject to investment risks, including the possible loss of the principal amount invested. **Prospective investors are invited to further consider the risk warnings section of the Prospectus and the relevant KIID.** This document is solely for information and does not have any regard to the specific investment objectives, financial or tax situation and the particular needs of any specific person who may receive this document. No investment strategy or risk management strategy techniques can guarantee returns or eliminate risks in any market environment.

Please refer to the offering documents (including, but not limited to the current Prospectus and the KIID) of AIAIF for details on fees and charges, dealing & redemption, product features, risk factors and seek professional advice before making any investment decision.

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.

**Past performance and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of the AIAIF.**

**Any sub-fund of AIAIF may use derivative instruments for efficient portfolio management and hedging purposes.**

**This paragraph is only applicable to the distribution share classes of AIAIF.** AIAIF may, at its discretion, determine how the earnings of distribution share classes shall be distributed and may declare distributions from time to time. When AIAIF decides to pay dividends in respect of a distributing share class out of the capital of the sub-fund of AIAIF or where the dividends in respect of a distributing share class are paid out of gross income of the sub-fund of AIAIF, while the sub-fund of AIAIF's fees and expenses are charged to or paid out of the capital of the sub-fund of AIAIF, resulting in an increase in distributable income for the payment of dividends by the sub-fund of AIAIF, such payment of dividends may, in the light of the rules applicable in the jurisdictions where the sub-fund of AIAIF is registered for public distribution, be considered as a payment of dividends out of and effectively out of capital respectively, both of which would amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. The distributions, including amounts and frequency, are not guaranteed and are subject to the discretion of AIAIF. Past dividends are not a forecast or projection of future distributions.

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