

# AIA Shariah Global Diversified Fund

February 2025

## Investment Objective

This Sub-Fund seeks to achieve sustainable long-term capital appreciation through investment in a diversified portfolio of global Shariah-compliant securities including equities and equity related securities, fixed income securities and money market instruments.

## Key Fund Facts

(As of 28 February 2025)

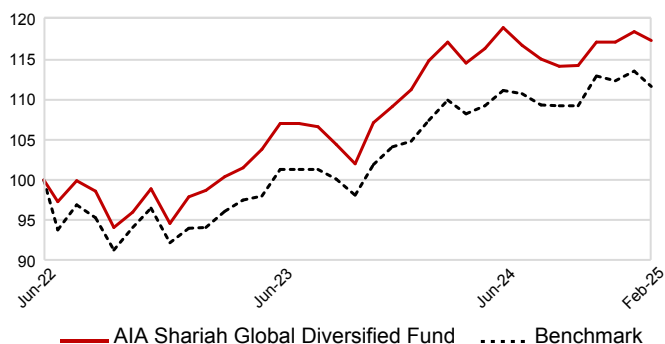
<b>Launch Date</b>	7 June 2022	<b>Subscription</b>	Cash and SRS
<b>Launch Price</b>	SGD 1.000	<b>Pricing Frequency</b>	Daily
<b>Manager of ILP Sub-Fund</b>	AIA Investment Management Private Limited	<b>Management Fees</b>	1.50% p.a. of Net Asset Value
<b>Name of Underlying Fund(s)</b>	<b>Equities:</b> - Templeton Shariah Global Equity Fund - Franklin Shariah Technology Fund <b>Fixed Income:</b> - Franklin Global Sukuk Fund - Templeton Asset Management Ltd - Franklin Advisers, Inc. - Franklin Templeton Investments (ME) Limited	<b>Bid Price</b>	SGD 1.173
<b>Manager(s) of Underlying Fund(s)</b>		<b>Fund Size</b>	SGD 67.1M
<b>Risk Classification</b>	Medium to High Risk		

## Performance

(As of 28 February 2025)

Period	1 Month	3 Months	6 Months	1 Year	Since Inception <sup>^</sup>
<b>Fund (bid-to-bid)</b>	-0.93%	0.17%	2.00%	2.18%	6.02%
<b>Benchmark</b>	-1.69%	-1.17%	1.89%	3.74%	4.50%

### AIA Shariah Global Diversified Fund



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 benchmark: 60% MSCI AC World Islamic Index-NR and 40% Dow Jones Sukuk Index\*.

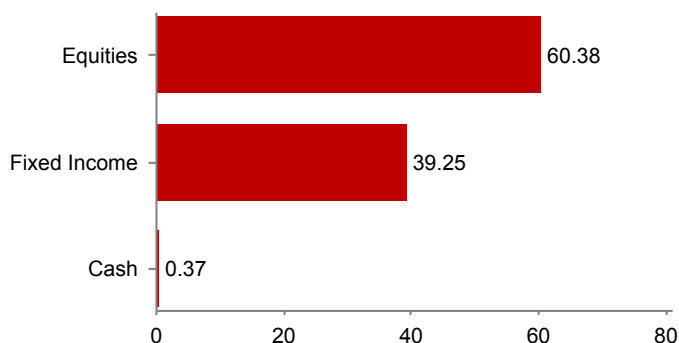
\*There is allocation of Information Technology sector within the MSCI AC World Islamic Index

Past Performance is not necessarily indicative of future performance.

Source: AIA Singapore

## Asset Allocation (%)

(As of 28 February 2025)



Source: AIA Singapore

## The Underlying Investments

(As of 28 February 2025)

### Franklin Global Sukuk Fund

#### Investment Manager: Franklin Templeton Investments (ME) Limited

Top Holdings	Holdings (%)
Saudi Electricity Sukuk Programme Co., Reg S, 5.684%, 4/11/53	4.00
AL MI'YAR CAPITAL SA4.244%, 02/18/2054	3.30
TMS Issuer S.a r.l., Reg S, 5.78%, 8/23/32	3.18
DP World Crescent Ltd5.5% 09/13/2033 REG S	3.13
ROP Sukuk Trust, 5.045%, 6/06/29	2.82
TOTAL	16.43

Source: Franklin Templeton Investments (ME) Limited, Templeton Asset Management Ltd

### Templeton Shariah Global Equity Fund

#### Investment Manager: Templeton Asset Management Ltd

Top Holdings	Holdings (%)
MICROSOFT CORP	8.87
KENVUE INC	3.60
SAP SE	3.27
IHI CORP	3.14
ADOBE INC	2.93
TOTAL	21.81

### Franklin Shariah Technology Fund

#### Investment Manager: Franklin Advisers, Inc.

Top Holdings	Holdings (%)
NVIDIA CORP	9.17
MICROSOFT CORP	8.77
BROADCOM INC	7.28
APPLE INC	5.22
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	4.41
TOTAL	34.85

Source: Franklin Advisers, Inc.

