# AIA INVESTMENT FUNDS
# AIA US HIGH YIELD BOND FUND

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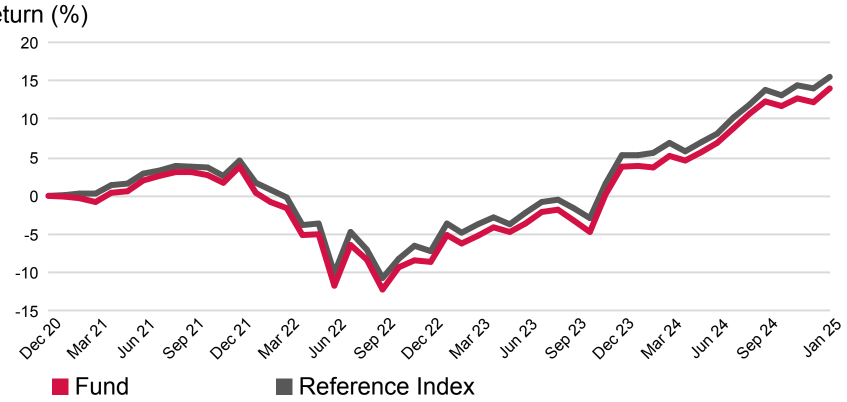
## INVESTMENT OBJECTIVE and POLICY

The Sub-Fund aims to maximise long-term total return, consistent with preservation of capital and prudent investment management by investing in a diversified fixed income portfolio consisting primarily of high yield 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 a diversified portfolio of high yield fixed income securities denominated in USD that are rated lower than Baa3 by Moody's, or lower than BBB- by S&P or equivalently rated by Fitch.

## PERFORMANCE

Return (%)




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

**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.

**Fixed Income Transferable Securities** Debt securities are subject to both actual and perceived measures of creditworthiness. The "downgrading" of a rated debt security or its issuer or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market. In certain market environments this may lead to investments in such securities becoming less liquid, making it difficult to dispose of them. A Sub-Fund may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest will generally affect a Sub-Fund's asset values as the prices of fixed rate securities generally increase when interest rates decline and decrease when interest rates rise. Prices of shorter-term securities generally fluctuate less in response to interest rate changes than do longer-term securities. An economic recession may adversely affect an issuer's financial condition and the market value of high yield debt securities issued by such entity. The issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. In the event of bankruptcy of an issuer, a Sub-Fund may experience losses and incur costs. Issuers of non-investment grade or unrated debt may be highly leveraged and carry a greater risk of default. In addition, non-investment grade or unrated securities tend to be less liquid and more volatile than higher rated fixed-income securities, so that adverse economic events may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed-income securities. Such securities are also subject to greater risk of loss of principal and interest than higher rated fixed-income securities.

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

**Liquidity Risk** In difficult market conditions, the Sub-Fund may not be able to sell a security for full value or at all. This could affect performance and could cause the Sub-Fund to defer or suspend redemptions of its shares.

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

| | |
|---|---|
| Asset class | **Fixed Income** |
| ISIN (Class Z) | **LU2182890298** |
| Bloomberg ticker (Class Z) | **AFHYZUC** |
| Fund size | **69,581,889.47** |
| Fund base currency | **USD** |
| Share class currency (Class Z) | **USD** |
| Net asset value (Class Z) | **11.8670** |
| Inception date (Class Z) | **08-Sep-20** |
| Domicile | **Luxembourg** |
| Fund type | **UCITS** |
| ^Ongoing charges | **0.13%** |
| 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.

## IMPORTANT INFORMATION

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

# AIA US HIGH YIELD BOND 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 Z | 1.54 | 2.07 | 1.54 | 9.74 | 4.32 | - | - | 3.97 |
| ^Benchmark | 1.39 | 2.12 | 1.39 | 9.75 | 4.42 | - | - | 4.52 |
| Relative Return | 0.15 | -0.05 | 0.15 | -0.01 | -0.10 | - | - | -0.55 |

