

AIA European Equity Fund

April 2023

Investment Objective

This fund seeks to achieve long term capital appreciation through investment in equity and equity related securities of European issuers as represented by countries included in the MSCI Europe Index and opportunistically in other European markets, such as Poland, Hungary, Czech Republic, Greece, Turkey and Israel.

Key Fund Facts

(As of 30 April 2023)

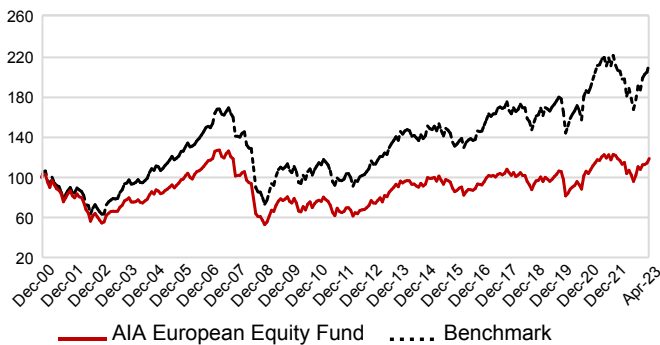
Launch Date	11 December 2000	Subscription	Cash and SRS
Launch Price	SGD 1.000	Pricing Frequency	Daily
Manager of ILP Sub-Fund	Capital Group Investment Management Pte. Ltd.	Management Fees	1.50% p.a. of Net Asset Value
Name of Underlying Fund(s)	Capital Group European Growth and Income Fund (Lux)	Bid Offer	SGD 1.129 SGD 1.189
Manager(s) of Underlying Fund(s)	Capital International Management Company Sàrl	Fund Size	SGD 11.1M
Risk Classification	Higher Risk		

Performance

(As of 30 April 2023)

Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	3.86%	5.51%	16.39%	5.02%	12.17%	2.52%	4.40%	0.77%
Benchmark	4.51%	7.56%	20.90%	8.24%	12.33%	4.79%	6.18%	3.25%

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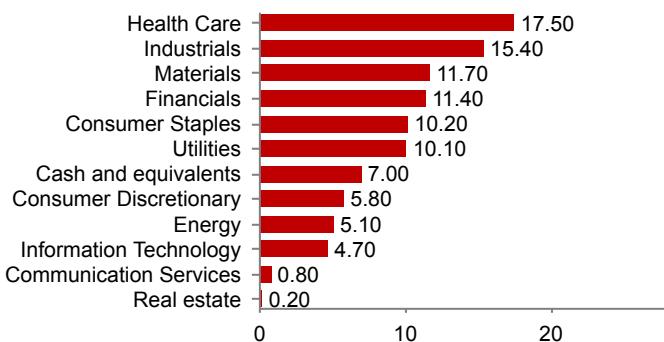
Notes (1) Performance of the fund is in SGD on a bid to bid basis with net dividends reinvested, without taking into consideration the fees and charges payable through deduction of premium or cancellation of units (2) [^] denotes annualised returns (3) Current Manager: Capital Group Investment Management Pte. Ltd. (w.e.f 3 May 2016) (4) Current benchmark: MSCI Europe Daily Total Return Net

Past Performance is not necessarily indicative of future performance.

Source: AIA Singapore

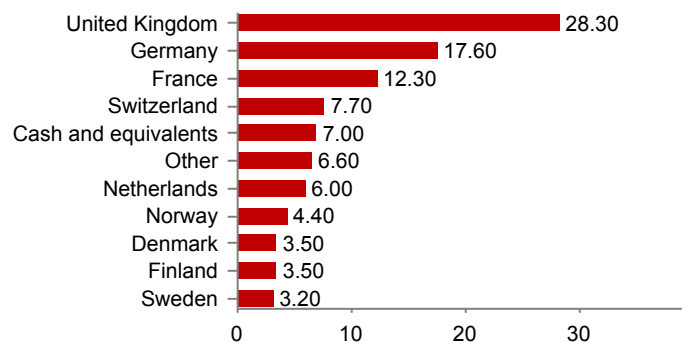
Sector Allocation (%)

