

Monthly Investment Insights

April 2024

Macro Updates

The Federal Reserve (Fed) maintained the benchmark interest rate for the fifth time at 5.25%–5.50% in the March meeting. The Fed's messaging and broadly stabilizing inflation buoyed market risk appetite and confidence. In March, the S&P 500 Index kept surging, **breaking its records by eight times**. Additionally, the US equities broadening beyond the AI theme and improving earnings expectations supported stock rally.

In a notable move, Switzerland became the **first major developed economy to cut** interest rates by 0.25 percent, indicating that inflation is under control. In China, despite the real estate quagmire, factory activities show signs of recovery. The official China manufacturing purchasing managers' index (PMI) read 50.8 in March, back to expansion territory for the first time in six months. The Bank of Japan (BOJ) has **ended its negative interest rate policy** and raised interest rates for the first time in 17 years.

Market Performance

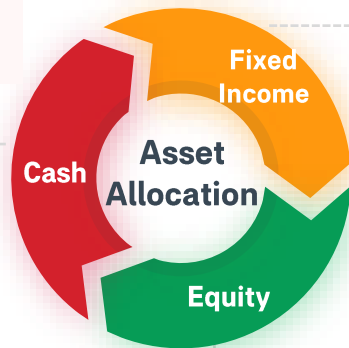
(US\$, As of 31 March 2024)		Mar – 24	YTD	2023
Equity	MSCI World Total Net Return Index	3.21%	8.88%	23.79%
	MSCI Asia (ex. Japan) Index	2.32%	2.04%	3.60%
Fixed Income	Bloomberg Global Aggregate Corporate Total Return	1.16%	-0.76%	9.61%

Source: Bloomberg. Past performance is not necessarily indicative of future performance.

Asset Allocation View

Underweight Neutral Overweight

- We deployed Cash holding to both global equities and bonds on the back of improving sentiment.



- Our Fixed Income position was maintained as neutral, reflecting growing optimism for near-term economic growth. Recent data and economist analysis suggest a more balanced outlook compared to previous one. This aligns with the possibility of the Fed cutting interest rates later in 2024, potentially leading to a gradual decline in bond yields during the latter half of the year.

Investment Grade Credit

- We remain neutral on Investment Grade credits given their tight spreads, but fundamentals remain robust alongside limited refinancing needs.

- U.S. economy continues to outperform expectations with rising GDP forecasts among market participants, fueling investor optimism.
- Market expects three rate cuts in incremental 25bps for 2024, reflecting its confidence in continued economic growth. This upgraded scenario, from "soft landing" to "recovery regime," translates to a favorable outlook for equities, supported by positive corporate earnings revisions.
- US market broadening suggests equities remain attractive beyond the typical "Magnificent 7" list.
- Within Equities, we are turning marginally bullish on Asia ex Japan (AxJ) on market broadening and potential policy stimulus from China, although risk remains for valuations to dip lower.
- Despite China's challenging macro environment, AxJ could benefit from a weakening dollar and favorable rate differentials once the Fed rate cut becomes more imminent.

AIA ILP Sub-Fund Performance

As of 31 Mar 2024

No.	ILP Sub-Fund Name	YTD Absolute Return
1	AIA Global Technology	+15.51%
2	AIA US Equity	+13.92%
3	AIA Japan Equity	+12.67%

Notes

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.

Past performance is not necessarily indicative of future performance.

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