^ICE BofAML US High Yield Constrained Index
Benchmark Performance represents the following: Sep 08 2020 to Jan 09 2022 - (ICE BofAML BB-B US High Yield Constrained Index); Jan 10 2022 onwards - (ICE BofAML US High Yield Constrained 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. | United States Treasury Bill 0% 01/05/2025 | 2.9 |
| 2. | United States Treasury Bill 0% 10/04/2025 | 1.4 |
| 3. | United States Treasury Bill 0% 25/03/2025 | 1.0 |
| 4. | Nationstar Mortgage Holdings Inc 5.75% 15/11/2031 | 0.9 |
| 5. | Clydesdale Acquisition Holdings 8.75% 15/04/2030 | 0.8 |
| 6. | CCO Holdings LLC 4.5% 15/08/2030 | 0.7 |
| 7. | American Airlines IncAAdvantage 5.75% 20/04/2029 | 0.7 |
| 8. | Nexstar Media Inc 4.75% 01/11/2028 | 0.7 |
| 9. | Prime Healthcare Services Inc 9.375% 01/09/2029 | 0.6 |
| 10. | CHSCommunity Health Systems Inc 6% 15/01/2029 | 0.6 |

## COUNTRY WEIGHTS (%)

| | |
|---|---|
| USA | 86.3 |
| Canada | 4.3 |
| United Kingdom | 2.1 |
| Germany | 1.4 |
| France | 1.3 |
| Netherlands | 0.9 |
| Luxembourg | 0.8 |
| Finland | 0.6 |
| Austria | 0.6 |
| Other Countries | 1.8 |

## DURATION WEIGHTS (%)

| | |
|---|---|
| 0 - 1 Year | 11.2 |
| 1 - 3 Years | 24.0 |
| 3 - 5 Years | 50.2 |
| 5 - 10 Years | 14.5 |
| 10+ Years | 0.2 |

## SECTOR WEIGHTS (%)

| | |
|---|---|
| Consumer, Cyclical | 18.3 |
| Consumer, Non-cyclical | 16.8 |
| Communications | 15.0 |
| Financial | 13.1 |
| Energy | 11.0 |
| Industrial | 9.9 |
| Technology | 6.1 |
| Government | 5.9 |
| Basic Materials | 2.7 |
| Other Sectors | 1.4 |

## RATING WEIGHTS (%)

| | |
|---|---|
| AAA | 0.0 |
| AA+ | 5.9 |
| AA | 0.0 |
| AA- | 0.0 |
| A+ | 0.0 |
| A | 0.0 |
| A- | 0.0 |
| BBB+ | 0.0 |
| BBB | 0.0 |
| BBB- | 0.7 |
| Others | 93.4 |
| Derivatives | 0.0 |

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

# AIA US HIGH YIELD BOND 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Z | USD | AFHYZUC | LU2182890298 | 2020-09-08 | Up to 5% | 0%. | USD 10 | Up to 1% | USD20m | USD100,000 | USD100,000 | USD20m | N/A | NA | NA |
| IDQ | USD | AFHYIUQ | LU2182890025 | 2020-09-11 | Up to 5% | Up to 0.75% | USD 10 | Up to 1% | USD10m | USD100,000 | USD100,000 | USD10m | Quarterly | 2024-12-13 | 0.159657 |

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) |
| Z | | | | | | | | | |
| Fund | USD | 1.54 | 2.07 | 1.54 | 9.74 | 4.32 | - | - | 3.97 |
| ^Benchmark | USD | 1.39 | 2.12 | 1.39 | 9.75 | 4.42 | - | - | 4.52 |
| Relative Return | USD | 0.15 | -0.05 | 0.15 | -0.01 | -0.10 | - | - | -0.55 |
| IDQ | | | | | | | | | |
| Fund | USD | 1.49 | 1.94 | 1.49 | 9.19 | 3.80 | - | - | 3.52 |
| ^Benchmark | USD | 1.39 | 2.12 | 1.39 | 9.75 | 4.42 | - | - | 4.53 |
| Relative Return | USD | 0.11 | -0.18 | 0.11 | -0.56 | -0.62 | - | - | -1.01 |

^ICE BofAML US High Yield Constrained Index
Benchmark Performance represents the following: Sep 08 2020 to Jan 09 2022 - (ICE BofAML BB-B US High Yield Constrained Index); Jan 10 2022 onwards - (ICE BofAML US High Yield Constrained Index)

