AIA INVESTMENT FUNDS
AIA DIVERSIFIED FIXED INCOME FUND

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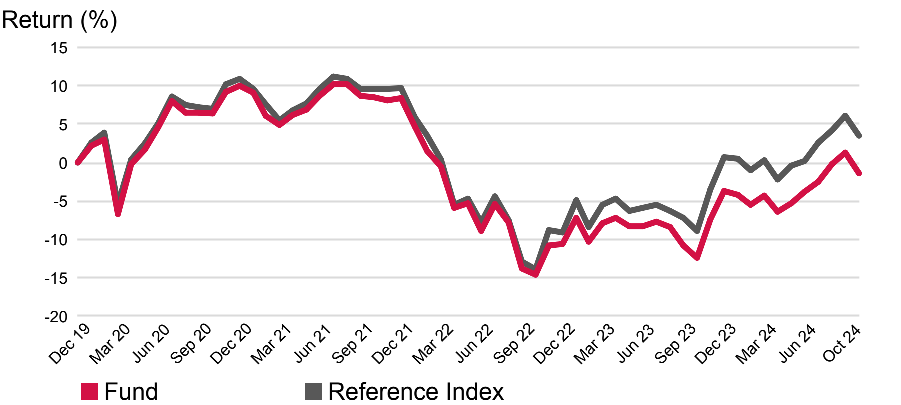
INVESTMENT OBJECTIVE and POLICY

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

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)	**AFDFIUC**
Fund size	**279,932,880.08**
Fund base currency	**USD**
Share class currency (Class I)	**USD**
Net asset value (Class I)	**10.2801**
Inception date (Class I)	**05-Jul-19**
Domicile	**Luxembourg**
Fund type	**UCITS**
^Ongoing charges	**0.62%**
Performance Fee	**None**

^The ongoing charges figure is based on an estimate calculated during the launch phase. 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	-2.67	1.19	2.38	12.64	-3.12	-0.06	-	0.52
^Benchmark	-2.43	0.86	2.77	13.63	-2.45	0.48	-	1.22
Relative Return	-0.24	0.33	-0.39	-0.99	-0.67	-0.54	-	-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 performance & risk factors.

TOP 10 HOLDINGS (%)

1.	CBT US 2YR NOTE (CBT) Dec24	3.3
2.	United States Treasury NoteBond 4.625% 30/06/2026	3.2
3.	CBT US 5YR NOTE (CBT) Dec24	1.7
4.	CBT US 10yr Ultra Fut Dec24	1.2
5.	Deutsche Bank AGNew York NY 5.414% 10/05/2029	1.1
6.	UnitedHealth Group Inc 3.7% 15/12/2025	0.9
7.	United States Treasury NoteBond 3.5% 30/09/2029	0.9
8.	United States Treasury NoteBond 4% 31/07/2029	0.9
9.	United States Treasury NoteBond 4.625% 15/05/2054	0.8
10.	TMobile USA Inc 5.375% 15/04/2027	0.8

COUNTRY WEIGHTS (%)

USA	81.2
United Kingdom	3.4
Germany	2.0
Canada	1.3
Japan	0.8
Sweden	0.8
China	0.7
Switzerland	0.6
Belgium	0.5
Derivatives	5.7
Other Countries	3.1

DURATION WEIGHTS (%)

0 - 1 Year	4.4
1 - 3 Years	22.6
3 - 5 Years	20.4
5 - 10 Years	25.1
10+ Years	27.6

SECTOR WEIGHTS (%)

Financial	31.0
Consumer, Non-cyclical	14.6
Industrial	8.2
Government	7.7
Utilities	7.6
Communications	6.7
Technology	5.5
Energy	5.5
Consumer, Cyclical	5.3
Derivatives	5.7
Other Sectors	2.2

RATING WEIGHTS (%)

AAA	0.3
AA+	8.4
AA	0.1
AA-	1.0
A+	3.6
A	11.8
A-	20.6
BBB+	15.3
BBB	24.3
BBB-	6.7
Others	2.2
Derivatives	5.7

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	2024-09-16	0.085611
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

