AIA Sustainable Multi-Thematic Fund

December 2022

Investment Objective

The ILP Sub-Fund's sustainable investment objective is to advance the United Nations Sustainable Development Goals ("UN SDGs") by investing indirectly, through investments in UCITS funds, in companies whose business models and operational practices are aligned with targets defined by the seventeen (17) UN SDGs on a multi-thematic basis. In addition to pursuing the sustainable investment objective, the ILP Sub-Fund at the same time aims to provide long term capital growth.

Key Fund Facts

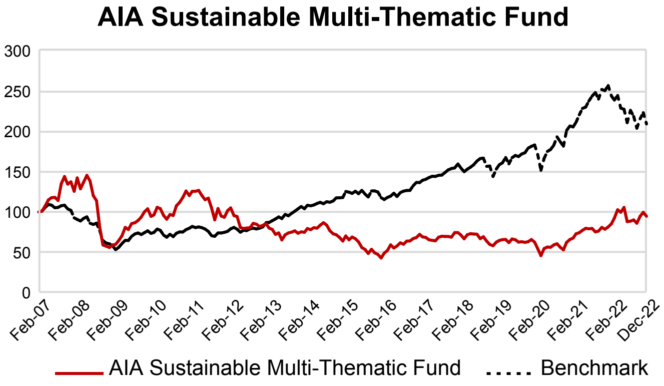
(As of 31 December 2022)

Launch Date	26 January 2007	**Subscription**	Cash and SRS
Launch Price	SGD 1.000	**Sales Charge (For Cash and SRS)**	Up to 5%*
Manager of ILP Sub-Fund	AIA Investment Management Private Limited	**Pricing Frequency**	Daily
Name of Underlying Fund(s)	AIA Investment Fund - AIA Sustainable Multi Thematic Fund	**Management Fees**	1.50% p.a. of Net Asset Value
Risk Classification	Higher Risk	**Bid**	SGD 0.922
		Offer	SGD 0.971
		Fund Size	SGD 173.6M

Performance

(As of 31 December 2022)

Period	1 Month	3 Months	6 Months	1 Year	3 Year^	5 Year^	10 Year^	Since Inception^
Fund (bid-to-bid)	-4.85%	10.02%	7.58%	16.27%	12.88%	4.92%	1.28%	-0.19%
Benchmark	-6.28%	8.63%	7.56%	12.60%	12.12%	7.64%	3.52%	3.51%



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: AIA Investment Management Private Limited (w.e.f. 24 November 2022)

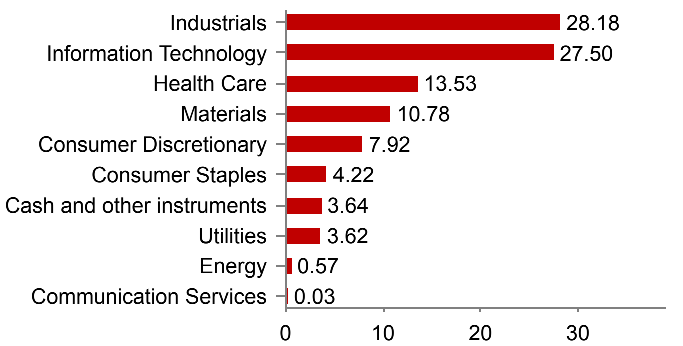
Should investors wish to measure the performance for comparison purposes, then the Sub-Investment Manager would suggest using the MSCI World Index (Net Return) or such other benchmark as may be disclosed from time to time. The MSCI World Index (Net Return) is a broad market weighted index that is not consistent with the sustainable objective of the Underlying Fund.

Previous benchmark: EMIX Global Mining Energy Index (Total Return Net) (w.e.f 18 September 2018);75% HSBC Global Mining Accumulation Index & 25% MSCI All Country World Energy Index (Inception to 17 September 2018)

Past Performance is not necessarily indicative of future performance.

