AIA Global Bond Fund

November 2022

Investment Objective

This fund seeks to maximise total returns in Singapore Dollar terms over the longer term by investing in a portfolio of high quality debt securities of Singapore and major global bond markets such as the G10 countries and Australia and New Zealand.

Key Fund Facts

(As of 30 November 2022)

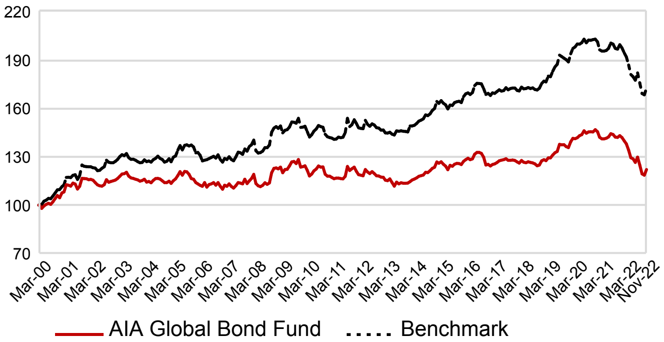
Launch Date	18 March 2000	**Subscription**	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	**Sales Charge (For Cash and SRS)**	Up to 5%*
Manager of ILP Sub-Fund	Legg Mason Asset Management Singapore Pte. Limited	**Sales Charge (for CPF OA or SA)**	0% (wef 1 Oct 2020)
Name of Underlying Fund(s)	Legg Mason Western Asset Global Bond Trust	**Pricing Frequency**	Daily
Manager(s) of Underlying Fund(s)	Legg Mason Asset Management Singapore Pte. Limited	**Management Fees**	0.95% p.a. of Net Asset Value
Risk Classification	Low to Medium Risk	**Bid**	SGD 1.16
		Offer	SGD 1.222
		Fund Size	SGD 35.0M

Performance

(As of 30 November 2022)

Period	1 Month	3 Months	6 Months	1 Year	3 Year^	5 Year^	10 Year^	Since Inception^
Fund (bid-to-bid)	2.93%	-2.11%	-5.15%	-14.64%	-3.60%	-0.94%	0.33%	0.88%
Benchmark	2.49%	-1.64%	-3.88%	-13.46%	-3.19%	0.00%	1.57%	2.43%

AIA Global Bond Fund



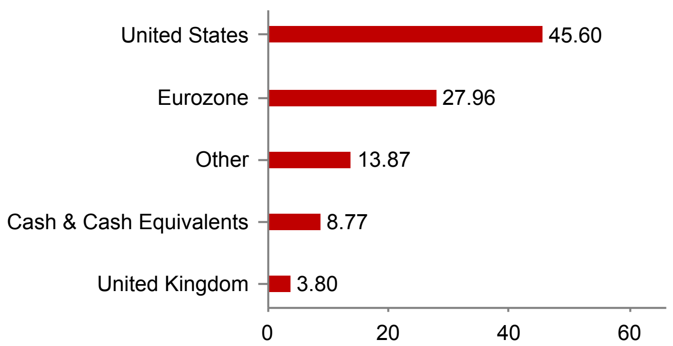
Source: AIA Singapore

Notes (1) Performance of the fund is in SGD on a bid to bid basis with net dividends reinvested, without taking into consideration the fees and charges payable through deduction of premium or cancellation of units (2) ^ denotes annualised returns (3) Current Manager: Legg Mason Asset Management Singapore Pte. Limited (w.e.f 10 February 2014) (4) Current benchmark: FTSE World Govt Bond Index ex Japan (Hedged to S$) (w.e.f 10 February 2014) (5) Previous benchmark: FTSE* World Govt Bond (Unhedged) (1 July 2006 - 9 February 2014) *W.e.f 31 July 2018, the name of the index has been changed from Citi to FTSE.*

Past Performance is not necessarily indicative of future performance.