## Manager's Commentary

(As of 28 February 2025)

### Market Review:

Global equities collectively declined in February 2025 after starting the year on a strong note. Amid investor concerns about US economic growth and President Donald Trump's tariff plans, US stocks retreated and pulled developed market stocks and the broader global equity market lower. On the economic front, global manufacturing activity expanded in February for the second consecutive month, and flash reports for the same month showed that global services activity continued to grow in several regions. As measured by MSCI indexes in US-dollar terms, developed market equities slightly underperformed a global index, while emerging market and frontier market equities outpaced it with positive results. In terms of investment style, global value stocks generated gains and substantially outperformed global growth stocks.

After serving as the sole outlier to the downside in January, the information technology (IT) sector remained in negative territory through February even as its ranking improved to ninth place among the global stock market's 11 major sector groups. Five out of six IT-related industries sold off, with IT services faring worst of all; their combined loss was partially offset by a modest gain for companies in the technology hardware, storage and peripherals space. The communication services sector fared worse than IT, and this was mainly due to sharp losses in the interactive media and services industry. Although incoming quarterly corporate earnings reports were mostly upbeat and ahead of consensus expectations, market sentiment in both sectors was bearish due to a combination of earnings growth concerns and stagflation (economic stagnation and high inflation) worries, as well as geopolitical uncertainties. Fresh inflation data also stoked unease about higher interest rates, which tend to negatively impact growth stocks like those in the IT sector. The US government announced new tariffs on imports from Canada, Mexico and China, which eventually took effect in early March, though one-month delays were subsequently announced for certain Canadian and Mexican products. The new tariffs added to uncertainty and were widely seen as a source of increased costs for technology-focused companies reliant on global supply chains. Outside the United States, the February implementation of the European Union Artificial Intelligence (AI) Act introduced new compliance requirements for AI systems, adding pressure on tech companies to adapt quickly. In response to these and other factors, many tech companies have already announced significant layoffs as part of their cost-cutting measures. This could lead to a leaner workforce and potentially more efficient operations, with companies increasingly focusing on AI and automation to drive future growth. As the market realigns with the selloff, some companies may emerge stronger and more focused on core competencies, while others may struggle to adapt and lose market share.

Global aggregate bond indexes posted positive total returns in US-dollar terms in February 2025. The US Federal Reserve did not meet during the month; however, the minutes of the central bank's January meeting showed that policymakers would require clear evidence of a further moderation in inflation before implementing more rate cuts. The European Central Bank (ECB) did not meet in February either. Nonetheless, investors remain optimistic that the ECB will continue to lower the cost of borrowing this year, given both the weak economic backdrop and disinflationary trend in the eurozone. Against this backdrop, the Sukuk market was also up.

### Outlook & Strategy:

After enduring a choppy month headlined by a flurry of US tariff-related news, global equities will likely face further volatility as investors continue to ponder the risks of a trade war. Uncertainties surrounding US President Donald Trump's tariff plans as well as their potential impact on the monetary policy and economic growth outlook will continue to grip investor attention. Reflecting the jittery mood, US equities have seen further losses since the start of March, with recessionary fears sparking a major selloff on 10 March. The VIX volatility index is currently near its highest since August 2024. We keep in mind that policies are unpredictable, both on the upside and downside. Indeed, the recent temporary tariff exemptions that Trump granted on Canada and Mexico indicates that he may be open to changing tack. The situation can conversely take a turn for the worse. Likewise, while the prospect of earnings growth remains intact—with the global benchmark MSCI All Country World Index still expected to see roughly 10% of earnings-per-share increase in 2025 and 2026—corporates may have to contend with a stagflationary environment. The overall visibility of the market outlook remains limited, particularly in the US where, in our analysis, valuations may have become elevated.

Despite recent equity market volatility, we still expect a generally favourable market backdrop to emerge in 2025. As it pertains to the technology space, we believe we could see another strong year of earnings growth in 2025, driven by three factors: (1) a steady progression up the GenAI adoption curve; (2) an improving earnings growth trajectory outside of the "Magnificent Seven," a group of leading technology-focused companies; and (3) what we consider reasonable valuations on an earnings growth-relative basis. At the end of February, the IT sector's price/earnings-to-growth (PEG) ratio was below the five-year average. Regarding the potential disruptive near-term implications arising from DeepSeek (not held by the fund), we think it highlights both near-term volatility and long-term growth opportunities in the application of AI across the economy. GenAI adoption should

show substantial progress in 2025, in our view, aided by agentic AI (unlike chatbots, which gather information to answer questions, AI agents require data on the way tasks are performed, including the sequencing of actions and the reasoning behind them). Last year was largely about building the foundation for current and future AI demand.

Geopolitical and economic events are unfolding at a rapid pace. Our and the markets' assessments of risks to growth and inflation are under constant review and are creating a material increase in volatility, which we expect to persist over the next few quarters. The new approach to the conflict in Ukraine, coupled with tariffs being imposed on traditional allies of the United States, appears to be positively impacting growth expectations in Europe and Asia, while casting a shadow over US growth—both non-consensus perspectives a few weeks ago. We believe valuations, meanwhile, still favour benchmark rates over credit spreads and risk assets, and our outlook continues to support an increase in defensive allocations to higher-quality fixed income sectors—such as global Sukuk bonds.

Source: Templeton Asset Management Ltd

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.

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