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

2. PIMCO Asia Pte Ltd

## COMMENTARY

Financial markets began the year on a generally positive note. However, uncertainty surrounding monetary policy, political shifts in North America, and unexpected developments in the AI sector contributed to occasional bouts of market volatility. Notable developments on the political front included Canada's Prime Minister Justin Trudeau announcing his resignation, alongside President Trump's inauguration and his subsequent threats of tariffs against Canada, Mexico, and China. The U.S. 2 year (y) yield fell 4 basis points (bps) to 4.20%, while the UK 2y yield fell 16bps to 4.21%. The U.S. 10y yield fell 3bps to 4.54%, while the UK 10y yield fell 3bps to 4.54%. In Germany, the 2y yield rose 3bps to 2.11%, while the 10y rose 9bps to 2.46%. Within credit spreads, USD investment grade remained flat at 82bps, while EUR investment grade tightened 11bps to 90bps. USD high yield spreads tightened 24bps to 268bps, while EUR high yield spreads tightened 6bps to 310bps. In the equities space, there was a reversal in the regional trend in 2024. European stocks, led by strong performance of the German DAX Index, outperformed U.S. equities.

In the monetary space, stronger than expected labour and manufacturing data, on top of potential tariffs from the U.S., raised inflation expectations and prompted a reassessment of anticipated policy rate cuts. The European Central Bank lowered the deposit facility rate by 25bps to 2.75%. The Governing Council indicated that monetary policy remains restrictive and that it will follow a data-dependent approach based on its assessment of the inflation outlook. On the other hand, the Bank of Japan delivered a 25bps hike, setting Japan's policy rate at 0.50% as Consumer Price Index (CPI) inflation gradually increases toward the price stability target of 2%. The Bank of Canada reduced its policy rate by 25bps to 3% and announced the end of its quantitative tightening. In their outlook, the economy is expected to strengthen gradually and inflation to stay close to target, but tariffs might impair the resilience of the Canadian economy. The People's Bank of China (PBoC) left the one-year loan prime rate (LPR) and five-year LPR unchanged at 3.1% and 3.6%, respectively. The PBoC also suspended its open market purchases on government bonds on the back of excess demand, earlier in the month, and injected over 900 billion yuan worth of liquidity via seven-day reverse repurchase agreements to help meet demand for cash. Finally, the Federal Reserve maintained its target range for the federal funds rate at 4.25%-4.50%. Fed Chair Jerome Powell pushed back on the likelihood of a March rate cut while at the same time suggested that the Fed was still on track for cuts over the course of the year. In the UK, core CPI fell to 3.2%yoy (vs. 3.4% expected), and headline CPI printed at 2.5%yoy (vs. 2.6% expected). Euro Area core inflation remained at 2.7%yoy, in line with expectations, as headline inflation also printed in line with expectations at 2.4%yoy. Finally, the Eurozone and UK flash composite purchasing managers' index (PMIs) printed at 50.2 and 50.9, respectively, in January.

Global investment grade credit posted positive returns for the month, outperforming like-duration government bonds, as spreads tightened in January. Investment grade credit spreads remain supported by attractive yields, positive rating trends, and strong demand to start the year. Global high yield delivered positive returns with CCC-rated bonds and B-rated bonds outperforming the BB- rated from a total return perspective. High yield credit benefitted from favorable macroeconomic data releases and supportive technicals.

In January, the AIA US High Yield Fund returned 1.54%, outperforming the benchmark by 15bps. Key contributors to the Fund's performance include security selection in Media & Entertainment, Gaming, Paper & Packaging. Key detractors to the Fund's performance include security selection in Automotive and Technology.

The Fund favors U.S. high yield as the Fund believes that the U.S. market benefits from a broader and more diverse buyer base and offers greater liquidity and higher yields on an absolute level. The Fund continues to favor Defensive, Non-cyclical sectors with relatively stable cash flows, and remains broadly underweight to more Cyclical sectors and/or those which the Fund perceives to be in secular decline as a result of changing market or customer dynamics, although the Fund is finding opportunities where fundamental-adjusted valuations are compelling. The Fund continues to focus on Industries perceived to have strong asset coverage, manageable leverage levels, and favorable secular and cyclical trends. The Fund is cautious on Industries as facing meaningful secular challenges. The Fund continues to look for credits that may be acquisition targets and those that may benefit from early refinancing situations.

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