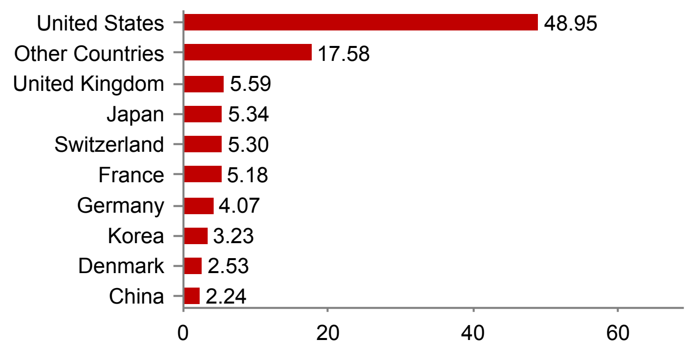
Sector Allocation (%)

(As of 31 December 2022)



Country Allocation (%)

(As of 31 December 2022)



Source: AIA Investment Management Private Limited

Top Holdings

(As of 31 December 2022)

	Holdings (%)
Thermo Fisher Scientific Inc	2.22
Infineon Technologies AG	1.56
Albemarle Corp	1.51
Schneider Electric SE	1.49
Samsung SDI Co Ltd	1.48
Agilent Technologies Inc	1.33
ON Semiconductor Corp	1.28
Analog Devices Inc	1.26
SolarEdge Technologies Inc	1.04
NXP Semiconductors NV	1.04
TOTAL	14.21

Source: Robeco Institutional Asset Management B.V

Manager's Commentary

(As of 31 December 2022)

AIA Sustainable Multi-Thematic Fund has the following allocation to its underlying funds as at 31 Dec 2022:
- RobecoSAM Sustainable Water Equities: 19.44%
- RobecoSAM Circular Economy Equities: 19.21%
- RobecoSAM Smart Energy Equities: 18.59%
- RobecoSAM Smart Mobility Equities: 18.41%
- RobecoSAM Sustainable Healthy Living Equities: 13.37%
- RobecoSAM Smart Materials Equities: 10.98%

Global stocks gave up some of the recent gains in December. Asia-Pacific markets and particularly Chinese equity markets strongly outperformed the USA, and Europe. The Chinese equity market benefited from Chinese authorities loosening the very restrictive zero-Covid policy. European stocks gave back some gains as the reduced risk of an energy crisis was offset by investor fears of a substantial demand reduction next year. US stocks were hit by a mix of recession fears and a lower US-dollar as inflation data seems to have reached a peak. The high inflation number keeps central banks hawkish as they continue to fear second-round effects. At the December Federal Open Market Committee (FOMC) meeting, the Fed lowered its rate pace by only hiking 50 basis points (bps), and signalled at least an additional 75 bps of increases in borrowing costs by the end of 2023.For central banks fears to dissipate, we need to see weakness in the job market, which only seems to be happening at the margin.

The Fund's global themes showed very mixed performances. Growth stocks underperformed the broad market as they are seen as long duration with profitability further out in the future. The Healthy Living and the Circular Economy themes held up much better as they are more defensive during spells of market weakness. The performance of the Circular Economy theme was supported by strong security selection in the Industrial, Technology and Material sectors. The Healthy living theme also exhibited strong downside protection. At a stock level, Novo Nordisk A/S ("Novo") benefitted from the gradual resolution of the shortages of its new weight-loss drug Wegov. The pandemic has made individuals more inclined to adopt a healthier lifestyle and the Healthy Living theme is well positioned to benefit from this change of mindset.

Elsewhere, the Smart Energy theme detracted from performance. Solar companies gave back some of their strong gains in earlier months as changes in regulation in the important US state of California might negatively impact demand towards the second half of 2023. Energy storage stocks were also hit by lower expected commodity prices and power semiconductor stocks suffered from investors worrying about the macroeconomic outlook.

Looking ahead, with earnings revisions moving lower and multiples not at particularly compelling levels, we find it hard to see valuation being a driver for equities. That said, while earnings may not be a support it doesn't mean they will be a headwind. We have been expecting earnings to roll over for the past two to three quarters but they have remained quite resilient. Our base case is that we think central banks will ultimately be successful in bringing inflation back down. The question at what level inflation will ultimately bottom remains unclear, but that is a concern for later. Initially equity markets will react positively but ultimately could weaken as the fallout from the tightening continues to filter through. We think this washout will sow the seeds for a more lasting equity rebound. While the inflection point for developed market equities may still be some months away, the inflection point for emerging markets may be reached sooner. The less demanding multiples for emerging market equities, emerging markets' central banks being further down the hiking cycle relative to most developed markets, and the easing of Covid-restrictions in China opens the door for a rebound in economic activity.

Source: AIA Investment Management Private 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.