(As of 30 April 2023)



Country Allocation (%)

(As of 30 April 2023)



Source : Capital International Management Company Sàrl, Information from the underlying Capital Group European Growth and Income Fund (Lux)

Top Holdings

(As of 30 April 2023)

	Holdings (%)
Siemens Healthineers	4.80
E.ON	4.30
National Grid	3.10
AstraZeneca	3.10
Imperial Tobacco	2.90
BAE Systems	2.80
Rio Tinto	2.70
Zurich	2.60
NEXT	2.50
Engie	2.50
TOTAL	31.30

Source : Capital International Management Company Sàrl, Information from the underlying Capital Group European Growth and Income Fund (Lux)

Manager's Commentary

(As of 30 April 2023)

Market review

Eurozone equities made gains. Most sectors advanced, led by real estate, energy and health care. The information technology sector was the principal laggard. The eurozone missed economists' growth forecasts for the first quarter, with the economy expanding by just 0.1% versus the zero growth rate registered in the prior quarter. Germany's economy was flat over the first quarter compared with a 0.5% contraction during the fourth quarter, with household spending pressured by elevated inflation and higher interest rates.

Eurozone business activity rose to an 11-month high in April, with the Hamburg Commercial Bank Eurozone Composite Purchasing Managers' Index (PMI) accelerating to 54.1 in April from 53.7 in March, boosted by a further acceleration in services sector growth. Nevertheless, manufacturing activity worsened, contracting for a 10th consecutive month. Eurozone headline inflation dropped to 6.9% for March from 8.5% in February, the lowest reading since February 2022, as energy costs fell. However, core eurozone inflation was up 0.1%, to reach a record 5.7% in March.

German economic sentiment disappointed forecasts. The ZEW gauge sank to 4.1 in April from 13.0 in March amid fears over the prospect of tighter credit conditions given the recent turmoil in the global banking sector alongside the continuing headwinds from elevated inflation and higher borrowing costs. UK equities advanced. Business survey data suggested the UK economy accelerated in April, with the S&P Global/CIPS UK Composite PMI reaching 54.9 from 52.2 in March, beating economists' forecasts. UK services sector activity grew at its sharpest pace in a year. In contrast, the manufacturing sector shrank for a ninth consecutive month. UK inflation proved sticky, easing only slightly to 10.1% for March from 10.4% in February.

Performance Contributors

Stock selection in the industrials sector lifted relative results. An above-index position in Brenntag was helpful as the stock rallied 7%. The German chemicals distributor brushed off calls for the company to spin off its speciality business from its essential chemical operations.

Stock selection and an above-index exposure to the utilities sector added relative value. In particular, an above-index holding in ENGIE contributed to relative returns. Shares were initially buoyed by rising demand for defensive stocks as investors waited to assess the impact of tighter credit conditions which followed the problems in the banking sector but closed the month on a weaker note. Overall, shares gained 7% during April.

Performance Detractors

Stock selection and, to a lesser extent, an above-index position in the materials sector detracted from relative returns. An above-index position in Rio Tinto was negative. Shares dropped 8% as iron-ore prices fell to their lowest since last December. The miner announced record first-quarter iron-ore shipments from its Pilbara operation but lowered its full-year copper production guidance due to challenges at its Kennecott and Escondida mines.

Stock selection in the information technology sector weighed on results, although a below-index position helped improve returns slightly. Holding Nordic Semiconductor hurt as shares tumbled after the fabless semiconductor company missed first-quarter sales and revenue expectations due to a slowdown in demand and lower deliveries.

Outlook & Strategy

Headline CPI inflation appears to have peaked in the major European economies and should fall further as the effects of last year's energy price hikes fade. However, underlying inflationary pressures are still building and broadening, which suggests central banks will face an even more challenging policy environment in 2023.

European equities remain at a significant valuation discount to the US and selectively will be key to navigate the current market environment. Against this backdrop, portfolio managers continue to focus on investing in seasoned European-based companies that have the potential to grow both earnings and dividends at a sustainable level.

Source: Capital International Management Company Sàrl

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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