

# AIA International Health Care Fund

August 2023

## Investment Objective

This fund seeks to achieve long-term capital appreciation through investments on a worldwide basis in equity securities of companies that are engaged in the health care and health science industries. A substantial portion of its portfolio will typically be invested in U.S. companies. Through a bottom-up selection process, the team attempts to determine market leaders with superior research, financial controls and marketing capabilities.

## Key Fund Facts

(As of 31 August 2023)

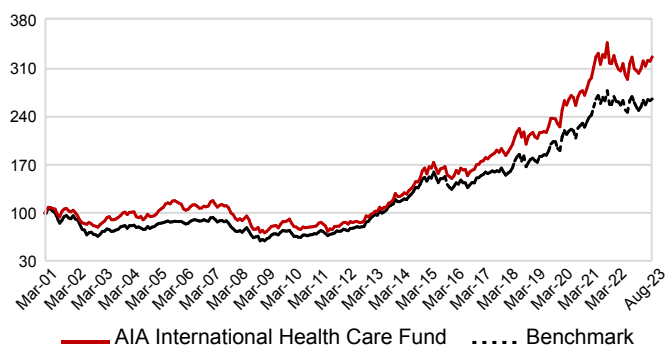
<b>Launch Date</b>	12 March 2001	<b>Subscription</b>	Cash and SRS
<b>Launch Price</b>	SGD 1.000	<b>Pricing Frequency</b>	Daily
<b>Manager of ILP Sub-Fund</b>	AllianceBernstein (Singapore) Ltd.	<b>Management Fees</b>	1.75% p.a. of Net Asset Value
<b>Name of Underlying Fund(s)</b>	AB SICAV I – International Health Care Portfolio (Luxembourg IHCP)	<b>Bid Offer</b>	SGD 3.099
<b>Manager(s) of Underlying Fund(s)</b>	AllianceBernstein L.P.	<b>Fund Size</b>	SGD 3.263
<b>Risk Classification</b>	Higher Risk		SGD 146.8M

## Performance

(As of 31 August 2023)

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>	1.94%	4.27%	7.87%	8.62%	6.47%	8.41%	11.94%	5.40%
<b>Benchmark</b>	0.93%	3.38%	6.64%	6.39%	6.21%	7.84%	10.25%	4.44%

### AIA International Health Care Fund



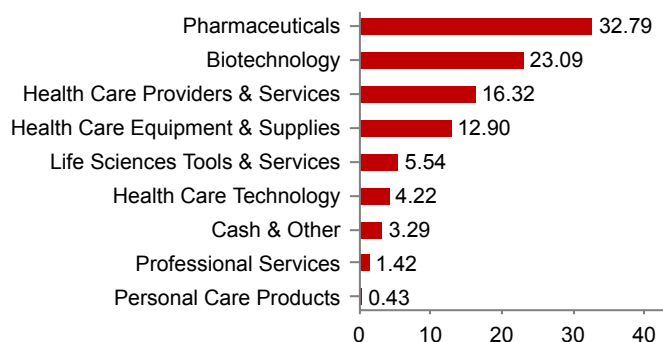
Notes (1) Performance of the fund is in SGD on a bid to bid basis with net dividends reinvested, without taking into consideration the fees and charges payable through deduction of premium or cancellation of units (2) <sup>^</sup> denotes annualised returns (3) Current benchmark: MSCI World Health Care Index

Past Performance is not necessarily indicative of future performance.

