

# AIA Emerging Markets Balanced Fund

March 2023

## Investment Objective

This fund seeks to achieve long-term capital appreciation through investment primarily in equities and equity-related securities in global emerging markets, as well as stable income with capital preservation through investments in primarily fixed income securities of high credit quality issuers, denominated primarily in SGD, in such proportion as the manager deems fit.

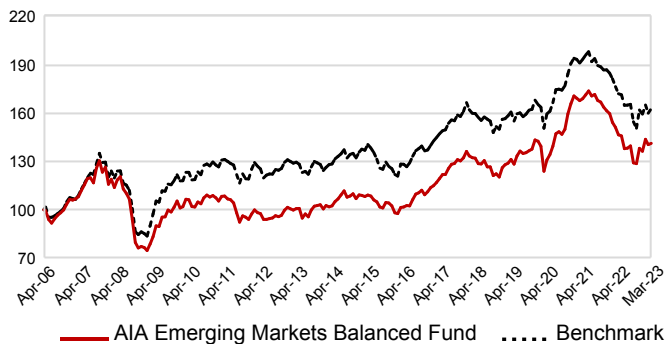
## Key Fund Facts

			(As of 31 March 2023)
<b>Launch Date</b>	11 April 2006	<b>Subscription</b>	Cash, CPF(OA & SA) 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> Schroder International Selection Fund Global Emerging Market Opportunities <b>Fixed Income:</b> AIA Investment Funds – AIA Singapore Bond Fund	<b>Bid Offer</b>	SGD 1.341 SGD 1.412
<b>Manager(s) of Underlying Fund(s)</b>	Schroder Investment Management Limited and AIA Investment Management Private Limited	<b>Fund Size</b>	SGD 150.4M
<b>Risk Classification</b>	Medium to High Risk		

## Performance

Performance Period	1 Month	3 Months	6 Months	1 Year	3 Year <sup>^</sup>	5 Year <sup>^</sup>	10 Year <sup>^</sup>	Since Inception <sup>^</sup>
<b>Fund (bid-to-bid)</b>	0.52%	3.55%	9.38%	-6.55%	4.44%	1.30%	3.53%	2.05%
<b>Benchmark</b>	1.80%	2.19%	5.30%	-7.72%	2.62%	0.36%	2.36%	2.91%

## AIA Emerging Markets Balanced 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) <sup>^</sup> denotes annualised returns (3) Current Manager: AIA Investment Management Private Limited (w.e.f. 1 November 2017, Current Underlying Manager (Equities): Schroder Investment Management Singapore Limited (w.e.f. 27 June 2011), Current Underlying Manager (Fixed Income): AIA Investment Management Private Limited (w.e.f. 13 July 2021) (4) Current benchmark: 60% MSCI Emerging Markets DTR Net & 40% Markit iBoxx SGD Overall Index TR (w.e.f. 13 July 2021) (5) Previous benchmark: 60% MSCI Emerging Markets DTR Net & 40% JP Morgan Sing Govt Bond Index All

The combined benchmark is reflective of the fund's investment focus

Past Performance is not necessarily indicative of future performance.

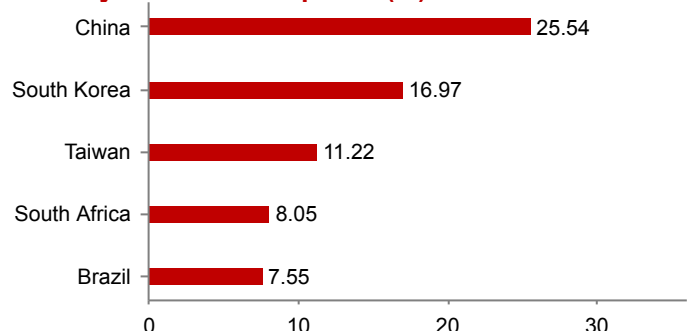
## Sector Allocation - Equities

(As of 31 March 2023)

Top 5 Sectors	Holdings (%)
Financials	33.15
Information Technology	23.97
Consumer Discretionary	10.47
Communication Services	7.81
Materials	5.75
<b>TOTAL</b>	<b>81.15</b>

