AIA India Balanced Fund

April 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

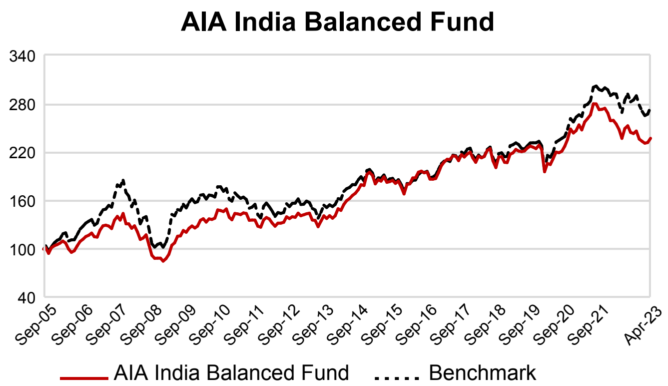
(As of 30 April 2023)

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
		Bid	SGD 2.255
Name of Underlying Fund(s)	**Equities:** abrdn India Opportunities Fund **Fixed Income:** AIA Investment Funds – AIA Singapore Bond Fund	**Offer**	SGD 2.374
		Fund Size	SGD 314.3M
Manager(s) of Underlying Fund(s)	abrdn Asia Limited and AIA Investment Management Private Limited		
Risk Classification	Medium to High 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)	2.22%	1.62%	-2.42%	-6.93%	4.80%	1.97%	5.14%	5.02%
Benchmark	3.29%	2.00%	-3.04%	-5.50%	8.49%	4.97%	5.64%	5.93%



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 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.

Sector Allocation - Equities

(As of 30 April 2023)

Top 5 Sectors	Holdings (%)
Financials	32.28
Information Technology	11.78
Consumer Staples	11.42
Consumer Discretionary	7.99
Materials	7.87
TOTAL	71.34

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

Top Holdings

(As of 30 April 2023)

Top 5 (Equities)	Holdings (%)
ICICI Bank	9.79
HDFC	8.63
Infosys	6.87
Hindustan Unilever	6.66
TATA Consultancy	5.34
TOTAL	37.29

Top 5 (Fixed Income)	Holdings (%)
Singapore Government Bond 2.625% 01/08/2032	4.65
Singapore (Govt) 2.75% 01/04/2042	4.50
Singapore Government Bond 2.25% 01/08/2036	4.27
Singapore (Government Of) 2.875% 01/07/2029	3.98
Singapore (Govt of) 3.375% 01/09/2033	3.96
TOTAL	21.36

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 30 April 2023)

Market overview

Indian equities extended their positive run in April, sharply outperforming the broader Asia-Pacific region and emerging markets. The MSCI India Index rose 4.18% in US dollar terms. All sectors except information technology (IT) posted strong gains over the month, with real estate, consumer discretionary and industrials among the top contributors.

With the earnings season for the fiscal fourth quarter kicking off, a string of misses and soft guidance from IT services companies dented investor sentiment towards the technology sector. Infosys missed its guidance for top-line growth, with a quarter-on-quarter contraction in revenues amid project delays and cancellations, particularly in North America. Tata Consultancy Services, on the other hand, reported a rebound in its orderbook, but there were signs of a continued slowdown in top-line growth. HDFC Bank's results were mixed. It reported strong growth in loans, deposits and fee income, but this was offset by a higher-than-expected increase in costs.

On the economic front, inflation fell to a 15-month low of 5.7% year-on-year in March, with the headline CPI number once again back below the Reserve Bank of India's upper tolerance limit of 6%. The central bank surprised markets this month by pausing its policy rate tightening trajectory. Industrial production in February expanded by 5.6% year-on-year, exceeding market expectations, while the goods trade deficit widened to a three-month high in March, driven by lower oil exports.

Major portfolio changes

We initiated a position in Siemens, one of the key international capital equipment manufacturers and distributors in India, across all of our funds. The company feeds into a diversified array of demand across sectors. We like the company because of its professional management, solid ESG credentials and efficient local and global manufacturing capabilities. Further, it has healthy financials, with stable operating margins that produce a steady positive free cashflow backed by a net cash balance sheet.

Conversely, we exited Mphasis to consolidate our IT exposure into the highest conviction names in the portfolio amid rising expectations for a global recession that is likely to affect technology spending across the board. We also exited FSN E-Commerce Ventures (better known as Nykaa), Piramal Enterprises, Piramal Pharma and Crompton Greaves Consumer Electricals to fund more compelling opportunities elsewhere.

Manager's Commentary - Fixed Income

(As of 30 April 2023)

The flow of global economic data depicted a relative stable picture overall in April, although monetary policies continued to be tightened and lending conditions in advanced economies deteriorated further. The dichotomy between sluggish manufacturing and booming services was confirmed. Global manufacturing PMI remained in contraction territory, at 49.6, while services PMI rose to 55.4, its highest reading since November 2021. Cost-push inflation also continued to converge towards long term averages, although the downtrend was mainly driven by manufactured goods while services prices remained stable and at elevated. This suggests that monetary policy is unlikely to be eased in the near term and that we may have to wait until early next year to see rate cuts.

The US labour market remained robust with unemployment rate dropping to a 53-year low of 3.4%. Meanwhile, core services inflation came in at elevated levels while property market activity showed signs of stabilization. However, 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. The Fed hiked rates by 25bp in early May and might pause in June.

The post Covid recovery in China continued to support economic activity. Private consumption of services was particularly strong in April as Chinese consumers resumed traveling. Exports were also surprisingly strong, helping to boost GDP growth in 1Q23 (+2.2% relative to 4Q22). However, uncertainty about a self-sustained rebound in residential real estate continued to weigh on sentiment while manufacturing PMI came down meaningfully in April. Similarly, the inflation reading was flattish (+0.1% y/y), suggesting that the economic rebound may not be strong enough to boost inflation.

After the banking sector turmoil in March, market sentiment stabilized following prompt decisions by the Fed and FDIC, securing deposits and containing the spread of liquidity tensions. However, uncertainties remain elevated amid tight monetary policy. Long term US Treasury stabilized in April with 10yr yields down 5bp and 30yr yields up 2bp, while 2yr/5yr yields retreated by 2bp and 9bp, respectively. Like in the US, 30yr underperformed slightly in the UK, Germany and Australia. Overall, long US bonds outperformed European and Australian bonds. As at end April, the Fund held a relatively neutral duration position on an overall level and has an overweight allocation to corporates segment where all-in yields are at attractive levels.

The Fund returned 1.52% in April, outperforming the benchmark by 7bps. The outperformance can largely be attributed to the Corporates segment which benefited from both lower SGS yields as well as tighter credit spreads. However, this was partially offset by the stat board segment due to allocation effects. As at end April, the Fund held a relatively neutral duration position on an overall level and has an overweight allocation to corporates segment where all-in yields are at attractive levels.

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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