Source: AIA Singapore

## Sector Allocation (%)

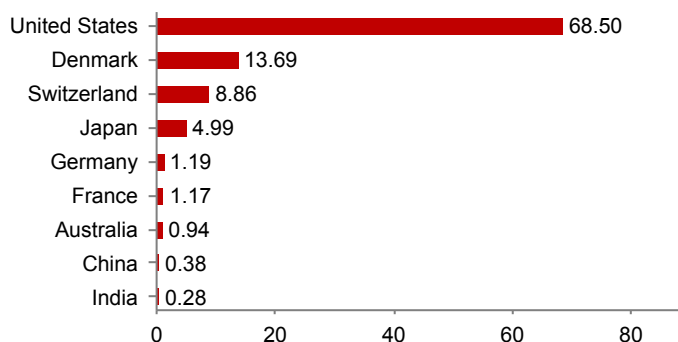
(As of 31 August 2023)



Source: AllianceBernstein L.P., Information from the underlying AB SICAV I – International Health Care Portfolio

## Country Allocation (%)

(As of 31 August 2023)



## Top Holdings

(As of 31 August 2023)

	Holdings (%)
Novo Nordisk A/S	8.64
UnitedHealth Group, Inc.	8.04
Eli Lilly & Co.	6.69
Roche Holding AG	6.18
Amgen, Inc.	5.01
Vertex Pharmaceuticals	5.01
Regeneron Pharmaceuticals	4.89
Elevance Health, Inc.	4.66
Gilead Sciences, Inc.	4.56
GSK PLC	4.35
<b>TOTAL</b>	<b>58.03</b>

Source: AllianceBernstein L.P., Information from the underlying AB SICAV I – International Health Care Portfolio

## Manager's Commentary

(As of 31 August 2023)

### MARKET REVIEW

Global stocks finished lower in August, declining 2.8%, as measured by the MSCI All Country World Index (ACWI). The direction of US Federal Reserve monetary policy weighed on equity markets throughout much of the month. Mostly resilient economic data and disinflation traction strengthened the likelihood of a soft landing but also added support to the Fed's higher-for-longer narrative. Stocks regained some ground at the end of the month as cooler economic data suggested further tightening might be avoided. Year to date, the MSCI ACWI has gained 14.8% (all returns in US-dollar terms).

Global healthcare stocks also declined in August, with the MSCI World Health Care Index down 0.8%. Year to date, the Benchmark is up 1.3%. (All returns in US-dollar terms.) For the month, subsector performance was mixed; healthcare equipment & supplies and healthcare providers & services posted negative returns, while pharmaceuticals and biotechnology outperformed.

### PORTFOLIO PERFORMANCE

For August and the year to date, Class A shares of the Portfolio posted positive returns and outperformed their Benchmark, the MSCI World Health Care, net of fees. During the month, selection within the pharmaceuticals and biotechnology subsectors contributed the most. In contrast, an underweight to pharmaceuticals and selection within the life sciences tools & services subsector detracted.

### OUTLOOK

Higher rates for longer and the prospects of an economic recession have continued to challenge the market as it wrestles with the potential resilience of consumers and corporate profit margins, which may yet engineer a soft landing for the economy. Against this backdrop, it is somewhat surprising to us that healthcare as a sector has not performed better. Our view is that this likely reflects the near-term euphoria around the rise of AI technology, which has driven much of the recent move higher in the broader market. From a fundamental standpoint, profitability in the healthcare sector remains solid, growth opportunities abound, and the political environment remains manageable. We see the positive trajectory for improving volumes, along with a so-far-underappreciated long-term potential for AI in healthcare, as a significant growth area for the sector. We continue to view the political climate for disruptive healthcare legislation as benign given the current composition of Congress.

Though the strength of the economy may have an impact on select subsectors of healthcare, we continue to believe that the economic sensitivity of the sector remains low relative to other sectors, while the innovation potential remains high. Ultimately, we are confident in our long-held philosophy and process—with the goal of delivering a consistent exposure to profitability and growth, which has proved successful for investors in the past. While the market will continue to debate the ultimate level of interest rates and the impact on the broader economy, we maintain our belief that much of the normalization of rates has already occurred. Longer term, given the continued innovation present in the sector, combined with strong levels of profitability and less dependence on economic strength, we continue to believe that healthcare remains well positioned.

Source: AllianceBernstein (Singapore) Ltd.

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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