Country Allocation (%)

(As of 30 November 2022)



Source: Legg Mason Asset Management Singapore Pte. Limited, Information from the underlying Legg Mason Western Asset Global Bond Trust

Top Holdings

(As of 30 November 2022)

	Holdings (%)
US Treasury N/B 1.250% 30 Nov 2026|United States	13.92
Bundesrepub. Deutschland (Reg S) (Br) 0.50% 15 Aug 2027|Germany	6.84
Bundesrepub. Deutschland (Br) 1.75% 15 Feb 2024|Germany	6.53
US Treasury N/B 2.250% 15 Nov 2024|United States	5.32
US Treasury N/B 0.375% 31 Jan 2026|United States	4.06
Mex Bonds Desarr Fix Rt SER M 7.75% 13/11/2042|Mexico	3.33
US Treasury 0.375% 30/04/2025|United States	3.31
US Treasury N/B 2.125% 29 Feb 2024|United States	3.28
US Treasury 2.750% 15/02/2024|United States	2.60
US Treasury 2.875% 15/05/2049|United States	2.60
TOTAL	51.79

Source: Legg Mason Asset Management Singapore Pte. Limited, Information from the underlying Legg Mason Western Asset Global Bond Trust

Manager's Commentary

(As of 30 November 2022)

There was a pronounced shift in sentiment in November. While inflation remained at the forefront of policymakers' and investors' minds, weakening inflation indicators, global growth concerns and the prospect of future policy rate cuts led to a more balanced and supportive macroeconomic backdrop for fixed-income. Weaker-than-expected October Consumer Price Index (CPI) inflation data in the US acted as a catalyst for a sharp rally in global fixed-income markets. The Federal Reserve (Fed) hiked the federal funds target rate by 75 basis points (bps) as had been widely expected, to 3.75%-4.00%.

The Federal Open Market Committee (FOMC) meeting minutes indicated a growing consensus around the need to slow the pace of policy rate hikes, a view emphasised by Fed Chair Jerome Powell in a speech at the end of the month. In the UK, the Bank of England (BoE) hiked the Bank Rate by 75 bps to 3.00% and began its scheduled sale of UK gilt holdings, while the Chancellor of the Exchequer, Jeremy Hunt, unveiled the full autumn budget, which saw a fiscal consolidation of GBP55 billion. Buoyed by an improvement in risk appetite and signs of stabilisation in the macroeconomy, local and hard currency emerging market (EM) bonds rebounded strongly. Similarly, corporate bonds posted positive excess returns. The US dollar weakened.

What happened in the fund?
An overweight to UK and US duration added. Underweight to the intermediate part of the US yield curve detracted. Overweight local Mexican and Polish government bonds added. An overweight to JPY also added. Allocation to hard currency EM sovereigns added.

What is the outlook?
The key to an improved tone and more stability in fixed-income markets is a moderation in inflation. Our base case is that the supply chains will slowly begin to normalise. This trend, combined with the Federal Reserve and other major central banks around the world tightening monetary policy, along with negative real incomes slowing consumption, should see inflation moderate. In the US, there are signs the labour market data is softening and the housing market is beginning to slow as higher mortgage rates begin to bite. Anecdotal evidence from corporates indicates inventories are normalising and demand is softening. In Europe, higher energy costs and inflation are hampering consumption and negatively impacting business and consumer confidence. We anticipate inflationary pressures will peak in the coming months and decline as 2023 progresses. While global central banks are expected to raise interest rates further in the short term, we believe more aggressive action is already antiThe key to an improved tone and more stability in fixed-income markets is a moderation in inflation.

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Anecdotal evidence from corporates indicates inventories are normalising and demand is softening. In Europe, higher energy costs and inflation are hampering consumption and negatively impacting business and consumer confidence. We anticipate inflationary pressures will peak in the coming months and decline as 2023 progresses. While global central banks are expected to raise interest rates further in the short term, we believe more aggressive action is already anticipated by the markets. Fundamental headwinds to global growth and inflation remain. These include the reduction of global fiscal stimulus, the withdrawal of monetary policy accommodation and the persistence of secular-related headwinds such as global debt burdens, aging demographics and technology displacement. As growth and inflation moderate and the risks surrounding central bank policy become more balanced, so too should the market environment for fixed-income investors. Not only may the rise in government yields abate, but lower volatility could also lead investors to reengage in fixed income spread sectors, especially given current valuations. The repricing of credit risk and that of less directly exposed EM bonds and currencies may present opportunities to add to positioning.

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Source: Legg Mason Asset Management Singapore Pte. Limited

*Please refer to the Product Summary applicable to the investment-linked policy which you have purchased or intend to purchase for these applicable fees and charges.

terms of their correctness, accuracy, reliability, or otherwise.

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