		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	-2.67	1.19	2.38	12.64	-3.12	-0.06	-	0.52
^Benchmark	USD	-2.43	0.86	2.77	13.63	-2.45	0.48	-	1.22
Relative Return	USD	-0.24	0.33	-0.39	-0.99	-0.67	-0.54	-	-0.70
Z									
Fund	USD	-2.63	1.32	2.81	13.20	-2.64	-	-	0.38
^Benchmark	USD	-2.43	0.86	2.77	13.63	-2.45	-	-	0.55
Relative Return	USD	-0.20	0.45	0.04	-0.43	-0.18	-	-	-0.17
IDQ									
Fund	USD	-2.67	1.19	2.38	12.64	-3.12	-	-	-1.95
^Benchmark	USD	-2.43	0.86	2.77	13.63	-2.45	-	-	-1.40
Relative Return	USD	-0.25	0.32	-0.39	-1.01	-0.67	-	-	-0.56
K									
Fund	USD	-2.64	1.27	2.66	13.00	-2.82	-	-	-2.61
^Benchmark	USD	-2.43	0.86	2.77	13.63	-2.45	-	-	-2.26
Relative Return	USD	-0.22	0.41	-0.11	-0.63	-0.36	-	-	-0.35

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

COMMENTARY

October began with an impressive nonfarm payrolls report, showing 254k jobs added, significantly above the estimated 150k. This is the strongest figure in six months, driven by gains in leisure and hospitality, health care, and government sectors. The ISM services index reached a 19-month high, reflecting the strength of the U.S. consumer, as well as robustness in retail and professional and business services while retail sales also increased solidly, surpassing expectations and indicating a persistent and resilient consumer. On inflation, headline Consumer Price Index (CPI) is now at 2.4%, and core inflation is at 3.3%, both slightly higher than market expectations. In the rates market, U.S. Treasuries posted one of their worst months in more than two years amid signs of economic strength, posturing for the U.S. presidential election, and a heavy supply of new notes and bonds. The 2-year and 10-year Treasury yields rose by 61 basis points (bps) and 53bps respectively ending the month above 4%. Against this backdrop, the option-adjusted spread for the US Investment Grade Credit Index tightened by 5bps to 79bps, resulting in a monthly excess return of 33bps. In respect to performance, the best-performing sectors were supermarkets, airlines, cable satellite, media entertainment, and natural gas, while the worst-performing were sovereigns, health insurance, supranationals, foreign agencies, and restaurants. BBB bonds fared the best across the investment grade quality spectrum, while AAA rated bonds fared the worst.

The AIA Diversified Fixed Income Fund returned -2.67%, underperforming its benchmark by 24 basis points, primarily due to its underweight position in investment-grade (IG) corporates as spreads continue to grind tighter. However, security selection across corporates helped marginally offset some of the underperformance. The Fund’s intent has been to keep carry in the portfolio through active security selection and continue to prefer the short to intermediate parts of the yield curve with its outlook on positioning remaining consistent over the past few months. After a weak summer period, growth data in the US has inflected higher across the board.

Despite the 50bp surprise cut in September, the market has taken cues from the stronger growth data, and materially reduced the Federal Reserve (Fed) rate cut expectations in recent weeks. Data revisions included an uplift to 2023 corporate revenues and profits, and 2Q earnings data came in well ahead of consensus. Demand for IG remains extremely robust despite tight spreads, as yield buying continues to dominate flows. Seasonally, supply should slow into 4Q, further adding to the supply-demand imbalance, which will likely keep spreads pinned at relatively tight levels. After the volatility spike in August passed without a material disruption to longer-term trends in risk asset accumulation, markets resumed the grind tighter, with recent strong macro data fuelling a gap down to new Year-To-Date tights in IG. While the Fund remains uncomfortable with the negative convexity in valuations at this level, it is cognizant of the fact that there are few identifiable catalysts over the next few quarters to disrupt this low volatility grind, putting its expected range at +80-105bp. It continues to believe that rates will be biased lower in 2024, hence is currently neutral on duration.

Commentary Sources

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

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