

AIA India Balanced Fund

August 2023

Investment Objective

This Fund seeks to achieve long-term capital growth principally from a portfolio of equity and equity-related securities of companies listed on stock exchanges in India or closely related to the economic development and growth of India, 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 August 2023)

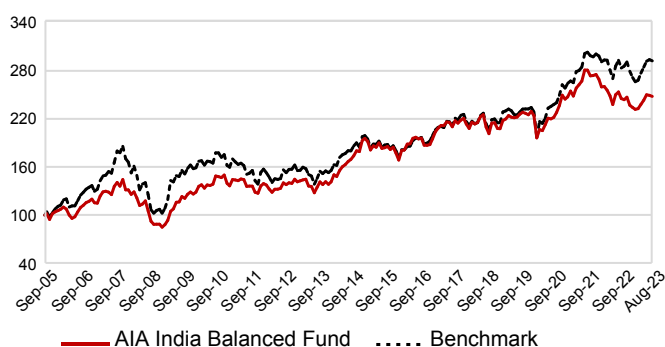
Launch Date	10 August 2005	Subscription	Cash, CPF(OA & SA) and SRS
Launch Price	SGD 1.000	Pricing Frequency	Daily
Manager of ILP Sub-Fund	AIA Investment Management Private Limited	Management Fees	1.50% p.a. of Net Asset Value
Name of Underlying Fund(s)	Equities: abrdn India Opportunities Fund Fixed Income: AIA Investment Funds – AIA Singapore Bond Fund abrdn Asia Limited and AIA Investment Management Private Limited	Bid Offer	SGD 2.35 SGD 2.474
Manager(s) of Underlying Fund(s)		Fund Size	SGD 323.1M
Risk Classification	Medium to High Risk		

Performance

(As of 31 August 2023)

Period	1 Month	3 Months	6 Months	1 Year	3 Year [^]	5 Year [^]	10 Year [^]	Since Inception [^]
Fund (bid-to-bid)	-0.55%	1.91%	6.96%	-2.21%	4.07%	1.95%	6.83%	5.17%
Benchmark	-0.51%	2.75%	9.76%	-0.25%	7.44%	5.17%	7.73%	6.13%

AIA India Balanced 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 Manager: AIA Investment Management Private Limited (w.e.f 1 November 2017), Current Underlying Manager (Fixed Income): AIA Investment Management Private Limited (w.e.f. 13 July 2021), (4) Current benchmark: 60% MSCI India Index & 40% Markit iBoxx SGD Overall Index TR (w.e.f. 13 July 2021) (5) Previous benchmark: 60% MSCI India Index & 40% JP Morgan Sing Govt Bond Index All

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

Past Performance is not necessarily indicative of future performance.

Source: AIA Singapore

Sector Allocation - Equities

(As of 31 August 2023)

Top 5 Sectors	Holdings (%)
Financials	25.55
Information Technology	14.92
Consumer Discretionary	10.63
Consumer Staples	9.95
Industrials	9.90
TOTAL	70.95

Source: abrdn Asia Limited, Information from the underlying abrdn India Opportunities Fund

Top Holdings

(As of 31 August 2023)

Top 5 (Equities)	Holdings (%)	Top 5 (Fixed Income)	Holdings (%)
Reliance Industries Ltd	9.11	Singapore (Govt of) 3.375% 01/09/2033	7.01
ICICI Bank Ltd	7.16	Singapore Government Bond 2.625% 01/08/2032	5.37
Infosys Ltd	7.02	Singapore Government Bond 2.25% 01/08/2036	4.77
HDFC Bank Ltd	4.42	Singapore (Govt) 2.75% 01/04/2042	4.48
Tata Consultancy Services Ltd	4.29	Singapore (Government Of) 2.875% 01/07/2029	4.43
TOTAL	32.00	TOTAL	26.06

Source for Equities: *abrdn Asia Limited, Information from the underlying abrdn India Opportunities Fund*

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)

MSCI India declined 0.2% in August '23 with only two sectors, Information Technology and Consumer Discretionary, posting positive returns while Energy and Real Estate sectors detracted the most. The Small and Mid-Cap rally continued unabated with the MSCI India SMID index outperforming the MXIN index by 4.7% in August alone and taking the YTD outperformance to 16.4%. Foreign Portfolio Investment (FPI) flows remained net positive at US\$ 1.4bn for the month, taking YTD net equity buying to US\$ 16.7bn. Crude oil price moved up by 2.7% M/M (in INR/bbl) terms, while the INR depreciated against the US\$ by 0.6% M/M.

The Monetary Policy Committee of the RBI maintained status quo on both policy rates and stance at its bi-monthly meeting. However, to absorb surplus liquidity, the RBI temporarily imposed incremental CRR requirements for commercial banks till quarter end. India's April – June '23 quarter's GDP print came in during the month – at 7.8% Y/Y the headline growth accelerated from 6.1% Y/Y growth recorded in the Jan – Mar '23 quarter. With July's CPI print coming at a 15-month high of 7.4%, the government announced INR 200/cylinder (~18%) cut in price of cooking gas cylinders for all 330mn customers. The Fund expects more such populist measures heading up to the busy election calendar ahead.

Looking ahead, the Fund anticipates a festive season demand boost followed by pre-election populist measures that should support domestic consumption-oriented stocks. The Fund expects banks to report sequential margin compression, while among export-oriented sectors, IT Services sector should see sequential improvement in revenue growth rate. After the significant outperformance of SMID stocks, sentiment in this segment of the market is nearing euphoric levels and consequently, incremental risk reward is no longer favourable. Top down, with crude and food inflation both rebounding sharply from YTD lows, it is likely that net FPI inflows may moderate/reverse in the coming months. Consequently, the Fund expects some moderation in risk sentiment in the coming months.

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: *abrdn Asia Limited 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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