## Country Allocation - Equities (%)

(As of 31 March 2023)



(As of 31 March 2023)

## Top Holdings

Top 5 (Equities)	Holdings (%)	Top 5 (Fixed Income)	Holdings (%)
Taiwan Semiconductor Manufacturing Co Ltd	9.03	Singapore Government Bond 2.625% 01/08/2032	4.61
Tencent Holdings Ltd	7.06	Singapore (Govt) 2.75% 01/04/2042	4.39
Samsung Electronics Co Ltd	5.86	Singapore Government Bond 2.25% 01/08/2036	4.18
HDFC Bank Ltd	2.77	Singapore (Government Of) 2.875% 01/07/2029	3.97
JD.com Inc	2.71	Singapore (Govt of) 3.375% 01/09/2033	3.92
<b>TOTAL</b>	<b>27.43</b>	<b>TOTAL</b>	<b>21.07</b>

Source for Equities: Schroder Investment Management (Singapore) Ltd, Information from the underlying Schroder ISF Global Emerging Market Opportunities

Source for Fixed Income: AIA Investment Management Private Limited, Information from the underlying AIA Investment Funds – AIA Singapore Bond Fund

## Manager's Commentary - Equities

(As of 31 March 2023)

Emerging markets (EM) gained in March, helped by a weaker dollar. This was despite a widespread loss of confidence in US and European banks after the collapse of Silicon Valley Bank and Signature Bank, and the acquisition of Credit Suisse by UBS.

## Manager's Commentary - Fixed Income

(As of 31 March 2023)

Global PMI surveys showed a modest decline while services rose, reaching their highest level since Dec 2021. In terms of prices, the PMI surveys also diverged between services which rose slightly and manufacturing which saw a substantial drop to levels observed in 2018 and 2019. With inflation readings plateauing at elevated levels and low rates of unemployment, monetary policy became more neutral, especially in Asia ex-Japan.

US economic activity slowed in March amidst a resilient labour market and sticky inflation. Sentiment however deteriorated rapidly following the successive blow ups of SVB, Signature Bank and Credit Suisse. That said, swift and targeted central bank responses managed to calm markets moving into month end. The odds of a recession by year end have risen as the higher cost of funding for banks is likely to drive a tightening of lending conditions. In a sense, monetary policy is constrained by deposits withdrawal, and market views of peak policy rates have been significantly downgraded during the month.

In China, economic activity continued to be supported by its reopening. PMI surveys, especially in services, suggested a high level of pent-up demand. Meanwhile, the property market continued to stabilize, with property prices bouncing back into positive territory. However, the rebound isn't strong enough to push consumer inflation higher and the export outlook remains particularly weak. Furthermore, medium- and long-term loans to households are at multi year lows. Notwithstanding, at the National People's Congress, the new Prime Minister's economic strategy was received as being resolutely pro-growth.

Yields fell sharply in March as successive blow ups of SVB, Signature Bank and Credit Suisse renewed financial stability concerns and macro markets traded with an aversion to risk. Furthermore, despite FOMC delivering a 25bps hike, Fed Chair Powell in the press conference cited tighter credit conditions could be a substitute for rate hikes. This led to the repricing lower of the policy rate path in 2024, as markets focused on the uncertainty from tighter credit conditions. Consequently, the US Treasury curve bull flattened as 2yr/5yr/10yr/30yr yields fell 79bp/61bp/45bp/27bps respectively. Like in the US, 30yr underperformed in the UK, Germany and Australia amid sizable gains in short tenors. Overall, long US bonds outperformed European bonds.

The Fund returned 1.57% in March, underperforming the benchmark by 28bps. The Government segment detracted performance on relative terms from lower SGS yields in the month due to the segment's shorter duration positioning vis-a-vis the benchmark in the front end. This was partially offset by the Corporates segment due to curve change and selection effects. As at end March, the Fund held a more neutral duration position on an overall level and has an overweight allocation to corporates segment where all-in yields are at attractive levels.

Source: Schroder Investment Management (Singapore) Ltd, for equities and AIA Investment Management Private Limited, for fixed income

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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