

AIA Emerging Markets Balanced Fund

August 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.

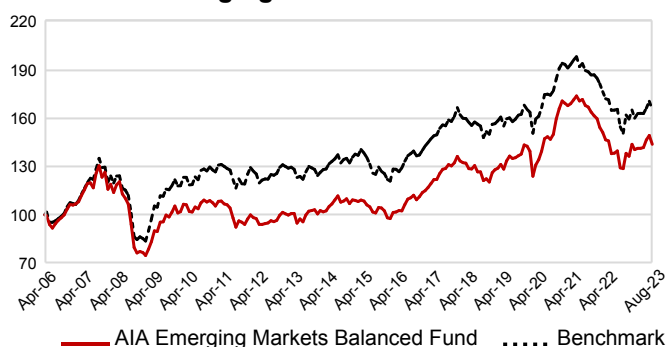
Key Fund Facts

Launch Date	11 April 2006	Subscription	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	Pricing Frequency	Daily
Manager of ILP Sub-Fund	AIA Investment Management Private Limited	Management Fees	1.50% p.a. of Net Asset Value
Name of Underlying Fund(s)	Equities: Schroder International Selection Fund Global Emerging Market Opportunities Fixed Income: AIA Investment Funds – AIA Singapore Bond Fund	Bid Offer	SGD 1.365 SGD 1.437
Fund Size			SGD 149.7M
Manager(s) of Underlying Fund(s)	Schroder Investment Management Limited and AIA Investment Management Private Limited		
Risk Classification	Medium to High Risk		

Performance

Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	-3.67%	1.41%	2.32%	2.94%	-1.08%	2.56%	4.16%	2.11%
Benchmark	-3.11%	1.42%	3.27%	-0.19%	-1.89%	1.12%	3.06%	2.89%

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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. 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.

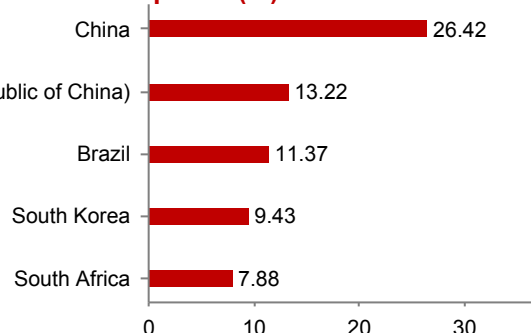
Sector Allocation - Equities

(As of 31 August 2023)

Top 5 Sectors	Holdings (%)
Financials	33.39
Information Technology	23.00
Consumer Discretionary	13.27
Industrials	7.50
Communication Services	7.43
TOTAL	84.59

Country Allocation - Equities (%)

(As of 31 August 2023)



Top Holdings

(As of 31 August 2023)

Top 5 (Equities)	Holdings (%)	Top 5 (Fixed Income)	Holdings (%)
Taiwan Semiconductor Manufacturing Co Ltd	8.88	Singapore (Govt of) 3.375% 01/09/2033	7.01
Tencent Holdings Ltd	6.43	Singapore Government Bond 2.625% 01/08/2032	5.37
Samsung Electronics Co Ltd	5.81	Singapore Government Bond 2.25% 01/08/2036	4.77
HDFC Bank Ltd	2.82	Singapore (Govt) 2.75% 01/04/2042	4.48
JD.com Inc	2.54	Singapore (Government Of) 2.875% 01/07/2029	4.43
TOTAL	26.48	TOTAL	26.06

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 August 2023)

Emerging market (EM) equities fell sharply in August against a backdrop of deteriorating risk sentiment. Much of this was related to concerns that strength in the US economy will keep interest rates higher for longer. Ongoing weakness in the Chinese economy amid concern about the property sector also contributed. EMs underperformed global equities, with nearly all markets posting declines in the month.

Manager's Commentary - Fixed Income

(As of 31 August 2023)

Global activity data released in August continued to depict a broad economic slowdown though that is not strong enough to trigger an increase in unemployment. Manufacturing PMIs picked up slightly but generally remained in contraction territory. Meanwhile, services PMIs continued to decline rapidly and are now on average showing very limited growth. However, certain countries are doing better than others. The US is supported by strong non-residential investment while Europe and China are showing subpar rates of growth. Inflation continued to improve gradually but underlying inflation drivers are still too high for central banks to consider rate cuts. Monetary policy stance is likely to remain restrictive, although the scope for further rate hikes is now limited.

The Fed's commitment to fighting inflation was reiterated at the Jackson Hole symposium, which implied higher for longer policy rates. US policy makers took note of the stickiness in services prices while property prices generally came in stronger than expected. In addition, crude oil prices also reached their highest levels since November 2022. Meanwhile, consumer spending remained strong although the labour market began to show some signs of weakening (less job openings and higher unemployment rate). Leading indicators for Q3 are pointing to GDP growth well above potential, which shows the difficulty faced by the Fed to cool demand.

In China, economic indicators released in August continued to disappoint, especially retail sales. Similarly, industrial production came out weaker than expected as domestic consumption, private investment and foreign demand remained soft. Subpar growth also dragged consumer and producer inflation down into negative territory. Against this backdrop, the government took a slew of measures at the end of August to boost the property market and facilitate access to bank loans while more can be expected before year end.

Yields spiked in August on bond supply concerns (US Treasury refunding size was larger than anticipated and signals more supply will likely be necessary in future quarters) as well as positive economic surprise. Consequently, the US Treasuries curve steepened in August with 5yr/10yr/30yr yields rising by 8bp/15bp/20bp respectively. Like in the US, 30yr underperformed in the UK, Germany and Australia. Overall, long US bonds underperformed UK and Australian bonds. As at end August, the Fund held a slightly overweight duration position vs the benchmark on an overall level and has an overweight allocation to corporates segment where all-in yields remain attractive.

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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